

An exploratory evidence of practice, motivations, and barriers to corporate social responsibility (CSR) in small and medium enterprises (SMEs) of Khyber Pakhtunkhwa Pakhtunkhwa (KPK)

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Abstract

The discussion on the issue of corporate social responsibility has shown a shift from large organizations to small and medium enterprises (SMEs). It has been observed that SMEs do address issues underlying CSR. However, such activities of SMEs are not similar as the CSR activities of large organizations. Moreover, the underlying motives and barriers of CSR might be change across type of organization, region of world, and time. This qualitative study is conducted for exploring CSR activities, and the motivations and barriers of CSR in context of Khyber Pakhtunkhwa (KPK). After literature review, 12 SMEs – 8 manufacturing and 4 service sector – were selected. A total of 17 Informants were selected for in-depth semi-structured interview from different industrial sectors through judgment sampling. Triangulation is done to validate the findings of study by choosing sample of diverse set of professional, industries, and through comparing the results with studies conducted in other parts of the world. Findings suggest that many of SMEs do focus on CSR issues, however, such organizations relate the term with philanthropic contributions. Six main categories of CSR in SMEs are found with three categories of motivational factors named as: intrinsic, instrumental, and stakeholder pressures. Further, owners/managers of the SMEs stated financial constraints, managerial skills, and infrastructural problems as main impediments to implementation of CSR.

Keywords: Corporate Social Responsibility, SMEs, Motivations, Barriers, Stakeholders

The phenomenon of globalization has put business under immense pressures to compete for survival across the world. Consequently, business needs to find new avenues for survival and expansion. At the same time, the business has felt pressures from a diverse set of stakeholder – who demands their interests to get served. Such an environment of intense competition demanded private enterprises to respond to the conflicting needs of various stakeholders in a more proactive and sincere way. Corporate social responsibility (CSR) is one of the postures of modern business that can help to manage and serve diverse needs of stakeholders. Two fundamental questions that arise in connection to CSR and have been frequently studied are: what does CSR mean and why firms address CSR. Generally, CSR has been defined in terms of business voluntary responses beyond observance of legal and economic responsibilities (Carroll, 1979). However, CSR has

no objective definition and is perceived and defined with different ways by various scholars and organizations (Dahlsrud, 2008). Carroll (1979) defined CSR revolving around four dimensions, i.e. economic, legal, ethical, and philanthropic where it is assumed that an organization's first set of responsibilities is economic and legal but ethical and philanthropic responsibilities are also critical for business. Additionally, the domain of CSR is comprised of several issues, i.e. plant closures; employee relations; human rights; corporate ethics; community relations; and environmental issues (Moir, 2001). Whereas, the definition of CSR helps in answering the “what” question; for researchers it is also necessary to answer “why” question. It is found that business response towards social, ethical, and environmental issues are the result of various motivations. McWilliams, Siegel, and Wright (2006) explained various underpinnings of CSR that include; agency theory, institutional theory, resource-based theory, stakeholder theory, stewardship theory, and theory of firm. Similarly, Garriga & Mele (2004) discussed four types of theories in relation to CSR, i.e. instrumental, political, integrative, and ethical theories of CSR.

SMEs constitute large part of business across the world and its economic significance is obvious for the reason that SMEs are part of the supply chain of every large business. Further, most of the workforce employed by SMEs is quite higher than large-sized businesses (Tyagi, 2012). SMEs, similar to their large counterparts, experience competing pressures and in order to grow and sustain the performance, CSR strategy can serve the interests of SMEs alongside stakeholders. Despite the socio-economic significance of SMEs, CSR has been frequently cited and associated in context of large organization whereas very less attention has been paid towards implications of the concept in SMEs (Jenkins, 2006; Morsing, 2006). SMEs usually associate CSR with philanthropic activities (Sweeney, 2007), however, activities of SMEs are spread over large number of CSR categories. SMEs entertain CSR in terms of market-oriented activities, workforce-oriented activities, society-oriented activities, and environmental activities (Mandl, 2009). However, due to the fuzzy nature of CSR, SMEs in different region might assume CSR in different ways and there could be different grounds for pursuing such practices (Battaglia, Testa, Bianchi, Iraldo, & Frey, 2014).

Furthermore, till present, no study is conducted in relation to SMEs in Khyber Pakhtunkhwa, Pakistan. KPK is smallest of the provinces of Pakistan and therefore, lack resources and infrastructure for the development of business. Socio-economic indicators of the province do not portray a healthy picture (Bureau of Statistics, 2015), for example, unemployment rate in the provinces is recorded as 8.5 percent compared to national average of 5.5 percent and female are unemployed (Government of KPK, 2015).

“High unemployment rates, particularly among the youth, have been a persistent phenomenon in the more recent past... the numbers of jobs have reduced as economic growth has remained sluggish since the conflict began, forcing the closure of businesses and damage to public infrastructure” (Government of KPK, 2014, p. 19).

Keeping in view the socio-economic problems of KPK, initiative by business enterprises alongside government can help masses to solve the problems to an extent. The present scenario in KPK highlights the importance of addressing socio-economic concerns of stakeholders by business. SMEs in KPK, similar to other parts of world, are the life-blood of the economy, and hence need a strategy for growth and stability and can contribute significantly in terms of foreign exchange (Tyagi, 2012). SMEs need to adopt ethical and social responsibility standards to satisfy needs of global buyers/stakeholders and not just local stakeholders.

This study has focused on exploring the categories of CSR of SMEs along with underlying motivations and barriers in context of KPK. In the first part, the concept of CSR and theoretical perspectives are discussed, in the second part, CSR in relation to SMEs is highlighted, third part provides detail of methodology, and the fourth part is about discussion and findings of the study.

Definition and theoretical perspectives

The concept of corporate social responsibility (CSR) has gone through different phases of evolution since it has been coined in 1950's (Carroll, 1999; Luthans, Hodgetts, & Thompson, 1984), however it is still a broad concept with several dimensions – that are composed of various activities concerned with conflicting interests of many stakeholders of business – and indeed requires an objective definition that is not yet available (Dahlsrud, 2008; Kakabadse, Kakabadse, & Rozuel, 2007; Carroll, 1991; Visser, 2010). However, according to Votaw (1972, p. 25), “corporate social responsibility means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in the ethical sense....” CSR in practice has been termed as very contextual, very sensitive to environmental, organizational, and individual specificities which makes CSR as a complex concept and difficult to define once and for all (Kakabadse, Rozuel, & Lee-Davies, 2005). The domain of CSR covers a wide range of issues comprised of plant closures, employee relations, human rights, corporate ethics, community relations and the environment (Moir, 2001). One of the most cited definition of CSR in literature is given by World Business Council for Sustainable Development (WBCSD). WBCSD defines CSR as "the

continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large” (WBCSD, n.d.). Furthermore, Carroll (1979) classification of CSR is a significant and exemplary work for conceptualization and classification of CSR. He proposed a four dimensional definition of CSR comprised of economic responsibilities, legal responsibilities, ethical responsibilities, and discretionary (philanthropic) responsibilities. It is assumed that business’s top priority is wealth creation and earning profits as long as such objectives are achieved by compliance to legal requirements, however, at the same time, business has to entertain ethical and philanthropic concerns of stakeholders.

Theoretical perspectives provide an illustration of factors that encourage companies to undertake various CSR activities. Garriga & Mele (2004) identified four broad theoretical perspectives underpinning various approaches. The first group of theories on CSR is named as “instrumental CSR” where every social activity of the business is recognized, if and only if, it contributes to wealth creation process; e.g. strategies of organization that can accrue shareholder value and earn competitive advantage. The second set of theories is called “political theories” where an organization accepts certain level social rights and duties and participates in social cooperation to some extent; e.g. corporate citizenship theory and integrative social contract theory. Third group of theories is termed as “integrative theories” where it is assumed that business depend on society for its growth and existence and it is essential for business to integrate social demands; e.g. theories of corporate social performance and stakeholder management . The last set of theories points toward the ethical grounds for relationship between business and society and it emphasized that a business ought to accept CSR as an ethical obligation, e.g. theories about universal rights and sustainable development. Similarly, according to McWilliams, Siegel, and Wright (2006), Company responses to various social and environmental issues have been explained under the head of agency theory, stakeholder theory, stewardship theory, institutional theory, theory of the firm, and resource based view.

Table 1. Theoretical perspectives on CSR

Theoretical perspective(s)	Description
Agency theory	CSR actions are mainly a result of self-serving behavior of managers at the expense of shareholders
Institutional theory	Societal institutions play an important role in establishing a moral code for organizations
Resource-based view	CSR is considered as a distinctive capability to produce competitive advantage for firm

Stakeholder theory	CSR is basically the result of establishing relationships with actors/entities which are influenced or can influence the business
Stewardship theory	CSR is driven by moral values/needs of managers to adopt right course of action without considering its affect on performance
Theory of the firm	CSR initiatives are driven by the market forces based on the assumption that it can produce social goods as well as strengthens company's position

Source: Adopted from McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate social responsibility: Strategic implications. Journal of Management Studies, 43(1), 7.

CSR in SMEs

The issue of adherence to CSR by SMEs is in nascent stage when compared to large organization. CSR and related concepts have been extensively discussed in context of large organization whereas very less attention has been paid to SMEs (Jenkins, 2006). The nature of CSR activities in SMEs is not similar to large organization due to the nature of such organization as SMEs are more flexible and self-managed (Spence & Rutherford, 2003). Additionally, CSR of large organizations cannot be simply copied and implemented onto SMEs (Jenkins, 2004). Large organizations usually deploy universally acceptable principles for managing CSR (Wilkinson, 1999) whereas norms and values of owners and management matter for undertaking CSR activities in SMEs (Bos-Brouwers, 2010; Suprawan, Bussy, & Dickinson, 2009). The CSR's four dimensional framework of Carroll (1979) has been criticized on the ground that the order of CSR activities can change from culture to culture, for example, in a survey of African companies philanthropic responsibilities are considered as second priority right above the economic responsibilities. Whereas the proposed pyramid of CSR by Carroll (1979) states a different order of responsibilities.

CSR, in context of SMEs, is often assumed as a certain set of responsibilities towards various stakeholders of firms, for example, market-oriented activities; workforce oriented activities; community oriented activities; and environmental activities (Mandl, 2009; Saleh, 2009; Turyakira, Venter, & Smith, 2012) and SMEs entertain various activities under the principles of stakeholder management (Tyagi, 2012). According to Mandl (2009) and Turyakira, Venter, and Smith (2012), workforce activities focuses on several aspects of human resource and deals with motivation, satisfaction, retention, and development of employees. The CSR activities under this dimension can include, work-life balance; providing job security and flexibility; fair remunerations and compensation; participation of employees in decision-making process; policies related to employees' health and safety; and labor rights etc. Market-oriented activities are directed towards market constituencies, i.e.

customers, suppliers, competitors and could be comprised of, improvements in quality and safety of products; fair pricing; contracting local partners; on-time payments to suppliers; using standards in supply chain; encouraging healthy competition; and increasing value for shareholders etc. Community-oriented activities deals with social welfare and community development and include, social and labor market integration; education and healthcare; active and voluntary engagement of employees in community welfare (by either donating for welfare cause or participating in community development programs by combining efforts with governmental or non-governmental organizations); and sponsorships etc. Environmental activities are directed at environmental protection and include, designing environmental friendly/green products and processes; efficient use of resources; waste reduction with deployment of environmental management system; and creating awareness on environmental issues among business stakeholders etc. In another study conducted by (Saleh, 2009), four dimensions – i.e. Employee, Community involvement, Product, and environment – of CSR are explored in Malaysian SMEs, where “employee” dimension is found as more prevalent practice of CSR in SMEs followed by product, community involvement, and environmental exercises. Categorization of CSR into four dimensions is most common in literature related to SMEs. However, the classification and categorization of CSR in SMEs can take different forms, for example, ISO26000 (which is a voluntary framework to guide social responsibility decision in organizations and does not require any certification) has listed seven core areas of social responsibility, which are named as: Organizational governance – practice of accountability and transparency at all levels of organization and leadership with a sense of responsibility; Human rights – treating everyone in a respectful way and helping members of vulnerable groups; Labor practices – treating employees with just and fair way; Environment – caring about environmental aspects of business e.g. reduction of wastes and making efficient use of resources; Fair operating practices – acknowledging and observing all the legal requirements and rights of stakeholders; Consumer issues – offering safe products and accurate information on use of products; and Community involvement and development – act as good neighbor in local community (ECOLOGIA, 2011, p. 10).

Motivational factors and barriers of CSR in SMEs

A large account of research till date has emphasized that CSR strategy of the firms can provide benefits in different ways to respective firms (Aupperle, Carroll, & Hatfield, 1985; Burke & Logsdon, 1996; Du, Bhattacharya, & Sen, 2010). Environmental and eco-friendly business strategies can payoff firms with better financial returns (Baker & Sinkula, 2005) and businesses can handle different forms of risks by responding proactively to environmental challenges (Lash & Wellington,

2007). However, the relationship of CSR with its antecedents and outcomes are dependent on the level of competition, regional political and economic context, and institutional settings (Kim & Scullion, 2013). According to Du, Bhattacharya, and Sen (2010), the benefits of CSR, such as; stakeholders' attitudes towards purchase, seeking employment in the company, investment in the company, and long term benefits of corporate image, reputation, and strengthening of relationship with stakeholders can be achieved more effectively when companies entertaining CSR activities also develop a comprehensive CSR communication program in parallel.

Ven and Graafland (2006) described the general motives behind CSR could be as moral and/or strategic. The strategic motives of the firm results in better financial performance whereas moral motives are of intrinsic value. Their research concluded that CSR initiatives by companies are mostly the result of intrinsic motivations of management rather extrinsic and emphasized that companies should adhere to the intrinsic motivation more than extrinsic because the later could drive out moral grounds. They also stated that, compared to small companies, large companies are more involved in CSR activities and that small companies are less inclined to the use of formal CSR instruments (such as ISO certifications) and whereby such instruments do help large organizations in communicating values and norms to the organizational publics but are not really functional for small organizations. However, SMEs do practice CSR in most of the operational processes and employees working in such types of organizations communicate the purpose internally (Suprawan, Bussy, & Dickinson, 2009). Similarly, in another study by Morsing (2006), it is stated that SMEs are engaged in CSR practices with normative stance, that is, SMEs believe that a firm should pursue CSR "because it is the right thing to do", whereas large organization supports "business case" for addressing social and environmental concerns and which according to Enderle (2004) implies that CSR in SMEs corresponds to political theories of Garriga & Mele (2004). In contrast, many research findings reveal that socially responsible initiatives at SMEs are primarily driven by instrumental and legitimacy arguments (Andy & Mustapha, 2013; Morsing, 2006). It implies that many SMEs address social and ethical concerns not just because of ethical values of management but to obtain something in return, e.g. reputation; stakeholders' trust; market-related benefits; and workforce related benefits etc.

Organizations (regardless of size and type) experience barriers in addressing the concerns of stakeholders. Such are the factors that hinder organizations from adopting a socially responsible behavior. In a study of textile sector by Shen, Govindan, and Shankar (2015), companies undergo barriers such as lack of stakeholder awareness; lack of training; lack of information; financial constraints; lack for concern for reputation; lack of customer awareness; lack of knowledge; lack of regulations and

standards; diversity; company culture; lack of social audit; and lack of top management commitment. The studies related to barriers of CSR are so far conducted in context of, different cultures, supply chain, and types of organizations (Shen, Govindan, & Shankar, 2015). SMEs face barriers in observing CSR related practices due to the fact that such organizations often lack adequate finances, time, and long-term vision (Sweeney, 2007).

Research Methodology

This study is based on qualitative research design and whereby semi structured in-depth interview method is deployed. The main purpose of such a qualitative study is exploration of CSR dimensions and corresponding motivational factors in context of Khyber Pakhtunkhwa. Additionally, this research will help to develop an instrument for depicting the relationship between CSR activities of SMEs and its underlying motivations. According to Morse and Richards (2002, p. 28), the qualitative research is helpful when “the purpose is to learn from the participants in a setting or process the way they experience it, the meaning they put on it, and how they interpret what they experience”. Such a method of inquiry can be used “to understand complex social processes, to capture essential aspects of a phenomenon from the perspective of study participants, and to uncover beliefs, values, and motivations...” (Curry, Nembhard, & Bradley, 2009, p. 1442). Furthermore, in-depth interview method provides comprehensive and rich information (Creswell, 1994) and is more flexible in nature (Bailey, 1982).

Total of 12 SMEs comprised of 8 manufacturing units and 4 service sector companies were selected from three large cities of KPK (Peshawar, Mardan, and Kohat) with the help of judgment sampling techniques. Judgment sampling technique has proven to be useful for selecting only those companies that fulfill the criteria of SMEs (Creswell, 1994). The companies included in sample were related to match production, packaging and printing, marble and tiles, homeopathic medicines (Dawakhana), food processing, woolen products, beverages, education, retail, and wholesales. According to Adams and Cox (2008), in qualitative research, triangulation is necessary in order to validate the results of study which can be done through obtaining data and information from variety of sources, for example, data obtained from different companies and professional and theoretical triangulation can be done if the outcomes of the research are compared with other studies. The informants from diverse set of industries supports the argument of triangulation and thereby increases the validity of research process. 17 Informants from the selected companies were interviewed, who were either owners or managerial staff of companies.

SMEs are defined in different ways across the types of industries and regions of the world. The definition by SME Bank (Pakistan) and

State Bank of Pakistan is used for this study. According to State Bank of Pakistan, a business entity can be categorized as SME, if total employment is less than 250 (in manufacturing) and less than 50 (in services) with total annual turnover of Rs. 300 million or less.

An interview guide comprised of thirteen questions on practice, motivations, and barriers to CSR in SMEs was designed in English language. Due to linguistic constraints, local languages such as Urdu and Pashto were also used during the conversation process to further clarify the essence of questions and facilitate the whole interview process.

Themes were identified from the extensive information obtained through interviews. Theme identification process started from the first couple of interviews and lasted till no further themes were emerging (Curry, Nembhard, & Bradley, 2009). Six main themes were identified in context of CSR activities in SMEs and three themes emerged in relation to motivations of CSR.

Findings of the study

Research findings are based on three main questions of the research that were put to management and owner of SMEs. The first question is about the meaning of CSR; second question is on motivations of CSR for SMEs; and the third question deals with barriers of practicing CSR in SMEs. Furthermore, the main questions of the research were further comprised of sub-questions in order to develop a better judgment about themes which is considered vital in qualitative research, particularly mixed-method research (Onwuegbuzie & Leech, 2006).

Meaning of CSR:

This part of the research is based on two sub-questions, the first is; what are the perceptions of management in SMEs about CSR, and second is; what is being practiced by SMEs in context of CSR. Many of the management staff in SMEs was found unfamiliar to the notion of CSR. The management of the SMEs usually believed CSR as “addressing the concerns of stakeholders” contrary to “addressing broad social issues or problems”. The majority of managers/owners revealed that organizations need to entertain problems faced by major stakeholders irrespective of the size of organization. However, at the same time, management has also taken “CSR” synonymous to just philanthropy and ethical conduct of the business. The following statements by the informants highlight how CSR is perceived in SMEs.

“It’s a kind of reciprocal relationship between company and its stakeholders”

“It is about how a business takes care of its employees, customers, and community”

“CSR means donations for noble cause out of company’s profits”

Environmental concerns were also shown by some staff of the manufacturing organizations but such a case was only visible in large SMEs. Similarly, on matter of practicing CSR in SMEs, Informants expressed certain examples related to different stakeholders like providing better quality products, fair prices, providing a safe workplace to employees, playing by the rules, recycling and environmental initiatives etc.

*Example quote by a manager of food processing company:
“We are much better than our competitors in providing healthy and safe products and fulfill all the requirements under ISO14000”.*

The analysis of recorded statement of Informants on CSR perceptions and practices in SMEs led to extraction of six core themes, i.e. Market-oriented activities; Employees welfare activities; Community development; Ethical conduct; Legal obligations; and Environmental activities. It is evident from the findings that SMEs follow certain CSR principles even in developing regions of world, although there is no sufficient evidence available for observing a standard code of conduct in such organization.

Table 2. Themes extracted from iteration process about meaning of CSR in SMEs

CSR theme	Concerns of Informants
Market-oriented activities	Product quality; fair price; profits maximization; customer care; fulfilling promises made with stakeholders; providing information to customers about product ingredients and use
Employees welfare activities	Providing a safe workplace; paying employees at right time; performance-based remunerations; observing legal requirements related to employees benefits; training of employees; building relationships with employees; involving employees in decision-making
Community development	Partnering with governmental and non-governmental organizations for social causes in terms of sponsorships; donations for community development purpose; fulfilling employment needs of the community
Ethical conduct	Observing cultural and religious code of conduct in business matters; promoting fair business practices in industry; transparent to all the key stakeholders, working with honesty and integrity
Legal obligations	Playing by the rules, regulations, and standards set by government, industry, and business community; payment of taxes; pursuing policies and guidelines

	given by labor unions
Environmental activities	Production and operations efficiency; reduction of wastes; recycling; environmental protection initiatives; pollution reduction initiatives; promoting energy conservation practices

The management staffs in service sector SMEs are found to be more concerned about environmental and community related initiatives, whereas manufacturing enterprises are found primarily interested in efficient production processes and legal obligations. This could be due to the fact that manufacturing units in most parts of the KPK are often clustered around single place whereby they closely monitor the practices of counterparts and show a reactive stance towards different social and environmental issues. Furthermore, service sector does not face environmental pressures similar to manufacturing sector because of the difference in processes.

Motivation of CSR:

Three sub-questions were asked from Informants related to motivational factors. The first question is; why SMEs should take socially responsible initiatives, second question is; what benefits you perceive with entertaining socially responsible practices, and third is; what are the broader environmental factors that force your organization to address issues under CSR.

Management expressed a mix of driving factors behind CSR initiatives and whereby an explicit statement could not be given (with ease) on the major motivational factors that lead towards more socially responsible attitudes and practices in SMEs. However, most of the managerial staff in SMEs was of the view that CSR practices are usually the result of either personal beliefs of owners/managers and/or, in some cases, such initiatives are driven by instrumental objectives, for example, market share, organizational growth, competitive advantage, and reputation. Moreover, many of the Informants were of the view that social responsibility practices helps organizations in terms of consumers and employees related benefits. The link between CSR and marketing-related vis-à-vis employees' benefits is evident from past studies as well (Turyakira, Venter, & Smith, 2012) that can further enable SMEs to achieve performance in financial terms (Battaglia, Testa, Bianchi, Iraldo, & Frey, 2014). Three main themes of motivations of CSR are drawn from responses of management staff.

The first theme is labeled as “intrinsic motivations” that deals with personal norms, values, beliefs (Jenkins, 2006), and attitudes of managers, for example, Informants answered the first sub-question as: “because it my religious and moral duty”; “I prefer to do something different and pleasing”; “taking the burden of social issues is difficult but we do that because it’s challenging”. The second theme is labeled as

“stakeholder pressures” that are comprised of customers, employees, suppliers, governments, competitors, and community expectations. The third theme is named as “instrumental motivations” that embodies outcomes of CSR initiatives in terms of profits, reputation, market share, organizational growth, and overall competitiveness (Tyagi, 2012).

Table 3. *Motivational themes extracted after iteration process*

Theme	Concerns of Informants
Intrinsic motivations	Personal beliefs, norms, values, and attitudes of management and ownership; pleasure found in ethical and social activities; personal satisfaction; excitement; aptitude to face challenges
Stakeholders’ pressures	Customer satisfaction; employee satisfaction and retention; legal and regulatory obligations; community expectations; suppliers expectation
Instrumental motivations	Earning profits; market share; reputational benefits; competitiveness; organizational growth

Barriers of CSR:

To inquire into problems faced by SMEs in KPK, two sub-questions are asked from Informants. The first question is about the obstacles in entertaining CSR which is more like a direct question and the second question is about the necessary conditions that would enable SMEs to better address social and environmental issues. The main barriers found for non-compliance to standard CSR activities are: financial constraints; managerial skills; organizational values and norms; industrial norms; political and economic instability; infrastructural problems; and uneven implementation of laws etc. Management of SMEs is often of the view that prevailing political and economic conditions do not allow small businesses to act in accordance with CSR principles. One of the major factors that hinder SMEs from taking on social responsibility initiatives is prevailing crisis in shape of terrorism which has aggravated other problems. However, SMEs due to their flat hierarchical structure, ownership style, and size of business are in better position to respond towards social, ethical, and environmental problems in more proactive way (Bos-Brouwers, 2010).

Conclusion and Theoretical Implications

The notion of CSR is intensively discussed in relation to large enterprises; however, SMEs also act in accordance with social, environmental, and ethical principles. From the past few years, the focus of research on CSR is changed from large organization to SMEs and the several studies have been conducted in that regard. Previous research studies found that SMEs usually consider CSR in context of various activities undertaken in business operations, for example, activities related to workforce, market/customers, environment, community

welfare, and protection of human rights. Six categories of CSR in SMEs are explored in context of Khyber Pakhtunkhwa. The categories of CSR in SMEs of KPK are labeled as: market-oriented activities; employees' welfare activities; community development; ethical conduct; legal obligations; and environmental activities.

Furthermore, SMEs pursue CSR initiatives for instrumental and normative reasons. Similarly, SMEs in KPK are found to take such initiatives because of stakeholders' pressures, intrinsic reasons, and instrumental objectives. However, non-adherence to the cause of CSR can be attributed to several factors, e.g. management skills, awareness of stakeholders, cost pressures/lack of financial resources, and organizational norms and values.

This study paves the way for developing an instrument to test the interrelationship of CSR activities with motivations. CSR by SMEs is perceived in form of different operational activities taking place which makes it clear for policy and decision makers to understand the implications of the concept in such types of organization. Therefore, this study is also congruent to the findings of other studies conducted in the similar field across the world. The study helps in drawing out following propositions.

Proposition a: SMEs entertain CSR activities because of normative reasons

Proposition b: SMEs entertain CSR activities because of instrumental reasons

Proposition c: SMEs entertain CSR activities because of stakeholders' expectations

The propositions can further be expanded to various hypothesis developed on relationship of each CSR activity with the motivations of the concept. Additionally, the moderating role of barriers in the model can help in examining effect of such impeding factors in implementation process of CSR.

A major limitation of this qualitative study is that only 12 SMEs from three cities of KPK are selected to explore the main themes related to the objectives of the study. Though, the major categories and themes drawn with this study also correspond to the findings of other studies (Bos-Brouwers, 2010; Mandl, 2009; Morsing, 2006), a generalized depiction will only be possible after further inquiry of the issue with quantitative techniques.

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