

MICRO-ENTERPRISES AND CSR: UNVEILING MICRO-BUSINESSES PERSPECTIVES ON SOCIAL RESPONSIBILITY

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Abstract. This research aims to fill a gap in corporate social responsibility (CSR) research by focusing on micro-enterprise viewpoints, occasionally overlooked in favor of larger companies. This study investigates how micro-enterprises comprehend social responsibility (CSR), even having few resources. This study employs an exploratory qualitative research approach. Purposive snowball sampling is used to identify five individuals with a significant interest in corporate social responsibility (CSR). The NVivo program assisted in the first thematic analysis of the data to ensure correctness and consistency. Due to financial and resource constraints, micro-enterprises, which often integrate social responsibility into their daily operations as part of their ethical values, tend to prioritize business social responsibility (BSR) over formal corporate social responsibility (CSR). The idea of "charity in motion" draws attention to the fact that their contributions to the community are ongoing and ever-changing. This study is critical because it offers more comprehensive knowledge of corporate social responsibility (CSR). It highlights the significance of assisting micro-enterprises in fulfilling their social responsibility obligations and encourages a broader range of individuals to participate in socially conscious business practices.

Keywords: *micro-enterprises, social-responsibility, charitable, business ethics, qualitative*

Introduction

Traditionally, corporate social responsibility (CSR) has been studied in the framework of large companies, which has led to an apparent disparity in knowledge of the CSR involvement and impressions of smaller businesses. Investigating the viewpoints of micro-enterprises on CSR operations aims to close this disparity. Despite their small means, micro-enterprises are very important for local businesses and communities; hence, their attitude to social responsibility is unique and powerful. Social responsibility is commonly understood as the anticipation of voluntary obligations that extend beyond businesses' mere economic and legal obligations (McGuire, 1963). CSR can be defined as CSR, which has been interpreted as a term in which duties and associated activities are designed to promote some social good beyond both legal requirements and an enterprise's immediate interests (Awalluddin et al., 2019). It is characterized as actions and policies by businesses implementing favorable social transformation and environmental preservation (Aguilera et al., 2007). CSR extends beyond legal compliance and encompasses voluntary initiatives intended to advance charitable, activist, or philanthropic societal objectives. It encompasses initiatives prioritizing employee welfare, community engagement, ethical business practices, and sustainability. The primary goals of CSR are to guarantee that organizations operate sustainably, emphasizing the economic, social, and environmental aspects. It includes the equitable treatment of various stakeholders, such as employees, consumers, communities, and shareholders. Businesses strive to improve their long-term viability and repute while positively impacting society through CSR.

Although CSR is seen as a means of connecting business and society, there is a widespread fear that micro, small, and medium-sized enterprises are hesitant to engage in it. Due to various interconnected concerns, most micro-enterprises are reluctant to participate in CSR activities. Firstly, their ability to commit money towards CSR projects is restricted due to low financial resources. In contrast to larger organizations, micro-enterprises have limited resources, making it difficult for them to invest in activities that do not directly generate immediate financial benefits. Furthermore, micro-enterprises often face a shortage of skilled personnel and experience to efficiently design and implement CSR initiatives (Yoshino and Taghizadeh Hesary, 2016). These organizations frequently run with small teams dedicated to essential business responsibilities, resulting in limited ability to handle additional CSR initiatives. In addition, the lack of established frameworks and deliberate planning inside small businesses might impede the progress and execution of corporate social responsibility (CSR) projects. Hence, they are encountering difficulties in systematically incorporating CSR into their commercial operations. Also, the perceived absence of influence is another noteworthy issue. Micro-enterprises may perceive their contribution to CSR initiatives as insignificant compared to larger organizations (Herrmann, 2004), resulting in a feeling of pointlessness in engaging in such activities. Besides, micro-enterprises are frequently subjected to environmental volatility that has a more significant impact than larger businesses with outstanding financial standing to cover up. As a result, they are compelled to prioritize survival rather than engaging in voluntary CSR initiatives. The emphasis on ensuring the sustainability of businesses in a competitive setting can sometimes overshadow their motive to participate in CSR.

Yet, CSR is important for micro-enterprises since it can potentially improve their long-term sustainability, community relations, and overall business reputation. Engaging in CSR initiatives can strengthen community bonds for micro-enterprises. These businesses typically operate in tightly-knit local areas where social and environmental benefits are easily noticed and appreciated. In addition, CSR can distinguish small businesses in competitive marketplaces by fostering consumer loyalty and trust through a demonstrated dedication to ethical practices and social responsibility. Investigating this disparity is essential since micro-enterprises can provide insightful analysis of their CSR viewpoint. How these businesses view CSR drives this research, which will help create more inclusive and pragmatic CSR models that respect the different operational realities of every company type. By filling in these gaps, the study seeks to offer a more complete knowledge of CSR dynamics on several organizational sizes, especially micro-enterprises.

Literature review

Corporate Social Responsibility

Often referred to as Corporate Social Responsibility (CSR), social responsibility handles ethical and environmental concerns as well as cultural and financial ones. This idea underlines the need for people, businesses, and governments to try to improve the general condition of society. Businesses help to solve more general social issues by incorporating social responsibility into their operations, encouraging shared responsibility and group effort towards a better future (Awalluddin and Maznorbalia, 2024). Using CSR as part of their corporate governance programs helps businesses guarantee that their operations are fair and equitable from a social standpoint. These

projects involve a broad spectrum of activities, from lowering carbon footprints and ensuring fair labor standards to supporting charity and community development. Companies can strengthen their reputation and long-term sustainability by including CSR in their basic strategies, fostering employee trust and goodwill. Furthermore, CSR shapes appropriate behavior within a corporation's objectives, values, and interests (Awalluddin et al., 2022). It presents a business model using sustainable and ethical management practices, which eventually accumulate and distribute wealth for the benefit of owners and society. Meffert and Münstermann (2005) state that CSR aligns business practices with society's expectations and provides a framework for businesses to help the local communities in which they operate. This strategy ensures company success in a manner that is both responsible and beneficial to all stakeholders.

Good CSR initiatives can immediately benefit a company by improving its reputation and building consumer loyalty (Servaes and Tamayo, 2013). Nonetheless, several studies show that occasionally, CSR could jeopardize the general financial situation of a company (Fatemi and Fooladi, 2013). However, the need for CSR behaviors keeps rising annually, even if these are still voluntary (Awalluddin, 2020). People's growing curiosity about what companies has done for the environment and society raises CSR reporting needs (Moravcikova et al., 2015). Businesses must compromise between their profit-driven objectives and a more general societal responsibility. It will help them improve their relationships with their stakeholders and benefit society. Many studies have demonstrated the benefits of being a positive corporate citizen so that a well-run CSR program may help the whole company. Businesses, for example, get their legitimacy by getting a social license to operate, which entails the ethical use of resources and assistance for the communities they run across (Awalluddin, 2020). Furthermore, businesses have a moral responsibility to offer social support in exchange for the resources they use from their surroundings. This social contract emphasizes how crucial CSR is to preserving the harmony between corporate activities and society's well-being. Studies by Raza et al. (2014) revealed that CSR policies increase firm profitability. It supports the view that CSR is a moral need and a business advantage with long-term financial success possibilities. CSR projects have significant advantages regarding reputation, consumer loyalty, and long-term profitability, even if they can create financial difficulties. The increased demand for CSR openness reflects increased public knowledge and expectations for corporate responsibility. Businesses navigating this changing terrain must include CSR in their main strategies to remain operational and meet their ethical obligations to the environment and society.

Corporate Social Responsibility in micro-enterprises

The phenomenon of CSR, particularly the integration of social responsibility into corporate practices, has garnered significant interest from the academic community (Carroll, 1999). Prior studies have extensively examined corporate social responsibility at multinational corporations (MNCs), including the works of (Martin et al., 2009; Lee, 2008; Carroll, 1999; Clarkson, 1995). However, these studies have neglected to analyze the impact of CSR on small and micro-enterprises. Nevertheless, there is a unanimous agreement that the small enterprises sector has a significant economic position. Therefore, it is equally important to investigate the concept of CSR in micro and smaller firms, as highlighted by Morsing and Perrini (Vázquez-Carrasco and López-Pérez, 2013; Morsing and Perrini, 2009). The existing research discourages the practice of CSR in micro, small, and medium-sized enterprises (MSMEs) by speculating on the

likelihood of these organizations being passive or hostile towards CSR initiatives (Fitjar, 2011; Ciliberti et al., 2008; Jorgensen and Knudsen, 2006). However, certain researchers have acknowledged the proactive involvement of Micro-enterprises in CSR, as evidenced by studies conducted by (Egels-Zandén, 2017). CSR may not be commonly found in micro-enterprises, yet its absence does not imply that it is entirely non-existent. CSR in micro-enterprises should not be regarded as equivalent to the extensive practices carried out by large firms. Given the various disparities between organizations, such as their size, financial standing, and available resources, it is crucial to approach the concept of CSR in micro-enterprises from multiple angles. Many often engage in CSR activities in an unplanned and sporadic manner due to inadequate resources, such as skilled personnel and financial capital (Lepoutre and Heene, 2006; Jenkins, 2004). Moreover, the fiduciary or ethical incentives typically stem from the personal influence of the owner/manager (Wickert et al., 2016; Burton and Goldsby, 2009), rather than being driven by external or internal pressure from stakeholders (Jenkins, 2006).

Materials and Methods

This study uses an exploratory qualitative research approach to examine problems receiving little or no previous research attention (Brown, 2006), and was conducted in Klang, Selangor, Malaysia. The aim is to grasp micro-enterprise viewpoints on CSR better. Qualitative research aims to develop a thorough knowledge of complicated, context-dependent, mostly non-quantitative material (Mason, 2002). Conversations with people in their natural environments can help the study acquire deep and complex insights into the respondents' opinions on corporate social responsibility (Creswell, 1998). The sample was selected using purposeful snowball sampling to discover information-rich examples that would offer significant insight into the research issue. Respondents had to meet specific requirements to participate in the survey, explicitly demonstrating a keen interest in and understanding of CSR. The investigation discovered around five respondents (R1, R2, R3, R4, and R5) who indicated a readiness to participate. These participants are anticipated to provide valuable insights into the extent and manner in which micro-enterprises participate in CSR, hence illuminating their views and motives. The data analysis will integrate NVivo software, a powerful tool designed to manage, analyze, and visualize qualitative data, to improve the study's rigor. NVivo facilitates a more systematic and organized approach to thematic analysis by allowing the researcher to efficiently code large volumes of text, identify patterns, and investigate relationships within the data. The study can mitigate the risk of human error and bias by utilizing NVivo to guarantee higher accuracy and consistency in the coding process.

The thematic analysis approach has been selected for data analysis because it detects, analyzes, and presents patterns or themes within the obtained data (Ozuem et al., 2022). Data analysis encompasses multiple processes, such as developing a coding system, generating interview transcripts or documents, exploring early data, filtering and categorizing data according to thematic aspects, and detecting linkages among these topics. In addition, we will conduct the following tasks: creating a logical set of questions, propositions, and themes based on the data set, comparing these themes with past research, and generating a narrative. These activities are described by (Creswell and Creswell, 2017; Miles et al., 2014). This methodology guarantees a meticulous and

methodical process for examining qualitative data, clearly comprehending the micro-enterprises' viewpoints on CSR.

Results and Discussion

Business Social Responsibility

The study demonstrates that micro-enterprises exhibit a preference for the notion of business social responsibility (BSR) over corporate social responsibility (CSR) as a result of the distinctive attributes and limitations inherent in smaller organizations. Unlike larger companies, microenterprises lack the financial and personnel capabilities to conduct formalized and often worldwide CSR activities. This constraint makes it difficult for them to participate in organized CSR initiatives that require significant investment and reporting. The R1 stated:

“When it comes to CSR, it primarily affects large corporations. CSR requires further financing. Most of us are doing it on a small scale. We are practicing, but we are unaware that it is CSR”

The statement aligns with R2:

“What I know is that social responsibility in business refers to a business's contribution to society. Social responsibility for a small firm like mine focuses on giving back to the local community. Because of our small business, we provide the public with what we can afford. Those in need frequently receive cash, rice, and oil aid”

The findings of the remaining three respondents (n=3) support the assumption that business social responsibility (BSR) is a more appropriate and realistic approach for micro-enterprises. For instance, R3 emphasized:

“I believe there is social responsibility among micro-enterprises. However, this is not widely known. Because when a huge corporation donates, the news spreads quickly and is covered by newspapers. The public is rarely informed about tiny enterprises. They practice silently, most likely because they lack the necessary skills. If their practice spreads to the general public, many people will wish for their contribution”

These respondents repeatedly stated that their social responsibility initiatives are less formalized, smaller in scope, and based on tight, personal relationships with those in their immediate surroundings. The findings are consistent with the previous study, which emphasized the concept of business social responsibility instead of referring to it as CSR. Small and micro-enterprises exhibit many manifestations of social responsibility motives and initiatives (Jenkins, 2004). Many micro and small businesses are increasingly adopting socially responsible practices and realizing the benefits. Small companies use CSR instruments less frequently than large companies, have fewer formal CSR strategies, are less likely to report on social activities and allocate fewer resources to social responsibility activities. While BSR and CSR may sound identical, they have distinct meanings and interpretations within the focus group. The results

suggest that BSR, which includes less formal and more locally orientated-social responsibility practices, is more compatible with the practical aspects of micro-enterprises. These businesses frequently incorporate social responsibility into their day-to-day activities, motivated by personal beliefs and a deep commitment to their local communities. Many micro-enterprises demonstrate their dedication to their immediate environment by engaging in ethical sourcing, waste reduction, and local charitable contributions. These actions focus on their immediate surroundings rather than formalized CSR plans encompassing broader areas.

Charity in motion

Charity in motion is a fitting phrase to describe the benevolent endeavors of micro-enterprises. This statement highlights the ability of small enterprises to actively contribute to their communities despite having few resources. It underscores the continuous and interwoven nature of microenterprises' social responsibility initiatives within their daily operations. Although micro-enterprises may lack the abundant resources of larger companies, they can nevertheless have a significant influence by consistently and thoughtfully taking action. Micro-enterprises demonstrate that philanthropy and social accountability can be achieved without resorting to large-scale operations. They accomplish this by supporting local initiatives, assisting distressed community members, and implementing eco-friendly measures. They also emphasize the agility and promptness of micro-enterprises since they can swiftly adjust their endeavors to fulfill the immediate needs of their communities, maintaining their charity in motion. The theme was supported by R3's statement, who was actively involved with community building in providing Quran education. He stated:

“Though I perform it on a relatively small scale, I observe a significant influence on the nearby area. For instance, thirty and forty children-including adults-come to learn in my place. My acts improve the relations with the community around me and directly help the community grow, therefore benefiting its members with knowledge”

Besides, R5 mentioned that:

“From what I know, this sort of activity helps me to get closer to the community around me. For instance, my business is run out in my hometown. Though I gave very little, my support somewhat lessened their load—especially for those with big family members. They can spend their money on additional needs and are free from concern for essential ones”

The results of this study are consistent with Klein and Vorbohle (2011) research, which emphasizes that small businesses primarily participate in charity with a specific emphasis on their local communities. Many view this involvement as a moral practice rather than a calculated economic choice. These businesses are driven by a sincere dedication to their communities rather than deliberate attempts to improve their brand or market position. In addition, the research conducted by Madden et al. (2006) supports this viewpoint by emphasizing that the social responsibility efforts of owner-managers in small enterprises are driven mainly by their ethical values. The principles are firmly rooted in a robust desire to promote social and communal harmony, which can be accurately summarised by the phrase “charity in motion”. This term denotes enterprises

that consistently and actively give to society, not merely as a one-time occurrence but as an ongoing and integral component of their operations. Furthermore, this predisposition is evident in social issue-solving and empowerment. Incorporating the “charity in motion” notion into this ethical framework emphasizes the active and dynamic nature of the social responsibility initiatives of these micro-enterprises. Micro-enterprises typically have a more flexible and adaptable approach to social responsibility, unlike larger companies that often implements formal and planned efforts. Their “charity in motion” demonstrates a continuous and active involvement with their communities based on their ethical viewpoints.

Conclusion

This study highlights that micro-enterprises prioritize business social responsibility (BSR) above corporate social responsibility (CSR) because of smaller organizations' distinct constraints and attributes. Unlike larger corporations, microenterprises may lack the financial means and staff to participate in formalized, extensive corporate social responsibility (CSR) endeavors. Instead, they instinctively lean towards BSR, which encompasses less standardized, community-orientated, and morally-guided approaches. Owner-managers firmly establish this strategy in their human beliefs, driven by a sincere dedication to their communities rather than strategic business considerations. The “charity in motion” concept represents the active and ongoing character of these social responsibility initiatives. Micro-enterprises exemplify the notion that significant philanthropy does not necessitate extensive resources. Instead, they can accomplish it through regular, deliberate activities benefiting nearby communities. Their actions, such as assisting with local initiatives, helping those in need, and advocating for community well-being, demonstrate a profound moral need to contribute to society. The business frequently incorporates these actions into its daily operations, making social responsibility an intrinsic aspect of its character. To optimize the efficacy and visibility of BSR among micro-enterprises, it is advised that these businesses prioritize ethical, community-centric initiatives that strike a chord with their localities. Policymakers and business support organizations should offer customized tools and frameworks that recognize the distinct capabilities of micro-enterprises in social responsibility. Furthermore, it is vital to make a concerted effort to enhance the prominence of these contributions, possibly by providing training on the methods of documenting and effectively communicating their BSR actions. Through this approach, micro-enterprises can amplify their influence on society and get increased acknowledgment and backing for their socially conscientious actions, promoting broader engagement and nurturing a culture of “charity in motion”.

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Conflict of interest

The authors confirm that there is no conflict of interest involve with any parties in this research study.

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