

# Unlocking corporate social responsibility in smaller firms: Compliance, conviction, burden, or opportunity?

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## Abstract

There is a recognition that corporate social responsibility (CSR) by smaller firms could have greater social and environmental impacts if these engagements are meaningful. Small firms are players in the global eco-system as they supply to larger global firms as subcontractors or suppliers. However, do they practice CSR with a conviction or as a compliance measure? Using stakeholder theory, in-depth interviews were carried out with 31 firms in Singapore. We found that these firms in highly normative sectors practice CSR due to compliance in the interests of stakeholders. But in less-normative sectors, where regulations and norms are minimal, a majority of firms practice CSR out of conviction. All firms acknowledged that their businesses have a responsibility toward society and our results further revealed the importance of careful stakeholder involvement in these firms.

## KEYWORDS

corporate social responsibility, engagement, Singapore, small and medium-size enterprise (SME), small firms

## 1 | INTRODUCTION

Corporate social responsibility (CSR) is usually synonymous with large multinational companies (MNCs) such as Nike, Coca-Cola, and IKEA. Many studies focus on these firms to develop theoretical frameworks and provide evidence on CSR engagement and its impact on company performance (Orlitzky, Schmidt, & Rynes, 2003; Vogel, 2005; Waddock & Graves, 1997). Though insightful in nature, such research findings may not necessarily apply to smaller firms. Smaller firms constitute part of the global eco-system, including those small and medium sized enterprises (SMEs) supplying to larger global firms as subcontractors or suppliers, and *Born Globals*, that is, SMEs which are global from inception (Knight & Cavusgil, 2004). On the one hand,

these firms have to compete with the large counterparts to win the international clients; practicing socially responsible business models could be one of the strategies to enhance their reputation and competitiveness (Moyeen & Courvisanos, 2012). On the other hand, they differ from MNCs in their history, size, institutional structures, orientation toward profit (Spence, 1999; Spence & Rutherford, 2003), management styles (Tilley, 2000) and cultures (Gibb, 2000). As a result, several scholars (Morsing & Perrini, 2009; Perrini, Russo, & Tencati, 2007; Vázquez-Carrasco & López-Pérez, 2012; von Weltzien Høivik & Shankar, 2011) have called for studies to better understand the nature and dynamics of CSR engagement by smaller firms.

There are several reasons why CSR contributions by smaller firms have received much less attention from scholars and practitioners (Jenkins, 2004; Sweeney, 2007). First, these firms are usually not under scrutiny as compared to their large counterparts. In fact, there are no mandatory rules for reporting or guidelines for SME CSR practices in many countries (El Baz, Laguir, Marais, & Staglianò, 2016;

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Matten & Moon, 2008). Second, many small firms employ informal and unsystematic CSR engagement and reporting (Jamali, Zanhour, & Keshishian, 2009; Niblock-Siddle, Jones, & Black, 2007; Perrini et al., 2007). This makes identification of CSR engagement and data collection more challenging. Third, there is a long-held assumption that some firms are simply too small to invest in, or benefit from CSR involvement (Revell & Blackburn, 2007). As a result, CSR contributions in smaller firms are relatively less noticed and examined (Revell & Blackburn, 2007; Spence & Rutherford, 2003).

In recent decades, however, there has been a growing recognition that CSR engagement by SMEs could have a more significant social and environmental impact. The Organisation for Economic Co-operation and Development (OECD) now urges governments to develop a cohesive strategy to level the playing field for SMEs to contribute to economic and social contexts effectively (OECD, 2018, p. 5). This study responds to the call by focusing on CSR engagements by SMEs, in the context of Singapore. We employed the stakeholder approach (Freeman, 1984) and conducted in-depth semi-structured interviews with 31 SMEs from 18 industries. We assessed their organizational practices, routines, and procedures, and identified motivators and barriers the firms faced in their CSR engagements. Two categories of SMEs emerged from the findings—highly-normative and less-normative SMEs that engage in compliance- and conviction-based CSRs, respectively, and are driven by different motivations. Our findings enrich the research on CSR and shed light on issues for policymakers and business practitioners concerning the possible ways of engaging SMEs in CSRs that benefit the smaller and global firms, and the wider society.

## 2 | LITERATURE REVIEW

### 2.1 | Stakeholder perspective

Advocated by Freeman (1984), several scholars and practitioners use the stakeholder perspective to understand CSR (e.g., Graafland & van de Ven, 2006; Lindgreen, Waen, & Johnston, 2009). This perspective is based on the view that an organization exists within networks of stakeholders, and potentially faces conflicting demands from various stakeholder groups. Hence the firm's CSR and its concomitant policies and practices are heavily influenced by stakeholders (Lindgreen et al., 2009).

Research also suggests that stakeholders can be categorized into two types, primary and secondary stakeholders (Clarkson, 1995). The primary stakeholder group comprises shareholders and investors, customers, suppliers, employees, the community, and institutional actors. The latter includes government agencies, which place regulatory pressures on CSR practices, and informal bodies like industry associations that establish industry standard for the firms to benchmark against. The continuing participation of this primary group is essential; without it, the firm could not survive. Secondary stakeholder group includes those who are engaged indirectly in transactions with the corporation (e.g., media and special interest groups).

### 2.1.1 | Shareholders

Shareholders may drive or prevent firms from engaging in CSR. CSR confer legitimacy (or a license to operate) and reputation (Porter & Kramer, 2006). In turn, these factors reinforce the firm's financial performance and allow the firm to meet shareholder expectation (Lu, Chau, Wang, & Pan, 2014). Hence, if shareholders are convinced that CSR provides legitimacy and reputation, and could improve a firm's financial performance, they are more likely to invest and support in CSR engagements. However, some shareholders may perceive CSR commitment as a type of agency cost. For instance, when shareholders believe that managers dedicate resources to CSR to benefit themselves (Brown, Jones, & Leigh, 2005), or divert resources to CSR away from more lucrative business intents (Cardamone, Carnevale, & Giunta, 2012), then there is a greater likelihood that these shareholders would resist CSR.

### 2.1.2 | Employees

Employees are another motivation for firms to engage in CSR. According to social identity theory, employees are willing to work for a socially responsible company because doing so strengthens their self-image, helps to identify themselves with the firm, and fulfills the need for belonging and membership (Turban & Greening, 1997). Based on this argument, evidence shows that CSR positively impacts employee recruitment, satisfaction, retention, loyalty and commitment (Aguilera, Rupp, Williams, & Ganapathi, 2007). Therefore, employers may use the firm's CSR profile as a device to enhance employee motivation. Nevertheless, employees can also become a barrier to a firm's CSR. When employees perceive their companies' CSR as window-dressing (Connors, Anderson-MacDonald, & Thomson, 2017) or merely symbolic (Donia, Ronen, Tetrault Sirsly, & Bonaccio, 2019), they will be de-motivated and leave the firm (Schons & Steinmeier, 2016), and in some instances, even engage in a backlash against the firm (McShane & Cunningham, 2012). In addition, employees contributing to the firm's CSR engagement may perceive such involvement as an additional role and overloading of responsibilities (Hobfoll, Halbesleben, Neveu, & Westman, 2018).

### 2.1.3 | Customers

Customers demand greater transparency and exert pressure on firms to commit in CSR (Morsing, 2003). An early survey of Canadian firms in the natural resource sector cited customer pressure acting second to governmental pressure, influencing firms to adopt an environmental management plan (Henriques & Sadosky, 1996). A growing body of academic research in retailing attests the positive influence of CSR across a range of product categories on consumers' evaluations and purchasing intentions (Ellen, Webb, & Mohr, 2006; Sen & Bhattacharya, 2001). However, in the wake of green marketing, some evidence indicates that customers may suspect CSR practices as "greenwashing" (Arendt & Brettel, 2010) and question the firms' underlying motives (Ellen et al., 2006), thus

establishing a negative relationship between CSR and corporate performance (e.g., Brammer, Brooks, & Pavelin, 2006; Statman, Fisher, & Anginer, 2008).

#### 2.1.4 | Suppliers

The requirements of supply chain partners constitute another motivation for the firm's CSR commitment. Large firms, in particular, may have much of their product's content produce by suppliers and contract manufacturers. With their names on the product, firms are increasingly held responsible for the conditions under which those products are made (Pedersen & Andersen, 2006). Hence, large firms use codes of conduct, sets of written principles, guidelines, or standards to improve their social and environmental performance (Graafland, van de Ven, & Stoffele, 2003). Such codes of conduct go beyond the boundaries of the individual organization, and may include social and environmental requirements for suppliers (Jenkins, 2006).

As important partners of large firms in the supply chain (Kovacs, 2008), SMEs must then also act responsibly by addressing CSR-related issues, such as child labor, corruption, pollution, dangerous working conditions, unfair competition (Raynard & Forstater, 2002). Certain CSR issues have real strategic significance and hence treated seriously by large firms. For example, certifications such as ISO 14001, SA 8000, and ISO26000 play a significant role in developing CSR for supply chain management (Feng, Zhu, & Lai, 2017). However, for aspects that are not strategic, the risk of failure or the consequences of failure are not too severe. Large firms tend to limit their investment to ensuring their suppliers' performance meets such legal requirements (Powell, Shearer, & Davies, 2009).

#### 2.1.5 | Institutions

Government and Non-Governmental Organisations (NGOs) also play a role in driving CSR practices. Government legislation may impose legal duty on firms to meet their social obligations in crucial areas such as occupational safety and health, fair labor practices, consumer protection, and environment protection (Schermerhorn, 2002). NGOs, who are advocacy groups with non-commercial goals (Toker, 2013), have taken on more responsibilities in bringing major changes to corporate behavior and governance since the 1980s (The Economist, 2003). They work together with large MNCs to promote social and environmental actions, provide technical assistance to corporations, elaborate on certification schemes, and promote CSR standards, monitoring, management, and auditing (Toker, 2013). The involvement of NGOs, in the form of standard-setting and auditing, contributes to the overall governance environment to shape firms' responsible practices (Ruggie, 2004).

#### 2.1.6 | Community

Community development is the most dominant wave of CSR (Chapple & Moon, 2005). For example, large-scale mining companies,

together with the World Bank, have put in initiatives primarily aimed at improving the lives of local communities affected by mining operations (Luning, 2012). Many large companies practice CSRs by following the country's rules, being sensitive to local behaviors and social systems, and providing donations and sponsorship to local communities, as part of their localization strategy (Russo & Perrini, 2010). Large firms also respond to claims by the local community relevant to their "licence to operate" in local venues (Post, Preston, & Sachs, 2002). However, Perez-Batres, Doh, Miller, and Pisani (2012) report that CSR as a response to community pressure is sometimes merely symbolic.

Based on the practice and experience of large firms, the tenet is that all stakeholders matter because stakeholders can resist to CSR efforts or they could be strongly motivated by worthy CSR efforts. Organizations, therefore, should integrate their responsibilities to satisfy various stakeholder constituencies intelligently. Consequently, practical initiatives are designed primarily for large firms with the extensive human and financial capital to implement stipulated procedures into their business operations. However, CSR strategies implemented by large firms may not be applicable to smaller firms (Wilkinson, 1999). The balancing exercise has proven difficult to enact in practice (Vos & Achterkamp, 2006), particular for SMEs with limited resources and bounded rationality. Determining which stakeholders carry more weightage for SMEs is a topic that deserves greater research attention.

## 2.2 | CSR motivators

Existing studies indicate some CSR motivators are common to both large and smaller firms. For example, Aguilera et al. (2007) point out that motives for smaller firms to engage in CSR can be economic, relational, and ethical; these are consistent with the motives of large companies. However, research suggests that the significance of CSR is different for smaller firms given the differences between them and large companies are organizational structures, resources, leadership, and values (Tilley, 2000).

Some motivators are particularly important to SMEs. A key difference is that ownership and management are not separated to the extent that they are in large multinational firms (Spence & Rutherford, 2001). Hence, control remains in the hands of owner-managers, potentially enabling them to make idiosyncratic choices about allocation of resources (Spence, 1999). In large companies, managers are agents bounded by the board of directors which monitors strategies to maximize shareholder value. In SMEs, without the directive of an independent board, there is a greater chance that manager-owner's ethics, values and beliefs will have a stronger influence on CSR strategies (Hsu & Cheng, 2011; Jamali et al., 2009; Spence & Rutherford, 2003; Vives, 2006).

Research also suggests that smaller firms have a more direct connection with the local community. They benefit from being an embedded part of the community in which they do business. Therefore, they build their reputation, trust, legitimacy, and consensus with and among citizens (Vyakarnam, Bailey, Myers, & Burnett, 1997). SMEs

are also characterized by a higher degree of involvement with employees. With a flatter organizational structure and fewer employers, they often require flexibility from employees to adapt their competences and skills to various tasks in their day-to-day work (Russo & Perrini, 2010). Correspondingly, empirical studies show that issues closest to SMEs and their primary stakeholders have priority in their CSR activities (Jenkins, 2006; Perrini et al., 2007). Therefore, employee-directed programs and local community involvement are most frequently practiced CSR activities, while environmental issues seem to be less of a priority among smaller firms (Lepoutre & Heene, 2006).

### 2.3 | CSR barriers

There are several distinct barriers that limit smaller firms' engagement in CSRs. Empirical studies show that they are less active in CSR-related activities than large companies because they rarely have sufficient human capital, funds, or time for engagement (Jenkins, 2004; Lepoutre & Heene, 2006). Their lack of awareness in CSR practices at the social, economic and environmental levels may deter them from engaging in CSR. This lack of awareness may extend to the motivations, perceived benefits, and existing obstacles to CSR engagement (Zou et al., 2021).

Many SMEs do not have a specific CSR agenda, but practice non-systematic, non-formalized, non-structured CSR (Jamali et al., 2009; Perrini et al., 2007) on an ad hoc basis (Sweeney, 2007). In such instances, the stakeholder prioritization relies primarily on managerial discretion, their specific instrumental or normative inclinations, and their assessment of relational stakeholder attributes of power, legitimacy and urgency (Mitchell, Agle, & Wood, 1997). It is therefore understandable that SMEs are unlikely to implement CSR policies per se, if the pressure from external stakeholders is not strong.

Despite this argument, smaller firms do exercise social and ethical responsibilities to address stakeholders' concerns, such as pursuing sustainable development and reducing natural resources consumption. Although these items can be labeled as CSR (Niblock-Siddle et al., 2007), SMEs do not recognize nor report them correspondingly. This unique context means more research is needed to better understand the nature and dynamics of CSR in SMEs (Morsing & Perrini, 2009; Perrini et al., 2007; Vázquez-Carrasco & López-Pérez, 2012; von Weltzien Høivik & Shankar, 2011).

## 3 | METHODOLOGY

This study employed a qualitative research approach based on in-depth interviews with Singaporean SMEs. The research focuses on five stakeholder groups: customers, employees, supply chain partners, and governance bodies (include government agencies and informal governance bodies, such as industry associations). The framing of the interview questions and latterly the thematic analysis are largely based on the stakeholder approach and addressing the five stakeholder groups.

### 3.1 | Singapore as the research context

Singapore provides an ideal testbed to investigate CSR engagements by smaller firms engaged with the global markets for three reasons. First, Singapore is renowned for its business-friendly environment and has already attracted many global firms conducting international business and making Singapore their regional headquarters. Singapore's Economic Development Board (EDB) reports that more than 37,000 international companies, including 7,000 MNCs having their headquarters in the city-state (EDB, 2020). These MNCs bring with them values and practices of their head offices such as introducing CSR elements into their Singapore-based operations. Second, the Singapore government strongly supports the SME community in playing a stronger role in promoting corporate philanthropy (Sharma, 2013). The value system in Singapore and part of East Asia is rooted in Confucian ethics and often described as "neo-Confucian" (Gong & Jang, 1998). Mr. Lee Kuan Yew had deep value-based implications in the way he led Singapore and this is reflected in the tripartite system of business, government and union (Le Queux & Kuah, 2021). Chua Beng Huat (cited in Barr, 2000, pp. 212–213) pointed out the PAP leadership "... may be said to have 'Confucianized' itself by prescribing for itself a code of ethics, that of junzi" (...) setting themselves up "as a model of a moral leadership which governs in the interest of the people rather through self-interest." Third, SMEs are the backbone of the economy. In 2019, there were almost 300,000 businesses incorporated in Singapore. Of that, SMEs makeup 99% of all enterprises and support 72% of total employment. 81% of SMEs are locally owned, while 18% are foreign-owned (Department of Statistics, 2021).

SMEs are defined as firms with a turnover of less than S\$100 million or employ 200 or fewer employees in Singapore. They typically represent smaller firms but play key roles as suppliers and subcontractors to large global firms conducting businesses in Singapore (Ministry of Trade and Industry, 2015) These SMEs share the same competitive space with MNCs (Dabić et al., 2020) to reach for markets, users, and potential customers (Musteen, Datta, & Butts, 2014). In a recent Singaporean survey conducted with 800 SME managers at the top and second tier levels, 60 % of SME managers believe in the importance of integrating environmental, social and governance (ESG) considerations into various aspects of their business (United Overseas Bank, 2022). The top ESG-related measures implemented were: more efficient use of resources (44%), clear operational policies and processes (42%), use of energy efficient equipment and technologies (34%), ensuring employee welfare (31%), procurement from businesses with sustainable practices (30%) and giving back to the community (29%). In another survey conducted with 201 SMEs, 59% of them were currently or planning to adhere to basic government requirements, while 44% of them were actively currently or planning to integrate CSR into their business strategy on employment matters and engaging with sustainable business partners respectively (Company of Good, 2021). Such data suggest that SMEs in Singapore are increasingly engaging into CSR. However, whether SMEs comply with government legislation or adopt upstream MNCs' values as their

suppliers, or indeed are driven by other stakeholders deserves further inquiry.

### 3.2 | Interviews

Semi-structured interviews were conducted with SMEs in Singapore to gather data on perceptions, practices, motivators, and barriers to CSR. The interviews provided direct evidence about the similarities and differences in the participants' opinions in order to develop a collective understanding of how smaller firms in Singapore viewed CSR. Face-to-face meetings were supplemented with online interviews during inquiry using both synchronous and asynchronous modes (Janghorban, Roudsari, & Taghipour, 2014) to meet the constraints of time and space. Interviews took an average of 45 min (see Appendix for the interview questions). Where it proved difficult to meet participants, an asynchronous interview took place. Asynchronous interviews via email are also used because they have been identified one new online method for conducting effective research (Meho, 2006).

### 3.3 | Sampling

We randomly identified 200 SMEs from the *Times Business Directory*, an online business directory with comprehensive details of 1,000 SME's key personnel, business type, contact details, and products and services across Singapore. Of the 200 shortlisted for inclusion, 31 companies agreed to participate in our interviews. Table 1 describes their business operations and demographic information.

### 3.4 | Data collection

The interview has been designed with the stakeholder theory as a guiding framework to cover aspects of customers, employees, supply chain partners, community, and governance bodies. We conducted interviews with either the managing director or owner(s) because of their proximity to the business (Murillo & Lozano, 2006). Two phases of interview were used to achieve data saturation (Guest, Bunce, & Johnson, 2006) and to add more rigor to the evidence. Phase 1 consists of 13 synchronous face-to-face interviews each lasting about 45 min. Phase 2 comprise 18 asynchronous online interviews where more participants can be reached to overcome the challenges of cost, time and limited access associated with face-to-face interviews (Meho, 2006). Human Research Ethics Approval H7412 was obtained to conduct this research. Data collection was carried out between July 2018 and April 2019.

### 3.5 | Data analysis

Stake (2000) highlighted using an analytical framework for summarizing and analyzing substantial amounts of qualitative data from

interviews. The raw, unstructured text-based interview data were firstly transcribed, coded and then categorized into themes with the assistance of a qualitative diagnostic tool MAXQDA.<sup>1</sup> We conducted a thematic comparison of the 31 individual transcripts and identified 10 common themes falling into four categories: CSR perceptions, practices, motivators and barriers. The themes are shown in Table 2.

## 4 | RESULTS

“Business responsibility to society” is a common perception shared by all 31 firms seen in Table 2. When we delved deeper into CSR motivations, five of these firms arguably were driven to regulate their product or service quality, workplace safety, and environmental standards in order to adhere to standards and audit procedures established by government or industry norms. We classified these SMEs as operating in highly-normative sectors. The remaining 26 SMEs operated in industries with less scrutiny of institutional norms or requirements, and therefore we classified them as operating in less-normative sectors. A summary of the CSR practices, motivators presented by themes, barriers and the salience of stakeholders for the less-normative and highly-normative SMEs are presented in Table 3. In the following section, we present our findings on the motivations and barriers in the highly-normative and less-normative sectors.

### 4.1 | Highly-normative sector

#### 4.1.1 | CSR motivators in a highly-normative sector

Respondents five firms in credit rating, manufacturing, shipping and pharmaceutical sectors (R27–R31 in Table 3) have emphasized the importance of prevailing standards and audit procedures established by the government or the industry in optimizing their operation and guiding their CSR engagement. CSR, in that sense, is normalized as compliance to institutional requirements. Firms in highly normative sectors are guided more strongly by institutional rules and requirements arising from normative pressures. We name these sectors as highly normative sectors. These firms identified two common CSR motivators: (a) compliance with government regulation to minimize scrutiny, and (b) meeting local and international client expectations for legitimacy. R28 from the manufacturing industry highlighted the need to abide by regulations: “*We have to abide by the law to protect our environment with regards to air, water and sound pollution. In fact, this is enforced by the government.*” All the five firms also reported that their clients expected them to comply with legislation and behave ethically, truthfully and responsibly; meeting these expectations is crucial for their businesses. Respondents interpreted these acts of CSR as complying to the client's demands and extending their legitimacy in society. A small pharmaceutical company (R31) further clarified its stance on legitimacy, “*Our company takes serious view of customer complaints and through Codes of Good Practices and conduct of audit inspections.*” Three firms pointed out that talent retention and employee bonding

TABLE 1 Demographic information

Firm identifier	Industry	Sector	Business description	Years in operation	Full-time (FT) and part-time (PT) staff	Sales turnover	CSR decision making
Less-normative sector							
R1	Corporate consultancy	Service	Corporate training and motivational workshops	Less than 2	3 (FT)	Less than \$500 K	Owner
R2	Food and beverage	Service	A global franchise restaurant and delivery service of Japanese cuisine	7	170 (FT), 267 (PT)	Declined	CSR committee
R3	Tourism	Service	An island eco beach resort with its own natural-spring-water-landscape pool	12	70 (FT)	Less than \$20 M	Sustainability committee
R4	Fitness	Service	Provides customized health and fitness programs, including schools	4	3 (FT), 25 (PT)	Less than \$500 K	Owner
R5	Corporate consultancy	Service	Accounting and secretarial services	8	14 (FT)	Less than \$1 M	Manager
R6	Corporate consultancy	Service	Corporate advisory services	18	20 (FT)	Declined	Manager
R7	Digital marketing	Service	Digital marketing and supply of talent media	4	30 (FT)	Less than \$1 M	Owner
R8	Digital marketing consultancy and training	Service	Provision of digital marketing and training services	1	5 (FT)	Less than \$500 K	Owner
R9	Corporate consultancy	Service	Provision of IT services	5	3 (FT)	Less than \$500 K	Owner
R10	Wholesale and retail-eyewear	Service	Provision of eye glasses	1	2 (FT)	Declined	Owner
R11	Freight forwarding	Service	Provision of freight for commodities	31	30 (FT)	Less than \$1 M	Manager
R12	Food & Beverage	Service	Restaurant business	8	10 (FT)	Less than \$1 M	Owner
R13	Automobile-repair	Service	Car repair, sale of car accessories	30	6 (FT)	Less than \$1 M	Owner
R14	Education	Service	Tuition services—primary and secondary	Less than 5	19 (FT), 50 (PT)	Less than \$5 M	Owner
R15	Fitness	Service	Gym	6 months	6 (FT)	Less than \$5 M	Owner
R16	Automobile-repair	Service	Sales of car parts, air-con service	30	6 (FT)	Less than \$1 M	Owner
R17	Retail	Service	Sale of foreign currencies	12	2 (FT)	Less than \$20 M	Owner
R18	E-commerce	Service	Online delivery portal of daily necessities	4	15 (FT)	Less than \$500 K	Owner
R19	Corporate consultancy	Service	Provision of consultancy, training to corporate clients	22	3 (FT)	Less than \$500 K	Owner
R20	Corporate consultancy	Service	IT, business process consultants, implement SAP	22	3 (FT)	Less than \$500 K	Owner
R21	Finance	Service	Online financial aggregator-loans	10	125 (FT)	Less than \$20 M	Owner
R22	Cleaning	Service	Environmental cleaning services	40	1,600 (FT and PT)	Less than \$100 M	CSR committee
R23	Cleaning	Service	Cleaning—indoors	7	22	Less than \$1 M	Manager



TABLE 1 (Continued)

Firm identifier	Industry	Sector	Business description	Years in operation	Full-time (FT) and part-time (PT) staff	Sales turnover	CSR decision making
R24	Education	Service	Undergraduate and masters program	8	72 (FT)	Less than \$20 M	CSR committee
R25	Data analytics	Service	Data and artificial intelligence (AI) consulting services	11	50+	Less than \$20 M	Owner
R26	Engineering	Service	Engineering services	16	21 (FT)	Less than \$5 M	Owner
Highly-normative sector							
R27	Credit rating	Service	Credit reporting and business information services	18	70 (FT)	Less than \$50 M	CSR committee
R28	Manufacturing	Manufacturing	Parts trading and forklift trader	35	25 (FT)	Less than \$1 M	Owner
R29	Shipping	Service	Freight forward logistics	13	10 (FT)	Less than \$20 M	Owner
R30	Shipping	Service	Supply of ISO tank containers for shipping	12	<200 (FT)	Less than \$100 M	Manager
R31	Pharmaceutical	Service	Therapeutic solutions for brain stroke patients	18	50	Declined	Manager

as another important CSR motivator: “... younger employees act as Ambassadors of CSR ... CSR can be even be used to retain our staff and that is very promising for our company” (R27), “CSR ... is taking care of the staff, taking care of their needs, not abusing them” (R28) and, “... to foster greater employee-bonding” (R31).

#### 4.1.2 | CSR barriers in a highly-normative sector

SMEs in highly normative sectors cited a lack of awareness and knowledge to motivate employees to engage in CSR as the main barrier. R29 acknowledged this weakness: “we do not have the knowledge how to conduct CSR related to my employees to motivate them, to encourage them.” R30 notes the challenge of “getting the employees to buy-in to the idea (CSR).” Even if SMEs overcome this barrier, CSR is not a choice when resources are spread thin, and the profit motive overrides the management’s intention of “doing good” (Spence & Rutherford, 2001). Such limitations are inherently implied by R28, “It will take much more capital, labour and time to contribute to CSR in terms of community ... this is not the CSR that many companies will engage in, especially SMEs.” R31 noted their CSR approach was reactive and “ad hoc.” However, the firm did contemplate redefining its CSR agenda to integrate strategic aims: “CSR, maybe in the future. This industry is competitive.”

In summary, all five firms belonging to the highly-normative sector faced significant institutional forces costing money and time for compliance in their respective industries thus allowing less resources to be embedded in CSR. Furthermore, this problem is further exacerbated by the lack of CSR awareness which surrounded mainly on their ability to motivate their employees into CSR or in redefining their corporate strategy to unlock CSR’s potential.

## 4.2 | Less-normative sector

### 4.2.1 | CSR motivators in less-normative sector

Twenty-six firms (R1–R26) face less normative pressures and institutional requirements, when they are interviewed about their CSR engagements. Our findings suggested that these firms went beyond the existing standards and norms set by government and were more proactive and engaged in more diversified CSR activities. We therefore classify them as SMEs in less normative sector. These SMEs developed strong relationships with their internal stakeholders (i.e., employees), and to some extent the external stakeholders (i.e., customers and community). Five motivators emerged from the thematic analysis: (a) top management support, (b) employee-investment, (c) community-involvement with philanthropy, (d) branding, and (e) catering to the younger generation.

First, the results revealed that the drive and support from top management played a significant role in determining the level of CSR commitment, as past studies also indicate (Hsu & Cheng, 2011; Vives, 2006). Four firms (R2, R3, R22, and R24) established CSR committees that aligned CSR activities with the firm’s strategies. For instance, R3 argued a strategic basis behind their CSR: “If CSR is not done strategically, sustainably, ... CSR is the first thing to get cut ... I think it has to balance all these (strategic concerns).”

Second, our results found that firms in less-normative sectors are concerned with developing high-potential employees to support firm growth. In this regard, R2 invested significantly in their employee welfare schemes. Castka, Balzarova, Bamber, and Sharp (2004) refer this internal dimension of CSR (e.g., providing sports and fitness activities, health insurance, and financial support for further education) as crucial for the company’s external rating.

TABLE 2 Thematic analysis results based on MAXQDA

Firm identifier	Perception			Motivators/ themes				Barriers/themes				
	Business responsibility to society	Community involvement	Philanthropy	Employee-invested	Institutional compliance	Branding	Top management support	Profit-driven	Lack awareness	Lack of CSR agenda	Strategy needs redefining	
R1	2	1	1	2	1	2	1	0	0	0	0	
R2	5	2	0	6	0	1	4	0	1	0	0	
R3	3	2	1	3	1	0	1	1	1	1	1	
R4	2	2	3	1	0	3	2	2	1	1	2	
R5	1	0	0	3	5	1	2	3	0	0	3	
R6	1	0	2	0	1	0	2	0	4	0	0	
R7	6	2	1	1	0	1	1	1	0	1	1	
R8	5	0	2	1	0	0	1	0	0	1	1	
R9	3	0	2	0	3	1	1	0	1	0	0	
R10	1	1	0	0	0	1	0	2	0	1	1	
R11	2	0	2	1	0	0	1	1	1	1	2	
R12	4	1	0	1	0	0	2	0	0	2	2	
R13	2	0	1	0	0	0	1	0	1	0	0	
R14	2	2	3	1	0	3	2	2	1	1	2	
R15	3	1	1	0	0	3	1	1	0	0	0	
R16	4	1	2	1	0	0	2	1	0	0	0	
R17	4	1	0	0	0	2	1	1	0	0	0	
R18	3	4	2	3	1	0	4	0	1	0	0	
R19	5	3	1	1	0	0	4	1	0	0	0	
R20	3	1	0	1	0	0	1	1	0	1	1	
R21	0	0	0	1	1	1	1	3	1	0	0	
R22	6	2	1	3	2	0	3	1	0	1	1	
R23	3	0	0	2	4	0	1	0	1	0	0	
R24	3	2	2	3	0	0	5	1	0	0	0	
R25	2	2	1	2	0	1	1	1	0	2	2	
R26	4	0	2	1	1	3	0	1	0	0	0	
Sum of coded segments	79	30	30	38	20	23	45	24	14	19	19	
R27	2	1	1	2	1	1	1	0	0	3	3	
R28	1	0	0	3	5	1	2	3	0	0	0	



TABLE 2 (Continued)

Firm identifier	Perception			Motivators/ themes				Barriers/themes			
	Business responsibility to society	Community involvement	Philanthropy	Employee-invested	Institutional compliance	Branding	Top management support	Profit-driven	Lack awareness	Lack of CSR agenda	Strategy needs redefining
R29	1	0	2	0	1	0	2	0	4	0	
R30	1	0	0	0	4	5	0	0	1	0	
R31	1	0	0	3	1	1	1	2	2	2	
Sum of coded segments	6	1	3	8	12	8	6	5	7	5	

Employee-focused CSR could influence employee' perception of the company as socially responsible. In the event employees leave the company, they continue to play a crucial role in shaping external stakeholders' perception and evaluation (McShane & Cunningham, 2012). R2 articulated the firm's investment in employees, "We want to keep those skilled, experienced staff to continue to be in our employment. So, it is in our benefit ... We want our employees to say good about our organisation, even after they leave our company." R3 and R12 also made necessary adjustments in their business to hire disabled employees and benefited from related incentives in the form of government tax credits and subsidized training allowances. R12 captured this inclusive spirit: "we perform CSR opportunistically, within the limits of sustainability. We employ a deaf person in our café as a barista and even sent her for hygiene and barista courses."

Third, there are many instances where firms focused on helping their communities. Seventeen SMEs (R1–R4, R7, R10, R12, R14–R20, R26, R29, and R30) were involved in local and overseas externally focused CSRs activities supporting their community. For example, R1 had organized community-based voluntary activities to provide food and household equipment for underprivileged families in the Philippines. In addition, almost 85 % of the less-normative SMEs demonstrated a strong CSR commitment to the Singapore community. Their "doing good" included supporting animal welfare, distribution of food rations during festive seasons, becoming environmentally friendly (through waste management, recycling, and digitalization), providing pro-bono services, free fitness sessions, cleaning homes and charity yard sales, sponsorship for student tuition fees, provide mentorship to schools and more. Since these community-based philanthropic roles present a genuine manifestation of the companies' good intentions and moral evaluations (Godfrey, 2005), they help create a good image within the community. Hence, largesse from companies with considerably fewer resources can, incidentally, lead to the next CSR motivator, branding.

Embedding employees into CSR activities will earn community recognition. R4 highlighted: "when you do the (CSR) ..., for the community and all those kind of involvement with your employees as well, you find there's ... more value ... more brand recognition." In the same vein, R19 pointed out, "CSR has long-term goals—you cannot measure its impact in the short-run, benefits take time, and for small companies like ours, we hope CSR will someday return the benefits in the form of good clientele and build up our reputation."

Although these less-normative firms were subjected to a set of legal rules in Singapore's regulated business environment, mere compliance is insufficient if they wish to stand out from their competitors. Enhancing their corporate citizenship by responding to a broader network of stakeholders' expectations, such as employees and the community, have incentivized these firms to leverage on CSR because of their conviction that doing good and doing well can co-exist (Meyer, 2015).

Three firms (R2, R6, and R22) postulated that younger employees could lead, drive, and even catalyze CSR. Although Gen Y (the Millennial generation born between 1981 and 1996) is not unique in its ethical and environmental views (Rank & Contreras, 2021); our finding

**TABLE 3** CSR practices, motivators, and barriers

Firm identifier	CSR practices	Types of CSR with quotes	CSR motivators	Stakeholders	CSR barriers
R1	Philanthropy and community (overseas)	<ul style="list-style-type: none"> <li>- Philanthropy overseas (Philippines), feeding undernourished children, providing necessities annually</li> <li>- Community</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Top management support</li> <li>Branding</li> <li>Institutional compliance</li> </ul>	<ul style="list-style-type: none"> <li>Customers, top management</li> </ul>	<ul style="list-style-type: none"> <li>Time</li> </ul>
R2	Greater CSR initiatives to the employees and their engagement in CSR	<ul style="list-style-type: none"> <li>- Sports and fitness for employees</li> <li>- Philanthropy food donation drive to community</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Top management support</li> <li>Branding</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Top management</li> </ul>	<ul style="list-style-type: none"> <li>Younger employees are more creative, wanting to try new CSR initiatives while older employees are more hesitant</li> </ul>
R3	Employees and eco-environment	<ul style="list-style-type: none"> <li>- Educating guests about the protection of environment</li> <li>- Green education program</li> <li>- Holiday season charity events</li> <li>- Hiring employees with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Top management support</li> <li>Institutional compliance</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Top management</li> </ul>	<ul style="list-style-type: none"> <li>Alignment of economic profits and social responsibilities are challenged</li> </ul>
R4	Community involvement Philanthropy	<ul style="list-style-type: none"> <li>- Free fitness sessions for charities for kids and elderly</li> <li>- Free sessions for donation for church</li> <li>- Donation of used/unused clothes</li> <li>- Involve customers, employees and partners</li> <li>- Insurance, encourage career development</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Top management support</li> <li>Branding</li> </ul>	<ul style="list-style-type: none"> <li>Owner and, customers</li> </ul>	<ul style="list-style-type: none"> <li>Time and effort and money</li> </ul>
R5	Community involvement Philanthropy	<ul style="list-style-type: none"> <li>- Community service (clean the homes annually)</li> <li>- Philanthropy (donation such as yard sales. Activities at "helping hands" are bi-monthly activity)</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Top management support</li> <li>Branding</li> <li>Institutional compliance</li> </ul>	<ul style="list-style-type: none"> <li>Owner and employees</li> </ul>	<ul style="list-style-type: none"> <li>Time and effort and money</li> </ul>
R6	Community involvement, philanthropy	<ul style="list-style-type: none"> <li>- Philanthropy (food donations on festive occasions to elderly in the community)</li> <li>- Going "green"</li> <li>- Less wastage, recycle, reuse, and so forth</li> </ul>	<ul style="list-style-type: none"> <li>Institutional compliance and top management support</li> </ul>	<ul style="list-style-type: none"> <li>Owner</li> </ul>	<ul style="list-style-type: none"> <li>- Time and effort and money</li> <li>- Young employees could do more in volunteering</li> </ul>
R7	Community involvement Philanthropy	<ul style="list-style-type: none"> <li>- Free mentorship, training to employees to kickstart their own business, belief and practice work-life balance</li> <li>- Adhere environmental policies</li> <li>- Philanthropy to community, pro-bono marketing skills to non-profits and volunteer work at least twice a year</li> <li>- Encourage customers to go digital, to use less</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Top management support</li> <li>Branding</li> </ul>	<ul style="list-style-type: none"> <li>Owner and employees</li> </ul>	<ul style="list-style-type: none"> <li>- CSR strategy needs redefining, more attempts to collaborate with other SMEs, stakeholders with same motivation to do good</li> </ul>

TABLE 3 (Continued)

Firm identifier	CSR practices	Types of CSR with quotes	CSR motivators	Stakeholders	CSR barriers
		paper, environmental support			
R8	<ul style="list-style-type: none"> <li>– Community, charity, volunteer work, mentorship, and so forth</li> <li>– Philanthropy (student sponsorship)</li> </ul>	<ul style="list-style-type: none"> <li>– Support a couple of charities including HCSA Halfway House for their Xmas event</li> <li>– Provide mentorship and sponsoring events for students</li> <li>– Environment friendly-digitalization via Google Drive, Google Sheets, e-signatures is how we work and have urged our customers to work with us.</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Top management support</li> </ul>	Owner	<ul style="list-style-type: none"> <li>– Tax exemptions could help more with their existing CSR initiatives</li> </ul>
R9	<ul style="list-style-type: none"> <li>– Community</li> <li>– Philanthropy</li> <li>– Digitalization toward being “green”</li> </ul>	<ul style="list-style-type: none"> <li>– Engaging in charitable and volunteering efforts 6 times a year</li> <li>– Environmentally friendly activities such as reducing wastages</li> <li>– Safe and healthy work environment</li> </ul>	<ul style="list-style-type: none"> <li>Top management support</li> <li>Branding</li> </ul>	Owner	<ul style="list-style-type: none"> <li>– Lack of CSR awareness</li> </ul>
R10	<ul style="list-style-type: none"> <li>– None</li> <li>– Startup less than a year</li> <li>– We employ people—and believe in above market rates of salary</li> </ul>	<p>None</p> <p><i>“But if the question is whether we as human beings have an obligation to issues and civil society greater than ourselves, the answer is absolutely yes”</i></p>	Employee-invested	Owner	<ul style="list-style-type: none"> <li>– Profit driven, CSR strategy needs redefining</li> <li>– Start up with limited resources</li> </ul>
R11	<ul style="list-style-type: none"> <li>– Philanthropy</li> </ul>	<ul style="list-style-type: none"> <li>– Sponsor sports tournaments</li> <li>– Donation to worthwhile causes</li> </ul>	<ul style="list-style-type: none"> <li>Employee matter</li> <li>Top management support</li> </ul>	Top management	<ul style="list-style-type: none"> <li>– CSR strategy needs redefining</li> <li>Profit driven</li> </ul>
R12	<ul style="list-style-type: none"> <li>– Inclusion criteria</li> <li>– Employ people with disabilities</li> <li>– Philanthropy</li> <li>– Environmentally friendly</li> <li>– Go green</li> <li>– Community</li> </ul>	<ul style="list-style-type: none"> <li>– “We employ a deaf person in our café as a barista and even sent her for hygiene and barista courses”</li> <li>– “We use environmentally friendly-plastic straws to metal straws and paper straws”</li> <li>– “We also donate to National Heart Foundation and world wide Fund for Nature (WWF)”</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>– Top management support</li> </ul>	Owner, customers, employees	<ul style="list-style-type: none"> <li>– Cost</li> <li>– Limited resources</li> </ul>
R13	<ul style="list-style-type: none"> <li>– Philanthropy</li> <li>– Environmentally friendly</li> </ul>	<ul style="list-style-type: none"> <li>– Donations to temples a few times a year</li> <li>– Recycling</li> </ul>	Top management	Owner	<ul style="list-style-type: none"> <li>– Profit driven and cost</li> </ul>
R14	<ul style="list-style-type: none"> <li>– Philanthropy</li> <li>– Environmentally friendly</li> <li>– Go green</li> </ul>	<ul style="list-style-type: none"> <li>– Sponsored four students when realized they faced financial difficulties</li> <li>– Environmentally friendly-recycling</li> </ul>	Top management	Owner	<ul style="list-style-type: none"> <li>– Lack of CSR awareness</li> <li>– Time and cost</li> </ul>
R15	<ul style="list-style-type: none"> <li>– Community</li> </ul>	<ul style="list-style-type: none"> <li>– Free talk on health and fitness, educating public,</li> </ul>	<ul style="list-style-type: none"> <li>Top management</li> <li>Branding</li> </ul>	Owner-partners	<ul style="list-style-type: none"> <li>– Limited resources</li> <li>– CSR strategy not aligned</li> </ul>

(Continues)

TABLE 3 (Continued)

Firm identifier	CSR practices	Types of CSR with quotes	CSR motivators	Stakeholders	CSR barriers
		free health checks once a year			
R16	<ul style="list-style-type: none"> <li>- Philanthropy</li> <li>- Community</li> <li>- Environmentally friendly</li> </ul>	<ul style="list-style-type: none"> <li>- Temple donations six times a year</li> <li>- Recycling</li> </ul>	Top management	Owner	- Time
R17	<ul style="list-style-type: none"> <li>- Philanthropy</li> <li>- Environmentally friendly</li> </ul>	<ul style="list-style-type: none"> <li>- Donations a few times a year to community causes</li> <li>- Recycling</li> </ul>	Top management Branding	Owner	- Profit driven and time
R18	<ul style="list-style-type: none"> <li>- Community</li> <li>- Philanthropy</li> </ul>	<ul style="list-style-type: none"> <li>- SPCA (pet shelter), homes for the aged(Orange Valley), "helping huts" (i.e., drug rehab place for men from age of 18 onwards) every month</li> <li>- Twice</li> <li>- "Our employees and their families are actively involved in our CSR"</li> </ul>	Employee-invested Branding Top management	Owner, employees	- CSR lack of awareness (we do not seem to know where are the needy places. Owner feels there should be proper channel is not easily found)
R19	<ul style="list-style-type: none"> <li>- Philanthropy-</li> <li>- Community</li> </ul>	<ul style="list-style-type: none"> <li>- Pro-bono—<i>We run a training company and our clientele who needs more professional help in communication skill, crisis management, interview etc we advise them further by giving our number or email to contact us and provide advices without charging them</i></li> <li>- "I deliver food to the less privileged in island wide program 'willing hearts'"</li> </ul>	Top management	Owner	<ul style="list-style-type: none"> <li>- Profit driven</li> <li>- Poor leadership</li> <li>- Tax benefits for SMEs in CSR are less</li> </ul>
R20	<ul style="list-style-type: none"> <li>- Environmentally friendly (waste management)</li> </ul>	<ul style="list-style-type: none"> <li>- "Some of our customers, Mitsubishi Electric, Starwood-Sheraton hotels-international companies (businesses) are much larger than us and have CSR programs, and includes us in their CSR"</li> </ul>	Customers (large companies)	Owner	- Time and size of firm
R21	<ul style="list-style-type: none"> <li>- None specific</li> </ul>	<ul style="list-style-type: none"> <li>- None</li> </ul>	Not motivated by their customers, suppliers from large financial institutions(Our suppliers are large financial institutions. They probably view CSR more favorably, not SME)	Owner	- Profit driven, lack of CSR awareness and no CSR strategy
R22	<ul style="list-style-type: none"> <li>- Philanthropy</li> <li>- Employee health and safety and wellness</li> <li>- Smaller carbon footprint by having more recycling</li> </ul>	<ul style="list-style-type: none"> <li>- <i>We are currently engaged with various youth organisations with donation drives, fundraisers and educational tours for our recycling facility</i></li> <li>- <i>We have in place employee insurance policies that</i></li> </ul>	Employee-invested Institutional compliance Top management	Top management, suppliers, employees	<ul style="list-style-type: none"> <li>- Cost, time and effort</li> <li>- For sustainable CSR, more employees involvement expected</li> </ul> (The main barriers would be the inability to sustain an initiative due to burnout or a failure to rotate employees for a certain

TABLE 3 (Continued)

Firm identifier	CSR practices	Types of CSR with quotes	CSR motivators	Stakeholders	CSR barriers
		<i>cover our employees on their daily work, health and safety aspects and additionally other benefits and events tied in to their employment, which engages them in team bonding events, health awareness checks and other events</i>			CSR project. Another shortfall would be the lack of finances especially for SMEs to cater to regular CSR)
R23	<ul style="list-style-type: none"> <li>- Institutional compliance (product and employee safety)</li> <li>- Environmentally friendly</li> </ul>	<ul style="list-style-type: none"> <li>- <i>"We educate our staff on usage of plastic products and the way to dispose them and we also ensure water is conserved and used appropriately as part of their training as new staff"</i></li> </ul>	Suppliers, employee-invested	Owners	<ul style="list-style-type: none"> <li>- Lack of CSR strategy</li> </ul>
R24	<ul style="list-style-type: none"> <li>- Philanthropy</li> <li>- Community</li> <li>- Environmentally friendly</li> </ul>	<ul style="list-style-type: none"> <li>- <i>"As an educational institution, we give free, or highly subsidised education, tuition to the needy individuals and self-help groups. Our annual scholarships can range anything between \$100 k and \$150 k"</i></li> <li>- <i>"We support the children with disabilities"</i></li> <li>- <i>"We also ask our employees to contribute to their own causes and let us know, so we can evaluate support as an organisation if found to be suitable"</i></li> <li>- Outstanding environment outreach project award "Yellow Flame Award," schools green award, the highest award for higher education schools category</li> </ul>	<ul style="list-style-type: none"> <li>Top management</li> <li>Employee-invested</li> </ul>	Top management	<ul style="list-style-type: none"> <li>- Leadership is important for CSR to continue</li> </ul>
R25	<ul style="list-style-type: none"> <li>- None</li> <li>- Digitalization to go green-environmentally friendly</li> </ul>	<i>"We try to be as digital as possible, avoiding printing etc. we also have a small office to minimize our carbon footprint"</i>	Branding	Owner	<ul style="list-style-type: none"> <li>- Time and effort (manpower)</li> </ul>
R26	<ul style="list-style-type: none"> <li>- Philanthropy</li> <li>- Institutional compliance</li> </ul>	<ul style="list-style-type: none"> <li>- Donations yearly to community</li> <li>- Waste disposal</li> </ul>	<ul style="list-style-type: none"> <li>Branding</li> <li>Institutional compliance</li> </ul>	Owner	<ul style="list-style-type: none"> <li>- Profit driven,</li> <li>- Lack of CSR strategy</li> <li>- Lack of awareness</li> </ul>
R27	<ul style="list-style-type: none"> <li>- Philanthropy</li> <li>- Community</li> <li>- Environmentally friendly</li> <li>- Code of conduct</li> </ul>	<ul style="list-style-type: none"> <li>- <i>"Community involvement programs involving our employees, board is to have good collaboration with our external parties (ie our beneficiaries/ partners, non-profits)"</i></li> <li>- <i>"Fitness programs as mentioned where we</i></li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Institutional compliance</li> <li>Top management</li> </ul>	Employees, customers, suppliers, community	<ul style="list-style-type: none"> <li>- CSR strategy needs redefining (if it brings value added and more employees to drive the CSR movement)</li> <li>- Time, money and effort</li> </ul>

(Continues)

TABLE 3 (Continued)

Firm identifier	CSR practices	Types of CSR with quotes	CSR motivators	Stakeholders	CSR barriers
		<p><i>provide for our employees as part of taking care of their welfare"</i></p> <ul style="list-style-type: none"> <li>- Code of conduct addressed to our employees advocates fair practices</li> </ul>			
R28	Employee and codes of conduct	<ul style="list-style-type: none"> <li>- Organize dinner for employees</li> <li>- Find ways to recycle used rubber</li> <li>- Dispose of chemical waste thru proper channels and absorbing the cost</li> <li>- Reverse osmosis in plant</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Institutional compliance</li> <li>Branding</li> <li>Top management</li> </ul>	Institutions, customers	Profit-driven
R29	Codes of conduct	<ul style="list-style-type: none"> <li>- Donations once a year</li> <li>- Adhere to environmental, smoke emission</li> </ul>	<ul style="list-style-type: none"> <li>Institutional compliance</li> <li>Top management</li> </ul>	Institutions, customers	Lack of awareness
R30	Codes of conduct	<ul style="list-style-type: none"> <li>- Donations</li> <li>- Adhere to international tanker codes ITCO</li> </ul>	<ul style="list-style-type: none"> <li>Institutional compliance, branding</li> </ul>	Institutions, customers	Lack of CSR awareness
R 31	Codes of good practices	<ul style="list-style-type: none"> <li>- Due to clinical trials of drugs caring for patients(customers) from post-stroke</li> <li>- Employee bonding activities</li> <li>- Audited every 2 years</li> </ul>	<ul style="list-style-type: none"> <li>Employee-invested</li> <li>Institutional compliance</li> <li>Branding</li> <li>Top management</li> </ul>		<ul style="list-style-type: none"> <li>Profit-driven</li> <li>Lack of CSR awareness</li> <li>CSR strategy needs redefining</li> </ul>

shows otherwise. Landberg (2003) argues that millennials make decisions based only on the attributes important to them, such as efficiency, timing, and communication mediums. Hence, the input from a millennial human resource manager of R2 was worth noting: *"there is open communication with our area manager, and she empowers us," "our manager acknowledges that the company needs younger people"* and *"young people bring such (CSR) practices and training from previous working experience with MNCs and we are more open towards CSRs, ... bringing (CSR) practices, ideas in from the MNCs."* A climate where management and employees have honest conversations allows the younger workforce to lead CSR activities with ideas and talents drawn from their previous work experiences with large companies.

When more firms value workforce diversity and attract high potential employees from large companies, third-generation ethics and thinking may become part of the culture. Stohl, Stohl, and Popova (2009) suggest evidence of this convergence and argue third-generation ethics could guide future corporate behavior. Arguably, the experiences, knowledge and ideas within the corporate code of ethics introduced to firms by this younger workforce may not be applicable in the same way as in MNCs; it is difficult to articulate precisely which CSR activities smaller firms should adopt (Jenkins, 2004; Lindgreen et al., 2009). Nevertheless, the topic of the generational workforce and

its contributions to CSR continue to be controversial (Rank & Contreras, 2021) but of interest to practitioners and researchers alike.

#### 4.2.2 | CSR barriers in the less-normative sector

While top management, and in some cases employees, may motivate CSR, the discontinuation or disruption of this support could result in CSR disengagement by the firm. For instance, R5 identified a key barrier to CSR as the lack of decisiveness by leaders: *"If the leadership moves the people (i.e., employees), I guess the latter (barrier of engaging in CSR) is easily overcome."* R1 cited employees' low interest in participating in CSR activities, despite the company having to support these. Management may sense a misalignment between CSR activities and employee interest (Zhang, Wang, & Jia, 2021). Similarly, CSR could be seen as an additional burden, specifically by those employees with family and work commitments that are equally demanding (Brown et al., 2005; Cowlishaw, McLennan, & Evans, 2008). This is a significant drawback elaborated by R22: *"The main barrier towards CSR would be the inability to sustain an initiative due to burnout or a failure to rotate employees for a certain CSR project."* They continued, *"engaging employees is the biggest barrier; although we tried to initiate CSR activities, not all employees were*



willing to participate. Some gave the reason of family commitment ... They do not see the benefits of engaging in such CSRs ... As such, we have to refine our CSR strategies to align them with employees' interests."

The third barrier is the lack of a clear CSR agenda in stakeholder communication. Several SMEs noted that their CSR strategies were weak or less successful due to limited communication with other stakeholders. R8 had done some charity work for tax reasons but had never communicated the company's CSR to external stakeholders: "We don't really discuss these things (CSR) with them (Suppliers)." Communicating about CSR to employees with limited awareness is also hard to overcome. R23 noted, "our employees have less education to drive the CSR" whereas R3 explained, "If more companies are aware, of course, there will be more ideas generated, but a lot of times, it's not. The bottleneck isn't so much at the top, but more of an orientation."

## 5 | DISCUSSION

### 5.1 | Compliance versus conviction

Every business has a social responsibility, but the degree which business demonstrates its commitment to CSR varies greatly according to how much each business values the competitive advantage and organizational legitimacy from implementing CSR (Carroll, 1979).

In Singapore, selected elements of responsibilities as a business have been addressed in government legislation to enforce minimal accepted levels of corporate responsibility. For example, all firms have to comply the Employee Act, which regulates termination and breach of employment contracts, employment of women and young persons, and prescribes minimum acceptable conditions for employees earning below S\$2,000 a month. In addition, each industry is subjected to the related regulations enforced either by statutory boards, professional associations or industry associations linked to the government. For example, financial industry is subject to a comprehensive set of regulation by the Monetary Authority of Singapore (MAS). Credit card and charge card issuers are governed by the Banking Act. Licensing is required for capital markets entities and governed under the Securities and Futures Act, Trust Companies Act and Financial Advisers Act. In tourism industry, the Singapore Tourism Board (STB) administers licensing regime for hotels, travel agents and tourist guides through licensing and compliance with the Hotels Licensing Regulations under the Hotels Act. The F&B industry is regulated by Sale of Food Act. In fact, Singapore scores 0.86–0.90 for regulatory enforcement from 2015 to 2021, ranking the fourth across 139 countries in 2021 (World Justice Project, 2021). In that sense, all the firms in Singapore are under similar pressure of complying law and regulation. However, our results show that not all SMEs are committed into CSR to the same extent. Instead, they practice different forms of CSR based on the expectations of their stakeholders and business needs, as our results reveal.

We find firms in highly normative sectors have emphasized the importance of prevailing standards and audit procedures established by the government or the industry which subsequently govern their operations in terms of environmental requirements, the quality and

safety of products and services, as well as workplace safety and practice "compliance" CSR. To them, CSR is no more than a set of compliance-driven practices to satisfy relevant authorities and industry bodies, thereby earns and retains its license to operate. We find that products and services supplied by these sectors must meet relatively strict criteria and tend to be more standardized. These criteria are well captured and defined by regulations and industry standards, which are typically used by clients to evaluate the quality and reliability of the firm's products and services.

Compliance with regulations and industry standards aligns with clients' demand and helps a company secure the client. For example, managing risks related to social and environmental issues are crucial for these small firms to avoid penalties or negative repercussions and to gain clients' (including other businesses) trust. In that sense, SMEs in highly normative sectors can meet these two goals by simply abiding by norms established by institutions. Correspondingly, SMEs from highly normative industries are preoccupied with their day-to-day business operations, and therefore resources allocated for CSR are limited. They have minimal incentive to commit to CSR other than for purposes of compliance. Their low awareness on how to implement CSR in their daily operations and engage their employees further adds to the dilemma. This brings home the point that SMEs from highly normative sectors practice CSR act defensively (El Baz et al., 2016). Their notion of CSR is all about compliance.

In contrast, SMEs in less-normative industries go beyond the compliance form of CSR and proactively develop CSR policies, programs and strategies, motivated by the perceived expectations of stakeholders (Matten & Moon, 2008). In these sectors, though government also enforce strict regulations, the regulations only specify the minimum standard of the operation and product. For example, in the food and beverage industry, although firms have to comply regulations regarding labeling, food additive, food safety and so on, only abiding by the regulations and standards is not good enough to appeal to customers and stand out from the competitors. Customers today look for more differentiated and innovative product offering, operation and brand image. Firms are therefore incentivized to leverage CSR as a branding tool to actively earn the trust and loyalty of stakeholders, such as customers and employees, who can ensure their profitability and successful operation. For example, quite a few smaller firms in our sample are innovative in initiating, implementing and marketing their CSR engagement to instill organizational culture into employees, to showcase their good image and product offerings to customers, and to reach customers with a good cause. This approach, while highly practical, also invokes a sense of their CSR "conviction." CSR, in this sense, is a valuable tool and strategic choice for SMEs to build up and maintain social capital (employees and customers) with their limited resources.

Our findings of compliance versus conviction CSR echo the findings from the previous studies, which have used different terms but offered similar categorization approach. For example, Roome (1992) identified firms' compliance and compliance-plus environmental strategies as those driven by legislation, existing standards, and norms. Similarly, Hunt and Auster (1990) identified "beginners" and "firefighters" as firms not familiar or prioritizing corporate environmental

management programs, while “concerned citizens,” “the pragmatists,” and “the proactivists” are firms that actively manage their natural environmental. In recent years, Kim (2017) and Torugsa, O’Donohue, and Hecker (2013) differentiate passive and proactive CSR. Passive CSR occurs when a business emphasizes its economic responsibilities and strictly adheres to the minimum effort stipulated in laws and regulations, rather than investing effort and resources for voluntary ethical or philanthropic work (Kim, 2017; Torugsa et al., 2013). Focusing on the most basic responsibilities (economic and legal responsibility) and only carrying out environmentally friendly actions with documented social regulations can be viewed as a passive approach. Proactive CSR refers to active and voluntary practices in which a business goes above and beyond the obligatory standard to demonstrate its commitment to its economic, social and environmental responsibilities (Kim, 2017; Torugsa et al., 2013). While those prior studies mainly examined the impact of the different types of CSR engagement, our findings shed more light on what drives the SMEs to adopt a compliance/conviction approach.

## 5.2 | Burden versus opportunity

All 31 SMEs interviewed cited limited resources as barriers, consistent with the prior studies (Jenkins, 2004; Lepoutre & Heene, 2006). In spite of this, a few SMEs in less normative sectors have proactively set up CSR committees, which allow them to engage into CSRs for strategic purpose. These SMEs attempt to integrate CSR into the firms’ business model for a shared value. We uncover three forms. One form is to incorporate CSR activities into product innovation, for example, in the case of resort where eco-resort is introduced to attract consumers. Another form is through the cause-related marketing to reach and impress customers in the community. For example, in the case of fitness center, free classes are offered to the community to build the customer base and in the case of a cleaning and maintenance company, qualified and committed employees showcase their recycling facilities to support the community. The third form is to use CSR as one way to develop and engage employees. For example, one respondent shared the experience of planning CSR activities in a way that employees had to work with beneficiaries for creative problem-solving, through which to instill the culture of “innovation” into employees’ daily operation. In those cases, SMEs have incorporated the concept of CSR into their core business operations and tally with their growth trajectory.

In contrast, other SMEs see CSR initiatives as burdensome, especially when their CSR activities are not aligned with the company’s overall strategy and therefore perceived as merely a cost. These SMEs have less incentives toward investing into CSR. Such findings resonate with Porter and Kramer’s (2006) seminal work on “creating shared value” for sustainable CSR commitment and firm growth.

## 6 | CONCLUSION

This article makes two contributions to the literature on CSR. First, prior studies provide an inconclusive picture of engagement by SMEs

in CSR. Our study revealed two types of CSR engagements: compliance-based CSR by SMEs operating in highly normative sectors and conviction-based CSR by SMEs in less normative sectors. In the former, CSR engagement typically focusses on the legal context, mandated by law and international regulations. In the latter, CSR motivations are grounded in responsibilities to the broader environment and community, while integrating with the primary concern for profits. The identification of these two forms of CSR addresses the mixed findings in the literature. The stance of SMEs in adopting CSR depend on their business needs, and the extent to which CSR could add value to their business, for example in the instance when the SMEs need to work with global firms as their suppliers.

Second, previous studies debate whether the CSR actually benefits SMEs. Our results show that CSR can be designed and developed to assist SMEs’ overall strategy (engaging employees, establishing unique selling points and reaching customers) and serve as an engine for sustainable business growth. Such results provide evidence that the firm successfully “creating shared value” (Porter & Kramer, 2006), which had been challenged for its applicability for smaller businesses (Crane, Palazzo, Spence, & Matten, 2014).

This study also provided practical insights for policymakers and managers. Many SMEs mentioned a lack of human resources and planning, coupled with low awareness of CSR opportunities as key obstacles to their CSR engagement. We recommend that policymaker level up SMEs in the CSR field by creating platforms to allow SMEs to share and match their interests with the needs of the society. This will reduce the SMEs’ search efforts and managers can allocate their resources efficiently. The study also suggested that CSR may provide an opportunity to engage the young workforce and customers, if it is planned and implemented to align with the firm’s overall strategy, hence reducing it from a burden. Such alignment could be achieved by including active young employees in CSR decision-making and integrating CSR into the core business to interface with customer education and engagement for instance.

There are several limitations in our study. First, in-depth interviews were conducted with 31 respondents, although some 200 SMEs were approached. Despite the sample size, we reached saturation as repeated themes kept popping up. Second, self-selection bias existed (Ziliak & McCloskey, 2008) because firms with little or no involvement in CSRs might not to respond to our invitation for interviews. Social desirability bias may also exist in CSR research (Kuokkanen & Sun, 2020). In this case, important insights from SMEs not involved in CSR may be missing. Third, although respondents were given the opportunity to respond in their own words, time constraints have limited five interviews (R13, R15, R16, R17 and R26) to choose from fixed responses during the interviews. Hence these results must be interpreted with caution. Future research could build on the findings of this study, and a more extensive survey could be launched, and the characteristics of individual respondents controlled to further test the generalizability of our findings. Lastly, all the 31 SMEs who participated in our study are local-owned enterprises despite randomly identifying 200 SMEs from an online business directory with comprehensive

details of 1,000 SME to take part in our study. Eighteen percent of SMEs in Singapore are foreign-owned companies (Department of Statistics, 2021). Foreign owned SMEs may have resource endowment, relationship with local communities, and company culture that are different from local SMEs. which may lead to different commitment levels and approaches adopted for CSRs. Future study could explore such differences.

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## CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

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## ENDNOTE

<sup>1</sup> The coding was conducted in MAXQDA, a qualitative diagnostic tool which assists with the sorting, documenting and analysis of the transcripts. Once the transcripts were loaded onto MAXQDA, the transcript of each SME was reviewed in-depth and segments containing these themes were then codified. Codes that occur in a given document can be counted, on a per-document basis arriving at the frequencies of each code.

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1. Are you familiar with the term “corporate social responsibility” or CSR? What is your understanding of it? Please explain.
2. Do you think CSR is important to your company?
3. Do you have a designated person in your company who makes all the CSR decisions?
4. Do you think your company has engaged in any CSR activities? What are those activities?
5. What policies that motivate and protect your employees does your company support?
6. What does your company do to take care of your customers?
7. Do you think your company's views on CSR is shared by your suppliers? What does your company do to make sure it is shared?
8. What does your company do to contribute to the community? How often in a year and in what ways?
9. What does your company do to ensure environmental friendliness?
10. What motivates your company toward CSR?
11. What are the main barriers toward CSR?

## APPENDIX

### INTERVIEW SCHEDULE

Company name	
Years of operation in Singapore	
Main Activity of business	
Designation of Respondent (CSR)	*Are you the Owner/CSR Manager <input type="checkbox"/> Owner <input type="checkbox"/> Manager
Number of employees <200	
The turnover per annum (2017) of your company:	Tick boxes: <input type="checkbox"/> < \$500,000 <input type="checkbox"/> <\$1 000,000 <input type="checkbox"/> < \$5 000,000 <input type="checkbox"/> <\$20,000,000 <input type="checkbox"/> <\$50,000,000 <input type="checkbox"/> < \$100,000,000