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„Motivation to “be good” – a comparison of Austrian and Hungarian SMEs “

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Abstract

After the development of the term corporate social responsibility (CSR), it has been thoroughly researched why a company would be socially responsible even if such activities might not align with its traditional key responsibility, generating profit for the owner. The literature on the motivation of small and medium-sized enterprises (SME) is limited compared to that of their larger counterparts that focuses on the motivation of financial performance. On the other hand, many researchers argue that SMEs' motivation is explained by stakeholder theory. Since SMEs are highly embedded in the local community, are more dependent on the local economy, and are more influenced by local cultural norms, SMEs in different countries are expected to react differently to the incentives of stakeholders. Therefore, in this thesis, the CSR motivation of Austrian and Hungarian SMEs was compared incorporating their most common practices, the drivers, and the barriers. Based on a random sampling method, 40 Austrian and 40 Hungarian SME owners or managers completed the online survey. It was found that there are significantly more Austrian SMEs that engage in environmental CSR activities than Hungarian SMEs. Moreover, they reacted significantly differently to the incentives from clients and customers, the local community, and the state. In all three cases, Hungarian SMEs exhibited a higher CSR motivation due to incentives provided by these stakeholders. On the other hand, Hungarian SMEs felt more affected by a lack of knowledge regarding CSR activities than their Austrian counterparts. Interestingly, significantly more Austrian companies believed that firms play a role in addressing environmental and social issues.

Abstract (German Version)

Nach der Verbreitung des Konzeptes der unternehmerischen sozialen Verantwortung (CSR) wurde gründlich erforscht, aus welchen Gründen ein Unternehmen sozial verantwortlich handeln sollte, wenn solche Aktivitäten nicht mit der traditionellen Verantwortung, der Gewinnerzielung für die Eigentümer, vereinbar sind. Die Literatur zur Motivation von kleinen und mittleren Unternehmen (KMU) ist im Vergleich zur Motivation großer Unternehmen, die sich auf die Erzielung finanzieller Leistung konzentriert, weniger umfangreich. Viele Forscher argumentieren, dass die Motivation von KMU auf der Stakeholder-Theorie basiert. Da KMU tief in der lokalen Gemeinschaft verwurzelt sind, stärker von der lokalen Wirtschaft abhängig sind und stärker von lokalen kulturellen Normen beeinflusst werden, wird erwartet, dass KMU in verschiedenen Ländern unterschiedlich auf Anreize von Stakeholdern reagieren. Daher wurden in dieser Arbeit die CSR-Motivation von österreichischen und ungarischen KMU mit Hilfe ihrer aktuellen Praktiken, Treiber und Hindernisse untersucht und miteinander verglichen. Nach einer Zufallsauswahl füllten 40 österreichische und 40 ungarische KMU-Inhaber oder -Manager die Online-Umfrage aus. Es wurde festgestellt, dass signifikant mehr österreichische KMU sich an Umwelt-CRS-Aktivitäten beteiligen als ungarische KMU. Darüber hinaus reagierten sie signifikant unterschiedlich auf Anreize von Kunden, der lokalen Gemeinschaft und dem Staat. In allen drei Fällen zeigten ungarische KMU eine höhere CSR-Motivation aufgrund der Anreize, die von diesen Stakeholdern geboten wurden. Andererseits fühlten sich ungarische KMU stärker von mangelndem Wissen über CSR-Aktivitäten betroffen als die österreichischen Teilnehmer. Im Gegensatz dazu glaubten signifikant mehr österreichische Unternehmen, dass Firmen eine Rolle bei der Lösung von Umwelt- und sozialen Problemen spielen.

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List of Abbreviations

AT	Austria
CSR	Corporate social responsibility
CSRD	Corporate Sustainability Reporting Directive
ESG	environmental, social, and corporate governance
HU	Hungary
MNE	Multinational enterprise
MWU	Mann-Whitney U
NGO	non-governmental organization
SME	Small and medium-sized enterprises

1. Introduction of CSR: A shift in the goal of businesses

1.1. Significance of CSR for SMEs and the influencing factor of country of origin

Corporate social responsibility (CSR) has been one of the most discussed topics in the 21st century both in academics and in public media. One of the fundamental definitions for CSR is Carroll's description, "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979, p. 500). Originally the term ecological, social, and governance (ESG) was mentioned in the United Nations Principles of Responsible Investment, later companies took over the term and began to include it in their CSR reports (Davis and Stephenson, 2006, as cited in Alareeni and Hamdan, 2020, p. 1414). Therefore, CSR is a self-regulating business model that uses the principles of the ESG triple bottom line to fulfill its responsibility both to its shareholders and society.

Even though the social responsibility of firms was already criticized in the 19th century, for example, child labor in industrialized Great Britain, one of the first wakening calls for the need for CSR in today's form was the social movement wave of the 1960s in the US. This created public awareness of the wrongdoings of big corporations (Carroll, 2009, p. 12). A second wave contributing to the realization of the importance of CSR took place in the early 21st century due to scandals like the Enron accounting scandal and the bankruptcy of Lehman. Multiple organizations and regulators, such as the European Commission, United Nations, and national regulators contributed to reforming corporate activities and improving the quality of corporate governance (Velte, 2017, p. 169; Davis and Stephenson, 2006, as cited in Alareeni and Hamdan, 2020, p. 1414). This in turn affects how responsibly firms act and how well they implement ESG dimensions in their strategy. Firms also became required to disclose their actions in reports, such as sustainability or corporate governance reports. One example is the new Corporate Sustainability Reporting Directive. Consequently, a socially responsible firm would implement principles and processes based on the triple bottom line.

However, there has been an ongoing debate about why companies should or would act responsibly. The traditional understanding of business is based on the conviction that the business' sole responsibility is to create profits for its owners (Friedman, 1970). This notion is known as the Friedman doctrine. The main argument against CSR measures is rooted in agency theory, in which the managers are the agents, and the principals are the owners of the company. Hence, CSR is said to distract agents from fulfilling the needs of the principals (Whelan et al. 2021, p. 2). CSR activities that adhere to the triple bottom line incur additional costs, lowering the financial performance of the company. This argumentation would imply a negative relationship between CSR and financial performance. One can see that CSR is not valued by all stakeholders to the same extent and is often seen as an illegitimate waste of resources (Schreck, 2011, p. 167). This makes the motivation to be responsible questionable. However, the conviction that the sole purpose of a manager would be to maximize profits and share price is one of the reasons for the waves of social movements and corporate collapses both in the 1960s and early 2000s.

To answer this debate, the “Business Case” of CSR has been proposed. The “Business Case” has a narrow and broad view. In the narrow view, one only looks at the financial motivations of CSR for a firm. In the broad view, all circumstances are monitored which could lead to companies doing business socially responsibly (Carroll and Shabana, 2010, p. 101). As seen in Whelan et al. (2021) most of the studies of the motivation for acting socially responsibly are based on the narrow view, reducing the decision-making process of firms solely to economic motivators (p. 5). As these studies and the above-mentioned waves of scandals both focus mainly on MNEs, one can see that CSR was originally meant for them. Moreover, in the public, the abuse of business power is mostly discussed regarding MNEs (Jenkins, 2004, p. 42). However, a significant part of our economy is made up of SMEs. For example, both in Austria and Hungary SMEs make up approximately 99% of all firms (WKO, 2022; KSH, 2022). Moreover, the European Commission reported that 60% of all greenhouse gas emissions can be directed back to SMEs (Gorgels et al., 2022, p. 9). It is becoming generally accepted that SMEs should take their share of “being good” as well.

Besides the new Corporate Sustainability Reporting Directive (CSRD), which will require many SMEs in the future to also prepare non-financial reports (Deloitte, 2021, p. 5), the media has also caught up with the issue. Newspapers such as the Harvard Business Review and Forbes published articles about the CSR of SMEs, claiming that CSR has been an important issue for SME owners for a long time (Segal, 2022; Cresanti, 2019). They argue that it can be traced back to their embeddedness in the local community. The European Commission states that SMEs, while contributing significantly to the GDP of the EU, also play a crucial role in solving recent environmental and social problems, such as climate change and resource efficiency and social cohesion (European Commission, n.d.). Similarly in academia, according to Schneider (2012), SMEs are already incentivized intuitively to do business responsibly, not necessarily motivated by profit maximization like their larger counterparts (p. 583). Hence, SMEs might think differently about CSR than large companies.

On the other hand, only a minority of the studies mention economic reasons such as the financial performance of the firm or the competitiveness of the market to be a motivation for SMEs. This is the most prevalent difference to MNEs. Since most research on MNEs and CSR focuses on the narrow business case, i.e., the financial effects of CSR, it is assumed that MNEs are mostly incentivized by financial performance. There is in general no conclusion as to why an SME would engage in socially responsible measures. CSR can be understood as an active and intentional management of relationships with different stakeholders (Ulrich, 2000, as cited in Küpper, 2007 p. 256). The literature seems to agree that stakeholders represent the main incentive for SMEs to act “good”, which is in line with stakeholder theory (Jenkins, 2006, p. 241; Simmou et al. 2023, p. 3). Despite some authors arguing that SMEs are more inclined to be responsible, due to the owner’s own views and beliefs or embeddedness in the economy (Baden and Woodward, 2009, p. 432; Mousiolis et al. 2015, p. 582), some found that the only motivation for them are external pressures (Petts et al., 1999 as cited in Nejati and Amran, 2009, p. 261). Therefore, it might be an interesting line of research to analyze SMEs and their CSR behavior. According to stakeholder theory, a company should not only focus on the needs of its investors but also needs to take into consideration other stakeholders as well. If the needs of a firm’s stakeholders are met adequately the company might reduce risks (Jenkins, 2004, p. 44) and become more successful (Velte, 2017, p. 176). Some articles propose that SMEs do have more socially responsible practices since internal implementation might be easier for them, as they might react faster to changes (Nejati and Amran, 2009, p. 261). They are just not as visible as big companies’ efforts, since they do not own as many resources for external communication (Mousiolis et al. 2015, p. 582; Fassin, 2008, p. 370). Due to these reasons, in this thesis, the CSR motivation of SMEs is researched.

As it is being discussed how the CSRD could be applied to SMEs in the future, it is important to mention that SMEs are more bound to country differences than MNEs due to their local nature (Nejati and Amran, 2009, p. 262). Different cultures, religions, beliefs, and economic conditions lead to different CSR motivations. Some cultures put more emphasis on interpersonal relationships than others, ultimately influencing stakeholder relationships (Aya Pastrana and Sriramesh, 2014, p. 23). A significant difference might be discovered when comparing developed and developing countries (Sharma, 2019, p. 713). A study proposed that in developed countries, firms might experience pressure from regulators, creditors, investors, the public, and the media, while in developing countries public and governmental pressure is not that prevalent (Ali et al., 2017, p. 289). Rather than public pressure, it would be international investors and regulatory bodies expressing pressure.

Since the CSRD will apply to different countries and as this difference could bring in an interesting perspective to the CSR motivation, firms from a developing and a developed country (IMF, 2023), namely Hungary and Austria, are included in the thesis. The two are neighboring countries, both EU members, therefore existing under the same international legislation. However, Hungary might show a different trend towards social responsibility due to it being a post-socialist emerging market. Bank (2017) proposed that CSR in Hungary is fundamentally different from others due to the institutional setting of capitalism (p. 38). Hungarian stakeholders might exercise weak pressure and it is mostly expected to come from international regulators (Győri et al., 2021, pp. 199-198) like in many developing countries (Sharma, 2019, p. 714). As Hungary's economy is generally dependent on international foreign companies, they might influence Hungarian firms the most. Moreover, the country's climate-oriented CSR activities were found to be underdeveloped (Biró and Csete, 2021, p. 5689). According to the European Commission Eco-Innovation Scoreboard of 2022, Austria is one of the leading countries in ecological innovation while Hungary only belongs to the catching-up group (European Commission, 2023). Therefore, one could expect a clear difference between the two countries since Austria as a developed country is showing signs of a more genuine CSR commitment and higher stakeholder pressure.

Despite expectations, some Austrian studies report that Austria has been reluctant at adopting meaningful and committed CSR measures (Kuttner et al., 2020, p. 243; Keinert-Kisin, 2015, p. 148). The main motivations for CSR engagement are expected positive effects such as image and reputation or keeping up with regulators, otherwise, Austrian businesses find CSR disadvantageous for their companies (Keinert-Kisin, 2015, p. 148). One author found that SMEs do practice meaningful social responsibility but targeted at their employees (Kuttner et al., 2020. P. 247). On the other hand, another Austrian study found that CSR commitment is mostly directed towards the whole society, not employees (Höllerer, 2013, p. 593). Personal values and beliefs of SME owners and employees could be the main drivers of socially responsible behavior (Nejati and Amran, 2009, p. 263). Campbell (2007) proposed that one reason for socially responsible behavior is managers who are educated about the role of businesses in social and environmental issues and hence have an awareness of the social responsibility of a firm (p. 959). As the pressure of the media is bigger in more developed countries, owners and employees might be more exposed to the idea of CSR in Austria than in Hungary.

1.2. Research problem: the willingness of SMEs to be socially responsible in different countries

Based on the above-mentioned examples, one can see that SMEs are incentivized differently to be responsible than MNEs and it gets more complicated when the aspect of a country's economic development is included. Seemingly, there are similarities between Hungarian and Austrian SMEs due to studies stating that CSR is not looked at as a real commitment in both countries (Kuttner et al., 2020, p. 246; Ligeti and Oravecz, 2009, p. 139). However, developing and developed country research assumes that other differences should exist. Therefore, in this thesis, the focus is on why and how SMEs in Austria and Hungary differ in their motivation to do business responsibly. To answer the main research question, the thesis is based on three sub-questions that can be read in Figure 1.

Q_{main}: Are there differences between the CSR motivation of Austrian and Hungarian SMEs?

Q_1: What are the drivers of Austrian and Hungarian SMEs to do business responsibly?

Q_2: What barriers they might face or have faced while implementing responsible practices?

Q_3: What are their current responsible practices if there are any?

Figure 1: Research question

To identify the differences between the CSR motivations of said countries, an online Likert Scale survey was conducted, which was analyzed with the help of the Mann-Whitney U-Test to compare the answers of the two countries. The answer could provide useful insight for regulators and governments on how to "onboard" SMEs in social responsibility, which is becoming more important in recent crises such as the COVID pandemic, climate change, or the Ukrainian war.

2. Methodology

2.1. Research design

Therefore, the perceptions of SMEs of CSR between the two countries need to be compared. The thesis includes two main aspects, namely the connection between SMEs and corporate responsibility as well as its difference between developing and developed countries via the example of Hungary and Austria. The methodology of the master thesis is a combination of both qualitative and quantitative research. The qualitative research is based on secondary data derived from journal articles and books to create a thorough literature review. In the literature review, the specifics of how and why an SME would act responsibly based on different theories are collected. As most research focuses on MNEs, it would be worthwhile to compare the differences between how and why SMEs do or might adopt socially responsible behavior. Most studies are based on different theories, which could explain the benefits of social responsibility for businesses. Secondly, developed and developing countries' firms' responsible practices are discussed, including studies focused on the two respective countries, and the roles different stakeholders or other incentives might play. By connecting the abovementioned theories and the empirical findings of researchers, hypotheses on the CSR motivation of the two countries' SMEs are drawn, which can be tested to answer the main research question.

To test the hypotheses, a survey is conducted as the primary research part. A survey approach had been chosen, since decision-making processes in SMEs are mostly simple, straightforward, fast, and carried out by one or a few people, namely the owner or a top manager. As the decision lies solely in their hands, their personal feelings and values have a high impact on the decisions, therefore a Likert scale survey, which is set to measure the intensity of one's feelings about a specific topic, is the appropriate measure. The problem of motivation being an individual level rather than an organizational level issue can also be avoided through directing the survey at owners and managers (Graafland and Bovenberg, 2020, p. 1338). In addition, a survey enables the collection of data from a wide audience as opposed to an interview approach. In SMEs the decision-making power is concentrated in the hands of one person or a few people, hence the decisions are highly influenced by their own ideals. Thus, an expert interview might be too biased and focused on the opinion of a few.

Likert scale surveys were identified as a useful tool for creating comparisons between two groups (Heo et al. 2022, p. 374), which is advantageous in our case since the hypotheses require analyzing disparities between Austria and Hungary. Moreover, to create a comparison between the two countries' SMEs, a higher number of firms need to be interviewed to draw significant conclusions. Multiple people can administer the survey at different times and in different locations making the collection of diverse data easier as opposed to expert interviews. Likert Scale is a well-known survey format among respondents (Heo et al. 2022 p. 375), this increases the likelihood for respondents to better understand the survey questions. Furthermore, as CSR is a sensitive topic in today's world, if asked in person, a business owner might be more likely to opt for a higher willingness to engage in it, so as to not put their firm in a bad light.

The questions of the survey are formulated based on the findings of the literature review. SMEs from the two countries are compared regarding their motivation and barriers to being socially responsible. The survey has a cross-sectional design and is conducted online. The questions are formulated in German for Austrian businesses and respectively in Hungarian for Hungarian businesses. To encourage answer rates, the survey will be based on a Likert scale.

In section one of the survey, the most common CSR practices are mentioned to get an understanding of how these examples hold true for Austrian and Hungarian SMEs. In section two a short explanation of CSR is presented to the participants to make them familiar with the concept and its consequences for their firm. In section three the hypotheses on drivers of CSR for SMEs are addressed while in part four respectively the barriers are addressed.

2.2. Sample

The online survey is sent to companies via email. The sample consists of Hungarian and Austrian SMEs. Both the Hungarian and the Austrian chambers of commerce include a list of all companies registered. This list is available on their websites, and general information about the companies, such as size and industry are also provided. However, only those companies are to be considered where the email address is available. These two databases are used to create the sample. The sample is selected according to a simple random sampling method, meaning that each company will have an equal probability of being selected. As the lists are posted through multiple pages on both websites, firstly a random page number will be selected, then all companies on the specific page will be assigned a number and one will be chosen randomly. Excel's built-in random number-generating function will be used to ensure an unbiased and random sample. Given the uncertainty of response rate of the survey, the Mann-Whitney U (MWU) test is used for statistical testing, since it can be utilized with small sample sizes of lower than twenty (Smalheiser, 2017, p. 159).

2.3. Data collection

The online survey will include dichotomous questions and Likert scale questions. Likert scale is a type of ordinal data that measures to what degree the subjects agree with a statement or a question. The range of the scale includes 1 meaning "strongly disagree" and 5 meaning "strongly agree". The questions are designed to measure SMEs' current awareness and performance of CSR while putting the focus on CSR motivation. Additionally, the barriers for SMEs will be investigated. With the dichotomous questions, examples of their CSR conduct and general company information, such as size, industry, and type of ownership will be collected.

2.4. Data analysis

The first section of the survey includes dichotomous questions that can be answered with either 'yes' or 'no', therefore nominal data is collected. The third and fourth sections of the survey include two sets of ordinal Likert scale questions. Firstly, the answers to the separate questions will be analyzed, calculating descriptive statistics separately for the respective country. Both the ordinal Likert scale data and the dichotomous data are categorial. The independent variables in both cases are Austria and Hungary. Calculating the mean and standard deviation for Likert Scale answers is not considered plausible by most researchers for such data due to the absence of no clear distances between the response options (Sullivan et al., 2013, p. 541). Therefore, the most suitable descriptive measures are the median, mode, and frequencies to create an overall picture of the dependent variable. Firstly, to compare the answers of the two countries' a Chi^2 test is utilized due to the dependent variable being nominal data. Hence, in section one null hypotheses (H_0) assumes that the proportion of the respective dependent variable, in our case 'yes' or 'no', is the same for the two groups. Respectively, hypothesis one assumes that said proportion differs between the two countries.

In section three and section four, the dependent variable is the ordinal Likert scale responses of two groups. Since they both include two categorial groups and independent observations from one other, the MWU test is used to compare the two groups' answers. The null H_0 say that there are no significant differences between the two groups' answers on the survey. Both the CSR motivation and barriers are addressed by creating separate hypotheses for the current responsible practices, the drivers, and the barriers of responsible business. In our case, this hypothesis translates to there being no difference between the motivation or barriers to CSR for Hungarian and Austrian small and medium-sized businesses. In accordance, the alternative hypotheses are that there is a significant difference between the two groups' answers.

The main argumentation for the utilization of the MWU test over a two-sample t-test relies on the assumptions of parametric tests since a t-test requires normally distributed answers and interval data, whereas the data obtained from the Likert Scale data is ordinal. Some argue that due to being a non-parametric test, the MWU test is generally less powerful than a t-test, while some find that there is no substantial power difference (de Winter and Dodou, 2010, p. 9). On the other hand, when a sufficient sample size is available it is argued that it has the same statistical power as parametric tests (Sullivan et al., 2013, p. 541).

2.5. Limitations of the online survey design

However, this research design includes multiple limitations. As only those companies are included in the random sampling method that possessed an email address at the time of the sampling period, the conclusions of the sample might not be applicable to the whole population of SMEs in the two countries. This way the smallest companies, which might not even be present online, were left out of the sample. Furthermore, a response bias might be present as well. Since in the email sent to the companies, the goal, and a brief overview of the topic of CSR are included, respondents who are not interested in the topic have a higher likelihood of not responding. Hence, more positive responses might be experienced than applicable to the whole population. Furthermore, the Likert Scale survey possesses the well-known limitation of the central tendency bias, in which respondents tend to choose the middle, hence the neutral response rate. Moreover, a scale of 1-5 might carry a subjective meaning to different respondents, therefore a comparison of an agreement level with a scale of 1 to 5 might be flawed.

3. Literature review

3.1. Theoretical implications of CSR for the case of SMEs and a comparison to MNEs

3.1.1. Business case driven motivation

The research to answer why firms would act responsibly is built on multiple theories. As mentioned above the most frequent theory for MNEs is the business case (Jenkins, 2004, p. 43). The business case implies a positive relationship between CSR and the financial performance of a firm, therefore good CSR leads to good financial performance. Numerous studies set out to find the answer if a clear relationship exists. If such a relationship exists, the Friedman doctrine is fulfilled, and no further argumentation is needed as to why a company would engage in CSR, since its sole purpose, value-creation for the owners, would be fulfilled. A significant amount of literature is focused on this line of research. One example showing the increase in interest on the researchers' side is a meta-analysis from 2021, which aggregated the results from around 1000 articles on this topic (Whelan et al. 2021, p. 5). However, there is no clear answer if the business case exists or not.

Besides the narrow view, many studies can be attributed to the broad view of the business case. Other positive outcomes, besides financial performance, could firstly encourage firms to be responsible, if they understand how these outcomes can be developed into firm success.

One example is how a good firm reputation could lead to attaining a loyal customer base. A socially responsible reputation acts as insurance when the company is in a highly competitive environment (Kim et al., 2018, 1113). Reporting or disclosure of CSR or ESG attracts new investors (Alareeni and Hamdan, 2020, p. 1422). These arguments also align with one of the most well-known theories for CSR, the resource-based view. This theory proposes that good CSR practices can help create capacities and resources to achieve competitive advantage (Kim et al., 2018, p. 1098). A very similar theory is creating shared value, which implies that companies will act “good” and create value for society as long as it creates economic value for the firm itself (Colovic et al., 2019, p. 791). This is also in alignment with Spence and Rutherfoord’s enlightened self-interest framework, in which companies actively address social issues if it has a positive influence for the business (Jenkins, 2006, p. 243). According to the instrumental theory, these positives could be cost reductions or increases in earnings (Nejati and Amran, 2009, p. 261).

There are numerous reasons according to the broad and narrow view of the business case why a firm should be responsible. However, both fields focus mainly on MNEs. Some find that such financial incentives can be the main drivers for SMEs too, for example, in the case of energy efficiency measures (Hrovatin et al., 2021, p. 11) or via sustainability innovations positively affecting financial performance (Le and Ikram, 2022, p. 595). However, its usability and usefulness for SMEs is widely debated (Jenkins, 2004, p. 43; Fassin, 2008, p. 367).

As one can see from the above argumentation, the business case puts high emphasis on the external communication of CSR to achieve benefits such as a good reputation. On the other hand, many argue that SMEs do not have enough resources and the appropriate channels for extensive external communication and reporting (Mousiolis et al., 2015, p. 582). As one example of a positive effect of external communication is the attraction of new investors and funds, this might not be a fitting argumentation for SMEs, since they are often funded through family or through banks, making investor relations not that relevant (Dixit and Priya, 2021, p. 8). MNEs weaponize CSR easily due to their promotional activities (Tilley, 2000, as cited in Santos, 2011, p. 490), while some find that for SMEs CSR reporting might even increase their cost of capital (Gjergji et al., 2021, p. 689). On the other hand, some found that when CSR is in fact carried out by an SME, it increases its capability to survive (Gangi et al., 2020, p. 13). In reports the R&D expenditures, number of innovations, and number of patents might be an indicator for the development of responsible practices, however, these reports do not exist for most SMEs to show their responsible activities externally (Acs and Audretsch, 1988, as cited in Bos-Brouwers, 2010, p. 420). One of the positive arguments of the resource-based view is that CSR can act as a puffer in times of distress, however, SMEs frequently do not have a brand image they need to protect (Jenkins, 2004, p. 50).

Some argue that CSR initiatives do not suit SMEs, not only because they cannot include it in their branding process, but also due to the cultural differences between small and large companies (Jenkins, 2004, p. 51). Such cultural differences might include the development process of new policies, which require investments, both in time and resources (Fassin, 2008, p. 373). Besides being costly, such tools are tailored to large corporations, for example, sustainability management standards are made to address the impacts of large companies on the environment (Johnson and Schaltegger, 2016, p. 494). Furthermore, such innovations might only pay off in the mid or long-term (Bos-Brouwers, 2010, p. 421), which is more suitable for larger corporations. Such practices need to be carefully planned and implemented in the underlying company strategy (Jenkins, 2004, p. 44). In addition, MNEs might have lobbying power, influencing CSR agendas to be driven by responsible practices that are possible to be undertaken by them (Jenkins, 2004, p. 40). As these practices are not suitable for SMEs, the CSR of SMEs should not be understood as a direct copy of those of larger companies (Fassin, 2008, p. 368). The business case might not be the appropriate framework to understand SMEs' responsibility and their motivation seems to differ from their larger counterparts.

3.1.2. Stakeholder-driven motivation

The second main line of research on CSR motivation focuses on the pressures from stakeholders. In today’s world stakeholders pressure firms to address social and environmental concerns (Hui and Smith, 2022, as cited in Simmou et al. 2023, p. 3). According to stakeholder theory, CSR can be understood as the extent to which a company can fulfill the wishes of various stakeholder groups (Magrizos et al., 2021, p. 293). If the relationship with other stakeholders is managed well and their claims are met, companies can expect greater financial results (Velte, 2017, p. 176; Cheema-Fox et al., 2021, p. 37), since the company can expect additional benefits. Suppliers might be more likely to offer better resources or lower prices to the company. Another group of stakeholders, employees, care increasingly for the environmental performance of their company. Therefore, incorporating CSR measures can lead to employee satisfaction, which can help attract qualified employees and maintain higher employee commitment (Schreck, 2011, p. 170; Alareeni and Hamdan, 2020, p. 1412). Higher employee commitment can be explained by a stronger sense of purpose due to CSR policies and outcomes (Nazir et al., 2021, p. 129). This in turn leads to an increase in productivity (Edmans, 2011, as cited in Nirino et al., 2020, p. 4). Furthermore, a good relationship with investors can be maintained and an enhanced access to capital can be reached via the disclosure of such company efforts (Rodriguez et al., 2017, p. 108).

However, the results of this line of argumentation are based on MNEs as well. SMEs might not be able to measure the positive effects of meeting the needs of stakeholders, since they might lack the capabilities and resources for such. Moreover, stakeholders might have contradictory and competing demands (Magrizos et al., 2021, 299), therefore for a smaller company, it might also cause difficulties to choose which stakeholders to focus on to receive such benefits. On the other hand, MNEs have the resources to create such strategies. MNEs will choose to focus on important powerful stakeholders like the government (Ernst et al., 2022, p. 3), while according to social capital theory, SMEs mostly address the needs of the local community and their local networks (Colovic et al., 2019, p. 791). Furthermore, MNEs might affect society at large and hence simultaneously affect more stakeholders with their business activities (Jenkins, 2004, p. 41). In the research for SMEs as a solution to these concerns, the concepts of social proximity and stakeholder salience were introduced. Stakeholder salience refers to how important firms find each stakeholder (Ernst et al., 2022, p. 3). This theory proposes that CSR activities should focus on the needs of more important stakeholders and these stakeholders should be chosen with great care (Magrizos et al., 2021, 299). Social proximity can be explained through multiple descriptions, such as emotional closeness, affective relationship, and the obligation from group identification (Huber, 2012, as cited in Ernst et al., 2022, p. 3). Being physically close to stakeholders, which is the case for SMEs, since they are usually locally active, might translate into social proximity (Spence, 2007, as cited in Magrizos et al., 2021, p. 294). Hence, for smaller firms not the expected positive outcomes might be the drivers for CSR but their perceived social proximity to stakeholders.

Examples of how stakeholders could improve the company's performance are great examples of the positive influence of stakeholders. However, stakeholders might be a source of CSR motivation due to negative outcomes too. If a company does not conform to society’s social and environmental norms through its CSR, it might lose the legitimacy perceived by stakeholders. Based on the legitimacy theory, if the legitimacy of a firm deteriorates, it affects reputation and profitability negatively (van Rijnsoever et al., 2017, as cited in Stekelorum et al., p. 4). A fear of the loss of employees and customers and a fear of fines could be motivational for both large and smaller companies. Self-determination theory proposes that stakeholders can motivate firms in two ways, autonomous and controlled motivation. Autonomous motivation is a self-made decision because the effort rewards the firm itself, while controlled motivation is from pure pressure forced by the avoidance of negativities and guilt (Ryan and Deci, 2000, as cited in Ernst et al., 2022, p. 1). Different stakeholders could motivate firms differently and hence the CSR performance of companies can change. If the goal is to achieve genuine and material corporate social performance the extent to which companies are “controlled” motivated must be understood. Lähdesmäki et al. (2019) argued that this theory acts complementary to stakeholder salience (p. 374). Besides controlled motivation, the resource dependence perspective delivers another reason why firms might fear their stakeholders since resources for survival are provided by numerous stakeholders such as suppliers and the government (Freeman and Reed, 1983, as cited in Tang and Tang, 2012, p. 438). However, this theory should not be interpreted solely as one-sided dependence, as SMEs can also benefit by sharing resources they might lack (Chen et al., 2017, p. 394). Besides the various motivation types, some argue that various power theories, such as the classic power theory, the relative power relationship, and the powercube theory could help to understand stakeholders’ pressure on the CSR of SMEs (Tang and Tang, 2012, p. 436; Smith et al., 2022, p. 119). The stakeholder-firm relationship is not one-sided, not only stakeholders but also the firms can influence the stakeholders in how many responsible business practices they require from them, therefore firms are no passive recipients but also actively shape the expectations. The power difference and, hence, the influence of a stakeholder might vary from firm to firm (Tang and Tang, 2012, p. 438). If the stakeholder is essential and exclusive to the firm, it has less power to counteract their pressures. One example is the government which both possess essentiality and exclusivity. Companies might also be able to influence the engagement of their local communities in CSR (Smith et al., 2022, p. 117).

However, by distinguishing between external and internal stakeholders, other theories can help to understand why companies would act responsibly. As Schneider (2012) proposed, SMEs might act responsibly because of their own nature, which is determined by their internal stakeholders such as owners, managers, and employees (p. 584). If internal stakeholders have high moral responsibility, it is more likely that they will influence the business activities to address social and environmental issues. However, the theory of moral decoupling suggests that people might deviate from their own morals if other factors justify it (Sendlhofer, 2020, p. 369). Some might believe it is not their personal responsibility or might compare themselves to others and adhere to their behavior. However, if moral reasoning is more powerful than moral decoupling, SMEs might engage in CSR (Jenkins, 2004, as cited in Nejati and Amran, 2009, p. 261). Moral reasoning might not apply as well for MNEs, since the business decisions are usually not carried out by owners but by their chosen managers, who might focus on shareholder value maximization.

3.2. Empirical implications of the CSR motivation of SMEs

3.2.1. The current state of responsible measures of SMEs

Based on the above argumentation including various theories, there is no clear answer to why an SME would do business responsibly, however many base it on theories connected to stakeholder theory. Similarly, empirical research for SMEs' corporate social responsibility also focuses on various stakeholders, even if they do not explicitly build on stakeholder theory. To understand what or who might motivate SMEs, first, the findings of studies on how SMEs engage in CSR are collected. Interestingly, even though nowadays ESG is understood as the main concept of how CSR can be practiced, the term CSR leaves a great place of openness and imagination on how it can be practiced. Originally CSR was a voluntary concept. It is not based on a concrete system of values but points to various responsibilities and moral demands. According to Küpper (2011), this openness leads to the wide use of CSR in praxis, since companies do not have to conform to a single value system (p. 129). This holds especially true in the case of SMEs who often engage in responsible activities due to their own values and via not strictly planned strategies, therefore conforming to one predetermined system might not be suitable in their case.

The willingness and the practices of CSR vary considerably between firms based on size, profitability, and geographical location (Dey et al., 2018, p. 696). Therefore, it is expected that SMEs engage differently in CSR than their larger counterparts. Even though CSR in SMEs has been an emerging trend since the early 2000s (CERFE Group, 2004 as cited in Nejati and Amran, 2009, p. 260), SMEs are mostly unaware of the concept of CSR, and the term is often looked at as formal certifications (Coppa and Sriramesh, 2013, p. 37). Despite not being familiar with the term itself, many engage in it by addressing their closest stakeholders' needs (Giovanna et al., 2012, p. 330). This is often referred to as silent social responsibility. Often the CSR engagement is intuitive and is based on personal values of the owners or employees (Jenkins, 2004, p. 51) and is often looked at as social engagement. They generally do not report their CSR activities and these activities are tactical rather than strategic. In comparison to their larger counterparts, SMEs engage in an informal, non-structured way of CSR, which is part of their daily operations and hence often internally oriented (Santos, 2011, p. 498; Coppa and Sriramesh, 2013, p. 37; Schneider, 2012, p. 584). Their daily operations might be more simplistic, more streamlined, and based on a lower level of communication (Chen and Hambrick, 1995, as cited in Darnall et al. 2010, p. 1077; Aragón-Correa et al., 2008, as cited in Darnall et al. 2010, p. 1077). Due to said informal nature, SMEs might adapt quickly to changes in the economy, to new demands, to social changes, and take advantage of new market opportunities, which make it possible for them to address new social and environmental needs (Nejati and Amran, 2009, p. 261; Forbes, 2012, as cited in Smith et al., 2022, p. 113). Furthermore, SMEs tend to avoid bureaucratic, large structures, hence internal communication and coordination processes also enable the addressing of societal needs (Hitt et al., 1990, as cited in Darnall et al., 2010, p. 1077). Hence, SMEs have characteristics that are favorable for the implementation of CSR activities (Mousiolis et al., 2015, p. 582).

On the other hand, some might say that CSR measures are rather a part of a box-ticking approach and are considered an administrative burden (Baden and Woodward, 2009, p. 431). Some report that they do not understand the underlying materiality of CSR and rather focus on attaining formal certifications (Coppa and Sriramesh, 2013, p. 37). However, this is an often-quoted problem for large companies as well. On the other hand, most SMEs address the concerns immediately (Bowen, 2002, as cited in Darnall et al., 2010, p. 1077), not via lengthy policies and certifications, while some engage in policies, such as environmental policies, memberships in a network, or have formal environmental certifications. Therefore, it is important that the CSR practices are easily understandable and easily implementable for a workforce who might not be experts in the matter (Santos, 2011, p. 13), while MNEs are able to employ a skilled workforce to shape their CSR strategies.

Most studies group CSR practices according to two criteria. These are the recipients of the activity, internal or external stakeholders, or the type of issue it addresses, social or environmental. A comparative study between six European countries found that SME owners differentiate significantly between internal and external responsibility regarding CSR (Fassin et al., 2015, p. 444). In academia, many find that unlike MNEs, who put a high emphasis on the external dimension, SMEs mainly focus on internal activities. This is in alignment with the theory of social proximity, which might be higher for internal stakeholders, such as employees. Offering employees training, developing their current skills and knowledge, and improving health, hygiene, safety, and social security are great examples of measures that have internal stakeholders, mainly employees, and managers, as recipients (Santos, 2011, pp. 494-495; Coppa and Sriramesh, 2013, p. 37; Dixit and Priya, 2021, p. 5). However, these actions are typically implemented in a less structured manner (Dixit and Priya, 2021, p. 7). Furthermore, multiple studies found that external measures are less common than internal measures. Donation and sponsoring were found to be the most common ways in which SMEs practice CSR (Santos, 2011, p. 494). However, reducing CSR to charitable sponsoring could imply a false understanding of CSR, which might be common for many SMEs (Schneider, 2012, p. 586). While internal stakeholders are considered very important, external stakeholders, such as the media, the government, and NGOs are not considered important stakeholders, which could be an explanation of the emphasis on internal CSR measures (Aya Pastrana and Sriramesh, 2014, p. 18; Coppa and Sriramesh, 2013, p. 37). This is a great difference to MNEs, who, according to Campbell's propositions, are greatly encouraged by the pressure of such external stakeholders (Campbell, 2007, p. 958).

Besides internal recipients, responsible practices are frequently directed at the local community (Smith et al., 2022, p. 113; Giovanna et al., 2012, p. 329; Fassin, 2008, p. 369; Lähdesmäki and Suutari, 2012, p. 490; Ernst et al., 2022, p. 5). This is a significant difference from their larger counterparts since they mostly do not address local, but rather international issues. Integrating the local community's needs in their business strategy might be a natural direction for many smaller companies. Increasing the quality of life in the community is the main goal for such activities (Ansu-Mensah et al., 2021, as cited in Simmou et al. 2023, p. 3), examples could be supporting sports clubs, local associations, and religious communities (Giovanna et al., 2012, p. 329). However, it is also argued that some SMEs might experience low community pressure and not feel the need for participation in CSR and a cooperation between them and the community might be too idealistic (Dixit and Priya, 2021, p. 11). In accordance, a study conducted in Italy found that SMEs did not consider the local community as an important stakeholder (Coppa and Sriramesh, 2013, p. 36).

The line of research by the EU on the social aspect had been discontinued, however, regarding the environmental aspect, the EU publishes a part of sustainability in their yearly SME performance review. Therefore, there is more data available on how SMEs practice business responsibly in the environmental aspect. Despite the extensive argumentation on why CSR is not suitable for SMEs, they report that more than half of the firms already implemented or plan to invest in sustainable practices, mainly regarding climate change and reducing emissions (Gorgels et al., 2022, p. 9), while environmental management systems were found to be the least developed for CSR practice (Santos, 2011, p. 501). This is in alignment with the proposition that their CSR is rather intuitive than the results of a strategic management system. Addressing environmental issues is a highly debated topic for smaller firms since many argue that their share of environmental issues might not be significant. They mostly engage in reduction and saving activities, such as waste, energy, and materials reduction. On the other hand, proactive measures such as switching to greener alternatives in the case of material or renewable energy are not as common. Hence, the fewer resources and knowledge needed for a practice, the more likely it was to be undertaken. Furthermore, the bigger the company, the more likely they were to engage in such measures (Gorgels et al., 2022, p. 24). However, the most innovative companies are often smaller companies, such as startups. Such small and medium-sized companies nowadays enjoy a favorable position in debt funding, since banks also have to fulfill their environmental criteria by e.g., financing green projects or firms.

One can see that SMEs have many characteristics that enable them to be responsible. The most responsible practices are mostly focused on internal recipients or the local community in the form of donations, while on the environmental aspect, they focus on reducing or minimizing activities. However, there are many barriers that companies face while trying to conduct business responsibly.

3.2.2. Barriers: the applicability of “corporate” social responsibility to SMEs

After discussing how SMEs engage in corporate social responsibility, the reasons why they might not engage are discussed. These barriers can be grouped into economic and psychological barriers. As discussed in the business case driven motivation part, one barrier is that SMEs might not have the means to measure the possible connection between CSR and financial performance. However, barriers can arise earlier in the implementation process of CSR.

Psychological barriers affect the SME’s willingness to be responsible. Firstly, an awareness of the concept needs to exist in the mind of the main decision-maker of the firm, which is usually the owner or a single top manager in most SMEs. Despite the idea of CSR not being new, CSR as a management concept is new to many managers (Schneider, 2012, p. 584). Many SME managers have never contemplated the idea of corporate social responsibility (Santos, 2011, pp. 492-493). They need to understand that they also have an impact on society and the environment. Responsible owners are found to drive green tech innovation (Jonsdottir et al., 2023, p. 6), therefore knowledge and understanding of CSR are crucial. If it is not understood, it will be interpreted as solely fulfilling legislation. Besides owner-managers, employee awareness plays a huge role in the implementation process of CSR measures (Hrovatin et al., 2021, p. 11). The awareness of the general public also plays a role, since they might pressure the firms to offer responsible products or services. Many SMEs do not deliver goods or services to the public but to one big buyer such as a corporation, therefore they might not experience consumer pressure (Jenkins, 2004, p. 50; Dixit and Priya, 2021, p. 7). The next step is knowledge about such measures. Lack of knowledge has been a great argument in the case of MNEs as well and this problem affects SMEs to a higher extent since a lack of employees with appropriate knowledge might be harder on them. Their employees often have cross-functional roles and therefore are not experts in one specific area. Such a barrier is more prevalent in the environmental aspect than in the social since they require more technical knowledge. Green or sustainable practices are also more likely to change with scientific development. SMEs might not be able to keep up with such an unpredictable environment. Lack of knowledge can also lead to them adopting reactive strategies instead of proactive ones, preventing the implementation of activities with materiality (Schaper, 2002, as cited in Johnson and Schaltegger, 2016, p. 493). It also leads to financial constraints since they will have to hire an external workforce to carry out new tasks. Hence, the firm itself might question why such a complicated matter is the job of a small or medium company. Therefore, a lack of belief in their contribution to society and a distrust of their own capabilities from the owner's or manager's side can also create difficulties in feeling motivated to do business responsibly.

If awareness, understanding, and knowledge are present to conduct responsible practices, firms face other types of barriers as well. Economic barriers significantly decrease SMEs' motivation to conduct CSR. Firstly, lack of funding is the most crucial problem they might face. According to Jenkins (2004), SMEs' biggest risk is the failure to survive, therefore their focus is on immediate survival and growth (p. 45). With CSR measures high initial capital costs are associated, which could only bring positive resources to the company in the medium- or long-term. Therefore, one of the most prevalent barriers is the coordination between a high initial cost and the focus on the short-term immediate financial results. Many believe that it would set back their profitability. Despite the availability of public grants and subsidies, many rely on their own financial resources (Gorgels et al., 2022, p. 48). However, as more and more banks are on the way to making their financed portfolio greener, they get a chance to obtain affordable financing for social and environmental projects. Another funding-related barrier could be the use of family and friends for their funding requirements; thus, they do not encounter investors who are interested in responsible investments (Dixit and Priya, 2021, p. 8). Besides funding difficulties and lack of resources, they experience problems in the implementation process as well. Such difficulties are a lack of time (Santos, 2011, pp. 494-493) and a lack of human capital. Besides lacking knowledge and information, the staff might also struggle to find time for the new tasks that CSR imposes on them. New regulations also often bring challenges to SMEs, since they often cater to the needs of big companies. A great example is the Sustainable Development Goals of the United Nations, which were found to be too distant and too big for smaller firms to consider (Smith et al., 2022, p. 113). The processes, such as environmental management tools, should be cost-effective, adaptable, company-tailored, and locally focused, while such tools are mostly general, focused on large-scale, international, or national issues, and not take into consideration the diversity of SMEs (Johnson and Schaltegger, 2016, p. 488). They often cause a lack of connection between the proposed CSR activities and the company activities (Santos, 2011, p. 498). Hence, predetermined, commercial tools might not be suitable for SMEs. Such predetermined legislation and rules make SMEs feel powerless due to their extent and broadness (Smith et al., 2022, p. 118).

To sum it up, lack of awareness, of knowledge, and of understanding are all examples of the pre-implementation barriers of CSR, while economic barriers indicate barriers before and during implementation. Lastly, a barrier for the post-implementation phase is an argument proposed against the business case. They often cannot communicate their CSR activities to use them as a differentiation and branding tool in their stakeholder communication. Hence, SMEs experience barriers in all phases of the adaptation process. Barriers can vary from firm to firm since they depend heavily on the financial, economic, organizational, and cultural situation of the firm. These situations can differ in various countries; therefore, it is expected that the barriers to CSR are also affected by country differences.

3.3. Country-specific aspects of CSR: cultural and economic contents

Campbell (2007) proposed 8 situations in which corporations would be more or less likely to act “good”, most of which build on stakeholder theory and on institutional theory (p. 946). His proposals include the economic environment of the company, the existence of strong state regulations, effective industrial self-regulation due to pressure from public characters such as the media and NGOs, well-educated managers, trade and employer associations with peers, and the presence of unions and community groups. According to institutional theory, a company’s CSR is predetermined by the regulatory and informal institutions of the country it is in (Colovic et al., 2019, p. 802) since these affect the expectations and attitudes their stakeholders have towards CSR. Regulatory and informal institutions are different in different nations. Based on these proposals one can see that even though stakeholders can be the main motivator, the economic and cultural environment in which the company operates in can influence these stakeholders in their requirements of CSR and the importance of the stakeholders to the firm. Hence, differences between CSR motivation and activities can be expected between Austrian and Hungarian companies, especially SMEs since they are more embedded in their local communities, more dependent on local customers, and more influenced by local values. Firstly, studies that research CSR in developing and developed countries are collected, usually both as a comparison. Secondly, research separately conducted in both countries is included. However, studies conducted on the topic of CSR separately in Hungary and Austria are scarce, hence the developed-developing research is used to fill in the gaps.

The way firms interpret CSR is largely dependent on the social and political heritage of the country they operate in (Győri et al., 2021, p. 194). The narrative of corporate social responsibility in its recent form originates from developed countries. Since the local community plays a big role in the business activities of an SME, SMEs are bound to be influenced by their local community's economic state and cultural values more than MNEs. Therefore, not only firm characteristics but also the motivation to be socially responsible is likely to change across countries and across various cultural contexts. To answer what differences there could be between Austrian and Hungarian SMEs' CSR conduct, a comparison between CSR in developed and developing countries is done. Although both countries are part of the European Union, they have differing economic and cultural backgrounds. It is important to mention the economic state of Austria and Hungary, which leads to SMEs doing business in said countries to have different resources and funding available to engage in socially responsible activities. Moreover, despite the two countries belonging to the same monarchy before the First World War and sharing cultural values, Hungary is to this day largely influenced by its post-soviet social and political heritage.

3.3.1. General differences: CSR in developed vs developing countries

In developed countries, CSR considered an essential part of business by most firms. Many companies aim to implement material social or environmental processes, distancing themselves from the idea of CSR being the same as donations or charitable activities. Customers and employees are also aware of environmental and social issues and agree that companies have a responsibility towards society (Sharma, 2019, p. 714). Even though significant differences could exist between developed countries with different cultures, a Western European SME-focused study found that all examined countries had a similar understanding of CSR. SME owner-managers in these countries associate CSR both with fulfilling regulations and voluntariness. They are often conflicted between the economic and ethical aspects of CSR. Unlike for MNEs, “shareholder-value” creation was off the table for SMEs, and the short-term financial goals conflicted with the personal values of the owner or manager. Most importantly, CSR is looked at as a personal activity, that can be done by every market participant and not only a scheme for corporations, even though the owners might be conflicted by its possible negative economic aspects (Fassin et al., 2015, p. 447). Moreover, Fassin et al. (2015) found that in many developed countries, the idea of CSR and stakeholder management are not separate concepts in the minds of SME owner-managers (p. 449). Smaller companies engage in addressing environmental issues and improving the standard of living through emotionally charged campaigns (Sharma, 2019, p. 714), to affect their stakeholders as effectively as possible. Hence, it is implied that internal stakeholders, employees, owners, and or managers are the main initiators of CSR in the case of SMEs in developed countries. As discussed above, for MNEs external pressure groups (Lewicka-Strzalecka, 2006, p. 447; Ali et al., 2017, p. 289) are argued to be important motivators. Such external groups can be investors, creditors, NGOs, and the media. Hence, MNEs engage in CSR often to optimally manage their external stakeholders. Therefore, stakeholders play a significant role in CSR in both smaller and larger companies in developed countries.

On the contrary, SMEs in developing countries might experience less stakeholder pressure. Some report that they receive low community and government pressure paired with limited information, which prohibits them from engaging in CSR (Dixit and Priya, 2021, pp. 1, 12). One study found that the three most common motives for being socially responsible were foreign companies imposing their values on their local subsidiaries, professionals having work experience in foreign countries, or local companies with high international competition (Koleva et al., 2010, pp. 286-287). This is in alignment with the findings of Ali et al. (2017) who reported that international buyers, foreign investors, and international media concerns and regulatory bodies are the first source of pressure for developing countries to adopt CSR (p. 289). Foreign companies also educate their local branches on how to implement and improve their company's CSR (Lewicka-Strzalecka, 2006, p. 447). Therefore, companies in developing countries are largely influenced by foreign values and interests. On the other hand, Colovic et al. (2019) found that SMEs both in developed and developing countries engage in CSR due to the values and beliefs of the owner-managers and their relationship with the local community, however, it differs according to the institutional setting of the countries (p. 802).

3.3.2. Specific differences between Austria and Hungary

While in developed countries CSR is a mature concept (Colovic et al., 2019, p. 802), in post-soviet countries, like Hungary, firstly the concept of a free-market economy had to be adjusted to, simultaneously adopting corporate social responsibility. CSR is often understood as charitable or PR activities (Elms, 2006, p. 204) since awareness of the role of businesses in social and environmental issues is new (Pacheco et al., 2018, p. 56). The information and educational opportunities for managers about CSR are also limited (Goll and Rasheed, 2004, as cited in Achi et al., 2022, p. 773). Therefore, capitalism and the function of businesses are perceived differently in these countries.

Just like other post-soviet countries, Hungary also went through an economic transition since 1989. These countries are significantly affected by this historical and economic development. Activism has no roots in such countries (Elms, 2006, p. 206), since stating a differing opinion might have been associated with being an enemy of the system during the Soviet era, which eliminates the idea of voluntariness behind CSR. However, due to the prevalence of socialist values, before transitioning to a new open economy, companies in these countries were responsible by nature (European Academy of Business and Society, 2005, as cited in Elms, 2006, p. 207). Maximizing profit was not the purpose of state-socialist firms but maximizing the well-being of the community and their employees. These notions were discouraged with the transition to a market economy since they were believed to prevent companies from functioning profitably (Lewicka-Strzalecka, 2006, p. 444; Soulsby et al., 2021, p. 741). Therefore, finding the way back to being socially responsible is a difficult task for many managers. However, some of the activities did survive the transition (Koleva et al., 2010, p. 276).

On the other hand, despite companies having socially responsible goals, corruption had been a prevalent concern in state-socialist countries before and after the transition period. To this day people experience distrust and jealousy towards successful businesses. Businessmen are generally not respected. Doing business in an illegal, unofficial, or unethical way had been the norm in the early years of the transition. CSR is often used by managers as tools to protect the corporate image (Soulsby et al., 2021, p. 743). Corruption also discourages a natural business flow and was found to discourage innovation which ultimately deteriorates the social responsibility of a firm (Soulsby et al., 2021, p. 743; Lewicka-Strzalecka, 2006, p. 443). Therefore, most efforts of conducting CSR are welcomed by doubt and distrust.

Most nonstate-owned companies were founded after the transition of 1989, meaning that compared to Western companies, they are mostly considerably new and smaller in size. Besides a lack of business tradition (Lewicka-Strzalecka, 2006, p. 446) they might have less slack in their budgets for CSR. Compared to Western countries, firms in developing economies operate in volatile market environments making the coordination of socially responsible market opportunities and short-term financial goals challenging. Such economies are characterized by frequent changes in demand or government policies. Despite the possible awareness of customers of companies' role in social and environmental issues, customers in developing countries are more price-sensitive and might not be willing to pay for price increases associated with CSR (Pacheco et al., 2018, p. 58). Moreover, during the state-socialist era, customers were restricted in their buyer behavior, hence their purchase decisions were influenced more by economic than moral decisions and by the notion that what can be bought today, might not be available tomorrow (Elms, 2006, p. 206). Many people switched from working for the state to working for themselves and for their own well-being, which also influences their buyer behavior to only focus on their own benefit (Lewicka-Strzalecka, 2006, p. 444).

Despite expectations due to Hungary's post-socialist heritage and the economic state of the country, the research found that Hungarians are relatively conscious about social and environmental issues and the role firms play in them. Since the 1990s foreign companies started importing their CSR frameworks into their Hungarian subsidiaries, while the local legal frameworks concerning social and environmental impacts have been improving (Győri et al., 2021, p. 197). Nevertheless, Western European countries show a greater level of awareness concerning environmental issues. Nagypál, 2014, p. 330) and socially responsible products and services are not sought out by consumers as in Western countries (Győri et al., 2021, p. 197). While in developed countries CSR is often viewed as an essential part of business, the biggest barrier for Hungarian firms was reported to be approaching it as an additional task to be fulfilled (Ligeti and Oravecz, 2009, p. 139).

A significant number of Hungarian MNEs have a CSR strategy and are reporting their CSR performance (Győri et al., 2021, p. 199). However, they were often ad-hoc and mostly focused on environmental aspects, since those are easier to measure and to report. On the contrary, Nagypál (2014) found that Hungarian SMEs are mostly influenced by their employees and the most common actions of CSR are addressing employees as well, the most common examples being worksite safety and environmental awareness of employees (p. 345). For both MNEs and SMEs foreign companies, who the companies are subsidiaries or the suppliers of, were also reported being the second most important motivating factors. This is in alignment with the findings of Bank (2017) and with research about developing countries (p. 40). He described the Hungarian economy as a double-dependent economy, highly dependent on foreign investment and state funds. The state has a more significant role in the Hungarian economy than in Western European countries, approximately half of the gross domestic product comes from government expenditure. It plays an important role in allocating resources and different economic groups often enjoy receiving higher privileges than others, ultimately affecting the market economy (Bank, 2017, p. 29). Therefore, they are also one of the main drivers of social responsibility due to being the source of many economic incentives. In accordance, Győri et al. (2021) reported that Hungarian firms expect support to engage in CSR from the government and other state institutions, while other stakeholders are not considered to be strong motivators (p. 208).

While in developed countries customers are one of the main pressure groups for CSR, in Hungary customers fail to strive for their own or their community's interest. This is in line with developing country research. The two reasons for this phenomenon in Hungary might be both connected to the aftermath of the socialist era, firstly the negative feelings associated with social responsibility in the time of state-socialism, and secondly the general distrust against businesses in post-soviet countries. Furthermore, people in said countries often experience a feeling of powerlessness, thinking that their opinion cannot change the current situation (Győri et al., 2021, p. 197). Moreover, Bank (2017) argued that the role of NGOs in spreading CSR is not as strong in Hungary as in Western European countries (p. 43). Based on these studies the biggest pressure Hungarian companies experience is from the government and from foreign companies. However, in the case of SMEs, the role of own employees plays a big role as well, since government regulations might not apply to smaller companies yet. It was also reported that some companies engage in social responsibility due to business case considerations, with the hope of increasing their financial performance (Győri et al., 2021, p. 194). Surprisingly, most studies did not mention or focus on the financial constraints Hungarian firms might experience to be responsible. Based on developing country research, the argumentation about firms in post-soviet countries, and the argumentation about the role of government in the funding of Hungarian firms, one would expect that many firms might not enjoy a considerable amount of slack in their budgets for CSR.

Since Austria is a developed country and lacks post-soviet heritage, less financial constraints and less pessimism are expected about socially responsible firms. Forster et al. (2021) found that Austria is a hidden champion in the field of CSR (p. 22). Due to the tradition of "Sozialpartnerschaft" (social partnership), there have been many institutions in social fields, such as labor chambers, economic chambers, and trade unions who have also started implementing environmental standards besides social standards as early as the 1980s (Forster et al., 2021, p. 23; Keinert-Kisin, 2015, p. 138). Furthermore, Austria is internationally known for positioning itself between socialism and a free-market economy, a social market economy (Keinert-Kisin, 2015, p. 137). Moreover, as mentioned earlier, Austria is one of the leading countries in ecological innovation in the European Union. Therefore, it can be argued that it has a long-lived and mature tradition of CSR.

Based on the developing-developed country research and the findings about the separate countries, one would expect the clear difference to be that Hungarian firms engage less in CSR, while Austria is one of the leaders in the EU. Surprisingly, there are studies in which the opposite is reported about Austrian companies. Höllerer (2013) found that CSR is less voluntary than expected in Austrian firms, and it is often looked at as disadvantageous. He found that successful Austrian MNEs use CSR as a tool in years with less financial success to try to mitigate losses (p. 591). For Austrian SMEs, responsible measures concerning employees play a significant role, however, environmental measures were found to be part of only fulfilling legislation (Kuttner et al., 2020, p. 246). Keinert-Kisin (2015) reported that in Austria around half of the companies identify CSR as an important issue for their own company (p. 146). The local embeddedness of the firm is a significant factor in CSR motivation (Kuttner et al., 2020, p. 243). Interestingly, only 33% of all companies thought that CSR is an important matter to their customers, while generally in developed countries the awareness of customers is reported to be high. On the other hand, Höllerer (2013) found that public pressure is not an important motivating factor for Austrian firms (p. 591). Although international foreign companies are expected to be a main motivator for firms in developing countries, one study found that also Austrian firms in international ownership were also more likely to engage in CSR (Keinert-Kisin, 2015, p. 145). On the contrary, Mayr (2015) suggested that for Austrian SMEs the owner or a manager is the main push to be responsible and CSR must be part of the business identity of the company (p. 69). However, a certain level of self-criticism might be discovered in these pessimistic results, since Austria is a welfare or social state with high social equality and high levels of environmental management (Keinert-Kisin, 2015, p. 138). Hence, Austrians might have more critical views on social and environmental issues.

Most of the above-mentioned studies focus on MNEs in said countries or they do not make a distinction on what size of companies they explored. Therefore, a gap in the current research is found, since there is little research focusing on SMEs separately in developed or developing environments. Based on the above arguments one could expect that besides the expected differences there could be some resemblances between the CSR activities and motivation of Austrian and Hungarian SMEs. The general picture of differences between CSR in developed and developing countries paints a clear positive and negative picture respectively, however, research about Austria and Hungary separately report both positive and negative developments.

4. Drivers and barriers behind CSR of SMEs: hypotheses creation based on theoretical and empirical findings

According to the developed-developing country argumentation, one could see that economic and cultural differences greatly influence the motivation to be socially responsible. Since it was found that most CSR practices focus on internal stakeholders or the local community, it can also be assumed that they are the main motivators for SMEs. Respectively, for MNEs external pressure, such as the government, media, and NGOs are expected to play a big role. There is existing research on how different stakeholders influence firms in the decision-making process, however mostly focusing on one single stakeholder group. Many authors mention different stakeholders to be important to SMEs and to what extent they can influence them. Hence, not only the question if their influence is different between Hungary and Austria needs to be explored, but the general question of how much they pressure the companies. In the following, the results of such academic studies are summarized and connected with the theories found in the relevant existing academic research which support those findings. This way assumptions can be drawn on why the separate stakeholders might influence the SME and how this influence might differ from country to country. Secondly, assumptions about the differences between the barriers that SMEs in Hungary and Austria might face are also drawn. Ultimately, the hypotheses suggest that the cultural and economic differences between Austria and Hungary lead to different motivations and barriers that firms experience while being socially responsible.

4.1. Internal stakeholders as drivers to engage in CSR

In accordance, many studies mention internal stakeholders as a driver. Some include stakeholders such as employees (Magrizos et al., 2021, p. 296; Smith et al., 2022, p. 113; Sendlhofer, 2020, p. 367; Simmou et al., 2023, p. 8; Aya Pastrana and Sriramesh, 2014, p. 18) and owners (Jenkins, 2006, p. 244; Jonsdottir et al., 2023, p. 6). Employees are considered significant stakeholders by many authors. If the employees themselves care about social or environmental issues, they might pressure the firm they work for to implement such measures. This might be possible since in SMEs employees have a bigger decision-making freedom than in big companies. Hence, they can implement CSR activities that fit the company strategy and are material for the community and environment of the firm. Besides having more organizational freedom, employees in SMEs might be emotionally closer to the owner or their manager due to a smaller physical workplace and a lower number of employees. This closeness is backed up by the social proximity theory which also supports that employees might be able to emotionally influence the decision of owner-managers. On the other hand, if the organizational decisions do not directly affect employees, they are more likely to morally decouple from this decision, meaning that they are more likely to engage in unethical behavior as a firm. Many employees rationalize not engaging in socially responsible business activities by saying that their irresponsible behavior is due to external circumstances they cannot influence, for example by rationalizing that they cannot control their suppliers or their employers (Sendlhofer, 2020, p. 363).

Furthermore, employees are an intriguing type of stakeholder, since they are not only implementors of CSR but might also be the beneficiary. Therefore, a manager might implement CSR measures to influence his employees’ course of action. The employee’s impact is directly tied to the success of the firm; therefore, owners and top managers might be more likely to give in to their demands. In this case, decision-makers realize the effect and role of employees in the success of the firm; hence the legitimacy theory can be drawn to back up this argumentation. If the position of the firm is not legitimized in the eyes of the employees due to not fulfilling their social or environmental expectations, the firm might have to face employee loss. Since the education on CSR and its positive qualities on the firm are more expected to be known in developed countries it would be expected that employees influence owner-managers more in developed countries. However, in a study from a developing country, it was suggested that owner-managers gladly protect and ensure the quality of life of their workers. Moreover, it was found both in Hungary (Nagypál, 2014, p. 340; Győri, 2007, as cited in Győri et al., 2021, p. 199) and Austria (Kuttner et al., 2020, p. 244) that employees are an important participator and receiver in the CSR operations of firms. Therefore, despite anticipated educational differences, it can be expected that they affect the CSR motivation of firms to the same extent in both Austria and Hungary.

Besides employees, managers also play a role in the CSR motivation of a firm (Jenkins, 2006, p. 244; Fassin et al., 2015, p. 449; Baden and Woodward, 2009, p. 438). In SMEs, owners or top managers are the main decision-makers. Therefore, they are the main recipients of pressure from employees and external stakeholders. On the other hand, they can also be facilitators of CSR and motivate the company to be responsible themselves, since the firms' actions are often dependent on their own motives and values (Wickert et al., 2016, as cited in Graafland and Bovenberg, 2020, p. 1136). Since many managers and owners are highly motivated due to their own beliefs and values, the role of managers in CSR is backed by self-determination theory, in which the motivation from the owner-manager is a self-made decision to positively affect his firm or ultimately his needs. Just like in the case of employees, managers also enjoy relative freedom in the company agenda (Jenkins, 2006, p. 244) making their contribution simple and effective. The above-mentioned moral decoupling could be overcome due to the support of creative leaders, since they might act as role models for other employees (Koseoglu et al., 2017, as cited in Castillo-Vergara et al., 2021, p. 800). Furthermore, they can facilitate new ideas of employees by implementing a system that allows collaboration within the firm (Gabriel et al., 2016, as cited in Castillo-Vergara et al., 2021, p. 801). Besides rationalizing, the fear of failure of employees due to engaging in new activities might also be reduced if the responsibility of the decision falls to the manager. In SMEs employees are often busy with many everyday work assignments, therefore an effective allocation of tasks by managers also facilitates CSR motivation of employees. Managers are enabled to implement such activities if there are government awareness campaigns and adequate education especially targeted at SMEs (Jammulamadaka, 2013, p. 385), since they might lack initial knowledge to be socially responsible. As in the case of employees, the availability of such an education is expected to be better in Austria than in Hungary. Furthermore, cost-aware managers were found to be less prone to external pressures than others (Battisti and Perry, 2011, p. 182). Since firms in Hungary might face a bigger lack of financial resources and inevitably might be more cost-aware, one could expect that owner-managers would be more likely to be motivators of CSR in developed countries, in our case in Austria. It needs to be acknowledged that due to the survey's design, it was addressed at managers alongside the owners of companies, hence their incentive could not be addressed in the same manner as of the other stakeholders. Therefore, the survey is not suited to measure the differences between the CSR motivation of the managers from the two countries. Consequently, no separate hypothesis has been formulated on the motivation of managers. Nonetheless, three of the questions included in section four of the survey, namely lack of knowledge and lack of belief in the role of firms in addressing social and environmental issues and the belief of no positive effect of CSR on the firm might be connected to the motivation of the manager as these beliefs are tied to the managers or respectively the owner themselves.

Throughout the literature review, it has been mentioned multiple times that owner-managers and employees often engage in socially responsible activities, both when it comes to social or ecological issues, due to their own beliefs and values. Corporate social responsibility is not a clear, predetermined concept, the values depend highly on the values of the different members of society and through that creates moral requirements. CSR could also be interpreted as a business ethics concept; however, it should not be understood as ethics in everyday life which uses normative statements. It is rather based on logical and empirical analysis (Küpper, 2007, p. 253). Therefore, managers and owners have the freedom to decide which values they find more valuable, however, normative statements are still a part of CSR (Küpper, 2007, p. 258). Normative statements can come from outer sources; therefore, managers and owners might be highly influenced by others' normative statements, hence they might adhere to the expectations of their stakeholders on how the firm should do business "good".

4.2. External stakeholders as drivers to engage in CSR

Alternatively, some find that external stakeholders such as peer companies (Coppa and Sriramesh, 2013, p. 37) or corporate buyers (Baden and Woodward, 2009, p. 429; Ayuso et al., 2013, p. 506) are stakeholders who affect the CSR motivation of SMEs. SMEs are bound to learn through networking with their peers (Jenkins, 2006, p. 253) therefore they have a great influence on each other. Such an innovation in the business strategy might be connected to the business case ultimately since this implies the firm realized that it could get into a difficult business scenario by not following such a trend and lose on competitive advantage. This notion is further backed by the resource-dependence perspective, in which firms recognize that their survival or success can be dependent on resources provided by others. Moreover, networking helps by obtaining resources and knowledge to carry out a certain task easier for the firm. Calvo et al. (2022) found that personal networks of the owner speed up the implementation process of environmental activities (p. 7). This can be supported by not only networking but through establishing alliances with peer companies and working toward a common project and goal with them (Coppa and Sriramesh, 2013, p. 36). Through forming an alliance, organizations can not only share their organizational and financial resources but also collectively gain lobbying power over local governments (Chen et al., 2017, p. 400). As discussed, corruption is a prevalent problem in post-Soviet countries, hence in this case Hungary. Corruption hinders innovation since it disrupts a natural flow of business and therefore natural collaborations between peer companies come to a halt. Therefore, one can expect that collaboration between peers is not a prevalent way to do responsible practices in Hungary. Hence, Austrian SMEs are expected to be more prone to peer pressure than Hungarian SMEs.

As mentioned before, the local community plays a big role in the business conduct of SMEs both in their daily business and in their CSR activities. Embeddedness is generally expected of SMEs in the local community due to its social salience to the firm, therefore the social proximity theory provides understanding in this case as well. Many authors report that the local community is a driver of the social responsibility of SMEs (Ernst et al., 2022, p. 10; Magrizos et al., 2021, p. 296; Simmou et al., 2023, p. 8; Lähdesmäki and Suutari, 2012, p. 489). It was found to be substantial for Austrian firms' CSR conduct (Kuttner et al. 2020, p. 244), however the same was not found in Hungary. Based on studies in developing countries, the community does not hold enough awareness of social and environmental problems to demand companies to change their business conduct. The local community was one of the main beneficiaries during socialist times in Hungary and due to the transition, this notion has been suppressed for a long time and it has brought difficulties with itself to reinstate. Consequently, it can be expected that in Austria the local community is more likely to influence SMEs' corporate social responsibility.

Customers or clients are also able to influence the course of action of SME owner-managers and they were found capable of shaping their CSR activities (Dey et al., 2018, p. 695; Santos, 2011, p. 497). Similarly, to employees, the role of customers is also backed by the legitimacy theory, since to create optimal demand by customers the company needs to legitimize its position as a socially responsible firm. Accordingly, in developed countries, customers are found to be a force in the environmental and social development of firms. In post-soviet countries, hence also in Hungary, a more negative atmosphere and a feeling of powerlessness is attributed to social issues, making people feel like they cannot affect decisions and the end results. It is expected that customers are less likely to willingly influence the firm to act responsibly. As discussed above, financial matters also constrain customers in choosing socially responsible substitutes, in Hungary customers might be more influenced by the price of a product, while socially responsible products mostly incur higher prices due to e.g., investments in green procedures or fair labor. Furthermore, if there are fewer socially responsible products available in a country, the customers might not be familiar with this product type and might not actively seek them out. Moreover, customers in developing countries might not be willing to give up their consumer behavior since they argue that they cannot enjoy such behavior for long enough. In this case, the firm would need to create demand for such products or services. Nevertheless, this appears to be a challenging task because of the prevailing skepticism towards successful enterprises in post-soviet nations. Hence, it can be anticipated that Hungarian customers do not incentivize SMEs to engage in CSR to the same degree as their Austrian counterparts.

In contrast, some argue that SMEs are less prone to consumer pressure since they often do not sell to the immediate public but to one big buyer. In this case, the resource-dependence perspective can be applied as well. If the company realizes that its earnings depend on one single big international buyer, who they are the supplier of, they might be the main driver of their CSR behavior. This large customer organization often has great power in the course of action of the SME since they are financially dependent on it (Jenkins, 2004, p. 41). These organizations are usually large MNEs, that are under different kinds of social and environmental legislation. Commonly, they require their smaller suppliers to also meet these standards or criteria as the MNE itself is required to fulfill them, hence creating a spillover effect. This supply chain pressure was found to be the biggest driver for many SMEs due to the fear of being excluded from supply chains (Baden and Woodward, 2009, p. 439; Stekelorum et al., 2020, p. 10; Ayuso et al., 2013, p. 506; Santos, 2011, p. 502). Some argue that such pressure which could decrease the competitiveness of a firm is more effective than e.g., internal voluntary pressure. One study also found that if SMEs start implementing CSR due to pressure from large buyers, they might be willing to voluntarily implement other socially responsible practices as well (Stekelorum et al., 2020, p. 8). While it was found that Austrian firms with international or foreign ownership might be more willing to conduct CSR, the pressure from international companies holds especially true for developing countries where SMEs are highly influenced by foreign values and large international companies. Hence, it is expected that foreign large buyers influence Hungarian SMEs more than their Austrian counterparts.

Some find that legislation and the government also play a significant role by setting standards for CSR (Dey et al., 2018, p. 695). The government has absolute power over firms, as it can legally terminate their operations (Tang and Tang, 2012, p. 439). According to the relative power difference theory, the government is an essential and exclusive stakeholder to the firm. Since the government cannot be substituted, SMEs might have little power to countereffect their pressure. Moreover, since SMEs usually lack the financial resources, manpower, or knowledge to conduct CSR, it can be reasoned that the role of the government is necessary to motivate SMEs and it cannot be expected that they become leaders in such matters only via the help of their own abilities and will (Jammulamadaka, 2013, p. 392). On the other hand, it is argued that they indeed incentivize businesses to fulfill environmental or social criteria, however they might drive businesses to only fulfill minimum legal requirements and therefore reduce innovation and constrain their CSR performance to only fulfilling legal requirements and crowding out real, material CSR activities (Graafland and Bovenberg, 2020, p. 1136). A lack of trust from the government might be discouraging (Ernst et al., 2022, pp. 3-4). Consequently, the government is reported not to be an important stakeholder for many smaller firms (Coppa and Sriramesh, 2013, p. 36). This type of controlled motivation, which discourages voluntary and material activities, is backed by the self-determination theory. While corruption is still a prevalent problem in post-Soviet countries, one could expect that most companies will only fulfill the legislation at the bare minimum. However, as mentioned above, Hungarian SMEs expect pressure to be responsible from the government and the government's role in funding is prominent. Since there was no observation in such a manner in Austrian studies, one would expect that Hungarian companies are more influenced by the government.

Based on studies about developed countries, one might argue that the media is one of the main motivations for engaging in CSR in Austria, however due to size and goal differences NGOs and the media are not considered to be important stakeholders for SMEs (Aya Pastrana and Sriramesh, 2014, p. 18; Coppa and Sriramesh, 2013, p. 37). In one study it was found that the media even discourages the environmental performance of SMEs (Tang and Tang, 2012, p. 437). Since the focus of NGOs and the media is usually concentrated on one single company, they are more likely to address MNEs. With campaigns focusing on MNEs, they target companies based on specific situations that harm society or the environment. Therefore, NGOs and the media are expected to not significantly affect SMEs in either Austria or Hungary.

H_1: There is a difference in the influence of specific stakeholders on the CSR motivation between Hungarian and Austrian SMEs.		
Stakeholder	**Backing Theory**	**Expectation**
Employees	social proximity theory, legitimacy theory	The same influence in both countries
Peer companies	resource-dependence perspective	Higher influence in Austria
Local community	social proximity theory	Higher influence in Austria
Customers or clients	legitimacy theory	Higher influence in Austria
Large buyer	resource-dependence perspective	Higher influence in Hungary
Government	self-determination theory	Higher influence in Hungary
Media & NGOs	no supporting theory	No influence in either country

Table 1: Drivers: Hypotheses summary and expectations

Table 1 summarizes the hypotheses regarding the influence of specific stakeholders on the CSR motivation of SMEs. As the statistical analysis utilized in the thesis can only be applied to determine if the difference itself exists, the direction of the difference is referred to as expectation, since it cannot be tested for significance.

4.3. Barriers

Based on the developed-developing country differences and the separate studies on Austria and Hungary, it can be expected that Hungarian SMEs face more barriers than Austrian SMEs. Among the psychological barriers, it is anticipated that the lack of awareness regarding the concept will not significantly impact Austrian and Hungarian SMEs since several studies have indicated that a level of general awareness already exists in these countries. On the other hand, lack of understanding, lack of knowledge, and disbelief in own role in addressing environmental and social issues and the disbelief in the positive effects of CSR on the firm might be higher in the case of Hungarian firms. This reasoning is attributed to the phenomenon that Hungarians must get used to the idea of CSR after the post-soviet transition, to the lack of trust in businesses, and to the disbelief that they have the influence to change things. As mentioned before, Hungarian private firms are younger, and due to the economic state of the country, it is expected that they also face more financial challenges. Therefore, it can be assumed that they are more prone to a lack of funding and other resources.

5. Empirical Research & Discussion: Analyzing the survey results

As outlined in the methodology, the alternative hypothesis (H_1) of the MWU test claims that the distributions of the answers of the two countries are not identical. This test is only applicable to determine whether a difference exists or not. Therefore, the hypotheses put forth in this thesis are solely related to the presence of such a difference since it can be tested for significance. The question of whose CSR motivation might exhibit higher or lower tendencies is referred to as expectations in the following. The expectations are not examined on statistical significance, they are examined solely through descriptive analysis. The mode, median, and distribution of the responses aid in identifying the direction of the difference between the answers from the two countries.

In reliance on the above literature review, assumptions for the most prevalent CSR activities, for the obstacles encountered, and for the stakeholders that encourage CSR participation were drawn. Figure 2 provides a summary of what differences between the two countries could influence the factors that encourage and hinder SMEs when they engage in CSR activities. To address the main research question, along with its three sub-questions, these assumptions are integrated into the survey. It was sent to SMEs in both Hungary and Austria. As detailed in the methodology section, the survey comprises four sections, all rooted in the literature review and the previously outlined assumptions.

The survey has been sent out to 570 SMEs in Austria and 350 in Hungary according to the random sampling method described in the methodology section. Both surveys were concluded when the number of valid observations reached 40. Valid cases are those in which all mandatory questions were answered without omissions. This produced a response rate of 7% for Austrian firms and 11% for Hungarian firms. Even though an identical sample size of the two groups is not a requirement of the Chi^2 test, nor of the Mann-Whitney U test, the surveys were stopped at 40 valid responses to create a symmetrical sample. This simplifies the visual presentation and the interpretation of the results due to all answers being assigned the same weight.

In section one of the survey, the companies were presented with four questions incorporating the most common CSR practices among SMEs. This was done to provide them with examples to enhance their understanding of CSR, especially if they have not previously engaged in such activities. The questions could be answered with ‘yes’ or ‘no’. The four most common activities included providing a healthy and safe environment for employees, sponsoring charitable activities, supporting local associations, and the most common ecological reduction activities. In section two, an explanation of CSR was presented to the participants, followed by inquiring them about their awareness of the topic, their involvement in CSR, and finally, whether they were following a strategy to carry out such activities. Participants who indicated their involvement in CSR activities were asked to present examples. As this information is not directly related to our hypotheses, the question could be omitted to ensure a higher number of valid cases. The full list of questions can be found in Table 7 in the appendix.

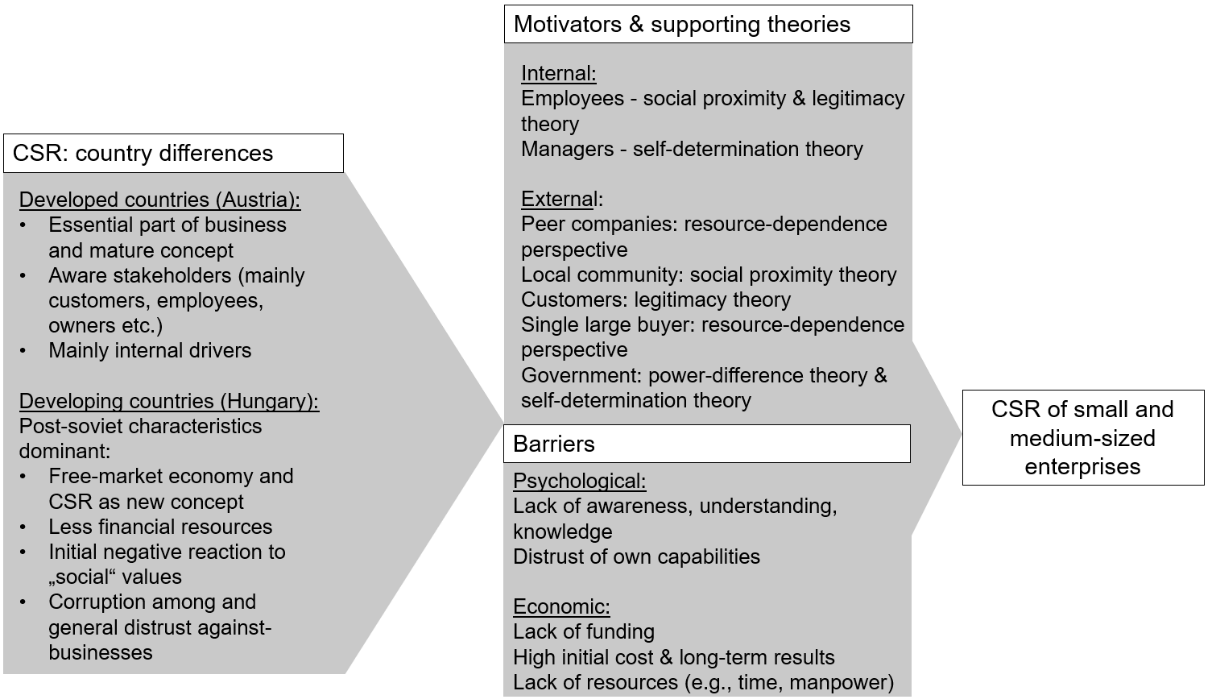


Figure 2: Components of CSR of SMEs

Based on their answer to the question regarding their previous involvement, they were provided with two types of Likert Scale questions in section three and four. The questions were either formulated as conditional sentences or past tense sentences based on their engagement in CSR activities. Both types of questions addressed the same topic, hence the impact of a particular stakeholder on the company's likelihood of being socially responsible. The stakeholders included employees, peer companies, the local community, customers, a single large buyer, the government, and lastly the media and NGOs. The companies were asked to what degree they think the stakeholders would incentive them to do business "responsibly".

In section four the SME manager or owners were asked to what degree the most common barriers to engaging in CSR affect them. The most common barriers included the lack of understanding, lack of knowledge, lack of organizational or financial resources, and a disbelief in the role of firms in social or environmental issues. These questions could also be answered with the help of a 5-point Likert Scale.

In the last section, demographic information was gathered regarding the company's size, whether the participant was an owner or had a managerial role in the company, and the industry in which they operated. These questions were allowed to be omitted, as they are not essential for testing our hypotheses.

5.1. Descriptive statistics: Most common practices in Hungary

Out of the 40 Hungarian companies, which have finished the survey, 25 identified themselves as small and 15 as medium sized enterprises. Of the respondents 22 have been the owner and 18 a top manager. For the industry classification, the categorization of the Austrian Federal Economic Chamber has been used. All seven of the sector classifications are represented in the survey. Most of the firms in the sample have selected "industry" as their industry classification, followed by "trade and crafts" and "tourism and leisure industry". In fourth place is "information and consulting", followed by "commerce." The remaining categories, "bank and insurance" and "transport and traffic", were chosen only by one respondent.

In section one, out of the four examples of CSR, the majority have answered three out of the four questions, that they have already engaged in such activities. Except for one, all respondents claim they take care of a healthy and safe work environment for their employees. The emphasis on employees in CSR activities has also been highlighted in earlier articles (Nagypál, 2014, p. 345). Furthermore, 85% of the respondents claimed they already sponsored social or environmental projects. Similarly, the majority, 80%, reported they have already engaged in helping their local community. However, this trend decreases when it comes to ecological reduction activities. The first three examples of CSR are all based on simple, direct ways of CSR and are based on physically and socially close stakeholders such as employees and the local community. The example of ecological reduction is a process that requires research, knowledge, and possibly an investment from the side of the company, hence it might come as no surprise that only 62,5%, compared to the above 80% of the other questions, have engaged in such activities. According to expectations, access to such education and slack in budgets might not be sufficient in Hungary.

Nevertheless, the trend shows that the majority of firms say they have engaged in the most common examples of CSR. In accordance with earlier research (Győri et al., 2021, p. 196), 35 out of the 40 respondents reported that they were aware of the Hungarian equivalent of the term corporate social responsibility, indicating that Hungarian SMEs are conscious of the role firms play in social and environmental problems. Although most companies claim involvement in the most common practices, only 45% state their engagement specifically in CSR. This aligns with the notion of silent social responsibility, implying that they may be addressing environmental or social issues unconsciously. Additionally, among the 18 companies that reported previous engagement in CSR, only a single respondent declared following a specific business strategy guiding their CSR activities. This finding suggests that they indeed engage in such activities in an informal way, not rooted in a specific business strategy.

According to the Chi^2 test, there is no association between the engagement in the separate CSR examples and size of firms. Since CSR in SMEs lies usually in the hand of one individual or a small group of decision-makers, it can be argued that the size or the organizational concept between small and medium-sized companies does not play a role in the willingness to be responsible, since motivation, as argued in the methodology part, is an individual concept rather than organizational. Analyzing responses by industry categories may not yield meaningful insights due to the small sample sizes of some categories. For example, the dataset includes two industry categories that are only represented by one participant in the sources, hence the sample sizes within each industry group are relatively small.

5.2. Descriptive statistics: Most common practices in Austria

The 40 valid cases from the Austrian sample comprise of 30 small and 10 medium sized companies. Thirty respondents have been the owners and ten respondents have been managers in the company. Similarly to the Hungarian sample, respondents cover all industry categories. In contrast to the Hungarian sample, one industry category is overrepresented in the Austrian sample. Almost half of the firms, namely 45%, belong to the classification "information and consulting". In second place are “industry” and "tourism and leisure industry" both with a 12,5% share in the sample. The rest of the industry categories have representation in the sample between 10% and 5%.

Regarding the most common responsible practices, Austrian SMEs had the same tendency to the employees’ work environment as Hungarian SMEs. 97,5% of the respondents said that they provide a healthy and safe work environment for their employees. This is in alignment with previous research on Austrian SMEs (Kuttner et al., 2020, p. 244). Furthermore, the majority reported an involvement both in sponsoring activities and in supporting local associations. Interestingly, despite environmental activities being more costly and complex than addressing social matters, 90% participation in ecological reduction activities was also collected. Kuttner et al. (2020) found that environmental CSR measures are often an instrument to comply with legislation (p. 246), however, this specific example rather serves as a cost-saving strategy for businesses, potentially resulting in reduced expenses. A specific level of awareness and knowledge about such measures is needed from the side of the company. According to research on developed countries, access to such knowledge tends to be readily available in these countries. Moreover, 33 out of the 40 respondents have been aware of the term CSR, and 23 have engaged in it already. Out of the 23, 9 have followed a separate CSR strategy while engaging in such activities, hence approximately 39% of Austrian companies that have admitted to engaging in CSR before, have followed a specific outline of planned activities.

To see if there are any differences between small and medium-sized Austrian firms, a Chi^2 test was utilized. There is an association between size and sponsoring environmental or social projects. The medium-sized companies of the sample reported a prior engagement in such activities. In contrast, only two-thirds of the small-sized companies have stated the same. As projects might require higher budgets than other examples of CSR, such as sponsoring local associations, it can be reasoned that small-sized companies might find less slack in their budget for such activities. As many Austrian medium-sized firms have a long tradition of business, it can be presumed that more organizational resources are available for them to recognize the importance of such activities. This might imply a business case related motivation. Nevertheless, no association was found between the other questions collected in section one and the size of the company.

5.3. Comparison: most common CSR practices

The first three CSR examples from the survey have a participation rate of over 70% for both countries. As seen in Table 2, question 4 has a participation rate of 62,5% for Hungary and 90% for Austria. After conducting a Chi^2 test for all four examples, the fourth question, regarding the ecological reduction activities, has been found to be different for Austria and

4: Ecological reduction

			Yes	No	Total
Country	HU	Count	25	15	40
		Expected Count	30,5	9,5	40,0
		% within Land	62,5%	37,5%	100,0%
	AT	Count	36	4	40
		Expected Count	30,5	9,5	40,0
		% within Land	90,0%	10,0%	100,0%
Total		Count	61	19	80
		Expected Count	61,0	19,0	80,0
		% within Land	76,3%	23,8%	100,0%

Table 2: Cross table: Country - Ecological reduction activities

Hungary. As seen in table 8 in the Appendix, the p-value, 0,004, is lower than our significance level, in our case 5%, hypothesis null can be rejected, indicating that there is an association between the specific country and the likelihood of engaging in waste, energy, and materials reduction activities of SMEs. It can be depicted from Table 2 that more Austrian companies engaged in such activities. The trend can be caused by multiple matters, such as different education opportunities, financial state, or different resources available. Moreover, this finding is in alignment with previous research, which indicates that environmental awareness is lower in Hungary than in Western European countries and it requires further educational effort (Nagypál, 2014, p. 345).

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)
Pearson Chi-Square	6,172[a]	1	,013	
Continuity Correction[b]	4,486	1	,034	
Likelihood Ratio	7,041	1	,008	
Fisher's Exact Test				,025
Linear-by-Linear Association	6,022	1	,014	
N of Valid Cases	41			

a. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 4,39.

b. Computed only for a 2x2 table

Table 3: Chi2 test: Country-CSR Strategy

Via utilizing a Chi^2 test no significant difference was depicted between Austrian and Hungarian SMEs regarding their general awareness of the term corporate social responsibility. Despite more Austrian SMEs reporting engagement in CSR, the rate of engagement was also not significantly different between the two countries. However, there is a significant association found between the country and having a CSR strategy. Since the assumption of the Chi^2 test is violated, Fisher's Exact test can be used to determine significance. The p-value of 0,025 is lower than the chosen significance level. Out of the 41 SMEs that have indicated a prior engagement in CSR activities only one Hungarian firm has done so by following a separate strategy. In contrast, 39,1% of Austrian SMEs with former CSR experience reported the same. Having a CSR strategy has been one of the arguments against expanding the term "corporate" social responsibility to their smaller counterparts since they might not have enough organizational resources or knowledge to actively plan such activities aligned with their business plan. As one can see, having such a strategy is not a requirement for SMEs to engage in CSR, since on the whole only 24,4% of SMEs in the sub-group of prior engagement have indicated using a strategy. More Austrian firms use such a strategy, however, in contrast to the argumentation, Austrian firms having a CSR strategy is not significantly associated with the size of the company, due to the p-value only being 0,094. Hence as expected, the majority of SMEs in both countries engage in CSR in an intuitive and ad-hoc way.

In section one firms also had the opportunity to give examples of what activities they have engaged in if they have engaged in any. Eighteen out of the 23 Austrian companies and thirteen out of the eighteen Hungarian firms have provided examples. The examples in both countries included both social and environmental measures. Out of 13 Hungarian SMEs only 4 included environmental activities, the others included social activities, such as charitable activities and supporting local associations. Some participated in both. Such examples included supporting events of local schools or collecting donations. In contrast, 13 out of the 18 Austrian companies included environmental measures, while many participated in both. The concrete examples and further cross tables can be found in the appendix.

5.4. Motivation: comparison of Austrian and Hungarian firms

In section three of the survey, the respondents were questioned on their likelihood to be socially responsible in different scenarios. The scenarios encompassed the incentives from the various stakeholders collected during the hypothesis formulation in the thesis. In order to sustain an adequate sample size, both companies that have previously engaged in CSR initiatives and those that have not yet engaged in CSR were enabled to complete the questionnaire by being provided with a different formulation of the questions.

Comparison of motivation: AT and HU (1)[a]

	Employees	Client	Biggest client	Competitors/ peers	Local community
Mann-Whitney U	630,000	561,500	710,500	658,000	514,000
Wilcoxon W	1450,000	1381,500	1530,500	1478,000	1334,000
Z	-1,680	-2,360	-,888	-1,401	-2,849
Asymp. Sig. (2-tailed)	,093	,018	,375	,161	,004

a. Grouping Variable: Country

Table 4: Comparison of motivation: AT and HU (1)

5.4.1. Employees

Employees play an important role in the corporate social responsibility of firms as they have the potential to both benefit from and initiate CSR initiatives in the name of the firm. As seen from the results of section one, almost all SMEs in both countries act socially responsibly towards their employees. On the other hand, the survey left the interpretation of employees being a beneficiary or an initiator of CSR up to the respondents of the survey. As these questions were formulated in the Likert Scale format the mean and the modus are investigated.

For Hungarian SMEs both the median and the modus are number 3, hence most firms do not have a strong opinion on how likely they are to engage in CSR due to their employees.

However, a slightly higher percentage indicated their intention to do so compared to those who expressed the opposite. Despite the mean also being number 3 for Austrian firms, this group included two modes, both 1 and 3. Although the central tendency is 3, a higher percentage of firms, 47,5%, indicated a non-agreement, namely a one or two, to the statement than an agreement, namely 25%. Based on the descriptive analysis, one would anticipate a significant association between the country and motivation by employees. While there is an association,

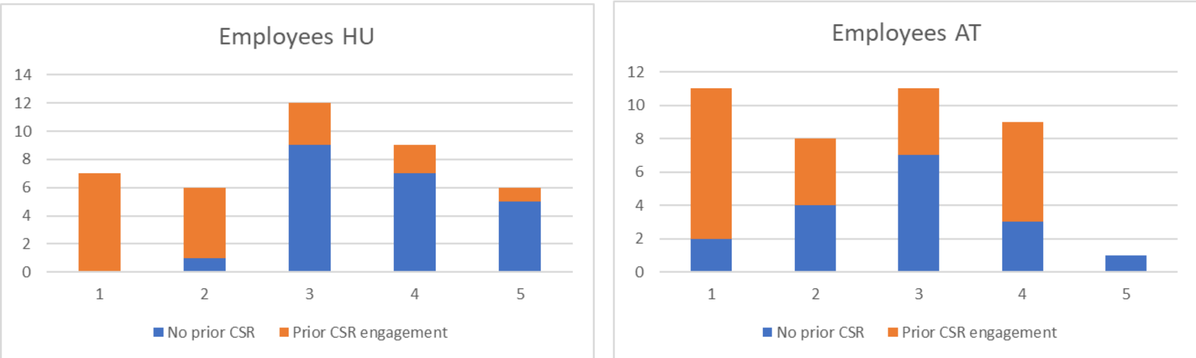


Figure 3: Employees: CSR engagement

H_0 can only be rejected if a significance level of 10% is used. The p-value of the Mann-Whitney U test can be found in Table 4. Therefore, there is no significant association at the chosen significance level of 0,05. This is in alignment with the expectation of the thesis, that employees have a similar impact on CSR practices of SMEs in both countries. Interestingly, both in Austria and Hungary the tendency to agree with the statement, that they will engage in CSR due to employees, was higher for firms who have not engaged in CSR before. Hence, most SMEs who have engaged in CSR have not done it mainly due to the push of employees. Nevertheless, this suggests that even if employees have not initiated CSR activities, many SME owners or managers might still be incentivized to participate if they experienced motivation from the side of employees. Despite expectations, this likelihood was higher in the case of Hungarian SMEs of the sample.

5.4.2. Customers or clients

The initial expectation was that Austrian SMEs might be more incentivized by their customers or clients to do business responsibly than their Hungarian counterparts. As illustrated in the second column of Table 4, there is a significant difference between the answers of Austrian and Hungarian SMEs with a p-value of 0,018. Both the mode and the median are 3 in the case of Hungary, while in Austria the median is 2 and the most common item is 1. This implies that the Austrian group was less likely to be motivated by their customers or clients to be socially responsible than the Hungarian group. Like in the case of employees, most of those who have indicated an agreement of less than 3, belong to the group who have already engaged in CSR.

According to Figure 4, although the prior engagement was rather not initiated by clients, in contrast to expectations, most Hungarian SMEs are more likely to engage in CSR due to the incentive of clients or customers than their Austrian counterparts.

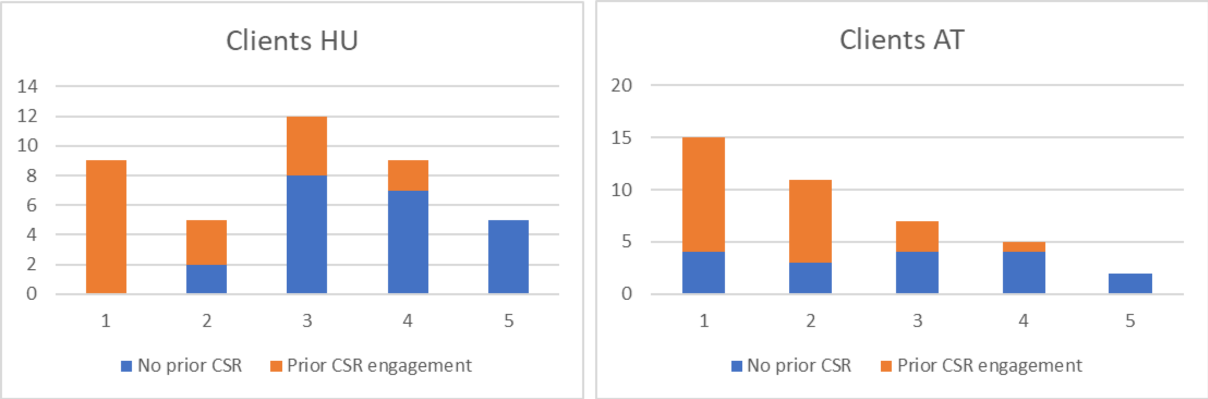


Figure 4: Clients: CSR engagement

5.4.3. Single large buyer

As argued above, many SMEs do not sell to the immediate public but might be the supplier of one large buyer, usually a listed multinational company. Due to the immense presence of foreign multinationals in Hungary, it was expected that Hungarian firms would be more likely to engage in CSR due to their requirements. Surprisingly, there was no significant difference found between the answers of the two countries. The median in the case of Hungarian SMEs is once again number 3, whereas the most frequent item is 1. For Austrian firms, the mode is also 1, while the median stands at 2. This indicates that most SMEs in both countries do not agree with the statement that they would engage in CSR due to their biggest client. The share of those with prior CSR engagement is higher within the groups of disagreement. Even though there is no significant difference between the two countries, 32,5% of Hungarian firms, as opposed to just 22,5% of Austrian SMEs have reported an agreement of higher than 3. The frequencies are to be found in the appendix in Figure 11.

5.4.4. Competitors and peer companies

In the case of competitors and peer companies, two types of questions were included in the questionnaire. The first version, included in Table 4, is used to measure the business case driven motivation caused by the fear of losing momentum to their competitors. On the other hand, a second question can be found in Table 5, which measures the second type of motivation of peers, namely the opportunity to collaborate by sharing resources or by working on responsible projects together. The expectation was that Austrian SMEs would be more prone to peer pressure and to the opportunity to collaborate with firms. However, the answers of the two countries were not significantly different in either of the two questions.

In the case of the first version, although the most frequent item in the case of the Hungarian group is 4, the median is only 3. On the other hand, the mode for Austrian firms is 1, while the central tendency is 2. However, according to Table 4, there is no significant difference between the likelihood of Hungarian and Austrian firms being incentivized by their competitors. Both questions are to be seen in the appendix in Figure 12 and 13.

Comparison of motivation: AT and HU (2)[a]

	Collaboration with peers	State	Law/regulatio ns	Media/NGOs
Mann-Whitney U	698,500	518,000	596,000	748,000
Wilcoxon W	1518,500	1338,000	1416,000	1568,000
Z	-,999	-2,783	-2,029	-,526
Asymp. Sig. (2-tailed)	,318	,005	,042	,599

a. Grouping Variable: Country

Table 5: Comparison of motivation: AT and HU (2)

As depicted above in Table 5, there is no significant difference in the case of collaboration with peers. In the case of both countries, the median is 3, while the most frequent item is 1. Notably, in the subgroup of prior engagement, 28% of Hungarian SMEs and 22% of Austrian SMEs have done so with the help of their peer companies. Hence, more than 20% of SMEs in both countries, which have already carried out CSR activities, have done so due to the opportunity to collaborate with peers. As they might experience a lack of financial and organizational resources to conduct such activities, cooperation with other firms might prove to be an important instrument.

5.4.5. Local community

The local community has been indicated in many prior studies to be the most important stakeholder in the corporate social responsibility of SMEs. It also holds a crucial role in the hypotheses since SMEs' embeddedness in the local culture and the high dependence on the local economic state influences their interpretation of CSR. It was expected that Hungarian SMEs would be less influenced by them due to a post-soviet heritage and the general public being less aware of social or environmental problems than their Austrian counterparts.

As reported in Figure 5, a significant difference was indeed found between the answers of the two countries. Surprisingly, the most common item both in Austria and Hungary was 5, while the median is respectively 3 and 4, hence most respondents reported an agreement with the statement. As also depicted in Table 4, the local community was found to be an important motivator for SMEs to engage in CSR activities in both countries. More precisely, 47,5% of Austrian SMEs chose an agreement rate of higher than 3, while surprisingly 75% of Hungarian SMEs indicated the same.

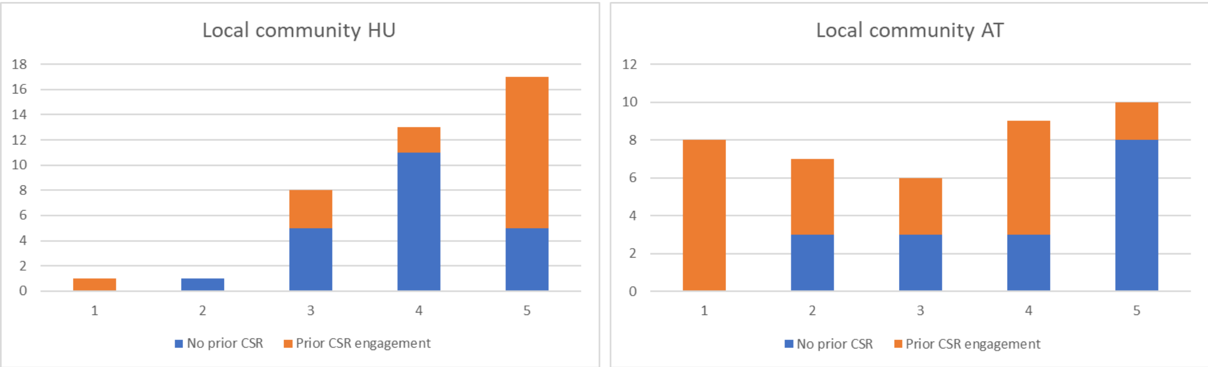


Figure 5: Local community: CSR engagement

As depicted in figure 5, there is a significant difference with a p-value of 0,004, hence the local community plays a bigger role in the CSR conduct of Hungarian SMEs. Despite fully agreeing with the statement was also the most common choice in Austria, the group of prior engagement owns a higher share in the agreement levels of 4 and 5 in Hungary. Therefore, more Hungarian than Austrian SMEs engaged in CSR due to the needs of their community. This indicates that Hungarian SMEs might be more exposed to the needs of their communities than their Austrian counterparts, where such needs might not be as crucial. Moreover, despite expectations, one can see that Hungarian SMEs were not affected as much by the post-soviet avoidance of social responsibility as expected, since they seemingly do not avoid addressing the needs of others.

5.4.6. State

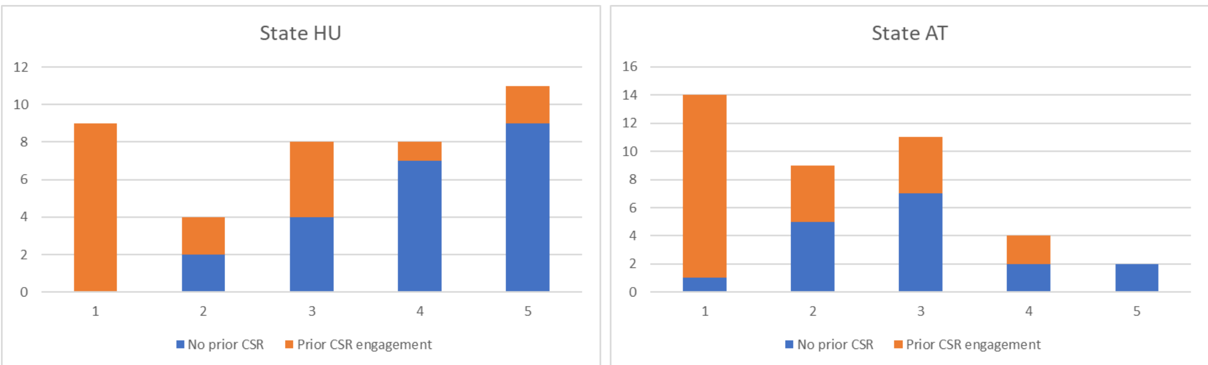


Figure 6: State: CSR engagement

Strong state regulations were one of the proposals of Campbell on why big corporations would behave responsibly. However, the state can play a role in two ways in the corporate social responsibility of SMEs. Besides setting laws and regulations, which are usually targeted at larger entities, the state has the opportunity to help smaller firms who might lack the knowledge and funding to engage in said activities. To address both ways in which a government can incentivize firms, the motivation of the state was addressed in two different questions.

Firstly, the support of governments is examined. The two main categories of support would be subsidies or educational programs on the various topics of CSR. It was assumed that due to the Hungarian economy being highly dependent on government expenditure they might be more open to the idea of using such educational and financial opportunities. As presented in Table 5, the p-value of 0,005 is below the chosen significance level, revealing that there is a significant difference between the answers of the two countries. It is seen in Figure 6 that the most common answer of Austrian SMEs was an agreement of level 1, while the median answer was 2. Hence, most Austrian SMEs reported that they do not agree with the statement that they would engage in CSR due to incentives provided by the state. In contrast, the mode for

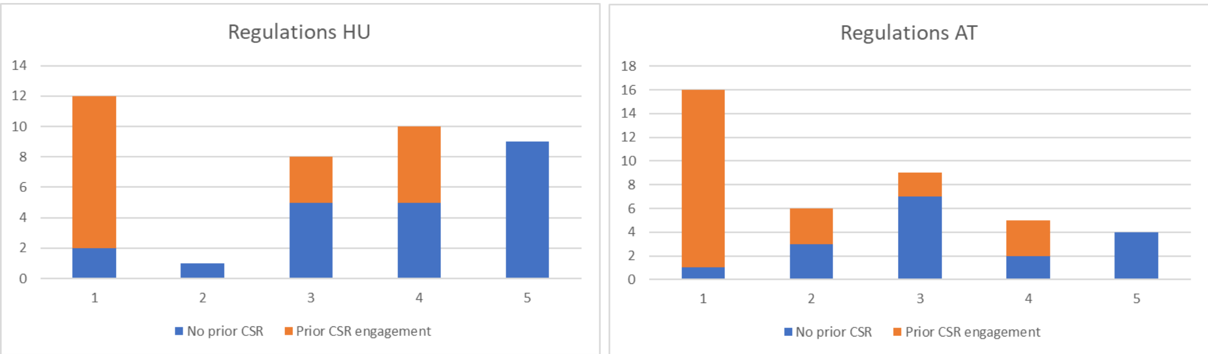


Figure 7: Regulations: CSR engagement

Hungarian firms falls on number 5 and the middle value in the dataset turned out to be number 3. Subsequently, the majority of Hungarian SMEs fully agreed with the statement. This finding is in alignment with the above-described expectation of the thesis. In a similar manner to the previous stakeholders examined, apart from the role of the local community, in both countries those respondents who have engaged in CSR before tended to choose an agreement below 3. Therefore, most SMEs in these countries have not used such opportunities provided by governments before. However, as one can see in Figure 6, the majority of Hungarian SMEs who have not engaged in CSR before, namely 91%, are likely to engage in CSR if they were offered financial or educational help. In contrast, the share of such companies in Austria stands at 65%.

Secondly, governments can also incentivize firms in their country by setting specific laws or regulations. As depicted in Table 5, Austrian and Hungarian SMEs answered this question significantly differently as well. Overall, the most common answer in both countries has been number 1, “strongly disagree”, however as one can see in Figure 7, most of these answers arose in the group of previous engagement. This indicates that most SMEs in our sample do not fall under such regulations yet and consequently could not be incentivized by them. However, when the answers of no prior engagement of CSR are examined separately, the mode in the case of Hungarian firms was 5 and the median 4, while both of these descriptive measures were 3 in the case of Austrian SMEs. As a whole, one can see that many SMEs in both countries do not have to adhere to such regulations yet, however, Hungarian SMEs might be more incentivized by them. This should not be understood as an incentive to adhere or to disobey a law. As described above, the Hungarian economy is highly dependent on government expenditure, therefore Hungarian SMEs might fear and respect the government's rule more.

5.4.7. Media and NGOs

The final two external stakeholders are not expected to be important in the case of SMEs' CSR neither in Hungary nor in Austria. This is due to the fact that the media and NGOs mostly target larger companies which affect a wider audience. The most common answer in both countries was number 1, hence disagreeing with the statement that they would engage in CSR due to the incentives of the media or NGOs. The median stands at 2 for Hungarian and at 2,5 for Austrian firms. As the p-value stands at 0,599, the null hypothesis cannot be rejected, and therefore it cannot be said that there is a significant difference between the answers of the two countries. The distributions can be seen in Table 14 in the appendix.

5.5. Barriers: comparison of Austrian and Hungarian firms

Barriers[a]

	Understanding	Knowledge	Financial resources	Organizational resources	Role of CSR	Positive impact of CSR on firm
Mann-Whitney U	684,000	577,000	798,500	798,000	596,500	795,000
Wilcoxon W	1504,000	1397,000	1618,500	1618,000	1416,500	1615,000
Z	-1,195	-2,228	-,015	-,020	-2,070	-,050
Asymp. Sig. (2-tailed)	,232	,026	,988	,984	,038	,960

a. Grouping Variable: Country

Table 6: Comparison of barriers: AT and HU

Throughout the literature review, multiple barriers were collected that might hinder SMEs from engaging in CSR. As this section was also formulated in the Likert Scale form, the firms were presented with positive statements and had to indicate their rate of agreement with them. The positive statements comprised of the lack of barriers, for example, "I have enough financial resources to engage in CSR". Based on the MWU test in Table 6, one can see that the null hypothesis can be rejected in case of lack of knowledge and in case of believing in their role in corporate social responsibility. Therefore, Austrian, and Hungarian firms experience these two barriers at a different intensity.

The most common answer for the statement of understanding CSR was an agreement level of 5 for both countries, while the median was 4,5 for Austria and 4 for Hungary. Thus, counter to expectations, both in Hungary and in Austria the majority of SMEs report an understanding of CSR. Although the difference is not significant, a higher percentage of Austrian companies (83%) as opposed to Hungarian companies (65%) reported an agreement of 4 or higher.

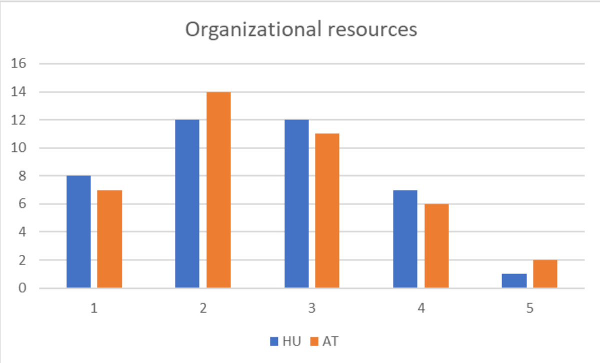


Figure 9: Organizational resources

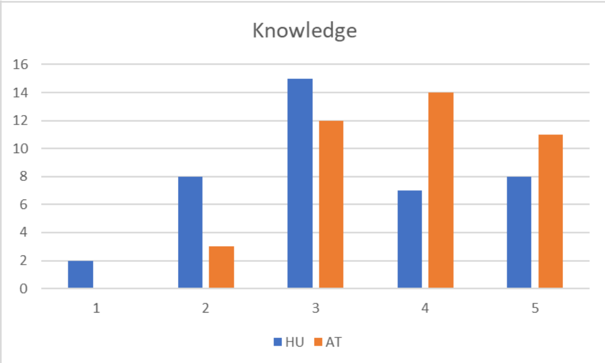


Figure 8: Knowledge

As seen in Table 6, a significant difference between the answers to the statement of having enough knowledge to address social and environmental issues was detected. Both the median and the mode were 4 in the case of Austrian and 3 in the case of Hungarian SMEs. While 63% of Austrian SMEs noted an agreement of 4 or 5, only 38% of Hungarian SMEs reported the same. Therefore, Hungarian SMEs are more concerned with their knowledge of how to engage in CSR than Austrian companies. This trend can be seen in Figure 8. On the other hand, SMEs of the two countries had similar answers to the question of having sufficient financial resources to engage in CSR activities. In both countries, the most common answer and the middle value were the answer 3. Only 25% of Hungarian and 30% of Austrian companies reported an

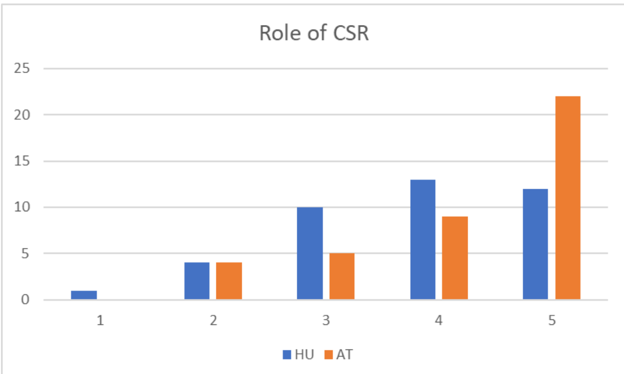


Figure 10: Role of CSR

agreement level of 4 or higher. Hence, SMEs in both countries are rather concerned about having enough financial resources to carry out CSR. A similar trend was discovered regarding organizational resources. As displayed in Figure 9, the most common item for both groups was 2, and the median was respectively 2 and 2,5 for Austrian and Hungarian SMEs. Only 20% of both countries agreed with the statement that they have enough organizational resources to carry out such activities. No significant difference was found between the answers, therefore Austrian and Hungarian companies are affected by the barrier of lack of resources at the same rate.

With a p-value of 0,038, a significant difference was documented regarding the statement of the role of firms in solving social and environmental issues. Figure 10 illustrates the respective answers of the two countries. Both groups of SMEs find their role rather crucial in such matters, however, the mode stood at 5 for Austrian SMEs, while only at 4 for Hungarian SMEs. As one can see, more than half of (55%) Austrian respondents agreed with the above-mentioned statements, while this percentage stood at 30% for their Hungarian counterparts. Therefore, both groups of SMEs reported to agree with the statements, however, Austrian companies find their role in such issues more pressing than their counterparts. This could be related to the findings of the literature review, which suggests that Hungarians often experience a sense of powerlessness when it comes to social issues.

Lastly, no difference was discovered regarding the statement of the positive effects of CSR on the firm. The answers to this question are diverse, no clear conclusion is drawn. Interestingly, the most common answer for Hungarian respondents was an agreement of level 4, while for Austrian companies it was level 2. However, the median stood at 3 for both groups and no significant difference could be found.

6. Conclusion: mainly similar trends with a few clear distinctions

CSR has been thoroughly researched for multinational enterprises in accordance with their financial motivation, hence the narrow view of the business case. On the other hand, small and medium-sized enterprises are not researched to the same extent, and it was questioned if "corporate" social responsibility could and should be done by smaller businesses. Existing literature suggests that most researchers base their argumentation on the broad view of the business case. As the broad view encompasses every argument, hence not only financial considerations but also advantages such as customer loyalty, employee retention, or good brand image, it is in line with stakeholder theory. Besides stakeholder theory, multiple other theories support the idea of stakeholders being the main drivers behind the CSR activities of SMEs. According to the literature review, such theories include social proximity theory, self-determination theory, legitimacy theory, resource-dependence theory, and power difference theory. Previous literature does not have a clear conclusion regarding what the differences in CSR between a developed and developing country are, however, it is implied that pressure comes from different stakeholders due to different economic and cultural environments. Due to their local nature, smaller businesses are more affected by the cultural and economic aspects of the country they operate in than their larger counterparts. Therefore, the aspect of country development with the examples of Austria and Hungary was hypothesized to play a role in the motivation of SMEs to conduct CSR.

Therefore, in this thesis it was researched how SMEs are motivated to do business responsibly, focusing on various stakeholder pressures. In this understanding, the CSR motivation of SMEs is shaped by the different drivers and barriers that they encounter. These drivers and barriers are affected by the cultural and economic differences among different countries. Hence, the main research question of the differences between the CSR motivation of the two countries was built on three sub-questions including the most common CSR practices, drivers, and barriers. The complete questions can be found in Figure 1.

In order to find what are the differences between the CSR motivation of said countries, an online Likert Scale survey was conducted, which was analyzed with the help of a Chi^2 test and a Mann-Whitney U Test to compare the answers of the two countries. The questions of the survey were based on the findings of the literature review. Forty Austrian and forty Hungarian SMEs answered the survey.

To answer if there are differences between Austrian and Hungarian SMEs, the first section of the survey was created to provide insight into sub-question three, what are their current practices if there are any. The four most common CSR practices based on the literature review were included. All four of the examples were carried out by the majority of the surveyed SMEs before. Out of the four most common CSR practices, which had been collected in the literature review, in the first place stood for providing a healthy, hygienic, and safe environment for employees in both countries with a participation rate of 97,5%. A significant difference was found between engaging in waste/energy/materials- reduction activities. Despite the majority of Hungarian SMEs also engaging in said activities, Austrian SMEs were found to be significantly more likely to carry them out. Austrian firms engaged in the other two examples sponsoring charitable events and sponsoring local associations with over 70%, while 80% of the surveyed Hungarian SMEs reported the same. However, no significant distinction regarding the sponsorship of charitable events difference was found between the two groups.

In section three of the survey, the respondents were asked about their agreement to statements regarding their likelihood of acting socially responsible due to the incentives of six stakeholders. The possible stakeholders were collected in the literature review. Furthermore, based on the literature review on CSR in developed and developing countries, expectations were drawn on how and if they would affect differently the two groups of SMEs. Most of the expectations that were drawn based on the literature review were not supported by the findings of the empirical part. However, multiple significant differences were recorded between the motivation to be socially responsible in the two countries. Clients and customers, the local community and the state played a significantly different role in how likely SMEs in the two countries find themselves to be responsible.

Contrary to expectations Hungarian SMEs appear more willing to engage in CSR due to their customers and clients. The argumentation of the literature review was initially built on the fact that Hungarian customers are less likely to explicitly request such activities, while due to the methodology, the respondents were presented with the situation that these incentives of these stakeholders do exist. Ergo the survey does not address the likelihood of customers asking for such activities but the willingness of the SME itself once it experiences it. However, this predicament applies to both countries and therefore the disparity between the countries is not caused by it. A different reason must hide behind this trend which was not addressed in this thesis. One possible explanation, drawn from the literature review, revolves around the availability of financial resources and the economic condition of the respective countries. Hungarian SMEs may perceive themselves as more dependent on their clients and may have a bigger fear of losing business than their Austrian counterparts. However, it's important to emphasize that this reasoning cannot be conclusively supported solely based on the survey findings.

The second significant result, the incentive of the local community, can also be traced back to the economic differences between the two countries. According to Eurostat Hungary has the fourth highest rate of material and social deprivation rate per country in 2022 in the European Union (Eurostat, 2023). Meanwhile, Austria has the sixth lowest rate. Consequently, Hungarian SMEs might encounter more often and at a higher rate the unmet needs of their local community. This is in alignment with the finding of the thesis, that most Hungarian SMEs that have already engaged in CSR have done so due to their local community, while this trend cannot be observed in the case of Austrian SMEs. This finding disproves the expectation based on the argumentation that Hungarian businesses still would be affected by the post-soviet trend of avoiding CSR activities to avoid unprofitability.

On the other hand, in accordance with the assumption of the thesis, the state plays a bigger role in the CSR activities of Hungarian SMEs than in the activities of Austrian SMEs. The argumentation relies on the fact that the Hungarian economy is more dependent on government expenditure and governmental institutions play a more prominent role in day-to-day business activities than in Austria.

In the end, the most common barriers faced by SMEs to being responsible were collected in the literature review and were examined in the survey. A lack of understanding, lack of financial and organizational resources, and the belief or disbelief in the positive impact of CSR on firm results affect Hungarian and Austrian SMEs at the same rate. On the other hand, a lack of knowledge and the belief in their role in social or environmental issues affect the two groups differently. Hungarian SMEs reported being more affected by a lack of knowledge than their Austrian counterparts. This higher lack of knowledge for Hungarian SMEs might be one of the drivers behind the higher willingness to engage in CSR due to subventions or educational workshops offered by the government. Furthermore, more Austrian companies reported fully agreeing with the statement that firms play a role in addressing social and environmental issues. This is in accordance with the argumentation that CSR has been a part of the business culture in Austria for a long time. As mentioned in section 4.1 of the thesis, three out of the six barriers might be associated with the CSR motivation of managers. Due to the chosen method, the survey was not suitable for measuring the differences between the CSR motivations due to managers. However, this section provides insights into the decisions of managers. One might interpret these results as suggesting that Hungarian managers if their motivation does not come from other stakeholders but from themselves, might be less motivated to engage in CSR than Austrian managers, as they seem to be more affected by the barriers.

In summary, the CSR motivation of Austrian and Hungarian SMEs in our sample appears to be influenced by the cultural and economic differences between the two countries, but not in line with most expectations based on the literature review. They both are aware of CSR and have participated in it at a similar rate. However, Austrian SMEs seem to engage more in addressing environmental issues than their Hungarian counterparts and they were more likely to adopt CSR strategies. Remarkably, the Hungarian respondents reported being incentivized at a higher rate by their customers or clients, the local community, and the state. However, this higher rate might be counterbalanced by a higher lack of knowledge and disbelief in their role in addressing social and environmental issues.

In addition to the limitations outlined in the methodology of the online survey design, further constraints must be considered. Since there is limited existing research on the CSR practices of both countries, studies conducted in developed and developing nations had to be relied on as well. However, these findings may not perfectly align with the specifics of the countries under consideration. Moreover, the absence of prior research on the specific differences between these two countries might have led to the formulation of mostly dismissed hypotheses and expectations. Additionally, a difference in the perception of what counts as a socially responsible activity could also lead to difficulties that hinder the comparison of the CSR motivation between the countries. If the base activities are not aligned, the two groups may interpret them differently, leading to varying levels of effort and barriers. Therefore, future research could benefit from more specific scenarios to ensure that the understanding of "engaging in CSR activities", as employed in this survey, remains consistent and will not be compromised by differing interpretations. Furthermore, multiple research articles have suggested that international MNEs, particularly foreign international MNEs in the case of developing countries would be an important incentive. However, as this research relied on a random sampling method, the fact if an SME had such a large buyer was not taken into consideration. To address this stakeholder group, future research could be conducted by specifically targeting companies that do have these influential stakeholders.

Ultimately, given that this thesis is the first line focused on the differences between the motivations of the two countries, it is not viable to employ it for comparing the influence of the separate stakeholders with each other. The survey does not include a base scenario, in which the likelihood to be responsible without an incentive from stakeholders would be measured and hence cannot be used to control for the strength of said incentives. Furthermore, the countries also exhibited a different approach to social or environmental issues. Hence, future research could explore separate scenarios for the two primary directions of corporate social responsibility, as it is possible that being socially responsible does not only depend on the type of stakeholder, but also on the nature of the activity the stakeholder is requesting.

Appendix

Section 1: Common CSR practices
I take care of a healthy, hygienic, and safe environment for my employees to work in.
I have sponsored or donated to charitable (social or environmental) activities.
I support local associations such as sport associations, community centres.
I have engaged in waste/energy/materials- reduction activities.
Section 2: Familiarity with CSR
I have heard about the term CSR before.
I have engaged in activities related to CSR.
Please add what type of CSR activity your company has engaged in: *fill out*
My firm has a strategy on the CSR activities we engage in.
Section 3: Motivation for CSR
If my employees would push me to, I would engage in CSR.
I have engaged in CSR due to the push of my employees.
If I saw my peer companies or competitors engaging in CSR, I would do the same.
I have engaged in CSR since my peer companies or competitors engage in it.
If there was a collaboration opportunity (sharing knowledge, resources and working together on a project) between me and my peer companies, I would engage in CSR.
I have collaborated with my peers on a CSR project.
If my local community would need help with addressing social or environmental issues, I would help.
I have engaged in CSR to fulfil the needs of my local community.
If my customer required it, I would engage in CSR.
I have engaged in CSR due to the push of my customers.
If my biggest customer required it, I would engage in CSR.
I engage in CSR to fulfil the demands of my biggest customers.
If the government would require my business to (via laws or standards), I would engage in CSR.
I have engaged in CSR due to legal requirements.
If the government would offer education opportunities on how to be a socially responsible business (e.g., workshops, trainings) or financial support (e.g. subsidies, I would engage in responsible activities
I have engaged in CSR activities due to prior learnings about responsible activities or financial support (e.g., subsidies) offered by the government.
If my firm would receive attention from the media or other associations (e.g., non-profit organizations), I would
We engaged in CSR due to attention from media or other associations (e.g., non-profit organizations).
Section 4: Barriers of CSR
I understand the term and the meaning behind CSR.
Me or my employees have enough knowledge to address social or environmental issues.
I have enough financial resources to engage in CSR.
I have enough organizational resources (employees, time, capacity) to engage in CSR.
I believe that firms have a role in improving society or the environment.
I believe CSR can bring in more revenue for my firm.
Section 5: Demographic questions
I am a *manager/owner* at my firm.
My firm is a *small/medium* sized company.
Which industry is your business operating in?
Bank and Insurance
Trade and Crafts
Commerce
Industry
Information and Consulting
Tourism and Leisure Industry
Transport and Traffic

Table 7: English translation of the German and Hungarian questions

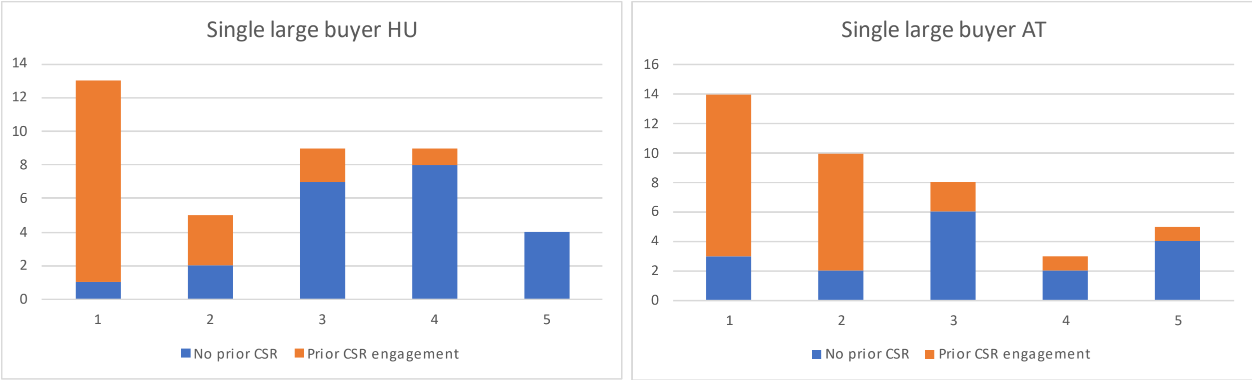


Figure 11: Single large buyer: CSR engagement

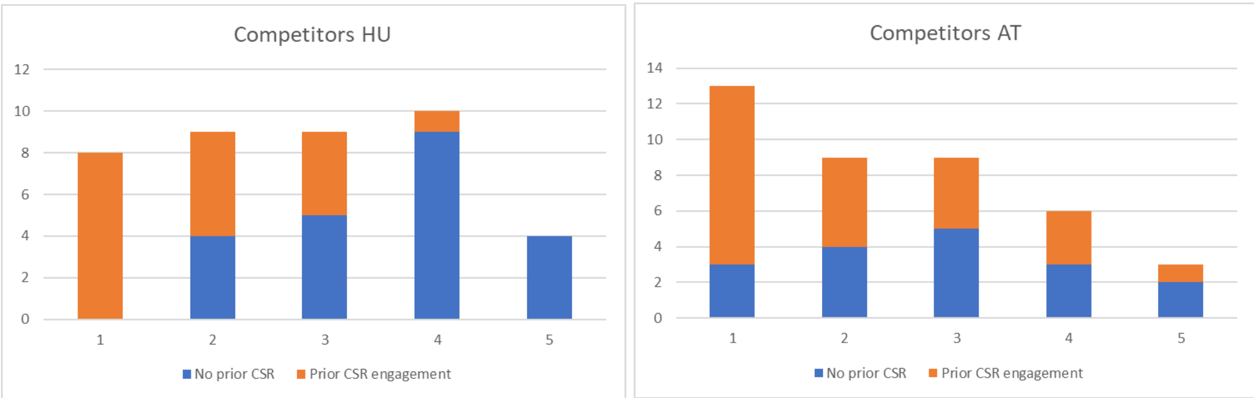


Figure 12: Competitors: CSR engagement

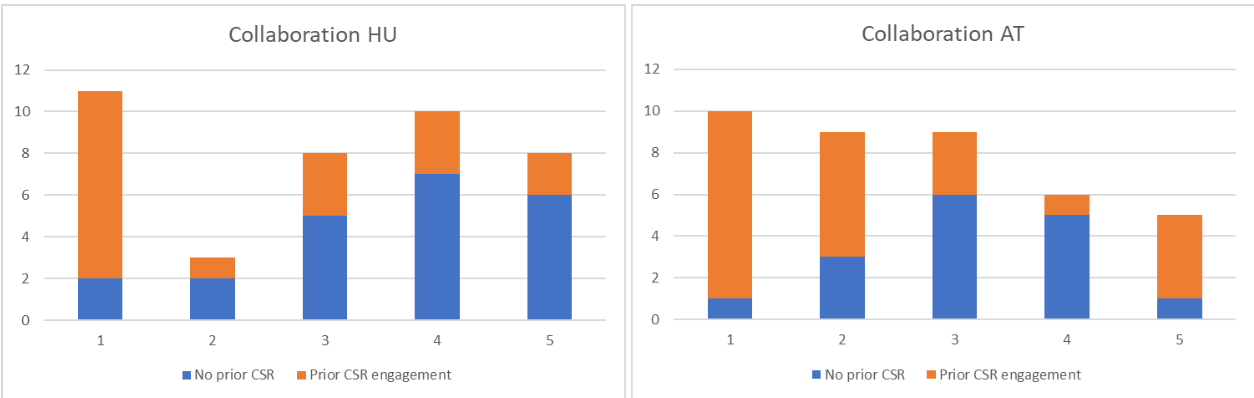
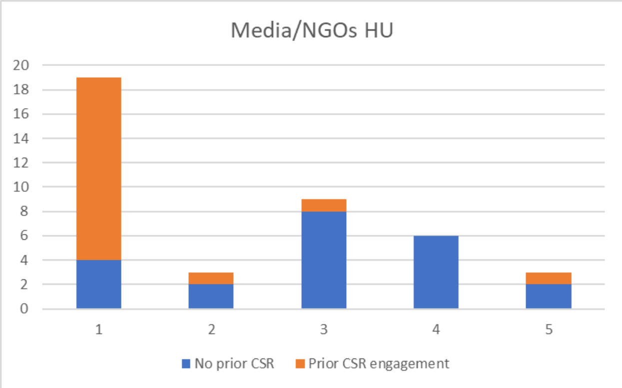


Figure 13: Collaboration: CSR engagement



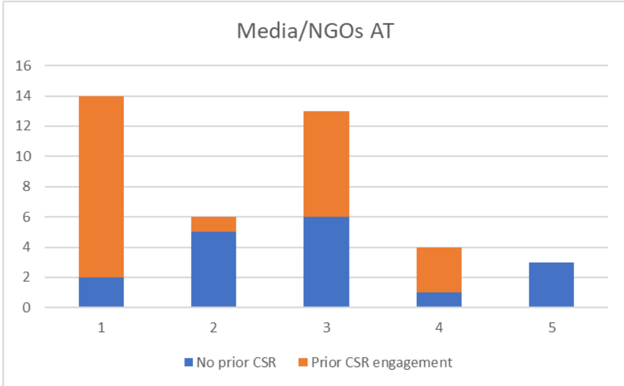


Figure 14: Media/NGOs: CSR engagement

CSR examples: HU (translated)
Investment in energy efficiency, support for a nonprofit organization
Music school event, event to support autistic individuals, choir festival, support for a school event.
As part of our corporate social responsibility, we have introduced electronic invoicing. Instead of urban car usage, we use electric scooters and traditional bicycles whenever possible. We rent an office that utilizes rainwater for toilet flushing, and a solar system provides hot water supply.
Sponsoring
Trash cleanup
Providing accommodation for children during holidays.
Creating a community project plan free of charge
Sponsoring, supporting sport associations
Supporting children with disabilities
As part of team building, we renovated playgrounds, hiking trails, a kindergarten, a bridge, and a square.
Supporting non-profit organizations and hospitals, providing flexible working hours and home office options for our employees, improving energy efficiency through solar panel installation, etc.
We conducted a fundraising campaign for the benefit of those in need and provided financial support for our local branch's event in a small rural community.
Fundraising

Figure 15: Answers from the survey, HU: Examples of CSR engagement (translated)

CSR examples: AT
angehalten Gutes zu tun, zu unterstützen und helfen
E-Mobilität, Papier-Einsparung, Heizungs-/Klimatisierungsreduktion
Investition in Gesundheitsberatung für Mitarbeiter, großzügige Sozialräume für MA, Photovoltaikanlage installiert ...
Videokonferenz als Alternative zur Geschäftsreise, Flexible Zeiteinteilung & Work-Life-Balance
Sponsoring von sozialen Einrichtungen; Müllsammlung in der Umgebung etc.
Spenden statt Weihnachtsgeschenke für Kunden
Wasserstoffheizung, Kontaktaufnahme mit lokalen Vereinen, Freiwilligenarbeit
Vertrauensarbeitszeit; 4-Tage Woche; hoher Partizipationsgrad bei Entscheidungen; "Sinnvolle" Beratungs- und Dienstleistungen; Fairness & Transparenz als Unternehmenswerte
Spenden, Sponsoring, Soziale Veranstaltungen
Mülltrennung, Müllvermeidung, ausschließlicher Kauf von Bio Produkten oder nachhaltigen Produkten
darauf achten, dass möglichst bei lokalen Unternehmen eingekauft wird, Förderung der Unternehmenskultur und damit Wahrnehmen der Verantwortung ggü dem eigenen Team
ESG, Kreislaufwirtschaft, Green Deal, Eigenfertigung Energie, Mitarbeiter Sozialengagement, Sponsorint etc etc
ein Grundkonzept für Lieferlogistik um Frachtwege und Verpackung zu sparen, ein Rabattprogramm für Gemeinnützige Organisationen und absolut flexible Arbeitszeiten.
Energie,Müll und Aktivitäten fürMitarbeiter
Sponsoring, Ferialpraktika, Verfügungstellung von Ressourcen
Förderung umweltfreundlicher Praktiken in der Tourismusbranche, z. B. Müllvermeidung, Recycling und Energieeinsparung. Unterstützung von Projekten zur Artenvielfalt und Wiederherstellung von Ökosystemen.
lokale Vereine mit Marketingmaßnahmen unterstützt, Sponsoring für ein Nachhaltigkeitsevent (Klimalauf) betrieben, mentale Unterstützung für Geschäftspartner und Kunden geboten, nachhaltige Werbemittel (zB 100% biologisch abbaubare Visitenkarten) produziert, faires Miteinander am Markt gefördert durch Vernetzen und gegenseitiges Engagement
Mülltrennung schon seit Jahrzehnten; Teilnahme der Mitarabeiter an örtlichen Fußballturnieren;

Figure 16: Answers from the survey, AT: Examples of CSR engagement

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8,352[a]	1	,004
Continuity Correction[b]	6,903	1	,009
Likelihood Ratio	8,777	1	,003
Linear-by-Linear Association	8,248	1	,004
N of Valid Cases	80		

a. 0 cells (,0%) have expected count less than 5. The minimum expected count is 9,50.

b. Computed only for a 2x2 table

Table 8: Chi^2 test: Country-Ecological activities

			Sponsoring		
			Yes	No	Total
Country	HU	Count	34	6	40
		% within Land	85,0%	15,0%	100,0%
	AT	Count	30	10	40
		% within Land	75,0%	25,0%	100,0%
Total		Count	64	16	80
		% within Land	80,0%	20,0%	100,0%

Table 9: Cross-table: Country - Work environment

			Work environment		
			Yes	No	Total
Country	HU	Count	39	1	40
		% within Land	97,5%	2,5%	100,0%
	AT	Count	39	1	40
		% within Land	97,5%	2,5%	100,0%
Total		Count	78	2	80
		% within Land	97,5%	2,5%	100,0%

Table 10: Cross-table: Country - sponsoring

			Local associations		
			Yes	No	Total
Country	HU	Count	32	8	40
		% within Land	80,0%	20,0%	100,0%
	AT	Count	29	11	40
		% within Land	72,5%	27,5%	100,0%
Total		Count	61	19	80
		% within Land	76,3%	23,8%	100,0%

Table 11: Cross-table: Country - local associations

			CSR engagement		
			Yes	No	Total
Land	HU	Count	18	22	40
		% within Land	45,0%	55,0%	100,0%
	AT	Count	23	17	40
		% within Land	57,5%	42,5%	100,0%
Total		Count	41	39	80
		% within Land	51,2%	48,8%	100,0%

Table 12: Cross-table: Country - previous engagement in CSR

CSR Strategy

			Yes	No	Total
Country	HU	Count	1	17	18
		% within Land	5,6%	94,4%	100,0%
	AT	Count	9	14	23
		% within Land	39,1%	60,9%	100,0%
Total		Count	10	31	41
		% within Land	24,4%	75,6%	100,0%

Table 13: Cross-table: Previous engagement - CSR Strategy

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