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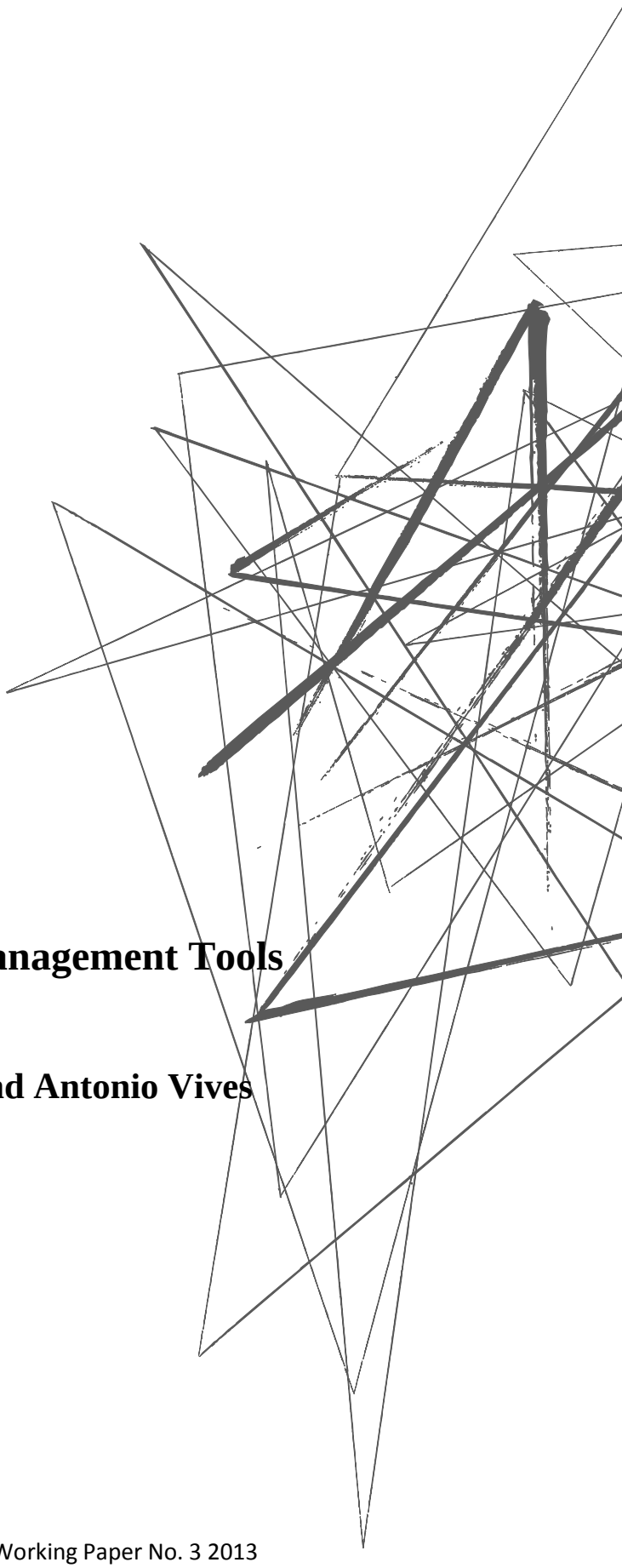

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CSR in SMEs:
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1 Introduction

Small and medium-sized enterprises (SMEs) account for more than 90% of the world's enterprises and 50-60% of employment. Their contribution to national and regional economic development and GDP growth is well-recognized (Morsing & Perrini 2009, Srinivasan & Bolar, Under Review). In fact, SMEs are thought to have enhanced local productive capacities, fostered innovation and entrepreneurship, and attracted foreign direct investment in both developed and developing countries (Raynard and Forstater 2002). However, whereas SMEs account for more than 60% of employment in developing countries, and although they are sometimes portrayed as key vehicles in the struggle against poverty in Southern contexts, (Luetkenhorst 2004), there is still a critical lack of knowledge about to the extent to which these firms may contribute to achievement of broader objectives of sustainable and equitable development (Fox, 2005). In fact, when it comes to their role in promoting corporate social responsibility (CSR) in developing countries, the verdict is still out there in terms of the extent to which SMEs engage in CSR, and whether their CSR involvement makes any difference to the profitability of firms, workers, and the environment in the South (Jamali et al., 2009; Sachdeva & Panfil, 2008).[1]

A key source of contestation in the debate about SMEs and CSR has been whether the social and environmental engagement of SMEs could be meaningfully compared to the types of CSR activities that large firms engage in (Jenkins, 2004). Both in developed and developing country contexts SME involvement in CSR has been seen as more ad hoc in nature, less institutionalized and not involving specific CSR departments and/or the production of social and environmental sustainability reports as one might expect in large firms (Jamali et al., 2009). The international literature on the topic also points to the community embeddedness of SMEs' CSR activities, the importance of how local contexts shape their CSR activities, and how the religiously inspired ethics or personal of SME managers/owners act as key drivers in their CSR engagement (Murillo & Lozano, 2006; Vives 2006). Assessments of their contribution to CSR also differ widely with some authors seeing them as a source of local economic development, increasing employment, and incomes while other authors highlight the exploitative nature of work conditions in SMEs and the pollution-intensive nature of their operations (Spence & Lozano 2000, Raynard & Forstater 2002, Tewari & Pillai 2005, Blackman, 2006).[2]

One example of how our understanding of the relationship between SMEs and CSR is still limited is the use of management tools for promoting CSR in SMEs in developing countries. In the last decade, we have seen a proliferation of tools to support the adoption and implementation

[1] In this context, CSR may be understood as the integration of economic, environmental, and social concerns into core business practices of SMEs and their voluntary engagement in actions that are likely to benefit stakeholders and society beyond the narrow economic interest of the firm (Lund-Thomsen, 2004).

[2] In fact, the relationship between SMEs and CSR remains poorly understood which is sometimes related to the conceptual vagueness of both these terms. In relation to SMEs, a variety of definitions have been proposed which focus on issues such as number of employees working in the enterprise, annual turnover, ownership types, and formal versus informal economy status (Jamali et al., 2009). CSR has also been characterized as a contested concept and understood in a variety of ways such as legally complying with the letter of the law, complying with the social and environmental codes of conduct of multinational corporations, engaging in corporate philanthropy, and the broader impact that business has on society among others (EC, 2011; Jenkins, 2004; Khan & Lund-Thomsen, 2011; Prieto-Carron et al., 2006).

of responsible practices, sometimes written and tailored specifically for SMEs which have been applied in both developed and developing country contexts[3] (Luken and Stares 2005, Mandl 2007). These include CSR implementation guides, self-assessment tools, best practice case studies, and e-learning courses which are often adapted from CSR management tools developed for large firms such as the Global Reporting Initiative guidelines and the European Commission Strategy on CSR (Vives 2011). However, very few, if any academic studies, have analyzed the potential relevance and applicability of these management tools in the context of developing countries. Our article makes a contribution to filling this gap in the literature on SMEs and CSR.

Our main line of argument is that the development and applicability of management tools for promoting CSR in developing countries are likely to play an important role in signaling the commitment of SMEs towards CSR to internal and external stakeholders. However, there are inherent, structurally embedded limitations to how these tools may be addressing complex social and environmental problems related to the development of SMEs in the developing world. At the same time, most of these tools are designed in such a way that they do not take into account the complex 'silent' or informal, invisible CSR practices of SMEs and overriding poverty reduction concerns in developing country contexts. We argue that this might limit their potential relevance and applicability in these contexts.

The article is structured as follows. First, we present our theoretical framework which is grounded in recent developments in institutional theory as it relates to CSR, the literature on critical perspectives on CSR in the developing world, and the literature on SMEs and CSR in developing countries. In the next section, we discuss the data generation methods we used for identifying for management tools that aim at promoting CSR in SMEs in Southern contexts, and how we analyzed the contents of these tools. The third section presents the findings of our analysis before we move onto discussing them in the light of our theoretical framework in the fourth section of the paper. Finally, the conclusion summarizes our main line of argument, highlighting the future research and policy implications of our analysis.

2. Theoretical Framework

Our theoretical framework draws upon three main bodes of literature: institutional theory as it applies to CSR, the literature on critical perspectives on CSR in developing countries, and the broader literature on SMEs and CSR in the developing world.

First, our theoretical framework is concerned with the question of how specific international, regional, national or local institutional contexts affect the way in which CSR is institutionalized within SMEs in developing country settings. We here follow (North 1990) who defines institutions as "the rules of the game in society or, more formally, … the humanly devised constraints that shape human interaction". In doing so, we are inspired by recent applications of institutional theory as it relates to CSR (see e.g., Kang and Moon 2012, Gond et al. 2012, Brammer et al. 2012). This body of literature seeks to explain how and why CSR differs across national contexts (Matten and Moon 2008). From this point of view, arriving at a single overaching definition of CSR should not be at the core of institutional theory. Instead the

[3] In this paper, we define SMEs as enterprises with 250 or fewer employees.

challenge is to understand, analyze, and conceptualize how meaning is given to the notion of 'CSR' within national contexts which are seen as more or the less distinct (Brammer et al. 2012).

In their influential (2008) article in the Academy of Management Review, Matten and Moon argued that CSR can be studied cross-nationally by reference to the literature on national business systems (Whitley 1997). In doing so, they also associated themselves with the varieties of capitalism literature that distinguished between liberated market economies and coordinated market economies with obvious inspiration from Anglo-Saxon and central/Northern European models of capitalism. In addition, they drew on Whitley's categorization of historically grown national business systems as consisting of the political system, the financial system, the education and labor system, and the cultural system. Whitley (1999) saw these broader institutional factors in the national business system as playing important roles in determining the nature of the firm, the organization of market processes, and coordination and control systems in these business systems. By implication, Matten and Moon made two fundamental distinctions between how CSR was institutionalized in the North American and European contexts. They argued that explicit CSR took the form of corporate policies that defined responsibility for broader societal interests, and that these were more prevalent in the North American context. At the same time, they believed that implicit CSR – more present in Europe - related to the norms, values, and rules that resulted "in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations of corporate actors in collective rather than individual terms" (Matten & Moon 2008, p. 409).

Going beyond an analysis of why CSR differs in national business systems across the world, institutional theory has also been sought applied to CSR with the aim of explaining how CSR as a management concept was spreading globally including to developing countries (Jamali & Neville 2011). Drawing on the work of new 'institutionalism (DiMaggio & Powell 1983, Meyer & Rowan 1977), this line of thinking has suggested that institutional environments tend to become increasingly homogenized across national boundaries. From this point of view, regulative, normative,, and cognitive processes have influenced the ways in which explicit CSR is spreading throughout the planet as organizational and management practices (in this case CSR practices) are increasingly becoming standardized and homogenized with the aim of achieving legitimacy. A key point here is that CSR practices become institutionalized within organizational practices across a range of national institutional contexts in order to maintain legitimacy in the eyes of stakeholders both internally within and externally beyond the boundaries of companies (Matten and Moon 2008).

While we agree that institutional theory as it has been applied CSR offers a useful analytical lense to study how CSR is operationalized in the developing world, our framework differs from the approach that Matten and Moon have used institutional theory, and other authors that have tried to conceptualize the role of national contexts in shaping CSR practices in the developing world using institutional theory (see e.g. Muthuri and Gilbert 2011, Yin and Zhang 2012). First, from the perspectives of development studies, our analytical concern is not only to understand how CSR is institutionalized within and across a variety of national contexts. We believe that institutional theory needs to be extended with a core analytical concern so prominent in the literature on critical perspectives on CSR in developing countries. In other words, we are concerned with whether this institutionalization of CSR in the developing world makes any

difference to the profitability of local enterprises, workers' conditions and the environment (see e.g. Prieto-Carron et al. 2006, Newell & Frynas 2007) And second, drawing upon the literature on SMEs and CSR in developing countries, we question whether the institutionalization of explicit CSR may really enhance organizational legitimacy in the context of SMEs in the developing world. Instead we argue that they homogenization and standardization of CSR practices in relation to developing country SMEs may be both inappropriate, if not, irrelevant given the particular characteristics of developing country SMEs. We will illustrate these points by first elaborating our theoretical framework with reference to the literature on critical perspectives on CSR in developing countries and then turn to the literature on SMEs and CSR in the developing world.

Our theoretical framework draws upon institutional theory, because we believe that this is important to highlight the contextual factors which would facilitate the successful implementation of CSR tools in SMEs in developing countries. Hence, Campbell (2007) argued that firms will behave in socially responsible ways in contexts where several institutional factors were present including nongovernmental or other private organizations that monitor corporate behavior, associative behavior among corporations themselves, and organized dialogues between corporations and their stakeholders. In the literature on critical perspectives on CSR in developing countries, Newell (2005) has similarly argued that for CSR initiatives to be successful they must be embedded within settings that tend to be mostly present in democratic and industrial contexts. These include the presence of a strong state, a free independent media, the presence of an active and well-mobilized civil society, and a private sector that is willing and active to respond to CSR priorities.

However, in the context of developing countries, most of these pre-conditions for CSR initiatives to be effective are either absent or only partially present (Prieto-Carron et al 2006). This is a central theme in the literature on critical perspectives on CSR in developing countries that has been concerned with scrutinizing the theoretical potential and limits of CSR in developing country contexts as well as the actual impacts of CSR activities on firm profitability, workers conditions' and the environment in the developing world (see e.g., Blowfield and Frynas 2005, Frynas 2005, Fig 2005, Lund-Thomsen 2005, Newell and Frynas 2007, Frynas 2008). For example, whereas many developing countries have relatively advanced, environmental and social laws, these are often not implemented – either due to a lack of capacity on the state or their implementation simply not prioritized by national governments that tend to be more concerned with the promotion of economic development within their borders than environmental or social protection (Prieto-Carron et al. 2006). In India for example, the central government has traditionally not taken a strong lead in the enforcement of environmental laws within the country. Environmental enforcement has more been led through the country's judicial system. For instance, in cases, where polluting industries such as leather and/or textile companies have polluted local environments (Tewari & Pillai 2005). However, whereas Indian courts at various levels have directed local authorities to (at least temporarily) close down polluting companies, these orders have often not been executed by local enforcement agencies (Kennedy 2006). Either due to a lack of capacity or because of local enterprises being able to bribe local officials or otherwise exert influence on local authorities to abstain from implementing these court orders.

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In other instances, where the state has the capacity to implement at least some of its environmental and social laws (e.g., in China assuming that we can still label parts of China under the developing country category), there is sometimes an absence of a democratic political system through which a given country's population may elect its own representatives (Newell & Frynas 2007). Without access to political representation it may be difficult to channel social and environmental concerns into the top levels of regional and national policy making. For example, at the level of provincial governments in China, state officials are often rewarded for attracting foreign direct investments or local investments that create jobs. In doing so, they will often offer tax breaks, access to cheap or free land, and/or a relaxation or non-implementation of China's labor and/or environmental laws to investing companies – whether foreign or Chinese (Stalley 2010). Hence, although national media has been instrumental in reporting pollution incidents and raising environmental awareness in the country more broadly, the political system – and the interaction between political bureaucrats and corporate/state business elites – is so entrenched that CSR measures sometimes come to fill existing gaps in the development or enforcement of national environmental and labor legislation (Harney 2008).

Hence, our initial argument is that any assessment of the adoption of management tools that are intended to promote CSR in SMEs in developing country contexts must be understood and analyzed within these broader institutional contexts. In fact, it is the interaction between these contexts and the adoption of these management tools which must be at the heart of the analysis if we are to make any assessment of their overall potential in terms of improving the profitability of local enterprises, reducing environmental pollution emitted by SMEs, and improve the work conditions of those employed in these enterprises.

This takes us to our next point. CSR management tools - including those intended to promote CSR in SMEs in developing country contexts, are often rather generic in nature building upon international environmental guidelines and/or labor conventions (in the form of ILO core labor standards) (Vives 2011). However, whereas the development and use of these tools may be well-intended, they cannot in themselves provide technical fixes to complex social and environmental problems in the context of developing countries (Lund-Thomsen 2004). Instead issues such as poor working conditions and the emission of environmental pollution at local production sites where SMEs operate in the developing world may be a result of much broader structural forces in the broader institutional environments of developing country firms operating at local, regional, national, and international levels (Lund-Thomsen 2005). For example, the location of pollution-intensive industries such as textile or leather manufacturing in countries such as India, Pakistan, and Bangladesh must be analyzed in a larger historical context. The rise of labor costs in the developed world, improved international travel and logistics operations, innovations such as facsimile and the internet, and the tightening of environmental laws in the North were amongst the factors that facilitated the shift of these industries from the industrialized North to developing countries in the South or East during the 1960s, 70s, and 80s (Hesselberg & Knutsen 2002). The structural transformation of these global industries now mean that pollution-intensive manufacturing industries tend to be located in developing countries such as those mentioned above in South Asia. No matter how well-intended and well-designed, the use of management tools for promoting CSR in SMEs in developing countries cannot reverse this trend. As such, they can do little or nothing to ultimately affect broader structural patterns of economic

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globalization which may be a root cause of 'local' instances of pollution emitted by or poor working conditions in SMEs.

Similarly, the national institutional context of developing countries may play an important role in affecting the environmental and social impacts that SMEs have in developing countries. In the case of South Africa for example, during apartheid, the forced removal of black South Africans from local areas that were subsequently used to establish game or safari parks for white South Africans and international tourists meant that many black communities came to be located near industrial sites in so-called townships where they became a source of cheap labor to work in local industries such as the mining industry (Albertyn and Watkins 2002). This also meant that some blacks came to be closely located to not only large-scale enterprises (e.g., in oil refineries or mining companies), but also smaller industrial clusters in the textile or leather tanning industries that tended to be highly polluting (McDonald 2002). Hence, this historical pattern of forced resettlement of black communities within the country has had clear spatial implications in terms of the relative vulnerability that many black South Africans face in relation to their relative exposure to hazardous polluting substances and poor working conditions. In such a broader institutional context that is influenced by the apartheid legacy, the use of CSR management tools may have the potential to improve environmental or labor management practices in individual SMEs. However, they can little or nothing to address the broader structurally rooted causes of exposure to environmental hazards faced by parts of South Africa's black population (Lund-Thomsen 2005).

We could use similar arguments and examples to illustrate this point at regional or local levels. However, let us suffice to state here that the international, national, regional, and local contexts have clear implications for the potential and limits of the use of management tools intended to promote CSR in SMEs in developing country contexts. A similar point has also been forcefully put by Newell (2005) in the conclusion to his article in volume 81(3) of *International Affairs* where he states,

"My purpose in raising the issues discussed in this article is not to suggest that CSR has nothing to contribute to poverty alleviation or sustainable development, but to engage in a process of determining, in precise contextual terms, its potential and limitations. Unhelpfully, perhaps for companies seeking 'one-size-fits-all' tools for the measurement of their social and environmental performance wherever they operate, the conclusion here is that such solutions are unable to address the key issues of process by which a company's social and environmental obligations come to be determined, enforced and made locally relevant. Mainstream CSR approaches assume a set of conditions that do not exist in most of the world. CSR can work, for some people, in some places, on some issues, some of the time. The challenge is to identify and specify those conditions in order that inappropriate models of 'best practice' are not universalized, projected and romanticized as if all the world were receptive to one model of CSR". (Newell 2005, p. 556).

While we might disagree with Newell to the extent that we believe that 'good' CSR consultants or SME managers would also contextualize the use of their more generic social and environmental management tools, we very much concur that it is important not to universalize, project, or romanticize "best practice" CSR management tools (in this case in relation to CSR in SMEs). Hence, rephrasing what Newell is stating, we can say that the challenge is to specify the

conditions under which CSR management tools for SMEs are likely to work for some firms, in some places, in relation to some issues, some of the time in developing countries.

Hence, in this article, we draw upon Newell's point in arguing that management tools for promoting CSR in SMEs in developing countries are likely to be "contextually relevant" if two broad conditions are met.

First, in order to be relevant in the context of developing countries, we argue that tools for promoting CSR in SMEs in the context of developing countries must be concerned with the broader objective of poverty alleviation. Poverty can here be understood in a narrow sense of poverty related to income, consumption, and employment opportunities (Nadvi and Barrientos 2004). It may also be seen in the broader context of what Sen (1999) has called an expansion of human capabilities and functionings, arguing that individuals strive for different states of "beings or doings". These might vary from more elementary states such as being well-nourished to more complex states such as being politically empowered. Hence, individual capabilities and entitlements then refer to the freedom that individuals have to choose the life they wish to lead, their desired combination of functionings. From this point of view, poverty is just not related to a lack of income, but more related to a deprivation of basic capabilities. In addition, poverty has also been understood as related to broader issues such as the vulnerability and livelihoods of poor people in developing countries (Chambers 1983, 1989). Poverty is here seen more as a multi-dimensional concept that includes issues such as social and physical isolation, lack of (political) voice, low status in society, lack of access to the economic infrastructure, including markets, and vulnerability to exogenous shocks such as loss of income, climate change, and/or environmental pollution incidents (Narayan et al. 2000). Hence, in our assessment framework for determining the contextual relevance of management tools for promoting CSR in SMEs in developing countries, we focus on whether these management tools include provisions that will enable SMEs to contribute to the broader goal of poverty reduction in developing country contexts, touching upon 'poverty' in the multi-dimensional sense of the term discussed above.

Seond, our framework for assessing the contextual relevance of management tools for the promotion of CSR in SMEs in developing countries draws upon the broader literature related to CSR in SMEs in developing country contexts. This literature has highlighted how the CSR challenges faced by SMEs in developing countries are often not those directly confronted by larger firms. In fact, SMEs are often portrayed as less frequently making use of CSR instruments than larger firms, less prone to use the term CSR, not having official CSR departments, or engage in publicly available CSR reporting (Spence and Lozano 2000, Jenkins 2004, Murillo and Lozano 2006, Morsing and Perrini 2006). SMEs are thought to be more enmeshed in the individual personality and values of the entrepreneur/SME owner, manager, locally rooted in the needs of the communities in which SMEs are embedded, consisting of social initiatives aimed at contributing to community welfare, and otherwise taking care of the employees, customers, and community members (Vives 2006, Jamali et a., 2009). Hence, while we recognize that these "silent" (Jenkins 2004) or "sunken" (Perrini et al. 2006) characteristics of CSR in SMEs may be of relevance in both developed and developing country contexts, we use them – along with attention paid to the objective of poverty reduction - as part of our framework for assessing whether management tools aimed at promoting CSR in SMEs in developing country contexts are likely to be locally relevant.

In other words, when arriving at an assessment of whether of whether management tools for promoting CSR in SMEs are likely to be "locally relevant" in developing countries, we do not look for the use of general CSR principles, policies or standards. We are not concerned with whether SMEs have CSR departments or whether they engage in CSR reporting through annual reports or their (possible) websites. Instead we are concerned with whether these management tools pay attention to silent or sunken CSR activities, the undocumented, multiple, small-scale ways in which SME entrepreneurs and/or managers seek to contribute to the welfare of their employees, customers, and/or communities in which they are embedded.

We summarize these two criteria in table 1 below.

Table 1. Framework for Assessing the Contextual Relevance of Management Tools Promoting CSR in SMEs in Developing Countries.

Criterion 1	Do The Management Tools Encourage SMEs to Adopt a CSR Profile that Contributes to the Overall Goal of Poverty Reduction?
Criterion 2	Do the Management Tools Recognize Silent or Sunken CSR Activities?

3. Methodology

In identifying management tools that had been designed to promote CSR in SMEs in developing countries, we decided to limit our search to those that had been developed by international donor agencies for two reasons. First, international development agencies often exercise considerable influence in terms of piloting and trying out new approaches to private sector development in the South. Hence, if we were to identify tools that had been elaborated with the intention of promoting CSR in SMEs in these contexts, they were likely to have been developed by such international policy actors. Second, as international donor agencies tend to have the promotion of economic, social, and environmental aspects of private sector development in the South as part of the mandates, our assumption was that these agencies would be likely – at least in their rhetoric - to pay particular attention to ensuring the local relevance and applicability of these management tools for the promotion of CSR in developing country SMEs.

Hence, we initiated a comprehensive search for such management tools that had been developed by either bilateral or multilateral development agencies. As a basis for our sampling methodology, we used the list of the Organization of Economic Cooperation and Development of all official bilateral donors that were members of the OECD Development Assistance Committee (DAC). The DAC is perhaps the most authoritative body in the harmonization of international aid policy whose members count the largest bilateral donors in Europe and North America (22 in total). Its mandate is to " *... promote development co-operation and other policies so as to contribute to sustainable development, including pro-poor economic growth, poverty reduction, improvement of living standards in developing countries, and to a future in which no country will depend on aid." (www.oecd.org/...., accessed 29 December 2012).*

In addition, we included multilateral donors in the United Nations System, the World Bank Group, and regional development banks in our sample. We here used the official gateway to the United Nations System and related agencies (www.unsystem.org) as the official list for identifying multilateral agencies that might have developed such tools. In doing so, we narrowed our search to those multilateral aid agencies whose mandate included the promotion of economic, environmental, and social aspects of private sector development as these were more likely to be engaged in the development of management tools for enhancing CSR in SMEs. In total, our sampling frame thus consisted of 24 bilateral aid agencies and 14 multilateral organizations. These are listed in Appendix 1.[i]

For each of these bilateral/multilateral agencies, we used two data generation procedures. First, we contacted the head of CSR in each agency via e-mail or telephone, enquiring whether they had developed any management tools aimed at promoting CSR in SMEs. In addition, we undertook a comprehensive internet search via google.com where we punched in the following key words: "name of the agency (e.g., UNIDO), "SME", "CSR", developing countries", and "management tools". These searches often generated a very high number of hits, sometimes beyond 100.000 per search. Hence, we limited our analysis to the top 50 websites generated by each run on the search engine. In examining these websites, we looked for management tools that were either specifically aimed at promoting CSR in SMEs in developing countries and/or claimed to be promoting CSR in more general terms in developing country contexts, but with a clear indication that the tool was also intended to be used in relation to SMEs. Once we had identified these tools, we scrutinized their contents in two ways. First, we looked at whether the tools encouraged the SMEs to adopt a CSR profile that contributed to the objective of poverty reduction. Second, we looked at whether the management tools recognized the importance of silent or sunken CSR activities.

Obviously, our methodology has a number of limitations. First, in choosing development agencies and initiatives financed by such agencies, our article does not cover management tools aimed at promoting CSR in SMEs that might have been developed by governments in the developing world, business associations, consultancy companies, or other stakeholders with an interest in SMEs and CSR. Hence, our findings cannot be generalized to tools that might have been developed by these stakeholders. At the same time, we have generated our evidence by contacting aid agencies via e-mail or phone with the aim of initially identifying the tools that have been produced so far by international aid agencies. We have not conducted in-depth interviews with representatives from these aid agencies with the aim of assessing their views of these tools, whether negative or positive. In fact, we have not interviewed the end users or intended beneficiaries, SME managers, workers, or community members in developing countries with the aim of understanding their perceptions of the relevance and effectiveness of these tools. In other words, our article should mainly be seen as an exploratory piece of research that takes a first-cut at identifying how widespread such tools are, examining their potential relevance and applicability in developing country contexts through a desk-based reading and analysis of their contents.

4. Findings

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As part of pre-existing knowledge of tools aimed at promoting CSR in SMEs in developing country contexts, our extensive internet search, and the e-mail answers received from key resource persons within these agencies, we found that the United Nations Global Compact, the Interamerican Development Bank, GIZ, the United Nations Industrial Development Organization, and the World Bank had developed management tools that purported (at least partially) promote the development of CSR in SMEs. Table 2 contains a short overview of these tools.

Table 2. Tools Aimed at Developing CSR in SMEs in developing countries

Institution	**Management Tool**	**Main Contents**
UN Global Compact	Global Compact Self-Assessment Tool	Based on the ten principles of the Global Compact. Claims it is also applicable to SMEs
UNIDO	Responsible Entrepreneurs Achievement Program, REAP	Comprehensive toolkit that includes assessment, Implementation and reporting. Software and consultant based.
InWent Tool 1	Social Standards Exchange of Experience in Southeast Asia and Practical Learning (SEAL) Workbooks	Include background on social management systems, communication and skills development for the implementation of these systems, and guidance on training and consulting techniques that facilitate the implementation of social standards.
InWent Tool 2	SEAL Case Study Book	A tool for the promotion of core labor standards and the optimization of the modular training programs. The book focuses on SMEs in the Philippines and Vietnam and presents their experiences, lessons learned and best practices relating to the implementation of social management systems.
InWent Tool 3	SEAL E-learning course	Introduces in six modules the social management system used by Inwent in South East Asia. It shows why social standards are profitable for SMEs and what requirements are necessary for SMEs to use these.
GIZ Tool 1	Profitable Environmental Management	An integrated training concept that helps SMEs raise their economic efficiency of production and, at the same time, cope with new environmental-related standards and consumer demand in industrialized countries for environmentally- and socially-sound products

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GIZ Tool 2	Climate Expert	An e-learning program that helps Indian SMEs adapt to climate change by understanding its impacts in India, identifying climate-induced risks for SMEs, evaluating and prioritizing adaptation measures as well as implementing these.
Interamerican Development Bank	Guía de prendizaje sobre la implementación de Responsabilidad Social Empresarial en pequeñas Y medianas empresas	Comprehensive manual for the design and implementation of CSR programs in SMEs, covering all the stages and most sustainability issues.
IDB Financed Tool 1: ComprometeRSE (Developed in Colombia)	Responsabilidad Social Empresarial: Manual de Implementación	Set of tools for the implementation of responsible practices. Toolkit includes a consultant´s manual, implementation and sustainability reporting guides and their "model" for CSR in SMEs
IDB Financed Tool 2: IARSE/ ETHOS (Developed in Brazil, Also Used in Argentina)	Herramienta de Auto Validación y Planeamiento	Toolkit with indicators and an implementation manual, based on the original version in Portuguese produced by Ethos in Brazil.
World Bank	Managing Environmental and Social Impacts of Local Companies A Response Guide and Toolkit	Toolkit for African countries, covering only environmental and social issues for small local companies. The tool has detailed steps for implementation.

As shown in table 2, the United Nations Global Compact has developed an online self-assessment tool, based on the ten principles of the Global Compact. As such it is designed to ensure compliance with its ten principles on Human Rights, Labor, Environment and Corruption that are the pillars of the GC. In each of these four pillars, items and questions cover most issues related to responsible practices. The interpretation of the corresponding principle has been extended significantly. The tool encourages companies to use the tool to complete the Communication on Progress report required for members of the Global Compact. The tool encourages companies to assess topics covered as part of the Global Compact whereas it does

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address other issues such as corporate governance and internal human resources management. The questionnaire has 332 questions.

UNIDO has piloted the Responsible Entrepreneurs Achievement Program (REAP) which involves training and certification of consultants so that these may assist SMEs in improving their responsible practices. The system is proprietary and it is not freely available to SMEs to use. Its core elements are the REAP software (analysis, measuring and reporting) and the REAP consulting process (implementation). It is linked to the GC and can be used to prepare COP and sustainability report. It can also provide information for use in certifications, in particular ISO environmental ones. It covers social, environmental and anti-corruption issues.

The German government developed a range of tools aimed at promoting CSR in SMEs in developing countries. In its Social Standards Exchange of Experience in Southeast Asia and Practical Learning (SEAL) program (which ran between 2002 and 2008), the German development agency *Inwent – Capacity Building International* developed a series of workbooks, a case book, and on-line e-learning tool aimed at facilitating the implementation of social management systems in SMEs in South-East Asia. In 2011, InWent merged with the German Development Service (DED), and the German Technical Corporation, to become the German Agency for International Cooperation (GIZ). GIZ has developed the Profitable Environmental Management and Climate Change expert tools. Profitable Environmental Management is an integrated training tool that helps SMEs increase their economic efficiency and reduce their environmental cost, and Climate Expert an e-learning program aimed at helping Indian SMEs cope with climate change.

The Inter-American Development Bank has also produced a **g**uide which is a very comprehensive tool to support implementation of responsible practices in SMEs. At over 500 pages the Guide covers many issues such as Governance, Social, Environmental, Supply Chain, Community, etc. It also includes all aspects of implementation, from assessment, to strategy development, to implementation, monitoring, reporting and improvement. In order to use the guide, SMEs would need substantial outside help in order to prioritize areas of activity, depth of involvement and implementation strategy. It is the result of the experience gained in the production and implementation of other tools in the region and intended as a learning guide. While the Guide has not been empirically tested, its contents are derived from experiences and best practice, which are mentioned throughout the paper.

Throughout Latin America the Interamerican Development Bank has also been very active in financing the development of management tools for promoting CSR in SMEs. This included a grant to the Brazilian institute, Ethos, which is the largest CSR promoting institution in the region. Ethos produced the first self-assessment tool, which was later translated into Spanish and adapted in many countries. This was followed by more grants to other institutions to develop support tools for SMEs.

In Argentina, one of the first self-assessment guides in Spanish was produced by an NGO in Argentina, IARSE, as a translation and adaptation of the Ethos guide. The tool also includes a guide and a web based questionnaire that can be used for self-assessment and for benchmarking with other SMEs that have competed it. In Colombia, another tool was developed with financing

from the IDB. It is the most comprehensive of all guides reviewed in this paper. The tool kit includes self-assessment tools, best practices, guidance on strategy implementation, for consultants, for risk management, for stakeholder management, communication guidance, cost estimation, and implementation guides. All have been prepared specifically for SMEs in developing countries and can be used directly by the SMEs.

Finally, the World Bank has produced a document together with several African partners as a guide to social and environmental issues in local companies. It covers many significant social and environmental issues but does not touch upon corporate governance, presumably because these are issues for relatively more advanced enterprises. It can be used as a self-assessment tool through an extensive questionnaire to assess the current situation and plan for improvements. It offers suggestion on process management, from diagnosis, planning, implementation, improvement, monitoring and reporting. Interestingly, it starts by assessing management commitment before engaging in an improvement program.

In section 4.1. and 4.2., we assess the extent to which these tools aimed at promoting CSR in SMEs in developing countries on the basis of our previously developed analytical framework. Hence, in these sections, we attempt to find out whether any of these tools address poverty reduction concerns and/or whether they pay attention to the existence of silent and/or sunken CSR practices in SMEs.

4.1 The Importance of Poverty Reduction:
Do the management tools for promoting CSR in SMEs address this issue?

It appears as if none of the CSR management tools seek to enable SMEs to make a direct contribution towards alleviating poverty by increasing the income or consumption opportunities of the SME's employees or through the provision of employment opportunities for members of the local communities in which SMEs in developing countries are embedded. This seems to be quite significant in the context of the developing world where the poverty reduction objective is of paramount importance.

Interestingly, the management tools appear to be come closest to touching upon the issue of income or consumption related poverty when they contain guidance on how SMEs ought to relate to their customers or consumers. However, the focus is not on how SMEs can enable poor consumers to access cheaper goods and services as has otherwise been a very popular notion in the management literature inspired by Prahalad's book "The Fortune of the Bottom of the Pyramid" (Prahalad, 2003). Instead it is related to issues such as responsible consumption which has to do with ensuring that consuming products and services do not harm the consumer. The management tools used for promoting CSR in SMEs have thus mostly dealt with issues such as truthful advertising, redress mechanisms and rights of consumers, including right to privacy. In other words, some of the tools address issues such as the social and environmental consequences of consuming the products and services (important for alcohol, tobacco, sugar, fats, gambling, etc.) and a couple refer to the production of 'responsible products' (potential damages from consuming particular types of products).

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However, some of the tools do appear more "poverty centered" if we think of poverty as related to the enhancement of capabilities, and the freedom of individuals to choose the kind of life they wish through the combination of different functionings. For example, some tools pay particular attention to human rights issues. In this case, human rights violations may place severe restrictions on individual's abilities to exercise their political rights, thus denying them the possibility of being politically empowered. In some of the tools the protection of human rights is not considered a separate issue and is included under social or labor issues, as for SMEs they relate mostly to the International Labor Organization's conventions on forced and compulsory labor, child labor, discrimination and respect of employment, freedom of association and collective bargaining.

One could also argue that all of the tools touch upon poverty-related issues if we think of poverty as related to exogenous shocks that might threaten the livelihoods of poor people in developing countries (e.g., the loss of income, climate change or pollution incidents threatening local communities and their livelihoods). This is particularly evident in the tools developed by GIZ such as Profitable Environmental Management and Climate Expert. In fact, on the environmental dimension, the management tools for promoting CSR in SMEs are fairly comprehensive in their coverage of topics such as eco-efficiency, recycling, pollution, some even cover greenhouse gases emissions), community support (although not in the context of local development) and labor issues (working conditions, remuneration, benefits, work-family conciliation, harassment, etc.). In general, we can say that these issues are covered by the tools. In fact, the only variation that we observe is the depth and breadth of coverage in each tool.

4.2. The Importance of Implicit CSR:
Do the management tools for promoting CSR in SMEs address this issue?

It would appear as if the management tools for the promotion of CSR in SMEs in developing countries to a very large extent focus on the promotion of explicit CSR understood as formalized CSR policies or approaches in SMEs. First, some tools provide guidance on communication strategies. In theory, a communication strategy may help a company in maintaining the goodwill of governments and consumers or it might help in maintaining/increasing the motivation of its employees. However, in the context of SMEs in developing countries, it may not be always be realistic to expect SMEs to be able to make more formalized communication plans that are to be handled by a specialized communications officer as SME personnel may not have the experience, time or human resources to engage in such a task in the same way as larger companies might have through the establishment of an entire communications department.

Second, some of the management tools seek to institutionalize CSR in developing country SMEs through the preparation of a sustainability report, which for SMEs may consume a significant amount of the limited financial and managerial resources of SME managers. While the process of preparing a sustainability report may be effective in raising awareness of CSR issues inside the company, it seems to be recommended in the management tools without regard for its need and effectiveness for SMEs in developing the information systems required to produce such reports. Some tools such as the ones from the Inter-American Development Bank even propose preparing a sustainability according to GRI guidelines (GRI itself encourages the preparation of these reports for SMEs in developing countries). However, this may be beyond the scope of most

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SMEs, and this recommendation appears to be given without due attention paid to the costs and benefits of producing such reports.

Third, some of the management tools advocating the use of CSR in SMEs also encourage a staged implementation strategy for a CSR improvement program based on continuous learning. For instance, UNIDO's REAP proposes a staged implementation plan. Recognizing the limited managerial capabilities of SMEs, REAP uses a network of certified consultants that help in making the analysis relevant for the particular SME being assisted. This might have the advantage of being geared more towards the needs of SMEs. However, it could also be costly for SMEs to make use of such consultants. The assumption seems to be that SMEs in developing countries are all likely to have the analytical ability, time, and financial resources to engage in staged implementation strategies.

Finally, some tools appear to advocate the transition towards a more explicit CSR approach in SMEs through the calculation of an overall responsibility score. In theory, this would allow SMEs to track performance over time and for benchmarking with competitor firms. The intention behind computing such a score appears to be to send a strong message to SME managers, not only that they need to improve their overall CSR performance but also direct them to areas in which CSR performance improvements are mostly required. On the one hand, we recognize that calculating overall CSR scores might be helpful in encouraging managers to engage in CSR as they are required to "measure" or directly assess their CSR engagement vis-à-vis other firms operating in the same industry. On the other hand, there might be a risk for SME managers to gear their CSR activities towards those that are likely to result in a higher score, regardless of whether they might be relevant for its given profile and/or the context in which the SME operates.

In general however, it would appear that activities such as developing a formal communication strategy, the preparation of sustainability reports, CSR improvement plans, and the calculation of CSR scores all form part of an implicit assumption embedded within these tools that SMEs ought to engage in explicit CSR. Paraphrasing Blowfield and Frynas (2005), we can say that what is remarkable about these management tools for the promotion of CSR in SMEs analyzed in this article is thus not only what they include. Perhaps even more significant is what they exclude from consideration. At least they tend to be less concerned with documenting, examining, or enhancing the more silent or sunken forms of CSR that have otherwise been highlighted as critical in previous studies on CSR in SMEs. They do not seem to be concerned with analyzing individual norms and values of SME entrepreneurs or identifying how the SMEs are embedded within their local communities, as well as how this enables or constrains the behavior of SMEs in relation to social and environmental issues. And they do not seek to establish how SME managers/owners might take care of their employees, customers, and/or consumers in a myriad of "informal" ways that may not usually be considered part of more formalized strategies. Instead they seem to be concerned with establishing whether the SMEs have institutionalized more explicit forms of CSR.

In other words, the management tools aimed at promoting CSR in SMEs analyzed in this article are not neutral, technical devices that aim at helping SME managers in the developing world improve their CSR performance. Drawing on the work of Blowfield and Dolan (2008), we can

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thus say that these tools embody particular norms and values that favor the production of "tangible" policies, strategies, plan, and practices that are characteristic of large, Western multinational companies while they – unintentionally – are likely to delegitimize the silent or sunken approaches to CSR that might be found in SMEs in developing countries. We pick up on this theme in the conclusion below.

5. Conclusions

In this article, we set out to analyze the management tools that have been developed by international development agencies with the aim of promoting CSR in SMEs in developing countries. In doing so, we made an original contribution to the literature on this topic in two ways. First, we developed a conceptual framework using insights from the literatures on institutional theory, critical perspectives on CSR in developing countries, and writings on the relationship between CSR and SMEs in the developing world to enable an analysis of the potential and limits of management tools aimed at promoting CSR in developing country SMEs. Here we argued that attention to poverty reduction and the silent/sunken CSR practices in such tools might be relevant yard sticks to assess their potential relevance and applicability in the South.

Second, our empirical analysis of the contents of these tools indicates that they pay little or no attention to advocating the alleviation of income related poverty as part of SMEs' CSR strategies in the developing world. They might, however, indirectly promote poverty reduction if we think of poverty as relating to the enhancement of capabilities and/or the reduction of vulnerability of SMEs, workers, and communities in the developing world. At the same time, the tools examined encourage the adoption of explicit CSR approaches, similar to those employed by large firms in the Western world, while they tend to ignore the silent or sunken CSR approaches that one would usually expect to find in SMEs operating in the developing world.

In terms of policy implication of our analysis, there appears to be a very real risk that the promotion of such CSR tools are likely to be perceived as a top-down, outside-in imposition by SME managers in developing countries who may find that they embody assumptions and practices that have very little or nothing to do with the reality of their every-day operations. Hence, in our view, it might be a better starting point for international development agencies to first map the informal CSR practices of SMEs and then use such a mapping process to enhancing or strengthening existing social responsibility practices which are already present in these firms. Otherwise the use of such tools might result in a process of CSR capacity destruction instead of CSR capacity development for such firms.

Finally, we suggest that future research in this area would benefit from a broader examination of the spread, relevance and effectiveness of tools intended to promote CSR in SMEs in developing countries in two ways. First, it would be important to conduct in-depth interviews with aid agency personnel, consultants, SME managers, workers, and community members with a view to probing their views of their relevance and effectiveness of these tools in the South. Second, we suggest that similar tools produced by developing country governments, business associations, consultants, and other stakeholders with an interest in this area could be mapped and analyzed using the theoretical framework developed in this study. In this way, we would gain a better

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understanding of how the spread of these tools mediate the processes through which CSR is institutionalized in developing country settings.

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