Chapter 62

Clusters as Entrepreneurial Ecosystems for Corporate Social Responsibility in SMEs

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ABSTRACT

The research question in this chapter is whether clusters are good entrepreneurial ecosystems to enhance social and responsible behavior in SMEs at regional level. We will address institutional efforts in Corporate Social Responsibility carried out in the Autonomous Region of Extremadura in Spain as case study because the regional government, with the aim of promoting business cooperation to enhance competitiveness, decided to develop a clustering policy for SMEs in the region. Additionally, since 2010 the region has developed its own plan for the promotion of responsibility at regional level. To answer the question we have carried out focus groups with representative businesses´ managers belonging to the existing and operative clusters in Extremadura at the moment.

INTRODUCTION

Corporate Social Responsibility (CSR) refers to a company's voluntary activities that appear to further some social good, beyond the interests of the firm, and that which is required by law (Aminia and Bienstock, 2014). In general terms, the importance of CSR is evident for the economy in general, and for the competitive success of each organization in particular, given the competitive advantages resulting from responsible actions (Gallardo-Vazquez and Sanchez-Hernandez, 2014).

CSR is a source of competitive advantages in two ways, comparative and differential advantages. CSR is able to generate a comparative advantage (Bernard, Redding and Schott, 2007), or cost advantage, if the firm through a responsible behavior becomes able to produce a good or service at a lower cost than its competitors, which gives the firm the ability to sell its goods or services at a lower price than its competitors or to sell more units or to generate a larger margin on sales. But CSR can also create a differential advantage (Flint and Golicic, 2009) because the firm's products or services use to differ

from its competitors and are seen as fair and sustainable and much better than competitors' products or services by an increasing number of customers.

Nowadays, and more than never because of the economic crisis, business stakeholders are demanding CSR. In this situation, any business is concern about how to implement social practices creating economic and social value at the same time. The implementation of CSR is justified by the benefits that use to result from the relationships with the key stakeholders. We refer for instance the enhancing of firm reputation (Park, Lee and Kim, 2014), the increase of the number of customers, their satisfaction, loyalty and identification with the company (Servaes and Tamayo, 2013), the motivation of employees in order to get more productivity and sharing company values (Dogl and Holtbrugge, 2014) and, more interested investors in companies which satisfy CSR criteria (Girerd, Jimenez and Louvet, 2014). Building reputation with key stakeholders and corporate branding in the market bring with considerable challenges to firms in terms of transparency, authenticity and accountability, and that is related to firm performance (Surroca, Tribó and Waddock, 2010).

Although the degree of implementation of CSR is still different in companies depending on sectors, the company size seems to be a very important factor (Russo and Tencati, 2009). While large firms use to develop their own sustainability reports having also the possibility to pay for external assurance or verification, small and medium-sized enterprises (SMEs) found still some difficulties to do it. That is really a problem, bearing in mind that SMEs play an important role in the world economy and contribute substantially to income and employment, especially in Europe (Lukács, 2005).

Public policies in developed economies that aim to support clusters of SMEs are now well established tools of regional policy agencies. The research question we posse is whether clusters should be good entrepreneurial ecosystems to enhance social and responsible behavior in SMEs. The chapter is exploratory by nature and the main objective is to approach the reader to the specific role of clusters in transforming enterprises, especially SMEs, into responsible entities in order to compete in the best conditions in the global markets. A specific objective complementing the general one and serving as case-study to illustrate practically the theoretical information provided, is to discover managers´ perceptions about CSR and the role of regional clusters in the region of Extremadura, in Spain.

After this introduction, the chapter begins with a brief examination of the theoretical background of social responsible issues, traditional problems for SMEs implementing CSR and cluster development as solution to foster social entrepreneurship successfully. Then, the regional case-study of Extremadura is undertaken with focus groups as selected qualitative method. The chapter ends by highlighting some future research directions and trying to answer the research question in conclusions.

THEORETICAL BACKGROUND

The global crisis arisen after the broke of the speculative bubble and the break with the past economic cycle has been sustained in a series of bad business practices (Shiller, 2012). Consequently, more than never, business stakeholders are demanding Corporate Social Responsibility (CSR) (Carroll and Buchholtz, 2012). In this situation, any business is concern about how to implement social practices creating economic and social value at the same time (Epstein and Buhovac, 2014).

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