Corporate Social Responsibility Practices

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Corporate social responsibility (CSR) is the system in which an enterprise considers its duty or obligation to make decisions that defend, improve, and encourage the interests and well-being of stakeholders and society as a whole. While CSR has been well researched in large companies, Small and Medium Sized Enterprises (SMEs) have received less attention in this area. Moreover, no known studies in Lebanon were conducted to investigate the importance and implementation of CSR practices in SMEs. This survey studied the attitude of the SMEs middle managers in Lebanon toward CSR, in general, and the implementation of CSR practices in their companies, in particular. The researcher conducted an exploratory survey using a 21–item questionnaire with middle level managers. The researcher concluded that the attitude of the SMEs middle managers in Lebanon toward CSR is positive, in general; however, on the practical level, the SMEs did not implement the majority of the asked-about CSR practices in their companies, except on the marketplace level.

Keywords: Corporate Social Responsibility (CSR), Small and Medium Sized Enterprises (SMEs), Strategy Implementation, Stakeholders, Employees Attitude.

1. Introduction:

At the same time as Corporate Social Responsibility (CSR) has by tradition been the field of the corporate sector, recognition of the growing significance of the Small and Medium Sized Enterprise (SME) sector has led to an emphasis on their social and environmental impact, illustrated by an increasing number of initiatives designed to engage SMEs in the CSR agenda. CSR has been well explored in large companies, but SMEs have received less attention in this area (Jenkins, 2006). Researchers and scholars use many other terms when talking about corporate social responsibility (CSR). Some of these terms are corporate accountability, corporate ethics, corporate citizenship, sustainability, or responsible business. Corporate social responsibility (CSR) is the system in which an enterprise considers its duty or obligation to make decisions that defend, improve, and encourage the interests and well-being of stakeholders and society as a whole (Gatewood, Carroll, 1981). The concept of social responsibility proposes that a private corporation has responsibilities to society that extend beyond making a profit (Wheelen, Hunger, 2004). Moreover, whenever a firm takes into consideration the effect it might have on the world at large whenever its managers make decisions, then it can contribute to its own wealth as well as to the overall societal wealth. This is becoming more and more obvious. In fact, Report on Business Magazine recently noted that many

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companies now trust that whenever they do “good” for others, it will be reflected on their shareholders, which means doing “good” for themselves as well. Good management can be touched in the company’s CSR activities that integrate broader societal concerns into business strategy and performance. Acting responsibly towards workers as well as others in society can be in the long-term concern of firms and their shareholders. This is in addition to building trust with the community and giving firms a frame in attracting good customers and employees (Black, Porter, 2002).

2. Objectives of the Study:

It is obvious that the improvements made in CSR theory during the last 30 years are remarkable. However, CSR is primarily understood from the viewpoint of large corporations and not SMEs. Therefore, it is appropriate to ask SMEs about their understanding and implementation of CSR. In fact, the researcher found there is a lack of exploratory research with respect to the attitude of the SMEs middle managers in Lebanon toward CSR, in general, and the implementation of CSR practices in their companies, in particular.

3. Research Questions:

1- Do SMEs middle managers in Lebanon have a positive attitude toward CSR?
2- Do they apply any of the CSR practices in their company?

4. Literature Review:

In the past years, many managers and researchers tried to better understand corporate social responsibility. They have been trying to absorb the pros and cons of business involvement in resolving social problems. According to Carroll, there are four types of responsibilities in a company: economic, legal, ethical, and discretionary; the construction of these responsibilities plus the company’s total concept of corporate social responsibility is helpful for distinguishing between those responsibilities that are market or legally oriented, and those that go beyond the law (Kenner, Smith, 1991). This pursuit has been quite productive in advancing the theory of Corporate Social Responsibility (CSR). Nevertheless, many authorities still get disoriented by this noticeable gap between CSR theory and management practices. The limited information on managing CSR in small businesses is making this problem worse. In fact, several factors have made the understanding of small business CSR harder. First, only modest research and discussion have paid attention to CSR in SMEs’ the main focus was on large scale organizations (Chrisman and Archer 1984). Second, it is believed that SMEs lack enough influence or resources to effectively address social issues (Spencer and Heinze 1973). Third, SMEs have been encouraged to
disregard social practices and to focus instead on avoiding irresponsible or illegal behavior (Van Auekn and Ireland 1982) (Kenner, Smith, 1991).

According to Kenner and Smith, more than 60% of the U.S. work force is employed by companies with fewer than 50 employees. This fact is ignored by many of the CSR studies that were conducted mainly in large-scale corporations (Trost 1988). Only 0.08% of all businesses provide work for 1,000 or more people; 95.3% of all businesses employ less than 50 people (U.S. Department of Commerce 1987). As a result, when CSR is studied only in large corporations their findings may not be generalized to the most widespread firms where most of the U.S. population works. As a result, there are little theoretically based teachings upon which SMEs practitioners can draw in formulating CSR policies (Kenner, Smith, 1991).

In addition, the reasons underlying the limited research are open to speculation, but plausible hypotheses include: (1) small businesses are seen by the public and by owner-managers to lack adequate resources for implementing social action activities; (2) research companies created for large-scale corporations are not easily compliant to small business; (3) information is more obtainable on firm performance and social activities in openly traded large-scale corporations; and (4) large corporations have greater public visibility which creates more interest in theories and research about their CSR (Kenner, Smith, 1991).

Concerning the cost of CSR, Shiffman wrote in his article: "Make money – Practice social responsibility" that predictable wisdom would have many managers consider that social responsibility is in conflict with revenue and profit growth. It's true: Any company's responsibility is mainly to increase profits (Shiffman, 2007). Shiffman believes that social and environmental responsibilities are no longer just about giving money and services to deprived groups. In fact, business process, product development, and partnerships can all be analyzed for better, more responsible options. Moreover, if the responsible alternative saves money in the long term, adds value to the product, and creates a optimistic culture inside the company, then it's a good thing. Moreover, CSR should no longer be a reflection, but a key part of how a company exists, develops its products and services, and attracts motivated employees (Shiffman, 2007).

In its report, the European Multi-stakeholder Forum on CSR, held in 2004, presented a list of drivers and obstacles for SMEs in their implementation of CSR, and a list of critical success factors for encouraging more CSR among SMEs. Concerning the drivers, according to the report, many SMEs are driven to integrate CSR because of the personal beliefs and values of the founders / owner-manager(s) and employees. For the obstacles, and despite the often-powerful business arguments for CSR, it is often hard to do so, because of perceived and/or actual costs (eg for verification for big business customers’ codes of conduct); lack of awareness of business benefits; conflicting time and
other resource pressures; more immediate pressures from the daily struggle to survive commercially; lack of know-how and know-who. Finally the Round Table has identified a number of critical success factors for SMEs that wish to embed CSR principles into their core. Some of them are: commitment of owner/management to running their business on these principles; enthusiastic engagement of employees and other stakeholders; core business vision and values based on CSR principles; availability of good practice examples for other SMEs to learn from (European Multi-stakeholder Forum on CSR, 2004). CSR can engage a wide variety of stakeholders: shareholders, employees, business partners, suppliers, communities, regulators, intergovernmental bodies, consumers, and investors (Kenner, Smith, 1991) (Refer to Figure 1).

Moreover, there are many possible benefits for SMEs when employing a CSR perspective. These benefits include:
- Developing a good business reputation.
- Attracting and retaining motivated workforce.
- Offering a competitive advantage.
- Enhancing the operational efficiencies.
- Improved ability to deal with change.
- Healthier “social license” to function in the community.
- Winning and keeping consumers and customers.
- Expect and be prepared for future legislation (Kenner, 1991).

For SMEs to implement CSR, they have to work on 6 tasks:
1) The first task is to perform a CSR appraisal. Present business practices should be reviewed to recognize activities that fall under the heading of CSR (e.g. recycling), as well as potential activities. A main resource to exploit in this regard is “the employee”. The employees, especially the front-line employees, are often aware of a number of ways in which the firm’s activities influence stakeholders. Moreover, they often have recommendations for improvement; which might be beneficiary for the organization.
2) The second task is to build up CSR tactics in different areas. Even though SMEs don't have a lot of strategies other than growing their business, they can still start by choosing one area to focus on based on an attainable goal. For instance, the organization can establish its recycling program, or it can support a children's sports team, or it can encourage its employees to volunteer in any type of social activity (to clean up a recreational area).

3) The third task is to build up CSR loyalty. This can be reflected in a vision, mission and statement of values for the company. CSR should be imbedded in the center of the company's vision. To ensure buy-in from employees, SMEs can include their employees in the process of developing the vision and values, by holding, for example, a contest for the best suggestions, encouraging employees to put some thought into their submissions.

4) The fourth task is to execute CSR promises. SMEs should guarantee that the employees are involved in the CSR strategy; they have to be committed; and they have to support the proposals. Without the support of staff the execution plan will probably be considerably delayed and may as a result not succeed.

5) The fifth step is to monitor the CSR activities progress. The simplest way for SMEs for reporting is to place information on the company website. This is a practical way to provide an update on recent CSR initiatives, including both successes and points for enhancement. Moreover, by adding a section to the company's brochure, for example, small business owners can disseminate CSR activities to their suppliers, customers and public.

6) The final task is to evaluate and take corrective actions. The company should evaluate the practices following pre-determined intervals. When the evaluation shows that the results are equal to the stated CSR objectives, this proves that the firm is most likely on the right path. When the results are not equal to the stated CSR objectives, then the CSR strategy may need to be adjusted (Jenkins, 2006).

(Refer to Figures 2 and 3 for examples of CSR practices in Lebanon in the Appendix).

Furthermore, ISO has started on the development of the future ISO 26000 standard offering voluntary assistance on social responsibility (SR). ISO 26000 will target organizations of all types, equally in public and private sectors, in developed and developing countries. ISO 26000 will add value to existing SR initiatives by: developing an international agreement on what SR means and the SR issues that organizations need to tackle, by providing assistance on translating principles into effective actions, and by refining best practices that have already evolved and communicating the information worldwide for the good of the international public. In fact, ISO 26000 will add value to existing initiatives for social responsibility by providing harmonized, globally relevant guidance based on international consensus among expert representatives of the main
stakeholder groups and so encourage the implementation of best practice in social responsibility worldwide (ISO, 2008).

Baker said that SMEs make up around 98 percent of the number of businesses, and consequently they have an enormous impact and should be acting responsibly. This is, obviously desirable. But the number of case studies of excellent practice by small businesses is somewhat limited in number. If the point is that companies only attain sustainable development by influencing the full foundation of businesses to pursue best practice then this is a project that is condemned to failure. If CSR is to convince SMEs to meet a global minimum doorstep of environmental emissions, then that is almost surely going to need political will, backed by legislation (Baker, 2004). In addition, Baker said that the development of the social responsibility of SMEs is only a matter of controlling their supply chain risks. In developing countries, it is often within the small suppliers where you can find the child or forced labor, the environmental or health and safety troubles. On the other hand, there are many people who say that CSR can have a negative impact if it is forced upon small companies in developing countries. It can augment costs, and make it difficult for the smallest companies to compete (Baker, 2004).

Managers should be aware that CSR must be presented and encouraged in SMEs because it represents better business. Small companies can decrease their costs by managing their environmental impact. They can keep their best employees by making them feel proud to work for them, and by showing that they are an energetic citizen in the local community (Harris, DeSimone, 1994). They can sell more if they look after the relationships between the company and its customers, its people, and the public. It doesn't need giant corporate language to achieve - it just needs a vision, a set of values, everyone's commitment, and superior leadership (Thompson, 2007).

Based on what was mentioned above and in all the previous chapters, the hypotheses of this study were developed. They were studied and analyzed in this statistical research. For this reason, the CSR practices were studied under five different aspects: (1) workplace, (2) Environment, (3) marketplace, (4) Community, and (5) common values. The hypotheses were divided based on these five aspects.

5. Research Methodology:

For this purpose, a survey was conducted with SMEs middle managers. By doing face-to-face interviews just by filling a questionnaire, a better percentage of responses were generated, especially that the respondents were known. In addition, another way to fill a questionnaire was by making phone calls. By calling specific companies, mainly SMEs having at least one aspect of CSR practices, and talking to the right person, a questionnaire was completed in
less time needed. Moreover, the questionnaire was carefully developed, tested, and debugged before it was administered on a large scale.

On another hand, while drawing the sample, the following steps were taken into consideration:

1) Defining the population: The elements and sampling units of this study were any employee working in an SME in Lebanon.

2) Identifying the sampling frame: There was only one frame in which the research was conducted: any employee working in an SME in Lebanon, under one condition which was that the SME should be practicing at least one aspect of the CSR.

3) Determining the sample size: Taking into consideration many factors, and especially the necessary degree of precision, the sample included 94 elements.

For privacy and ethical reasons, the studied companies were to remain anonymous. However, it can be stated, that the companies were chosen from different regions in Lebanon (Beirut, Mount Lebanon, and Metn). They were from different industries (Education, Services, and Manufacturing). The managers inside these companies were chosen randomly.

The study was carried out using a 21-item feedback form. This survey helped to calculate some statistics concerning the attitude of the SMEs middle managers in Lebanon toward CSR, in general, and the implementation of CSR practices in their companies, in particular. The questionnaire was divided into 3 sections:

- General information about the SMEs and the managers background.
- Theoretical part containing questions about the attitude of the SMEs managers toward CSR
- Practical part containing questions about the implementation of CSR practices in SMEs

Moreover, different questions format were used in the questionnaire. It contained ‘Yes’ or ‘No’ questions, multiple choices questions to narrow the answers into few options, open-ended questions to give a chance for the managers to give their opinions freely, and Likert-scale questions to allow the interviewees to provide feedback that is slightly more expansive than a simple close-ended question, but that is much easier to quantify than a completely open-ended response. Finally, some questions were cross questions intended to know the credibility of the answers.

This survey was conducted with only SMEs middle managers. The questionnaires were distributed to and filled by the managers. They were chosen randomly from different companies, different geographical locations, and different industries.
6. Findings:

This survey studied the attitude of the SMEs middle managers in Lebanon toward CSR, in general, and the implementation of CSR practices in their companies, in particular. After analysing the outcomes of the questionnaire, it was obvious that the majority (70%) of the managers believed that CSR is beneficiary for the company, only 20% believed that CRS was extremely beneficiary, and 10% thought that CSR is a waste of time for SMEs (Refer to Figure 4).

![Figure 4](image_url)

**Figure 4:** According to the interviewees, CSR is:

Concerning the question: “Do you think any SME can have CSR practices?”, the answers were 80% for “Yes” and only 20% for “No”. Moreover, from the ones who answered by a “No”, 30% said that CSR costs a lot and 30% said that they need to focus on core activities only. For the other responses, refer to figure 5.

![Figure 5](image_url)

**Figure 5:** Reasons for not implementing CSR in SMEs

The last part of the theoretical section was about any suggestions that the managers need to give. Some of these suggestions were: “Need more encouragement”, “Need more appreciation”, “Need more awareness”…

As for the last section about the actual implementation of CSR practises in the companies, it was divided into 5 levels: workplace, environmental, marketplace, community, and company values. Concerning the workplace level,
from the below chart (Figure 6), it is obvious that the majority (40%) of the asked-about CSR practices are not implemented in the SMEs questioned. These asked-about CSR practices were if there are any steps taken against all forms of discrimination, if managers consult with subordinates on important issues, if the company has suitable arrangements for health and safety, and if the company offers a good work-life balance for its employees.

![Figure 6: Workplace level chart](image1)

Furthermore, for the questions related to CSR environmental practices, 47.5% of the interviewees had a negative answer and only 27.5% replied that they are implementing some of the asked-about practices. These practices include, for example, energy conservation, waste minimizing and recycling, and pollution prevention. The below chart (Figure 7) shows the general results on the environmental level.

![Figure 7: Environmental level chart](image2)

On the other hand, the results of the survey concerning the marketplace level were different than the previous levels. In fact, the majority (42%) of the managers replied that they are implementing the asked-about CSR practices (fair purchasing policy, after-sales obligations...), and only 27% replied by a “No”. Figure 8 illustrates the results.
As for the last two levels, the statistics are very similar for the first two levels, where the answer “No” has the highest percentage. In fact, on the community level (training opportunities, apprenticeships, local purchase, local community activities, charitable donations...), 45% of the interviewees had a negative answer, and for the company values level (clearly defined company’s values and rules of conduct), 75% had a negative answer, while only 10% answered by “Yes”.

Finally, as an overall percentage combining the five different levels studied in this survey on the practical section, the results are illustrated in Figure 9, showing that the highest positive answer pertaining to the actual implementation of some asked-about CSR practices was on the marketplace level. On the contrary, the highest negative answer was for the company values (Refer to Figure 9). Concerning the overall percentage, 45% of the answers were “No” for the implementation of the CSR practices in SMEs (Refer to Figure10).
7. Discussion:

From the above percentages and charts, the researcher concluded that the attitude of the SMEs middle managers in Lebanon toward CSR is positive, in general; however, on the practical level, the SMEs are not implementing a lot of CSR practices in their companies. Although the majority of the interviewees believed in the importance of CSR for SMEs, and the majority believed that any SME can have CSR practices, those same managers, on the practical level, didn’t implement most of the asked-about CSR practices on the workplace, environmental, community, and company values levels.

What was surprising to the researcher, however, was that although a negative answer was given in most of the questions, it was very clear and obvious that only the section related to the marketplace had a positive answer. It was the only exception from the five discussed levels. In fact, the SMEs middle level managers admitted the use of most of the asked-about CSR practices related to marketplace. Therefore, the researcher can conclude that CSR is mostly implemented to what relates to marketing because this is where the communication between the company and the customers mostly take place.

8. Research Limitations:

Concerning the limitations for this study, the major one was that in the practical section, the researcher had to rely only on the answers of the interviewees, where, in fact, a direct observation, in this case, can give a broader, clearer, and more complete image. The other limitation was that the questionnaires were only administered to middle level managers and not a sample from all levels, where, in fact, their opinions might be different and maybe contradictory.

Moreover, this research has an exploratory nature; however, some questions were included in the questionnaire with a descriptive nature, asking the opinion of the managers trying to have more specific details. This was done
because, as mentioned earlier, there is no known exploratory study done in Lebanon related to this subject for the researcher to consider as a starting point for a descriptive research.

9. Recommendations for Future Research:

As mentioned in the above section, and after conducting this exploratory research, a descriptive survey should be conducted, with interviewees from all managerial levels, to analyze and study in depth the CSR topic in SMEs in Lebanon; on the other hand, the descriptive survey can also cover more levels – other than the five levels discussed in this research – to have a broader and more complete image concerning the implementation of the CSR practices in the SMEs. In addition, in order to understand deeply the CSR applications in SMEs, a very concentrated study can be done in one particular sector or industry. The result of this intensive study can provide those SMEs in this particular industry with a list of guidelines and attractive CSR practices.

10. References:


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11. Appendix:

Figure 2: Example of CSR practices in Lebanon
Figure 3: Example of CSR practices in Lebanon