

Exploring Small and Medium Enterprises' Corporate Social Responsibility Practice in Ethiopia's Tigray Regional State: a Supportive Conceptual Framework

by

Kahsu Mebrahtu Areaya

Submitted in accordance with the requirements

for the degree of

DOCTOR OF BUSINESS LEADERSHIP

at the

University of South Africa

Supervisor: Costantinos Berhé Tesfu

May 2020

STATEMENT OF ORIGINAL AUTHORSHIP

I certify that the work presented in this thesis is original, except as acknowledged in the text and that the material has not been submitted, either in whole or in part, for a degree at this or any other university. I also certify that, to the best of my knowledge, any help received in preparing this thesis, and all sources used have been acknowledged in this thesis.

Name: KahsuMebrahtuAreaya

Signature:

Date: 27May 2020

DEDICATION

To my beloved mother Mrs BelayneshTeseema, for your constant encouragement to be me and motherly care. Your vision and commitment in sending me to a distant location school during the bloody Civil War in Northern Ethiopia are unforgettable. Thank you very much for your immeasurable contributions to my life.

ACKNOWLEDGEMENTS

First and foremost, I am grateful to the Almighty God for healing me from such a deadly disease! Many people helped me in completing this research work. Firstly, I want to acknowledge my supervisor, Costantinos Berhé Tesfu (PhD), for his moral support, supervision, and suggestions while dealing with the research activities. My warmest appreciation goes to my friend, DrZelean Tafere, for his critical comments, assisting of materials, and overall support. Moreover, I want to thank all respondents of the SME owners, managers and professionals at the Micro and Small Enterprises Agency of Tigrai Regional State and the Tigrai Regional State Trade and Investment for your cooperation to collect primary and secondary data. Sincere appreciation goes to my thesis examiners for their dedicated work, comments and suggestions.

The heartfelt support and timely response of the UNISA librarians (such as Mr Mega), the academic program coordinators at Addis Ababa (Mrs Zeyneba Ahmed, Dr Tsige, Mr Yifru, Mr Meseret), and in South Africa (Prof. Breggie van der Poll, Alfred) is worth appreciated. Especial appreciation goes to Prof. Breggie for her very swift responses, cooperation , helpful advice and proof reading of the final draft . The suggestions, cooperation, and quick responses of Mrs Zeyneba Ahmed helped me a lot to concentrate and complete my study. Moreover, I want to appreciate all professors from UNISA and SUNTRUST who provide me valuable knowledge through their practical training in research methodology. I owe a debt of gratitude to the Mekelle University Management, especially Prof Fetien Abay, Vice President for Research and Development and Coordinator and Director of the Integrated Seed Sector Development (ISSD), Prof Kindeya Gebrehiwot, University President and DrTsehaye (now Axum University's President), the late Dr Dereje Assefa, department heads , staff members of the Department of Management and the deans of the College of Business and Economics for their financial and material support during my study.

My sincere appreciation goes to Mekonnen Amare, Tesfay Aregawi, and Habtamu Tefera who assist me in editing, proof readings and forwarding critical comments during the proposal stage of my research. I am deeply grateful to Christele Woudberg for her critical language and technical editing of my final paper. I owe a debt of gratitude to Alem

Gidey, Dr Fisseha Abadi, Dr Yonattan and Tecele Hagos for helping me to settle editor's fee. Moreover, I want to appreciate my colleagues, Dr Abebe Ejigu, Dr Bihon Kassa and Dr Hailay Gtensae for their encouragement to complete my study, especially when I was seriously sick.

Special thanks go to my family members, especially my wife Kiros and my children Amanuel, Bethlehem and Yohanna –thank you very much for your support and patience during my study period. Furthermore, Dr Dereje Teklemariam, Dr Tsegabrhan Mekonnen, Gidena Mebrahtu, Haben Redae, Matebe Emrie, Yahya Ibrahim, Taju Mohammed, Hadush Zewde, Mekuria Tesfaye, Abyot Tesfaye, Getu Eshetu, Toiba Ali, Fithhanegest Kindeya for your friendship, brotherly treatment, and support.

Finally, I want to thank all individuals not mentioned by name who contributed in many ways to complete my study.

LIST OF ACRONYMS

- CSA** Ethiopian Central Statistical Authority
- CSR** Corporate social responsibility
- EEA** Ethiopian Economics Association
- ERCA** Ethiopian Revenue and Custom Authority
- FDRE** Federal Democratic Republic of Ethiopia
- ILO** International Labor Organization
- MSE** Micro and Small enterprises
- MSEAT** Enterprise Agency of Tigray
- NGOs** Non-governmental organisations
- ReMSEDA** Regional Micro and Small Enterprises Development Agency
- SMEs** Small and Medium Enterprises
- UN** United Nations
- MoTI** Ethiopian Ministry of Trade and Industry
- I-CSR** Internal Corporate Social Responsibility
- UNCTAD** United Nations Conference on Trade and Development

ABSTRACT

Global poverty remains one of the significant challenges of human beings in the twenty-first century, despite the United Nation's declaration that all people have the right to education, work, health, well-being; a healthier environment and equal opportunities. The active role of business organisations is vital and necessary to tackle this challenge. One of the mechanisms that can ensure the participation of business organisations in tackling the challenges of human beings is corporate social responsibility (CSR). Accordingly, the primary purpose of the study was to explore CSR initiatives in Ethiopia, focusing on the small and medium enterprises (SMEs) of the Tigray Regional State. More specifically, the study aimed at assessing the perceptions SME owners and managers' perceptions of CSR regarding their economic, legal, ethical, environmental and philanthropic responsibilities. The aim was also to investigate their CSR initiatives and to analyse the driving forces of and barriers to CSR interventions.

An exploratory survey research design and a mixed method approach were followed to achieve these objectives. A probability sampling technique was applied to select the 400 sample respondents. A convenient sampling technique was applied to select 15 participants for interviews. Questionnaires, key-informant interviews and secondary documents were used as a means of data collection. Descriptive statistics such as percentages, means, and standard deviations were applied to analyse the quantitative data. The qualitative data was analysed using content analysis where items were transcribed, and emergent themes were identified.

The findings of this study are that the SMEs surveyed have an appreciable level of CSR initiatives. They have care and concern towards their employees; the local community and the environment. Furthermore, the SMEs relatively protect the health and safety of their employees, protect against substance abuse and harassment of employees in the workplace; strive to provide professional training to their employees, and arrange orientation programmes, to mention but a few. SMEs have energy and water measurement systems and carry out philanthropic activities that can protect the well-being of the environment, but they are weak in recycling and energy conservation and in creating environmentally friendly new products. At community level, SMEs assist sports

activities, road construction, religious organisations and local government. Furthermore, they create gainful employment opportunities.

However, they give minimal attention to helping the disabled, war veterans, women, education, and similar areas. The quest for image building, keeping the well-being of the environment, ethical reasons and improving customer relations and loyalty were among the prime factors that motivated SMEs to participate in CSR initiatives. However, the concerted efforts of the enterprises' participation in CSR activities were constrained by factors such as shortage of finance, lack of skilled and educated workforce who can implement the CSR initiatives and lack of training and information about CSR. To alleviate these constraints, thereby making SMEs the major actors in CSR initiatives, interventions by government and other stakeholders such as NGOs is essential. Furthermore, SMEs should follow a culture-oriented, ethics primary, motivated and collaborative approach rather than profit-oriented CSR.

Keywords: Corporate social responsibility, small and medium enterprises, stakeholder theory, CSR drivers, CSR barriers

Isishwankathelo

Ubuhlwempu ehlabathini busengomnye umngeni onzima eluntwini kule nkulungwane yamashumi amabini ananye, nangona iZizwe Ezimanyeneyo zibethelela ukuba bonke abantu banelungelo lokufumana imfundo, umsebenzi, impilo, intlalontle, okusingqongileyo okunempilo namathuba alinganayo. Indima edlalwa ngamaqumrhu orhwebo ingundoqo nesidingo esibalulekileyo ekuhlaseleni lo mngeni. Enye indlela yokuninisekisa ukuthatha inxaxheba kwamaqumrhu ezorhwebo ekulweni imingeni yoluntu kukulandela inkqubo yoXanduva Lwamaqumrhu Eluntwini, eyaziwa ngokuba *yicorporate social responsibility* okanye eshunqulelwa ngokuba yiCSR. Ngoko ke injongo ephambili yolu phando yayikukuqwalasela imizamo yeCSR kwilizwe lase-Ethiopia, kugxininiswa kumashishini amancinci naphakathi (iiSME) kwiphondo eliyi *Tigray Regional State*. Ngokuthe gca, uphando lwalujolise ekuvavanyeni izimvo zabanini nabaphathi beeSMEngeCSR malunga noxanduva kwezozoqosho, ezoMthetho, iinqobo zokuziphatha, ezendalo engqongileyo nezenzo zenceba. Enye injongo yayikukufumanisa ngamalinge eCSR nokuhlalutya iimeko eziphembelela nezithibaza imizamo yeCSR.

Kwaqala kwenziwa uhlobo zimvo ekutshayeleleni uphando, kwalandeliswa ngomxube weendlela zophando ukuze kuphunyezwe iinjongo. Isampulu yabathathi nxaxheba abangama-400 yayingabantu abakhethwe nje kungajongwanga mpawu zithile. Kwabuya kwakhethwa isampulu yabathathi nxaxheba abali-15 kubantu ababekufuphi nabafumaneka lula ukuze kuqhutywe udliwano ndlebe nabo. Kwaqokelelwa iinkcukacha zolwazi/idatha ngokusebenzisa uluhlu lwemibuzo, udliwano ndlebe nabantu abaphambili nemibhalo eseyikade ikho ngalo mbandela. Ekuhlalutyeni idatha esekelwe kumanani kwenziwa ubalo ngokucacisa amanani anika iipesenti, imindilili neyantlukwano yezibalo ezifunyenweyo nomndilili. Idatha esekelwe kwingxoxo nokuzathuza yahlalutywa ngokuphengulula iziqukatho apho kwabhalwa ulwazi, kwaza kwachongwa imixholo ethile edulayo.

Olu phando lufumanise ukuba iiSME zinamalinge eCSR ancomekayo. Zibonakalisa inkathalo kubaqeshwa bazo; kubahlali bendawo nakwindalo ezingqongileyo.

Ngaphezulu, iiSME ziyazama ukuyiqaphela impilo nokhuseleko lwabaqeshwa bazo, ziyabakhusela ekusebenziseni gwenxa iziyobisi nasekuphathweni gadalala emsebenzini; zizama nokuqhuba uqeqesho olusemgangathweni kubasebenzi nokucwangcisa iinkqubo zokuqhelisa abafiki emsebenzini – le yimigudu nje embalwa eyenziwa ziiSME. Ezi SME zineenkqubo zokumeta/zokulinganisela amanzi nombane kwaye zenza imisebenzi yenceba yokukhusela indalo ezingqongileyo kodwa zibuthathaka ekusebenziseni kaninzi iimveliso, ekongeni umbane nasekwenzeni iimveliso ezintsha nezingayonakalisiyo indalo engqongileyo. Ekuhlaleni, iiSME zinceda kwezemidlalo, ekwakhiweni kweendlela, kwimibutho yezenkolo naseburhulumenteni bendawo. Ngaphezulu, zidala amathuba omsebenzi aluncedo.

Noxa kunjalo, aziniki ngqwalasela yaneleyo ekuncedeni amagqala emfazwe, abafazi, ezemfundo neminye imiba eyeleleyo. Ukunxanelwa ukwakha igama elihle, ukugcina indalo engqongileyo, ukuphucula intsebenziswano nokuthembeka kwabaxumi yaba zezinye izinto ezikhuthaza ukuba iiSME zithathe inxaxheba kumalinge eCSR. Noxa kunjalo, imizamo ezinikeleyo yenkampani kwimisebenzi yeCSR yayithityazwa zizinto ezifana nokunqaba kwemali, ukungabikho koqeqesho nolwazi ngeCSR, ukunqongophala kwabasebenzi abafundileyo nabanezakhono ababenokwazi ukuqhuba imisebenzi yeCSR. Ukususa le miqobo nokwenza iiSME zibe ngabadlali abaphambili kwimigudu yeCSR, kunyanzelekile ukuba urhulumente angenelele, ngokunjalo nabanye abathathi nxaxheba abafana namaqumrhu angengowaseburhulumenteni (iiNGO). Ngaphaya koko iiSME kufuneka zilandele indlela yokusebenza ethathela ingqalelo inkcubeko, iinqobo zokuziphatha, inkuthazo nentsebenziswano ngaphezu kokwenza ingeniso yeCSR.

Amagama aphambili:Uxanduva Lwamaqumrhu Eluntwini (CSR), amashishini amancinci naphakathi (iiSME), ingcingane yabathathi nxaxheba, izixhobo zeCSR, imiqobo yeCSR.

Kakaretso

Tlala lefatsheng e dula e le nngwe ya diphephetso tsa bohlokwa ho batho selemo-kgolong sa bomashome a mabedi a motso o le mong, ho sa natswe phatlalatso ya mokgatlo wa Matjhaba a Kopaneng wa hore batho bohle ba na le tokelo ya thuto, mosebetsi, bophelo bo botle, boiketlo; tikoloho e phetseng hantle le menyetla e lekanang. Tshebetso e matla ya mekgatlo ya kgwebo e bohlokwa mme e ya hlokeha ho sebetsana le bothata bona. E nngwe ya ditsela tse ka netefatsang bonkakarolo ba mekgatlo ya kgwebo ho lwantsheng diphephetso tsa batho ke boikarabello ba mekgatlo setjhabeng (CSR). Kahoo, morero wa sehlooho wa phuputso e ne e le ho batlisisa matsholo a CSR Ethiopia, re tsepame hodima dikgwebo tse nyane le tse mahareng (diSME) tsa Tigray Regional State. Ka ho toba ho feta, phuputso e reretswe ho lekanya maikutlo a beng ba diSME le maikutlo a baokamedi mabapi le CSR ka boikarabello ba bona ba moruo, molao, boitshwaro, tikoloho le boikarabello ba ho thusa ba bang. Sepheo e ne boetse e le ho batlisisa matsholo a bona a CSR le ho manonna ditshumetso le dithibelo tsa matsholo a CSR.

Ho latetse moralo wa kutullo wa dipatlisiso hammoho le katamelo ya mekgwa e fapaneng ho fihlella dipheo tsena. Tekgeniki ya ho etsa sampole ya monyetla e sebedisitswe ho kgetha sehlopha sa baarabi ba 400. Tekgeniki ya ho etsa sampole e bonolo e sebedisitswe ho kgetha bankakarolo ba 15 ba diinthavu. Ho sebedisitse mathathamo a dipotso, diinthavu tsa ditsebi tsa bohlokwa le ditokomane tsa bobedi jwalo ka mokgwa wa pokeletso ya tlhahisoleseding. Dipalopalo tse hlahosang tse jwalo ka diperesente, dikakaretso, le dikgeloho tse tlwaelehileng di sebedisitswe ho manolla tlhahisoleseding ya bongata. Tlhahisoleseding ya boleng e manollotswe ka tshebediso ya manollo ya dikateng moo dintho di ileng tsa ngolwa fatshe kamora kgatiso mme hwa hlwauwa ditema tse hlahellang.

Diphetho tsa phuputso ena ke hore diSME tse fupuditsweng di na le boemo bo amohelehang ba matsholo a CSR. Di hlokomela le ho tsotella bahiruwa ba tsona; setjhaba sa lehae hammoho le tikolohoh. Ho feta moo, ka kakaretso diSME di sireletsa bophelo bo botle le polokeho ya basebetsi ba tsona, di sireletsa kgahlano le tlhekefetso ya

dithethefatsi le tlikefetso ya basebetsi sebakeng sa tshebetso;di sitlalletsa ho fana ka thupelo ya seporofeshenale ho basebetsi ba tsona, le ho hlophisa mananeo a tsebiso sebakeng, ho qolla tse mmallwa feela. DiSME di na le merero ya tekanyo ya matla le metsi hape di etsa mesebetsi ya ho thusa baahi e ka sireletsang boiketlo ba tikoloho, empa dia fokola ha ho tluwa ho tshebediso hape ya dintho le poloko ya matla le ho hlahiseng dihlahiswa tse ntjha tse bolokang tikoloho. Boemong ba setjhaba, diSME di thusa ditshebetsong tsa dipapadi, kahong ya ditsela, mekgatlong ya bodumedi le ho mmuso wa lehae. Ho feta moo, di fana ka menyetla ya mesebetsi ya bohlokwa.

Leha ho le jwalo, ha di shebane haholo le ho thusa ba nang le bokowa, masole a kgale, basadi, thuto, le dibaka tse jwalo ka tseo. Telekiso ya ho aha seriti, ho boloka boiketlo ba tikoloho, mabaka a boitshwaro le ho ntlafatsa maqhama a bareki le botshepehi e ne le a mang a mabaka a mantlha a kgannelang diSME ho nka karolo matsholong a CSR. Empa, maiteko a matla a dikgwebo tsena a ho nka karolo mesebetsing ya CSR a ne a thibelwa ke dintlha tse ka reng ho fokola ha tjelete, tlhokeho ya basebetsi ba nang le tsebo le thuto ba ka kenyang matsholo a CSR tshebetsong le tlhokeho ya thupelo le lesedi mabapi le CSR. Ho hlola mathata ana, e le ho etsa diSME dibapadi tsa mantlha matsholong a CSR, ho hlokeha hore mmuso le baamehi ba bang ba jwalo ka mekgatlo ya diNGO ba kene dipakeng. Hapehape, diSME di lokela ho latela katamelo ya setso, boitshwaro, tjantjello le tshebedisano ho ena le CSR e shebaneng le phaello.

Mantswe a bohlokwa:Boikarabello ba mekgatlo setjhabeng (CSR), dikgwebo tse nyane le tse mahareng (diSME), thiori ya moamehi, dintlha tse kgannang CSR, dithibelo tsa CSR.

TABLE OF CONTENTS

Statement of Original Authorship	ii
Dedication	iii
Acknowledgements	iv
List of Acronyms	vi
Abstract	vii
Isishwankathelo	Error! Bookmark not defined.
Kakaretso	Error! Bookmark not defined.
LIST OF FIGURES	xix
LIST OF TABLES	xx
CHAPTER ONE: INTRODUCTION TO THE STUDY	1
1.1 INTRODUCTION	1
1.2 BACKGROUND OF THE STUDY	1
1.3 THE PROBLEM AND ITS BACKGROUND.....	4
1.3.1 The problem statement	6
1.4 RESEARCH QUESTIONS	6
1.4.1 Major research question.....	6
1.4.2 Specific research questions.....	6
1.5 PURPOSE, GOALS AND OBJECTIVES OF THE STUDY	7
1.5.1 Purpose of the study	7
1.5.2 Aim of the study	7
1.5.3 Specific objectives.....	7
1.6 JUSTIFICATION OF THE STUDY	8
1.7 SIGNIFICANCE OF THE STUDY	9
1.8 SCOPE OF THE STUDY	10
1.9 LIMITATIONS OF THE STUDY	11
1.10 RESEARCH DESIGN AND STRATEGY	12
1.11 TARGET POPULATION BAND SAMPLING TECHNIQUES.....	12

1.12	CONTRIBUTION TO KNOWLEDGE	13
1.13	OUTLINE OF CHAPTERS	13
1.14	CONCLUSION	14
CHAPTER TWO: LITERATURE REVIEW.....		15
2.1	INTRODUCTION	15
2.2	PART I. THEORETICAL FRAMEWORKS: DEFINITIONS OF CSR	15
2.2.1	Conclusion.....	233
2.3	CSR: ISSUES AND OPPORTUNITIES	23
2.4	CSR AND IMPACT ON BUSINESS	26
2.5	THE TBL OF SUSTAINABILITY	299
2.6	TAKEHOLDER THEORY	311
2.7	CONFUCIAN STAKEHOLDERS THEORY	33
2.8	STAKEHOLDER THEORY AND CSR	344
2.9	DEFINITION OF SMEs	355
2.10	PART II: EMPIRICAL STUDIES.....	399
2.10.1	Characteristics of SMEs.....	39
2.10.2	Economic significance of SMEs.....	40
2.10.3	SMEs’ Constraints and challenges to economic contribution and growth.....	43
2.10.4	The perception of stakeholders on CSR.....	455
2.10.5	CSR and developing countries.....	477
2.10.6	Conclusion	488
2.10.7	SMEs’ CSR activities	488
2.10.8	Drivers of CSR.....	51
2.10.9	Business barriers to CSR engagement	533
2.10.10	Conclusion	555
2.11	THE WORLD POVERTY SITUATIONS.....	555
2.12	THE ROLE OF SMEs IN POVERTY REDUCTION	577
2.12.1	Concluding remarks.....	60

2.13	THE RESEARCH GAP	60
2.14	SMEs DEVELOPMENT STRATEGIES AND POLICIES IN ETHIOPIA	61
2.14.1	Micro and Small Enterprises Development Strategy of Ethiopia (1997-2010) and MSEs Development Strategy, Provision Framework and Methods of Implementation (2011-2015)	61
2.14.2	The growth and transformation plans (GTP I and II) of Ethiopia	622
2.15	CONCEPTUAL FRAMEWORK	644
2.16	CONCLUSION	655
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY		677
3.1	INTRODUCTION	677
3.2	DESCRIPTION OF THE STUDY AREA	68
3.3	RESEARCH METHODOLOGY	71
3.4	RESEARCH DESIGN	73
3.5	RESEARCH PARADIGM	733
3.6	RESEARCH APPROACH	744
3.7	TARGET POPULATION, SAMPLING TECHNIQUE AND SAMPLE SIZE	755
3.7.1	Target population	755
3.7.2	Sampling design and procedure	766
3.7.3	Sample size	766
3.7.4	Sampling procedure	788
3.8	TYPE AND SOURCES OF DATA	80
3.9	DATA COLLECTION METHODS AND INSTRUMENTS	81
3.9.1	Procedures to obtain permission	822
3.9.2	Questionnaire	822
3.9.3	Key informants' interview	833
3.9.4	Document analysis	844
3.9.5	Data collection procedure	855
3.10	DATA ANALYSIS STRATEGIES	855
3.11	VALIDITY AND RELIABILITY ISSUES	866

3.12	ETHICAL CONSIDERATIONS	877
3.13	CONCLUSION	877
CHAPTER FOUR: RESULT AND DISCUSSION		899
4.1	INTRODUCTION	899
4.2	PART I. QUANTITATIVE RESULTS ANALYSIS	899
4.2.1	Profile of respondents and sample enterprises	899
4.2.2	CSR Perception.....	933
4.3	INTERNAL AND EXTERNAL CSR DIMENSIONS	988
4.3.1	SMEs’ internal CSR (I-CSR) activities: CSR to employees.....	988
4.3.2	Employee health and safety	100
4.3.3	Employee orientation.....	101
4.3.4	Employee harassment and grievance handling	102
4.3.5	Employee compensation	1055
4.3.6	Employee Training and Development	1066
4.3.7	Employer support to employees and dependents	1077
4.3.8	Enterprises’ Perception on the Importance of CSR to Employees\	1122
4.4	EXTERNAL CSR	1144
4.4.1	SMEs’ External CSR Activities in the Environment.....	1144
4.4.2	SMEs’ CSR activities in local communities	1166
4.4.3	SMEs Infrastructure and Social Support Services	1199
4.4.4	Type of resources provided	121
4.5	DRIVERS OF SMEs’ CSR	1222
4.5.1	Ranking of SMEs’ CSR drivers.....	1233
4.5.2	CSR drivers: Sector wise	1255
4.6	SMEs’ CSR BARRIERS.....	1266
4.6.1	Ranking of CSR barriers.....	1277
4.6.2	Conclusion.....	1299
4.7	PART II: QUALITATIVE DATA ANALYSIS	13030

4.7.1	Introduction to qualitative data analysis	13030
4.7.2	SMEs' economic responsibilities.....	13131
4.7.3	Philanthropic activities of SMEs	1333
4.7.4	The role of SMEs in environmental protection.....	1344
4.7.5	SMEs' support to employees	1355
4.7.6	Summary.....	1355
4.8	SMEs' CSR DRIVERS: QUALITATIVE RESPONSE	1366
4.9	SMEs' CSR BARRIERS: QUALITATIVE RESPONSE	1377
4.10	SUMMARY OF QUALITATIVE RESPONSES (PART II).....	1388
4.11	PART III. DISCUSSION AND IMPLICATIONS	1388
4.11.1	Discussions on research question 1	1399
4.11.2	Discussions on Research Question 2	14040
4.11.3	Discussions on research question 3.....	1422
4.11.4	Discussions on research question 4.....	1444
4.12	SUMMARY ON DISCUSSIONS.....	1455
4.13	SMEs' CSR: IMPLICATIONS FOR POVERTY ALLEVIATION	1466
4.14	CONCLUSION	1477
	CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION.....	1488
5.1	INTRODUCTION	1488
5.2	SUMMARY OF RESEARCH FINDINGS.....	1488
5.2.1	Research question and support theory of the study.....	1488
5.2.2	Summary of research methods.....	1488
5.2.3	Summaries on research question 1.....	1499
5.2.4	Summaries on research question 2.....	1499
5.2.5	Summaries on research question 3.....	15050
5.2.6	Summaries on research question 4.....	15050
5.3	CONCLUSION OF THE STUDY	15151
5.4	ORIGINAL CONTRIBUTION OF THE RESEARCH	15252

5.5	CONCEPTUAL FRAMEWORK TO SUPPORT ETHIOPIAN SMALL AND MEDIUM ENTERPRISES' CSR.....	1533
5.5.1	Culture oriented SMEs' CSR.....	1544
5.5.2	Collaborative approach CSR	1555
5.5.3	Self-motivated CSR	1566
5.5.4	Moral rather than profit-oriented SMEs' CSR.....	1566
5.5.5	Ethics primary CSR: Revisiting Carroll's CSR Model.....	1577
5.5.6	Putting it together: The interlink of culture, ethics, collaborative and self-motivated CSR	1599
5.6	RECOMMENDATION	16363
5.7	LIMITATIONS OF THE STUDY	1644
5.8	FURTHER RESEARCH.....	1644
5.9	CONCLUSION	1655
	REFERENCES	Error! Bookmark not defined.6
	APPENDIX A: QUESTIOINNAIRE	16688
	APPENDIX B: INTERVIEW QUESTIONS.....	2022
	APPENDIX C: CSR DRIVERS (COUNT BASIS)	20303
	APPENDIX D: CSR DRIVERS SECTOR WISE (COUNT BASIS)	20606
	APPENDIX E: CSR BARRIERS COUNT BASIS	20909

LIST OF FIGURES

Figure 2.1: The Pyramid of CSR	171
Figure 2.2: Africa’s Corporate Social Responsibility Pyramid	18
Figure 2.3: Approaches of CSR by Businesses	25
Figure 2.4: Benefits of CSR to Business	288
Figure 2.5: Integration of Spheres according to the TBL	311
Figure 2.6: Stakeholder Approach to CSR	344
Figure 2.7: Conceptual Framework	655
Figure 3.1: Administrative map of Tigrai regional state.....	70
Figure 5.1: A Conceptual Framework to Support Ethiopian SMEs’ CSR	1544
Figure 5.2: CSR Pyramid for Developing countries.....	1588

LIST OF TABLES

Table 2.1: Cambodia’s Definition of SMEs	366
Table 2.2: Tanzania’s Definition of SMEs	366
Table 2.3: Ethiopian Definitions of SMEs.....	377
Table 2.4: GTP I Achievements in SMEs Development	633
Table 3.1: Sample Size of Each Stratum	799
Table 4.1: Demographic Characteristics of Respondents	90
Table 4.2: Enterprise Size and Existing Capital	91
Table 4.3: Sources of Capital.....	93
Table 4.4: Enterprises’ Business Experience.....	934
Table 4. 5: the mean, standard deviation and inter-correlations	946
Table 4.6: Alpha Coefficient.....	956
Table 4.7: CSR perception of sector enterprises.....	966
Table 4.8: Health and Safety.....	100
Table 4.9a: Methods of Employee Orientation.....	101
Table 4.10a: Harassment and abuse handling.....	1033
Table 4.11a: Employee Grievance Handling Systems.....	1044
Table 4.12a: Over Time Payment	1055
Table 4.13: Employee Training and Development	1077
Table 4.14a: Employee –Family Support Activities.....	1088
Table 4.15a: Means of Supporting Employees	1099
Table 4.16a: Financial Support	11111
Table 4. 17: Enterprises’ Perception on the Importance of CSR to Employees	1133
Table 4.18: Resource Consumption and Conservation.....	1144

Table 4.19: Environmental Support Initiatives	1155
Table 4.20: Enterprises' Product Alignment to Environmentally Friendly	1155
Table 4.21a: SMEs Local Community Support.....	1166
Table 4.22: Local community development interventions	1177
Table 4.23: Local community Support Areas	1188
Table 4.24: SMEs Local Development Support	12020
Table 4.25: SMEs Support to Segment of the Local Community	12121
Table 4.26: Type of Resources Granted	1222
Table 4.27: Ranking of CSR Drivers	1244
Table 4.28: Ranking of CSR Barriers	1288
Table 4.29: SMEs Donations to the Construction of Renaissance Dam.....	1344

CHAPTER ONE: INTRODUCTION TO THE STUDY

1.1. INTRODUCTION

This study focuses on CSR practices, motivation, and barriers in small and medium enterprises (SMEs) in Ethiopia. The concept of CSR has been widely applied in mainly large organisations. However, social responsibility practices are most often misrepresented and given little attention in small and medium enterprises (SMEs). Consequently, the social responsibility activities in SMEs have not been widely explored, especially in the context of developing countries like Ethiopia.

The research title is Exploring Small and Medium Enterprises' Corporate Social Responsibility Practice in Ethiopia: A Conceptual Framework to Support Ethiopian Small and Medium Enterprises' Corporate Social Responsibility. As the research title points out, this study explores social responsibility in SMEs together with stakeholder theory and the triple bottom line of sustainability (TBL). The study examines the SMEs' CSR activities, motivations, and barriers concerning these theories. The study followed an exploratory survey research design supported by a mixed research approach in achieving this broad objective.

Chapter one comprises of the background of the study, problem statement, purpose and objectives, research questions, justification, scope, limitations, research methodology, contribution to knowledge, outlines, and conclusions of the chapter.

The following section presents the background of the study.

1.2. BACKGROUND OF THE STUDY

The emergence of industrial capitalism in the late eighteenth century, open debates on the ethical and social responsibilities of business organisations and continued to date. There were competing arguments about the development and notion of corporate social responsibilities (CSR) of business organisations. One of the classical advocates of CSR, Milton Friedman, stated that socially responsible behaviour of business organisations' is beyond their scope. He based his argument 'people have responsibilities and business does not' (Bichta, 2003). According to Friedman, the sole responsibility of business

organisations is to promote the interest of shareholders through profit maximisation. Managers who deviate from maximising the wealth of shareholders in the form of higher profit are cheating their employers; miss allocating society's resources and destroying wealth (Friedman, 1962). This implies that investing money on CSR activities can harm the interest of shareholders through decreased return on investment, increased prices of products for consumers and lower wages for employees (Mahmood and Humphrey, 2013). In contrast, advocates of the social legitimacy theory (Gifford and Kestler, 2008) argued that business organisations as members of the society have some obligations and responsibilities to the society and hence, they should contribute something for the benefit and welfare of the community. Therefore, the emphasis has shifted from focusing only on building corporate assets to an inquiry into how an organisation conducts its function without compromising the needs and wellbeing of the nearby community and other stakeholders (Williams, 2016).

The current argument is that businesses are not only making a profit, but they are expected to share profit with employees and society (Kiran and Sharma, 2011). The fact that businesses' participation in local development can bring massive changes on the livelihood of the people, the current study follows the later argument where businesses should contribute part of their profit to the local community, their employees, the environment and other stakeholders.

The contribution of businesses to various stakeholders can bring different advantages. It can achieve sustainable competitive profit, bring long-term values for shareholders and other stakeholders; and influence the perception of customers, suppliers, local communities, shareholders, environmental groups, competitors and governments. Moreover, businesses can reap the benefits of getting more business partners and new business opportunities; improve their business reputations, and this again results in an increase in the number of customers and sales volume.

However, the motivation to implement various CSR initiatives can vary from one business to another. Sometimes the driving forces may come from internally and sometimes externally. Usually, the pressure from the civil society, financial markets, regulatory bodies, the quest for social legitimacy (Mzembe and Meaton, 2014), the

influence of globalisation, activists, the media, consumers and the universal expansion of economies (Khanna and Gupta, 2011) motivate businesses to act on socially responsible behaviour. Furthermore, businesses also exercise CSR practices motivated by increase customer-satisfaction-loyalty, minimising risks, saving costs, reducing regulatory interventions, enhancing enterprise reputation and to be an attractive employer (Kiran and Sharma, 2011). The operations of business organisations can pose a risk and hazard on health, safety and well-being of the environment. The phenomena can pressurise them to do something that can compensate for the possible risks and hazards. Local communities can also develop expectations from businesses to tackle their recurrent challenges in infrastructure. For fear of confronting the local communities, businesses planned to support the local community by constructing schools, hospitals, clinics, roads and similar infrastructural facilities. In some instances, the state and federal regulatory body can influence businesses to create gainful employment opportunities and skill development and infrastructural development to local communities. Similarly, financial institutions have been witnessed as pressurising businesses on how they can integrate economic, environmental and social issues and risks in their projects while applying for loans. This forces businesses organisations to consider social, economic and environmental issues in their projects (Mzembe and Meaton, 2014).

Regardless of the nature and sources of push factors, businesses have different manifestations about the applications of CSR interventions. Some business organisations express their CSR concerns in terms of constructing schools, roads, hospitals and other similar infrastructural facilities. Still, others encourage their employees to participate in community projects; offer quality products and services; avoiding price-fixing; providing a family-friendly work environment; providing childcare support; developing and implementing accident safeguards; engaging in fair and honest business practices and demonstrating commitments to the environment (Doukakis and Kapardis, 2005). CSR interventions can also be observed in environmental activities like reforestation, ecological awareness training and educational training like scholarships, occupational, skills and leadership and entrepreneurial workshops (Pimpa, Gekapa and Fry, 2013). There are also active participants in employment creation and paying taxes to the government (Hsu and Cheng, 2011).

Nonetheless, it is not common to find the practices and norms of CSR initiatives across countries uniformly. The level of CSR understanding in developed and developing countries is different (Newell and Frynas, 2007). The concepts CSR in developing countries depends mostly on poverty, income inequalities (Lindgreen, Swaen and Campell, 2009), and dominated by the Millennium Development Goals (MDG); a world with less poverty, hunger and disease, more excellent survival prospects for mothers and their infants, better-educated children, equal opportunities for women, and a healthier environment (Banerjee, 2007).

Despite this truth, literature that deals with CSR in developing countries, especially in Africa, is so limited and scant (D'Amato, Henderson and Florence, 2009). Most CSR research findings so far are revolved around large size corporations found in the west. As part of the developing world, the concept of CSR in Ethiopia is not well developed and formalised. Moreover, the SMEs' CSR in Ethiopia is scant, which resulting in a knowledge gap in the research topic. Hence, this exploratory study is an attempt to fill the gap, thereby increasing the level of CSR understanding in developing countries context.

1.3. THE PROBLEM AND ITS BACKGROUND

Individual citizens are not the solely responsible entities for the wellbeing and development of society. Business organisations also have moral obligations and responsibility towards the natural environment, the local community, their employees and other stakeholders. Regardless of their size, business organisations should support their stakeholders in areas like environmental protection (likewise the use of natural resources, waste reduction and recycling of materials); community development (like a contribution to education, health, disaster management, and culture and heritage management); economic development (through employment creation and income generation); health and generally in poverty reduction (Muthuri et al, 2012). Socially responsible business organisations can align and reconcile the interests and expectations of stakeholders like the society, the local community, employees, the environment and customers (D' Amato et al., 2009). Businesses; however, are primarily criticised by their profit maximisation drive of undertaking CSR initiatives. Empirical studies revealed that businesses had developed a little interest to conduct vivid and authentic discussions with their

stakeholders and have witnessed with low attention towards community projects and failed to participate their employees in community projects (Doukakis et al., 2005). The acts of such businesses never end in this, labour is devalued and abused, human health is endangered, and the financial system is disturbed (Ralston, 2010).

Advanced economies are started drafting legislation that mandate businesses to participate in CSR initiatives and support societal problems(Doane and Holder,2007).However, let alone drafting the moral and legal principles of CSR; the practice of CSR is at its infancy stage in Ethiopia(Robertson,2009; Tewelde,2012). The role of business organisations on CSR is not yet comprehensively studied (Asemamaw, 2011; Zegeye, 2013; Yeneneh, 2015).

At a global level, especially in the developed world, the concept of CSR is widely spread and practised mainly in multinational and global enterprises. SMEs of the developing world; however, have insignificant or little understanding of the concept of CSR (Barerjee, 2007). Even these enterprises trying to implement CSR initiatives are hampered by lack of financial resources, time constraints, limited know-how, lack of support and incentives (Inyang, 2013).The level of awareness and the depth of CSR practices and the direction of orientation in SMEs is quite different from the way big corporations are applying the CSR initiatives. In SMEs, CSR initiatives are primarily dictated by the owners' /managers' norms and values of supporting others rather than for economic reasons (Tudler, 2008).

The concept of CSR in Ethiopia, particularly the region under scrutiny, seems to be at its fresh start and seem to have little or scant normalisation in the small and medium enterprises. Even the limited studies on CSR in Ethiopia are concentrated on large corporations (Emebet, 2009; Tewelde, 2012; Rao and Hailu, 2016). Although the Ethiopian government has a strong passion for assisting and developing SMEsin the country at large and the region, in particular, the attempt does not seem to focus on legal, ethical, and philanthropic aspects rather economical. Even so, highly productive SMEs are still limited (Brixiova, 2009).

Moreover, it seems rare to find policy documents at Zonal, Regional and Federal levels that focus on CSR initiatives and their deployment strategies of SMEs.This seems to

hinder the versatile benefits of SMEs in the region and the nation at large which in turn seems to affect the legal, ethical, and philanthropic expectations of these business enterprises and focus on economic initiatives only. Furthermore, due to the misunderstandings in conceptualising CSR, the stakeholders may probably raise questions of economic aspects like productivity, employment capacity, and accessibility to acquire skills. Therefore, this study attempts to explore the corporate social responsibilities in SMEs in Tigray Regional State, Ethiopia. More specifically, the central research question or the problem statement is described as follows:

1.3.1. The Problem Statement

Studies on the social and ethical behaviour of SMEs operating in Ethiopia, particularly in the study area are scant. Moreover, there are no studies that dealt with the SMEs owners'/ managers' perceptions that can influence their enterprise's involvement in CSR initiatives. The available limited studies on CSR have focused on large size enterprises, and hence small and medium enterprises have been overlooked. Therefore, socially responsible behaviour is required to build a strong tie with the community, have highly motivated and committed employees and ensure ecological friendly environment. Hence, this study attempts to explore the corporate social responsibilities of SMEs in Tigray Regional State, Ethiopia. Exploring the CSR of SMEs leads to understanding the practices, motivations; and challenges that these businesses are facing while dealing with acts of the corporate socialresponsibilities. This paved the way to develop a conceptual framework that can support the Ethiopian SMEs' CSR practices.

1.4. RESEARCH QUESTIONS

1.4.1. Major research question

What are the perceptions, interventions, motivations and challenges of the small and medium enterprises towardsCSRin Ethiopia?

1.4.2. Specific researchquestions

- What are the perceptions of SMEs owners/managers on CSR (on economic, legal, ethical, environmental and philanthropic responsibilities) in Tigray, Ethiopia?

- What are CSR interventions undertaken by SMEs in Tigray, Ethiopia?
- What motivate SMEs to initiate CSR activities in Tigray, Ethiopia? And
- What factors hinder SMEs to exercise the activities of CSR in Tigray, Ethiopia?

1.5. PURPOSE, GOALS AND OBJECTIVES OF THE STUDY

1.5.1. Purpose of the study

This paper is focused on SMEs' CSR in Ethiopia. The purpose of the study was to explore the SMEs owners'/managers' view concerning CSR constructs and dimensions; assess the practice of CSR in the context of SMEs in Ethiopia's Tigray Regional State; analyse the motivation and the challenges of SMEs while dealing with CSR.

1.5.2. Aim of the study

Upon studying the SMEs owners'/managers' perception on CSR, the practical applications of the CSR dimensions, motivations and challenges concerning the practical applications of CSR; the goal of the research was to develop a conceptual framework on CSR applications in SMEs that can guide those involved in it.

1.5.3. Specific objectives

The study addressed the following specific aspects, to:

- assess the SMEs owners'/managers' perceptions of CSR on economic, legal, ethical, environmental and philanthropic responsibilities of SMEs. This helped to understand the knowledge and the readiness of the SMEs' owners and managers concerning the dimensions and constructs of CSR. Lack of knowledge and orientation about the CSR dimensions can deter the real participation of enterprises in CSR initiatives.
- explain the CSR interventions held by SMEs. The fact that there are no structured based studies on Ethiopian SMEs participation on CSR, this research objective helped to describe the SMEs' participation in CSR in Ethiopia. The study tried to describe the SMEs' CSR initiatives on the local community, employees and the environment.

- analyse factors affecting SMEs motivations for CSR. Not all business organisations participate in CSR initiatives. Some of them have an active role in supporting various stakeholders; some of them not. Therefore, this research objective helped to analyse the driving forces for SMEs' participation in CSR.
- analyse the SMEs constraining factors for implementing CSR. As indicated in objective 3, not all business organisations are active enough in CSR. Even if some of them have the motivation to participate in CSR, but because of various constraints, they do not materialise it. Therefore, this objective helped to analyse the factors that hinder SMEs participation in CSR agendas in Ethiopia. Hence, recommendations are given how to overcome such bottlenecks in the ground.

1.6. JUSTIFICATION OF THE STUDY

Most studies conducted in the area of CSR primarily focused on the developed countries, mainly in the west. Very little research on CSR has been done in developing countries, especially in Africa. As a result, there is limited awareness of CSR in Africa. Visser (2006) cited in Hinson and Ndhlovo (2011) stated that works of literature in Africa CSR between 1995 and 2005, was discovered that only 12 of African 53 countries had had any research published in core CSR journals, with 57% of all articles focused on South Africa and 16% in Nigeria. Moreover, even in the stated countries, CSR was applied to multinational corporations like petrochemical sectors. Henceforth, CSR literature is much less represented in Ethiopia. Therefore, it is timely to address the issue of CSR in Ethiopia with due focus on small and medium enterprises (SMEs). Such a study will enable to develop an in-depth understanding of the phenomena about the practices of CSR in Ethiopia and help to uncover new clues, open new dimensions of the CSR implementation problems in the country.

As a second reason to select this research topic, several studies that have been conducted on CSR in the west focused on CSR impact on the financial performance of the organisation; however, there are limited research findings on businesses' CSR initiatives on the community, the environment, the employees and related stakeholders. Therefore, the current study will contribute to prior research in the field dealing with the SMEs' CSR concerning the local community, the environment and employees. In the end, the

research outcome of this finding will have business development concerns besides its academic and professional benefits through the development of a conceptual framework. Ultimately it will assist nations in their fight against poverty through business development programs.

1.7. SIGNIFICANCE OF THE STUDY

As an immediate outcome of the finding, it will help the researcher to obtain a doctoral degree in business leadership. However, the goal of the research is to explore the SMEs' CSR in Ethiopia. Therefore, the output of this study will have an immense contribution towards the academic literature in the CSR practices of the developing countries' SMEs and the role of the government in addressing the concerns of this sector. To this end business organisations and governments of the developing world generally, and Ethiopia will assist in revising their policies and strategies that deal with poverty reduction and social responsibility issues.

The outcomes of the study will increase the awareness of policymakers about the significance of business organisations' participation in CSR initiatives and its contribution to the local community, the industrial workers and the physical environment. This awareness will help them to design incentive mechanisms that can further encourage SMEs participation in CSR activities. Furthermore, the results of the survey will help policymakers to revisit existing policies and strategies that deal with SMEs and make them more robust and more flexible enough for SMEs to participate in social responsibility schemes. Further, it helps policymakers to develop guidelines and regulations on how businesses can support the local community, their employees, keep the well-being of the environment and report their CSR activities to the government.

Also, it will give proper lesson on human resources management in SMEs and labour welfare management practices therein in Ethiopia. Finally, the fact that the current study is exploratory research; it will be useful to conduct a more rigorous study in the future. In this regard, the outcomes of the current study will help future researchers to pursue similar in-depth studies.

1.8. SCOPE OF THE STUDY

The study is demarcated conceptually, geographically and methodologically.

Conceptually the study confines the basic constructs and concepts of CSR. It tries to assess and analyse the applications of the theories, principles and concepts of CSR in the context of small and medium enterprises. The study does not deal with the applications of CSR in large and micro-enterprises. Moreover, the study does not assess issues related to CSR reporting mechanisms and the financial impacts of CSR. The applications of CSR can be surveyed considering various stakeholders, this study; however, only considered owners/ managers of SMEs and key informants from relevant government offices. Methodologically, the study employed a mixed research method where both qualitative and quantitative approaches were applied to study the practical applications of the CSR dimensions and principles in SMEs.

Geographically the study was conducted in Northern Ethiopia, specifically in Tigray Regional State (See Figure 1.1). Hence the study does not consider other regional states and federal cities in Ethiopia. Tigray has a total area of 54,569.25km². It is bordered north by Eritrea, south by Amhara Regional State, East by Sudan. Agriculture is the mainstay of its people, and more than 80% of the population lives in rural areas with subsistence agriculture. The urban population mainly depend on petty trading and employment. SMEs play a key role in creating job opportunities in urban areas; however, the incident of poverty and urban unemployment is not solving yet (Tigray Bureau of Plan and Finance, 2011).

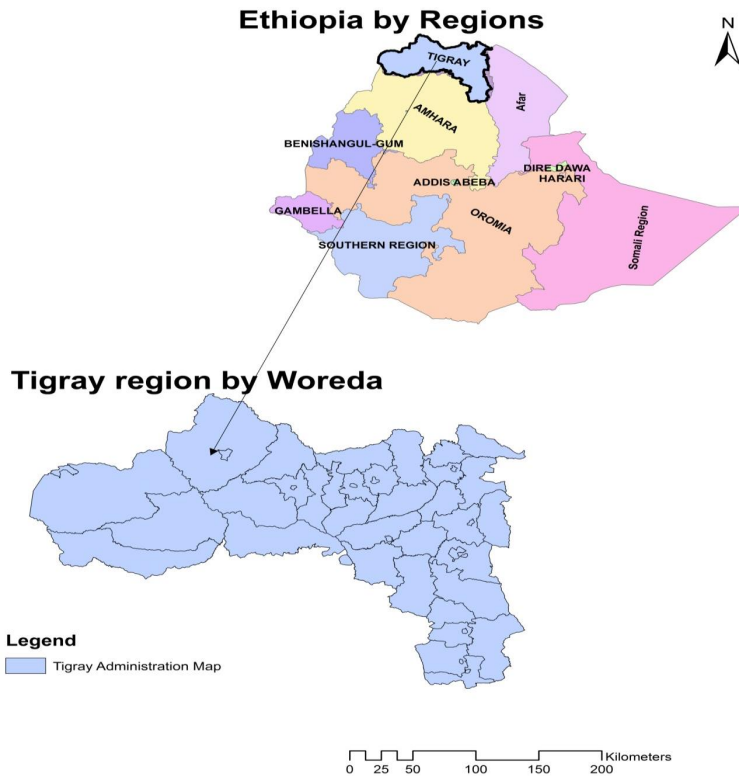


Fig.1.1. Administrative Map of Tigray Source: Tigray Bureau of Plan and Finance (2019)

1.9. LIMITATIONS OF THE STUDY

The study may have several limitations in terms of coverage and design. The study did not cover all regional states and autonomous cities in Ethiopia. Moreover, the sample frame did not cover all small and medium enterprises operating in Ethiopia. Therefore, the findings and conclusions reached in this study do not represent the whole country and other developing nations at large.

Furthermore, the researcher tried to analyse the applications and practices of the small and medium enterprises' CSR, considering the owners/managers and key informants as a proxy for the enterprises. This may not adequately address the impacts of SMEs' CSR practices and implementations on the local community, employees and the environment.

It was challenging to conduct such type of research in the study area because the concept was unfamiliar or new to most of the respondents. Moreover, there were minimal secondary documents which have direct relevance to the research topic at hand. The

researcher tried to tackle such problems in explaining the questions using the local language, which is familiar to the respondents and through in-depth readings on previous research findings related to the topic.

Finally, the issues of CSR have highly porous borders, and hence it is difficult to reach a standard agreement. Moreover, the field of CSR is characterised by a lack of convergence, and Therefore the body of CSR research will remain fragmented in terms of empirics, theory and non-normative orientation (Bhattacharyya and Sen, 2008). Therefore, the current research tackled this challenge through detail literature review mainly from the developed world, and partly from the developing countries like India (Narwal and Singh, 2013; Chatterji, 2011), Nigeria (Obalola, 2008; Inyang, 2013; Adelekan et al, 2016), Thailand (Chen, 2011), Pakistan (Razan et al, 2018) and Vietnam (Ho, 2017) research findings. Through this effort, the researcher tried to ensure the quality and credibility of the research outcomes.

1.10. RESEARCH DESIGN AND STRATEGY

The study employed an exploratory-descriptive research design to understand the practical applications of CSR in small and medium enterprises (SMEs). This research design helped to discover formally unknown practices of the small and medium enterprises' CSR in Ethiopia and pointed out the SMEs' CSR motivations and challenges. More specifically, the descriptive study helped to present the current situation and practice of CSR in the context of SMEs.

The study employed a mixed research approach. In applying this approach, the study applied sequential procedures. First, quantitative data were collected using a questionnaire. Then triangulate the data, additional data were collected using a semi-structured interview and from secondary sources. This helped the researcher to collect relevant information about the SMEs' CSR interventions, drivers and barriers.

1.11. TARGET POPULATION BAND SAMPLING TECHNIQUES

The target population of this study was SMEs operating and formally registered in Tigray Regional State, Ethiopia. Systematic random sampling technique was applied to ensure

randomness. Further, due to the heterogeneous nature of the small and medium enterprises, stratified sampling was applied to determine the sample enterprise. Proportionate sampling was used to select sample enterprises from the given strata. Accordingly, 400 sample enterprises were considered for this research.

1.12. CONTRIBUTION TO KNOWLEDGE

Small and medium enterprises have a crucial role in economic growth and development of nations. They have a vital contribution to job creation, income generation, and supplying various products to large organisations. Therefore, considering the scant nature of research on small and medium enterprises CSR, the findings of this study will open a new perspective and understandings of the small and medium enterprises' CSR on employees, the local community and the physical environment considering stakeholder theory and the sustainability dimensions. Moreover, the study explains the SMEs' motivations and challenges while dealing with CSR practices. The study provides a conceptual framework that can assist broader applications of CSR in the context of SMEs and mechanisms to overcome their CSR barriers.

The findings of the study will help policymakers of government and non-government organisations to design policies and strategies that can increase the social responsibility of small and medium enterprises. Ultimately this can enhance the economic contributions of small and medium enterprises and ensure equitable distribution of income in the nation.

1.13. OUTLINE OF CHAPTERS

The thesis contains five (5) chapters. Chapter one, as already presented, contains the background of CSR, problem statement, research questions and objectives, justification and significance of the study, scope and limitations of the study. Chapter two includes a literature review on theories and dimensions of CSR, empirical literature on CSR, and conceptual framework of the study. Chapter three presents research design, research paradigm and strategy; sampling design, instruments of data collection, and data analysis techniques. Chapter four presents result and discussions. This chapter presents the main findings and implications therein. Chapter five includes summaries of significant

findings, conclusions, recommendations, original contributions of the study, limitations, and further research.

1.14. CONCLUSION

This chapter presented the research gap and the need to conduct this research. It pointed out the primary research questions seek to answer and the ultimate purpose of the study. Upon exploring answers for the research questions, the study seeks to develop a conceptual framework that can guide the social responsibility practices in small and medium enterprises and the mechanisms to overcome the barriers to implement social responsibility initiatives. The chapter also briefly outlined exploratory –survey research design and mixed research methods that can guide the whole research process and develop a conceptual framework.

Chapter two presents the theoretical frameworks of CSR, the characteristics and significance of small and medium enterprises, empirical studies on SMEs' CSR, SMEs development policies and strategies in Ethiopia and conceptual framework of the study.

CHAPTER TWO: LITERATURE REVIEW

2.1. INTRODUCTION

Despite having a recent history, scholars still struggle to answer the question of what makes a business socially responsible and behaving socially. The concept of CSR is equally essential for large and small business organisations (SMEs). Therefore, this chapter deals with theoretical and empirical findings related to small and medium-sized enterprises' CSR. More specifically, this chapter includes the theoretical dimensions of CSR, the theories of sustainability, stakeholder and their link with CSR; the characteristics; economic significance and the challenges of SMEs. Moreover, this chapter covers topics like CSR perceptions; CSR and developing countries; SMEs' practices of CSR and motivations and barriers to applying CSR. Finally, the chapter explains the global poverty situations; the contributions of SMEs in alleviating poverty; SMEs' development strategies and policies in Ethiopia and the conceptual frameworks of the study. The details of this chapter are presented in the following section.

2.2. PART I. THEORETICAL FRAMEWORKS: DEFINITIONS OF CSR

There is no consensus concerning the conceptual and practical definition of CSR. Different scholars define CSR in different ways and approaches. Some of them consider it as an obligation and others as a responsibility. Bowen (1953) and Friedman (1970) are proponents of the former. Basing on large organisations, Bowen (1953 as cited by Sen, 2011) defines CSR as 'the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of the society'. For Bowen, the social obligations of the business are to improve livelihood, expand economic progress, ensure security, order, justice, freedom and the development of the person. Unlike Bowen, Friedman (1970) had a strong objection to the concept of social responsibility. For Friedman, the business should maximise profit, and its mere social obligation is to use its resources and engage in activities designed to increase its profits. To attain this objective, Friedman obliged businesses to stay within the rules of the game to engage in open and free competition without deception and fraud.

In contrast to Bowen and Friedman, others (like Carroll, 1991) viewed CSR more of a voluntary initiative and decided based on the will of businesses. Carroll (1991) was a prominent writer in this regard. Carroll defines CSR in terms of four (4) dimensions: Economic; legal; ethical; and philanthropic. Each of these dimensions is examined concerning the enterprise's stakeholders like employees, customers, owners, the community and the society at large. According to Carroll, the economic responsibility of businesses includes maximising earning per share for shareholders; maximising profits; maintaining a strong competitive position in the market; securing a high level of operating efficiency and having consistent profitability. For Carroll, economic responsibility is the base of all other responsibilities because it is through business profits that can fulfil the other responsibilities.

Carroll's second dimension is a legal responsibility. Carroll argued that business organisations must comply with federal, state and local regulations; work in line with the expectations of the government and law; supply goods and services considering the minimal legal requirements. For Carroll, these are considered as legally bounded responsibilities. However, still, numerous issues are required the discretionary actions of business organisations. For Carroll, these are the ethical and philanthropic responsibilities of the business.

Businesses are expected to work under the full scope of norms, standards and values of their stakeholders. Carroll named this ethical responsibility of business. This embodies operating in line with the societal mores and ethical norms; respecting and recognising new or evolving ethical-moral norms adopted by the society; never compromising ethical norms to achieve corporate goals; having good corporate citizenship and maintaining corporate integrity and ethical behaviour (Carroll, 1991).

Finally, Carroll considered the need for the fourth responsibility: Philanthropic responsibility. Such responsibility is not codified by law nor obliged by the government, but businesses make donations and support that can improve the community's livelihood. Sometimes businesses make philanthropic activities to enhance their reputation (Carroll, 2015). Carroll defines philanthropic responsibility using the following main principles:

- to perform business activities in line with charitable and philanthropic expectations of society,
- assisting the work of arts,
- participating employees and managers in voluntary and charitable activities within local communities,
- assisting private and public educational institutions, and
- assisting projects that can enhance the quality of life of the community.

In a nutshell, Carroll summarised the CSR of business to strive to make a profit, respect the law, be ethical and be a good corporate citizen. These four (4) dimensions are summarised in the following diagram:



Figure 2.1: The Pyramid of CSR

Source: Carroll (1991): The Pyramid of CSR: Toward the Moral Management of Organisational Stakeholders

However, Carroll made some adjustment in the 1991 definition of CSR. For example, in 1998 the term 'philanthropy' was renamed as 'corporate citizenship', and in 2004 an attempt was made to incorporate the idea of 'stakeholders' in her model (Visser, 2005).

Carroll's CSR CR model; however, is not without critics and challenge. The constructs and principles associated with Carroll's CSR model may not properly fit with the traditions and cultural norms of different countries. For example, Visser (2005) justified that Carroll's CSR concept is not context-specific and culturally aligned with the African continent. Finally, Visser revised Carroll's CSR pyramid as follows:

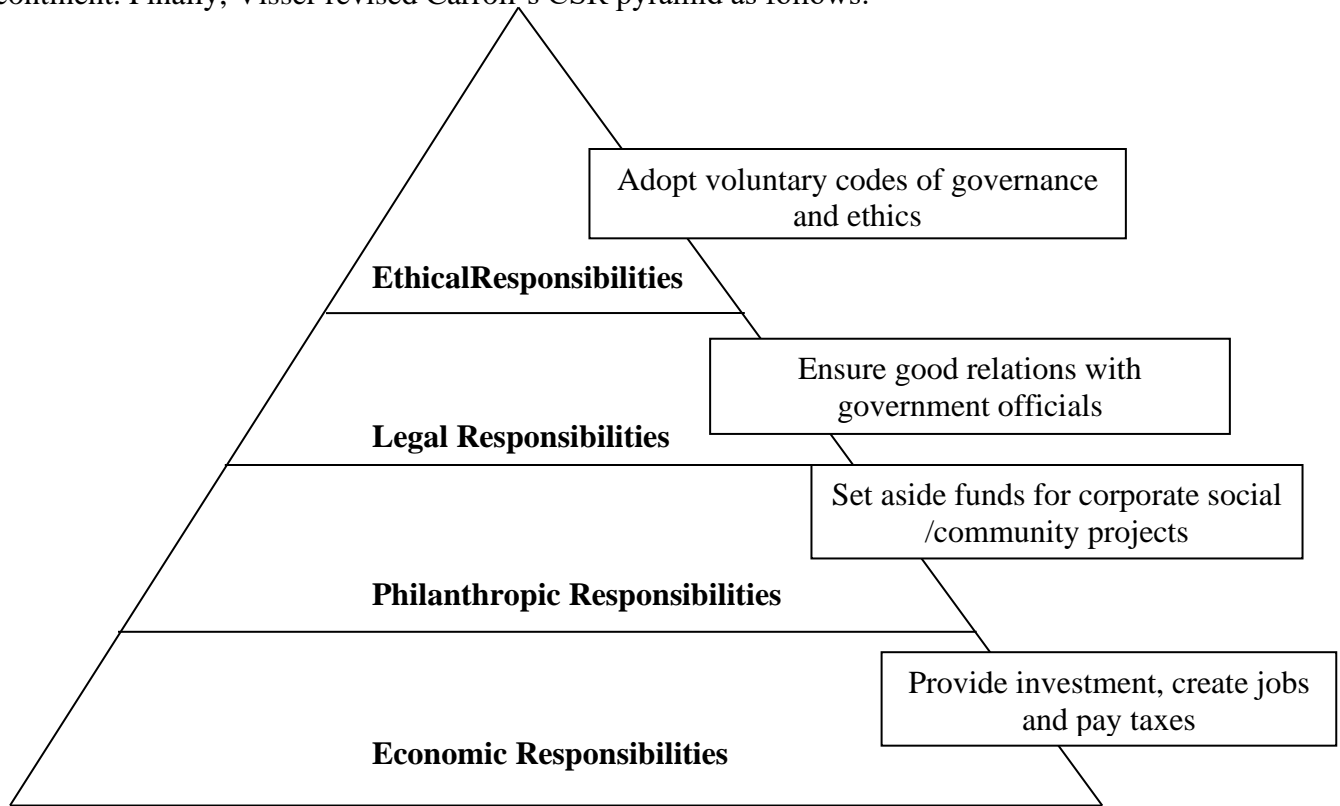


Figure 2.2: Africa's Corporate Social Responsibility Pyramid

Source: **Wayne Visser (2006): Revisiting Carroll's CSR Pyramid: An African Perspective**

According to Visser (2006) for Africa, the economic responsibilities of business are a pressing issue followed by the philanthropic responsibilities. However, due to various constraints like poorly developed legal infrastructure, lack of resources and independence of the African legal system and the administrative inefficiency, the legal responsibilities in Africa have a lower priority than in developed countries. Moreover, Visser (2006) concluded that ethical responsibilities remain the lowest CSR priority for Africa due to different reasons like lack of proper ethics training and senior management responsibility for ethics. However, the research has a strong objection about the emphasis given on

Carroll's and Visser's CSR models. Both give prime attention to economic responsibilities. For businesses; however, ethical responsibilities must come first. This is because, if businesses are ethical and respectful, they can fulfil the rest of the CSR responsibilities. Therefore, ethical responsibilities must take the most significant space of the CSR pyramid, followed by economic, philanthropic and legal responsibilities.

In line with Carrol's and Visser's CSR definition, the World Business Council for Sustainability Development (as cited by Fasset, 2012) defines CSR as 'the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families and the local community and the society at large'. This definition entails four (4) essential perspectives:

- businesses are expected to behave ethically,
- businesses are expected to improve their workforces and their families,
- businesses are expected to contribute to economic development, and
- businesses should have an active role in improving the livelihood of the local community and society at large.

The responsibility of business organisations; however, should not be limited in current society, but it should go beyond this. In addressing this notion, Crowther and Aras (2008) define CSR as a social contract, i.e. the contract between corporations and society. Basing this idea, they argued that social responsibly of business organisation should not duly focus on present society but also towards future members of the society. Businesses need to integrate their social and environmental concerns in their business operations.

As mentioned in the works of Bakic, Kostic and NesKovic (2015), the International Standard ISO 26000(2010) defines CSR as ' the responsibility of an organisation for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour, so it contributes to sustainable development, including health and well-being of society, taking in to account the expectation of all stakeholders; is by applicable law and international norms of behaviour and is integrated throughout the organisation and applied in its relations.' The International Standards ISO gives attention

to respecting the law and international norms behaviour while businesses are exercising the acts of social responsibilities.

Similarly, Bakic and Kostic (2012 as cited by Bakic, Kostic and NesKovic, 2015: pp. 48) defines the dimensions of CSR as follows:

- Market–responsible behaviour on the market includes placing safe and harmless products and services, with a fair price, concerning consumer rights, legal and ethical communication of products and services, etc.
- Work environment, respectively human resources –responsibility towards employees includes ensuring safety at work, respect of human rights, equality (gender, racial, national, etc), investment on employee development, providing additional markets, working environment, natural environments and community benefits for employees, like recreation, medical examinations and others.
- Living environment –environmental responsibility implies responsibility as regards the usage, preservation and creation of resources, non-infringement of biodiversity, positive impact on the problem of global warming etc.
- Community –this means responsibility towards society, which is manifested through the elimination of harmful effects of business on the local community, addressing the needs and concerns of the local community, developing a program of investment in the local community (scholarships, financial support, employee volunteering), the philanthropy, and humanitarian activities etc.

This definition includes four (4) primary concerns, namely:

- Ethical responsibility of businesses towards consumers,
- Businesses’ responsibility towards their employees’ quality of work-life and development,
- Businesses’ responsibility towards the environment, and
- Businesses’ responsibility towards the society and the local environment.

Other authors defined CSR in a different context. For instance, Marrewijk (2003 cited by Iamandi, 2007) defined CSR in terms of three (3) approaches: shareholder, stakeholder and societal approach. The shareholder approach follows Friedman’s 1970s stand “the social responsibility of business is to increase its profits and to create value for its

owners”. This approach adheres “socially responsible activities, and initiatives are the main duty of the government not for business organisations”. The only responsibility of a given business is to make a profit or maximising profit (profit maximisation).

In contrast, the stakeholder approach emphasises business organisations are accountable to all interested parties that are affected by its operations. It implies that businesses are not only accountable to their shareholders but also their stakeholders. Related to this, the societal approach viewed CSR as the responsibilities of business organisations to society. This view stresses that business organisations need to operate by public consent to serve the needs of the society constructively.

From Marrewijk’s triple approaches of defining CSR, the first can be considered as the narrow view of CSR implied businesses’ predominant emphasis on profit maximisation thereby satisfying personal interest, whereas the second and third approaches emphasise on reflecting the requirements of a global business environment. That is, businesses should focus on promoting social welfare since they have a better financial position in society (Iamandi, 2007).

Dahlsrud (2006) defined five (5) dimensions of the CSR and described them as follows:

- The environmental dimension deals with the businesses’ concern towards the natural environment, i.e. the environmental concerns in business operations and the businesses’ contribution to a cleaner environment.
- The social dimension focuses on the relationship between business and society, that is, the business’s contribution to a better society and community.
- The economic dimension refers to the socio-economic or financial aspects, including describing CSR in terms of business operation; that is, it stresses the business’s contribution to economic development.
- The stakeholder dimension stresses the relationships of organisations with their employees, suppliers, customers and communities and fair treatment of the stakeholders of the enterprise.
- The voluntariness dimension states the actions of not prescribed by law, that is, the businesses’ social responsibility based on ethical values and voluntary basis (Dahlsrud, 2006).

However, Giølber (2009) challenges the prevailing definitions of CSR. According to Giølber, the current definitions of CSR are not suitable as a basis for a comparative measure of CSR practices. The base of Giølber's argument started from the immeasurable nature of the CSR dimensions. For example, so long as what is ethical is specified, the ethical dimension of CSR is helpful to measure the contribution of businesses. Moreover, one action which is considered as voluntary CSR in one country may be part of the legal compliance in another country.

Finally, Giølber's argument focused on the indexed based on CSR definition. For this global CSR initiatives and ratings need to be identified to establish indicators for the index, and these indicators should have global, national, regional and industry applications. To achieve this; however, there must be reliable and comparable data at the country level. To develop the CSR index Giølber (2009) was considered indicators such: Dow Jones Sustainability Index, the FTSE4Good Index Series Global 100 UN Global Compact World Business Council for Sustainable Development (WBCSD KMPG International Survey of CSR Reporting Sustainability's list of the 100 best sustainability reports ISO 14001). Generally, the CSR definition includes essential parameters like the economic, environmental, philanthropic and social dimensions of the businesses, which ultimately forced businesses to contribute to the economic growth and development of nations.

The degree of social responsibility may differ among different businesses. Usually, big businesses were criticised or questioned their role in social responsibility compared to other businesses. One argument is that due to increased global competition, their corporate profit has lessened, and this decreased the amount of money available for philanthropic giving (Terry and Nancy, 2001).

As a working definition in this study, CSR can be defined the businesses' initiatives to support the local community, their employees, the environment and other stakeholders for a better life and sustainable livelihood. To this end, all business organisations, regardless of their size, type and sectoral engagement, have legal and moral obligations to assist the development efforts of their stakeholders.

2.2.1. Conclusion

As one can witness from the various definitions of CSR, none of them has a uniform approach towards its explanation. Some of them consider it as an obligation of business organisations to serve the different stakeholders and still, others consider it as voluntary initiatives of businesses. Out of these two (2) views, Friedman (1970) viewed that the only obligation of business organisations is to maximise profit. Others (like Carroll, 1991 and Dahlsrud, 2006) strive to come up with impressive models that can accommodate the interest of various stakeholders. They view CSR from legal and voluntary perspectives. Hence, business organisations have economic, legal, ethical, philanthropic and environmental responsibilities. Businesses are responsible for the economic development of the society; respect the rules and regulations of the government; keep the norms and values of the society; protect the well-being of the environment and being considerate to the community, employees, customers, suppliers, government and other relevant stakeholders. This study follows the viewpoints of Carroll and Dahlsrud supported by the stakeholder theory. Following this, the current study tried to describe the SMEs CSR initiatives in the study area.

2.3. CSR: ISSUES AND OPPORTUNITIES

CSR has reached its momentum more globally (Tilt, 2016). The issues of CSR are not targeted to one dimension of business; instead, it influences in the marketplace, the supply chain, the community and the public realm. Having this in mind Nelson (2008) identified global trends in CSR: CSR is becoming a competitive issue; a growing emphasis on strategic, competence-led philanthropy; new types of public-private partnerships to tackle complex global and national problems; the emergence of industry-led business coalitions; new models of leadership and cooperation from key emerging markets in Asia, Africa, Latin America and the Middle East; integrating CSR into business schools and university curricula and growing role of the media. Because of the pressure from various stakeholders, regardless of their size and type, enterprises around the world become more conscious about the issue of CSR. Different concepts and issues are included with the broad topic of CSR including economic, philanthropy, ethics,

managing human rights, environmental well-being, sustainability, diversity management, wealth creation and poverty.

There is a strong move toward economic globalisation to keep protect the right of the people and ensure the sustainability of the environment, the general economy, human and material resources (Wright, 2010). Hence, business organisations start to think deeply about the impact of their operation on the community, the environment, their employees and other stakeholders too. They devise programs that can improve the livelihood of the local community and their employees; they use cost-effective and environmentally friendly technologies (Farcase and Bureaba, 2015). Moreover, they start to develop support initiatives that can address issues of sustainable development, equitable distribution of national wealth and poverty reduction (Gautam and Singh, 2010). From the business context the main idea behind the concept of CSR is “The Triple Bottom Line”_ ” Profit, People, Planet”: companies harmonise their efforts to economically viable, socially responsible and environmentally sound” (Iamandi,2007). Hence, the trend is that businesses are expected to balance their profit maximisation motive with societal and environmental concerns.

A philanthropic initiative is one of the approaches that business organisations can address the concerns of the society, the community, their employees and the environment. Philanthropy implies businesses’ contribution to satisfy the expectations of stakeholders. It is a principle of giving back to the community, being a good neighbour to society and benefiting the society are what Carroll’s argument stressed. It is a corporate action in response to society’s expectation that business is good corporate citizens; this includes actively engaging in activities to promote human welfare or goodwill (Carroll and Buchholtz, 2009). Hence the researcher was motivated whether SMEs in Ethiopia is practised such initiatives or not. If so, what are the depth of their participation and the types of contributions they have? The fact that the researcher could not get any research about the Ethiopian SMEs CSR this exploratory research was initiated.

Philanthropic responsibility might include a wide range of initiatives like supporting education, cash donations, and participation of managers and staff in voluntary charitable

activities and supporting or funding of projects that change the livelihood of a community (Carroll, 1991; Carroll and Buchholtz, 2009).

Through the various means of philanthropy (as explained above and displayed in Figure 2.3, ultimately businesses strive to gain a competitive advantage in the market. Nelson (2008) noted five (5) options where businesses can use the philanthropy approaches of CSR in their effort to gain a competitive advantage in the market:

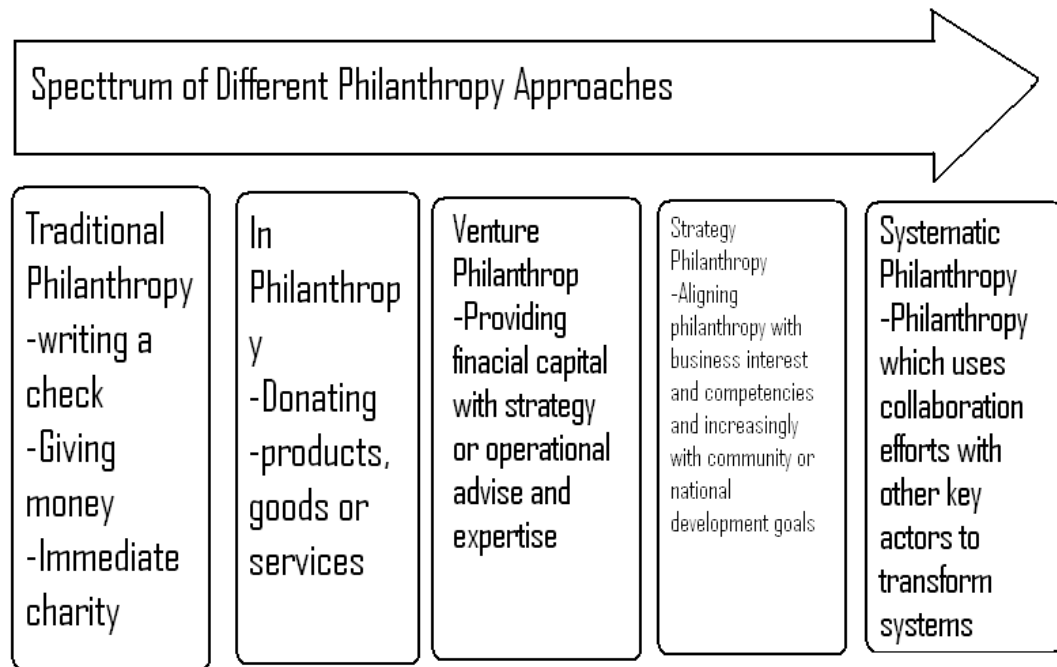


Figure 2.3: Approaches of CSR by Businesses

Source: Nelson (2008)

Business organisations undertake CSR initiatives not only to gain competitive advantage but also for various strategic reasons like pragmatic reason, deontological reason, societal pressure-based reason and or a mix of them (Iamandi,2007). Businesses can actively participate in social initiatives to build their image, thereby maximising their profit. Still, others exercise it to fulfil their moral obligation, and others perceive it as part of fulfilling the societal requirement. That is why they decide to make various initiatives like employee welfare programs and community development, environmental protection, cash grants and in-kind services.

The wide range of philanthropic activities can bring several business opportunities like facilitating the sale of products and services; boost business profits and market share. Therefore, it is suitable for business organisations to act socially responsible manner; being ethical and considerate to their stakeholders generally and the environment.

As part of their CSR, businesses are also expected to display accountability and transparency in their financial, social, environmental and governance performance. This is a growing trend of expectation from shareholders, the government, the society, employees and the community that businesses need to be responsible and create gainful employment opportunity, keep the well-being of the society and their workers, have environmentally friendly technology and production process.

As concluding remarks with the corporate responsibility trends and opportunities, all businesses need to consider the competitiveness of their action to be responsible to their stakeholders; have strategic and competence –led philanthropy and be accountable and transparent in their overall activities to all interested groups in their working environment. In all these accounts, businesses are expected to have an alliance with the government and develop strategies and policies that can dully address social concerns.

2.4. CSR AND IMPACT ON BUSINESS

In this globalised business world, it seems crucial for businesses to follow the CSR as a strategy to bring operational efficiency, develop user-friendly products and technologies, thereby addressing the societal problems and challenges. Many business organisations today are incorporating the poverty agenda in their mission and strategic responses to the general environment (Tulder, 2008). This can bring societal and organisational benefits like improved market performance and competitiveness. Therefore, businesses need to incorporate the general ideas of CSR in their strategies to reap different benefits.

CSR is valuable to increase the financial performance of business organisations through increased market share, operational efficiency and support from stakeholders. Lin et al. (2009) confirmed from their study, the more an enterprise invest in CSR, the better is its corporate financial performance in the long run. Moreover, their findings indicated that positive CSR activities might be instrumental in reducing the risk of damage to brand

evaluations in the long-run and hence CSR can act as an insurance policy for business in addition to the long-run contribution to profitability. CSR can improve the reputation and image of the organisation through its act of philanthropy. The initiative to address the problems of workers can also increase their motivation to work and organisational citizenship. Businesses with good organisational citizenship can also be a shield from any external threats from the environment through the mass media.

There are qualitative and quantitative indicators of CSR benefits. To define the enterprise-level measurement approach for CSR, Weber (2008) discussed the following indicators which lead to the economic success of businesses:

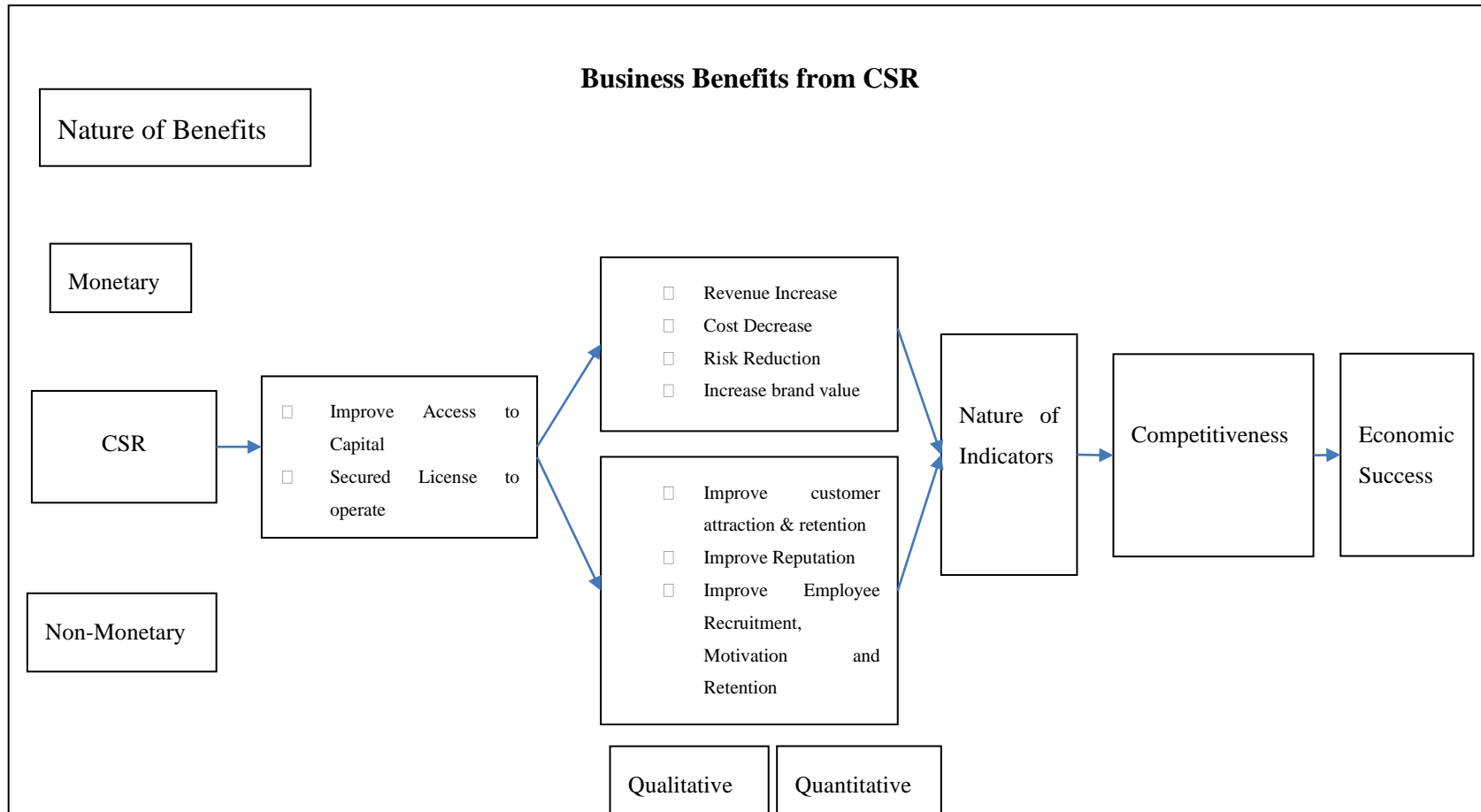


Figure 2.4: Benefits of CSR to Business

Source: Manuela Weber (2008). The Business Case for CSR: An Enterprise Level Measurement approach for CSR.

As indicated in Figure 2.4, the CSR monetary benefits can increase revenue, decrease costs, reduce risk and increase in brand value whereas the non-monetary benefits of the CSR can improve businesses access to capital, secure license to operate, improve customer employee recruitment, motivation and retention. Eventually, the combined effect of such benefits can bring competitive advantage for businesses (Szaba 2008, quoted by Turyakira, Venter and Smith, 2014) and this paved the way for economic of the success of the enterprises.

Generally business organisations whether they are large or small, need to focus on CSR so that they can get long-term benefits like good-will, employee commitment, operational efficiency and support from the government and other stakeholders. Such financial or non-financial benefits of CSR could improve the competitive advantages of businesses.

2.5. THE TBL OF SUSTAINABILITY

TBL and sustainability are two (2) related constructs that are being used interchangeably (Alhaddi, 2015). It focuses on the economic, social and environmental value of an investment and measures the performance and success of an organisation in terms of these three (3) parameters:(Goel,2010; cited by Alhaddi, 2015; Hammer and Pivo, 2016; Slaper and Hall, 2011). It guides organisations to give due concern to the society, community, employees and the environment. Others (likeAjiake, 2015) define TBL as “a holistic socially responsible way of defining the criteria and metrics that are used to measure an organisation’s success from both an internal and external perspective “. It focuses on people, planet and profit and adding value to these. It is aimed at wealth creation in the form of creating gainful employment opportunities, improving per capita income and GDP. It also involves thecommunity and workforce development and support of business development (Hammer and Pivo, 2016).

TBL is a construct that expresses the expansion of the environmental agenda in a way that integrates the economic and social lines (Elkington, 1997 as mentioned in the works of Al haddi, 2015). In this regard, the economic line links with the growth of the organisation. Hence, when the organisation grows, it should support the growth of the economy to help the growth of the future generation. To this end, Slaper and Hall (2011, p.5) put the following measures of anenterprise’s economic sustainability performance:

personal income, job growth, employment distribution by sector, cost of unemployment, percentage of enterprises in each sector, revenue by sector contributing to gross state product, establishment churn and sizes.

The social line of TBL focuses on the development of fair and beneficial business practices that can support the society, the community, employees and human capital and involves the development of programs and policies that can sustain such benefits (Elkington, 1997as cited by Al haddi, 2015; Hammer and Pivo, 2016). This involves paying fair wages and providing health care services to employees. Hence, the TBL is aimed at improving the economic development nations and improving their well-being expressed in terms of improving their living standards, increasing their life span and happiness in life.

The environmental line of TBL focuses on protecting the well-being of the environment to make it conducive to the future generation. This involves careful disposal of wastes, efficient utilisation of natural resources, reusing of industrial products and rehabilitating the environment. Hence business organisations need to protect the well-being of the environment where they operate (Hammer and Pivo, 2016). They should have wise use of natural resources and should not pollute the environment. In this context, the TBL is highly interconnected with the construct of sustainability.

Sustainability is defined as “the expectation of improving the social and environmental performance of the present generation without compromising the ability of future generations to meet their social and environmental needs (Alhaddis, 2015). This involves the wise use of natural resources, and the environment should not be polluted. Sustainability is also defined as the enterprise’s ability to be competitive, satisfy its employees, keep its financial health and adherence to the environmental standards (Ferraz de Camps, 2017). In this context, anenterprise should sustain in the market, keep its employees’ health and safety and be responsible for the environment. To be responsible; however, business organisations must balance their environmental responsibility, social responsibility and profitability, which usually termed as the 3ps: planet, people and profits. These three (3) things; however, must be harmonised to create continuous development and growth and hence-sustainability (See Figure 2.5).

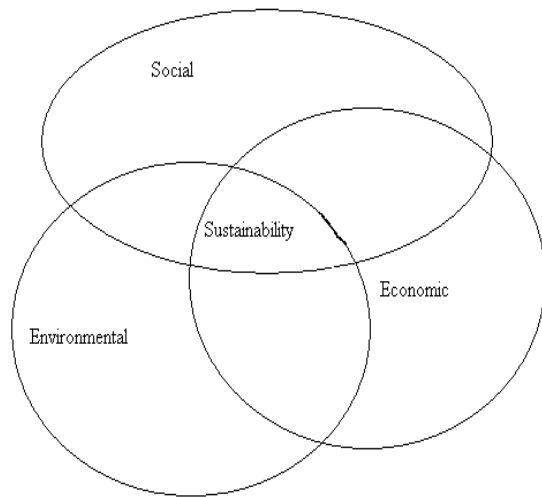


Figure 2.5: Integration of Spheres according to the TBL

Source: Ferraz de Campos (2017)

Figure 2.5 tells us when the three (3) spheres (social, environmental and economic) overlap at the equilibrium point; sustainability is achieved. Sustainability is also explained as “a conceptual framework that describes (i) a desirable, healthy, and dynamic balance between human and natural systems, (ii) a system of policies, beliefs, and best practices that will protect the diversity and richness of the planet’s ecosystems, foster economic vitality and opportunity and create a higher quality of life for people and (iii) a vision describing a future that anyone would want to inhabit.”(Arowoshegbe and Emmanuel, 2016: p.91). The central theme of this explanation is the well-being of the community and individual, economic and or financial considerations; environmental protection and stewardship. This framework will create long-term social, economic, and environmental benefits –hence the TBL of Sustainability. Therefore, business organisations are expected to improve the economic, quality of life the society, their employees and reduce the adverse effects on the natural environment.

2.6. TAKEHOLDER THEORY

As initially conceptualised by Freeman (1984), the stakeholder theory sees business as a set of interwoven relationships among groups that either affect or are affected by the activities of that business. In this regard, a business’s success primarily is measured in terms of creating value for its stakeholders. Stakeholders in this context refer to any

group or individual who can affect or are affected by the achievement of the enterprise's objectives (Freeman, 1984). Freeman (1984) bases his argument in classifying the stakeholders into two (2): primary and secondary stakeholders. Primary stakeholders include shareholders, employees, consumers and government whereas the secondary stakeholders include the community, the general public and non-governmental organisations. Primary stakeholders are those who make a direct transaction with the business entity, and they can directly affect the enterprise's performance and can be affected by the enterprise's actions. On the other hand, the secondary stakeholders do not engage in direct transactions with the enterprise, but they can influence the enterprise and be influenced too. This implies there is interdependency between the business entity and its multiple stakeholders (Wu and Worutch, 2015).

The stakeholder theory also emphasises the issues of sustainable environment which adheres responsible and sustainable use and re-use of natural resources, biological and physical; the preservation and control of local and global environmental pollution and the conservation and sustainable management of the natural environment (Downey, 2002). The later focused on the role of sustainable development in realising healthy, productive lives for people in harmony with nature. This again concerned with creating shareholders values. The values; however, should bring the following added advantages (Downey, 2002):

- Respect and care for the community of life
- Improvement in the quality of human life
- Change in personal attitudes and practices
- Empowerment of communities to care for their environments
- Provision of a natural framework for integrating development and conservation and
- Creation of a global alliance.

In summary, business organisations need to be considerate to the welfare and wellbeing of their stakeholders. They should create employment opportunity, improve the economic status of the country, create income to the community and keep the natural environment.

2.7. CONFUCIAN STAKEHOLDERS THEORY

Wu and Wokutch (2015) argued Confucianism as an amoral basis for stakeholder theory. Rooted in the Far East countries, Confucianism is coined with core moral elements like Ren, Yi, and Li (Ip, 2011). Ren signifies that it has “the virtue of the highest order” and has the meaning of “humanity, benevolence, love, and human heartedness” (Wu and Wokutch, 2015). In this context, Ren advises showing respect and reference to fellow human beings. Rooted in and guided by Ren, Yi shows righteousness - an ability to discern right from wrong, good from bad, and appropriateness from inappropriateness in actions and social relationships (Wu and Wokutch, 2015). The fact that Confucianism emphasises symbolic social relationships it becomes a base for stakeholder theory. Confucius provides general moral principles of love of one’s fellow human beings. In this regard, the enterprise as the co-existing moral person-the Confucian enterprise should treat human beings with humanness and benevolence. To this end, as stakeholder relationships are the facets of the modern social fabric, symbiosis in these relationships will contribute to the overall harmony and well-being of society (Wu and Wokutch, 2015).

The Confucian stakeholder theory then should create good relations with various stakeholders like employees, shareholders, consumers, partners, the community, and the government. That is an enterprise should show humanity or benevolence toward its employees to improve their welfare; it should strive to promote the shareholders’ interests; it should provide reliable and safe products and services to consumers; it should be honourable in its dealings with its partners; it should build a harmonious relationship with the community, and it should be abiding by the laws and regulations ratified by the government (Wu and Wokutch, 2015).

In summary, the stakeholder theory bases its doctrine on the value creation of the two (2) parties: the stakeholders to the enterprise and the enterprise to the stakeholders. This implies their reciprocal relationships matters for the existence of the two (2). Enterprises which diligently serve the interests of their stakeholders create more value over time. Such a value creation process is mainly determined through four (4) perspectives (Harrison and Wicks, 2013), namely (i) stakeholder utility associated with actual goods and services, (ii) stakeholder utility associated with organisational justice, (iii)

stakeholder utility from affiliation, and (iv) stakeholder utility associated with perceived opportunity costs. While the enterprise strives to maximise the stakeholders' utility, its performance improves overtime.

2.8. STAKEHOLDER THEORY AND CSR

Enterprises that follow CSR as a strategy should address the fundamental question 'to whom are we responsible?' Their answer should focus on stakeholders. In other words, enterprises have the obligation or duties to stakeholders. The vested interest of stakeholders mostly is increasing their wealth, adhering to the ethical and legal requirements and denoting financial and non-financial resources that can maximise their wealth and lift them from poverty traps. If we consider the main argument of Friedman (1970, cited by Vos, 2003), the social responsibility of business is to increase its profit, thereby maximising shareholders' wealth. In contrast, Carroll (1999) noted that the social responsibility of a business is more than economic benefits and can include legal, ethical and discretionary or philanthropic responsibilities. Therefore, stakeholder theory arranges the platforms to exercise the concepts and practices of CSR on the enterprises' stakeholders. Stakeholder theory explains and considers CSR as the antecedent of the relations by enterprises with their stakeholders (Russo and Perrini, 2010). As adapted from Freeman (1984), the following figure depicted the various stakeholders of a given business enterprise while intending to exercise the CSR initiatives:

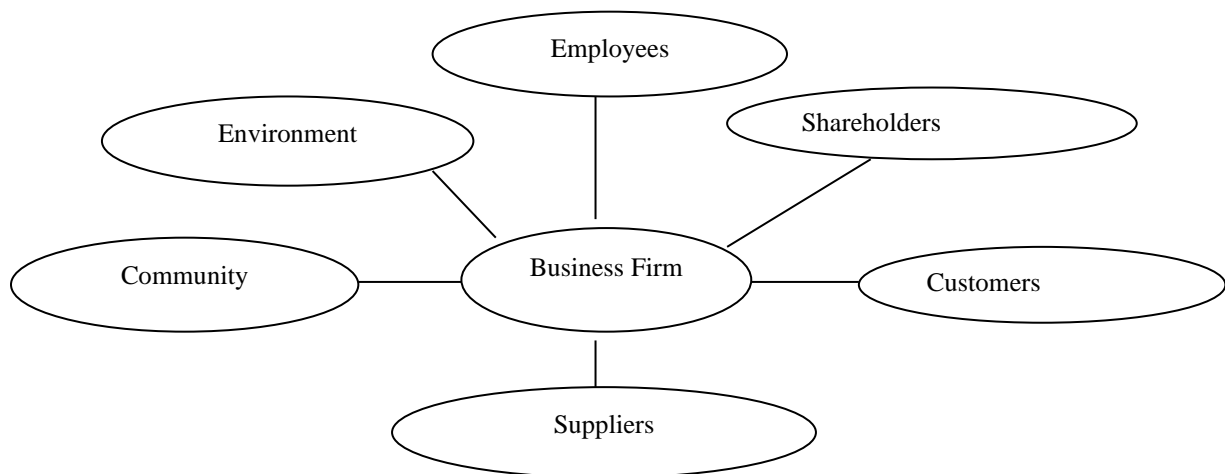


Figure 2.6: Stakeholder Approach to CSR

Source: Adapted from Freeman (1984)

Business organisations are expected to meet the various needs of its stakeholders to survive and succeed. There are several diverse forces, namely (i) government regulations, (ii) employee welfare, (iii) customer awareness, and (iv) market competition. These forces pressurise businesses to be responsible towards different interest groups like employees, investors, competitors, the society, customers, suppliers, government, and owners. In this regard, businesses must settle their taxation timely, keep employee welfare by supplying the right material at the right price to customers, and protect the well-being of the environment. Moreover, business organisations should provide the following:

- training and development,
- adequate wages and salaries,
- job security expressed in terms of provident fund,
- pension and retirement benefits;
- better working conditions,
- housing, and
- transport services to their employee.

They are also expected to settle principal and interests to banks and create employment opportunities for the society and the like. From this standpoint, social responsibility is a voluntary effort of businesses to satisfy different interest groups.

2.9. DEFINITION OF SMEs

SMEs are heterogeneous. Some are working at home without any formal registration, and others are working outside with formal or no recognition from the government. SMEs are defined in different ways in different countries. Some countries define them in terms of several employees hired, capital invested, annual turnover and still others define them in terms of investment in plant and machinery. As quoted in the works of Bloem (2012), SMEs definition in Cambodia are included in Table 2.1.

Table 2.1: Cambodia's Definition of SMEs

CATEGORY	EMPLOYEE NUMBER	ASSETS EXCLUDING LAND US DOLLAR
Micro	Less than 11	50,000
Small	11-50	50,000-250,000
Medium	51-100	250,000-500,000
Large	Over 100	Over 500,000

Source: Boem (2012)

Boem (2012) also define SMEs in Tanzania as follows:

Table 2.2: Tanzania's Definition of SMEs

CATEGORY	EMPLOYEES	CAPITAL INVESTMENT IN MACHINERY (T SHS.)
Micro-Enterprise	1-4	Up to 5 million
Small Enterprise	5-49	5 to 200 million
Medium Enterprise	50-99	200 to 500 million
Large Enterprise	100+	Above 800 million

Source: Boem (2012)

As we can see from Tables 2.1 and 2.2, the two (2) countries have different ways of defining SMEs. For instance, Cambodia defines small enterprise in terms of 11-50 numbers of employees and 50,000-250,000-dollar investment in assets whereas Tanzania defines the same size enterprises in terms of 4-49 employees and capital investment in the machinery of 5 to 200 million Tanzanian Shillings. Similarly, Cambodia defined medium enterprises which have 51-100 total number of employees and 250,000-500,000 dollar investment in assets whereas Tanzania defines medium enterprises with a total number of employees ranging from 50-99 and capital investment in machinery worth of 200 to 500 million Tanzanian Shillings. The European Union, however, defined small enterprise as 'an enterprise which employs fewer than 50 persons and whose annual turnover /or annual balance sheet total does not exceed Euro 10 million. Whereas a microenterprise is

defined as having fewer than ten persons with annual turnover or balance sheet total does not exceed EURO 2 million (Dalitso and Peter, 2000). Later, the European Union defines SMEs as a “business having fewer than 250 employees and less than 50-million-euro turnover or a balance sheet of fewer than 43 million Euros” (EU,2009).

In the Ethiopian context, previously micro-enterprises were defined in terms of paid-up capital of not exceeding Birr 20,000, which excluded high tech consultancy enterprises and other high-tech establishments. Small enterprises were defined as with a paid-up capital above Birr 20,000 and not exceeding Birr 500,000 and excluding high-tech consultancy enterprises and other high-tech establishments (Ministry of Trade and Industry, 1997).

Table 2.3: Ethiopian Definitions of SMEs

DEFINITION OF SMEs	IN BIRR	IN DOLLARS	IN EURO
Micro Enterprises excluding high tech consultancy enterprises and other high-tech establishments	Not exceeding 20,000	Not exceeding 705.98	Not exceeding 621.19
Small enterprises excluding high tech consultancy enterprises and other high-tech establishments	Above 20,000 and not exceeding 500,000	Above 705.98 and not exceeding 17,649.45	Above 621.19 and not exceeding 15,529.64

Source: Ministry of Trade and Industry (1997)

However, SMEs definition in Ethiopia changed slightly recently. Accordingly, the micro-enterprises are defined into two (2) forms: (i) industrial sector and (ii) service sector. The industrial sector comprises of manufacturing, mining and construction sub-sectors. Hence, according to the new definition, the microservice sector is defined as a business enterprise which employs not more than five (5) workers including the business owner and family labour and the monetary value of the enterprise’s total asset is not more than 100,000 Birr. The second category is the service sector which comprises retail trade, transport, hotel and tourism, information technology and repairs. Therefore, it is defined as a business enterprise which employs not more than five (5) workers, including the

business owner. Also, family labour and the monetary value of the enterprise's total asset is not more than 50,000 Birr (FDRE, 2011).

Similarly, small enterprises are also defined in two (2) categories. Category one is the industrial sector which includes manufacturing, construction and mining sub-sectors. The industrial sector is defined as a business enterprise which employs 6-30 workers, including business owner and family labour and the monetary value of the enterprise's total asset ranging Birr 100,001-1,500,000 (35,298.93-52,948.34 dollars). Category two (2) is the service sector which includes retail trade, transport, hotel and tourism, information technology and repairs). The service sector is defined as a business enterprise which employs 6-30 workers, including business owner and family labour and the monetary value of the enterprise's total asset ranging Birr 50,001-500,000(1,764.98-17,649.45 dollars). A business organisation with capital above Birr 500,000 and less than 1, 000, 0000 Birr (above 17,649.45 less than 35,298.89 dollars) capital is categorised as medium enterprises (FDRE, 2011).

As mentioned in the research work of Dereje (2012), the Ethiopian Statistical Authority (CSA) defines enterprises as follows: SMEs are establishments that engage less than 10 persons using power-driven machinery; cottage/handicrafts are household type enterprises located in household or workshops usually using own or family labour and mostly manual rather than automated /mechanical machinery whereas large and medium scale manufacturing enterprises are defined as an establishment with more than ten employees using automated machinery. In the same vein, the Ethiopian Revenue and Customs Authority (ERCA, cited inDereje,2012) defines small enterprises as enterprises having below Birr 1million annual turnovers; medium enterprises from Birr 1 million to Birr 4 million annual turnovers and large enterprises with above Birr 4 million annual turnovers. The current study; however, follows the official definitions given by FDRE (2011).

Generally, the approaches to define SMEs are different in different countries. The prominent parameters to define SMEs are the number of employees and capital investment in fixed assets. Therefore, the current study follows SMEs definition in terms

of capital outlay. Part III presents the empirical findings relevant to the research topic at hand.

2.10. PART II: EMPIRICAL STUDIES

2.10.1. Characteristics of SMEs

Small and medium-sized enterprises have various facets like the high contribution to employment; strategic orientation; growth potential; innovation; low level of participation in international trade; labour-intensive techniques and limited access to financial institutions. SMEs are more labour intensive; operate in different geographical areas; more efficient and their incomes are fairly distributed (Carl and Donal, 1999).

In terms of strategic orientation, SMEs are characterised by function accumulation, informal leadership, oral communication (Holátova and Březinova, 2013), and if there are some SMEs with strategy, they tend to have a large size in terms of employees (Holátova and Březinova, 2013). SMEs also have some limitation in terms of productivity, growth and international trade engagement. There are several impediments for their engagement in productivity networks like innovation efforts, financial characteristics, foreign ownership and managerial/ entrepreneurial attitudes (Harvie, Narjoko and Oum, 2010). The higher the SMEs innovation efforts and sources of finance, the higher can be their productivity.

Growth potential is another facet that displays the characteristics of SMEs. There are ample numbers of factors that affect the growth of SMEs. Owners /managers characteristics (like age, level of education and previous experience) and enterprise's size and industrial sector have a significant impact on their growth (Woldie, Leighton and Adesua, 2008). In the findings of ÜnÜcan (2010) external factors like the Internet and website usage, owner/managers level of education and experience in business, and the degree of productivity are mentioned as critical success factors for SMEs growth and development.

The low level of engagement in international trade is another characteristic of SMEs. Usually, SMEs have limited performance in the international trade because of several constraints like finance, managerial and limited experience in international trade

activities, etc. However, sometimes those able to export their products outperform their non-exporting counterparts by several measures like higher total revenue, higher labour productivity and faster total revenue growth (Asadurian et al., 2010).

Innovation is another characteristic that explains SMEs. Innovative SMEs can boost their overseas sales activities; however, their degree of innovation can be influenced by the degree of managerial education (Umidjon and others, 2014). The higher the managerial education, other things remain constant, the higher can be the enterprises' innovation capacity, and this can ultimately bring an impact on its sales performance. However, the innovation capacity of SMEs operating in developing countries can be pushed by external factors like public innovation-oriented policy, export support and availability of knowledge providing actors and pure competitive business environment (Umidjon et al., 2014).

Generally, SMEs have peculiar nature in terms of their innovation capacity; job creation; income generation and distribution. However, such attractive characteristics are hampered by the lack of managerial training; limited experience in international trade; regulatory constraints, and financial limitations, to mention the few.

2.10.2. Economic significance of SMEs

Globally, SMEs have a pivotal role in the economic development of nations. They contribute a lot to the wealth of nations in both developed and developing countries. They are good sources of job creation and employment; export income; entrepreneurial development and technology transfer, and they are excellent partners of large corporations.

SMEs contribute to over 5% of GDP and over 65% of total employment in high-income countries and account 60% of GDP and over 70% of total employment in low-income countries, while they contribute over 95% of total employment and about 70% of GDP in middle-income countries (OCED, 2004:pp.11). Moreover, SMEs account for two-thirds of all jobs worldwide (ILO, 2015). They make crucial contributions to job creation; creating gainful employment opportunity; improve job quality; increase productivity and economic growth (ILO, 2015; Reeg, 2015). They achieve a much more relatively high value-added operations because they are propelled by necessary economic activities that

depend mostly on locally sourced raw materials (Agwu and Emeti, 2014). SMEs play a vital role in the transition and developing countries. They account more than 90% of all enterprises outside the agriculture sector; constitute a significant source of employment (OECD, 2004). The lion share of SMEs economic importance is expressed in terms of job creation and employment (EEA, 2015; Tesfaye, 2014; Katua, 2014; Reeg, 2015; Bereket, 2010).

SMEs economic importance is mostly witnessed in developing countries. This is because most businesses in developing countries are micro, small and medium enterprises. Through job creation, SMEs accelerate the economic development of the developing countries (Ayyagari, Beck and Kunt, 2007).

There is a high number of unemployed youths worldwide, and this is true also in Africa. As per the World Bank's 2008 estimation, Sub-Saharan Africa alone was predicted to have 28% increment in youth unemployment for the next 15 years with 30 million people joining the pool of job seekers and the urban youth unemployment rate in Ethiopia is 37.5% (Nebil, Gezahegn and Hayat, 2010). According to these authors, the high number of youth unemployment in Ethiopia is attributed to poor economic performance; low level of education; high population growth; lack of entrepreneurship; mismatch of skills and high rural-urban migration. The working-age population employment was increased in Ethiopia between 2005 and 2013 by 0.5%. Similarly, in between 2005 and 2013, the total labour force employment was 95% and 95.5% along with the employed-to-population ratio of 74.6% in 2005 and 2013 respectively (Tadele and Shiferaw, 2015).

In Ethiopia, SMEs are well known in terms of economic growth, job creation and poverty reduction. The findings of EEA (2015) depicted a progressive job creation capacity of SMEs in Ethiopia. Accordingly, the total number of jobs in 2010/11, 2011/12, 2012/13 and the first nine (9) months of 2013/14 were 289 thousand, 806.3 thousand, 1,223.7 thousand and 963.8 thousand jobs respectively (EEA, 2015). The same source indicated the lion share (36.3%) of such employment opportunity was created by the construction sector followed by 20.8% by the service sector, 15.2% by trade, 14.7% by manufacturing and the remaining 13.1% by urban agriculture.

SMEs are also relevant sources of export revenues in some developing economies like 56% in Chinese Taipei; 31.5% in India and less than 1% in Tanzania and Malawi (OECD, 2004). In addition to this, SMEs accelerate the import-export operations of large enterprises through service provision and trading commodities (Agwu and Emeti, 2014). They serve as major suppliers of intermediate goods as components to large scale industries and primary agents for the distribution of final products of such industries. Hence, SMEs are right partners of large business organisations in managing their supply chain and supplying inputs to their domestic and overseas business activities.

Moreover, SMEs are essential avenues of entrepreneurial development and innovations. They provide opportunities for the development of local skill and technology acquisition through adaptation and enhance the capacity building as they serve as entrepreneurial training revenue (Agwu and Emeti, 2014). In their day-to-day business activities, several workers are participated in introducing new jobs and technologies. However, most of their technological innovations are constrained by several factors like unfavourable government policy and regulation; lack of technological and market information; inadequate research and development support; high cost of innovation; organisational culture; the limited size of the enterprises; lack of skilled personnel; lack of finance and lack of cooperation with various institutions, the government, non-governmental organisations and business development providers (Sileshi, 2012).

SMEs have a significant economic contribution to primary industries through service provision and trading of commodities (Agwu and Emeti, 2014). They assist large enterprises through the supply of raw materials, components and services. Generally, SMEs have ample economic significance for both developed and developing nations. They are engines of economic development for most nations in the world. They are the largest employers and the greatest creators of wealth (Katua, 2014). They are essential sources of income to GDP. Through their wealth creation capacity, SMEs help alleviate poverty. They create employment opportunities and new jobs. They foster equitable income distribution among citizens. They are good in terms of entrepreneurial skills development and technologies. They are essential in terms of technology adoption and transfer into the local economy. They can support nations to save their foreign currency, thereby creating added revenue to their economy. They complement to large

industries' requirements and assist them in the supply of service and factors of production.

Furthermore, they are critical in terms of assisting large business organisations either in terms of supplying raw materials and selling of their products. Despite all these contributions, the growth and development of SMEs have been constrained by several factors. This is discussed in the upcoming section.

2.10.3. SMEs' Constraints and Challenges to Economic Contribution and Growth

Ample discussions have been made about the economic significance of SMEs. They have the lion share of contribution towards countries' employment and job creation; innovation and technological adoptions; GDP improvement and supply of services and inputs to large business organisations. Even though SMEs are key actors to economic and wealth accumulation of nations; several factors hamper their growth and contributions. Financial shortages, lack of access to land and lack of infrastructure (Agwu and Emeti; 2014; Amentie, Negash and Kumera, 2016, Bouazza, Ardjourman and Abada, 2015 and Bereket, 2010; Okpara, 2011; World Bank Investment Climate Assessment, WBICA, 2009, as indicated by Nebil et al, 2010; AckhaVuvor, 2011) are notable factors that affect the economic contributions of SMEs. SMEs lack access to bank credit (formal financial sources) due to a lack of sufficient collateral and higher interest rates.

There are still diverse barriers for small and medium business growth like stiff competition in markets (World Bank Investment Climate Assessment, 2009, as cited by Nebil et al, 2010; Bouazza, Ardjourman and Abada, 2015, Amentie, Negash and Kumera, 2016); lack of training in entrepreneurial skills (Tesfay, 2014); lack of qualified and skilled workers and managers (Okpara, 2011; Nebil et al, 2010); the taxation systems of respective countries (Agwu and Emeti, 2014; Bouazza, Ardjourman and Abada, 2015); lack of information on business opportunities; lack of coordination and regular information exchange mechanisms among institutions. Moreover, SMEs economic contributions are hampered by corruption; lack of infrastructure and lack of business management skills (Okpara, 2011).

In Ethiopia despite the immense contributions of SMEs to local economic development and employment, their growth potential is limited by various factors like high tax rate, unstable macroeconomic conditions, lack of access to land, the problem of tax administration, political instability, lack of skilled workers, lack of electricity and high cost of finance (World Bank Investment Climate Assessment, 2009 as mentioned by Nebil et al, 2010). Regulatory burdens, lack of access to information and foreign markets are other forms of constraints. Moreover, the following factors are other forms of challenges and constraints for their businesses:

- low competitiveness in the market,
- lack of business information,
- lack of appropriate technology,
- poor acquisition of technical skills and managerial expertise (EEA,2015),
- the negative attitude of commercial banks;
- low availability of finance from lenders;
- high level of interest rates on loans,
- low demand for their products and services;
- unavailability of raw materials, and
- pricing systems of competitors in the market (Amentie, Negash and Kumera, 2016).

Moreover, low competitiveness in the market, lack of business information, lack of appropriate technology, poor acquisition of technical skills and managerial expertise are among the diverse challenges confronted Ethiopian SMEs (EEA, 2015).

Generally, SMEs of different countries, as in Ethiopia, are facing various political and legal, social, financial, human and technological constraints. Such constraints inhibit SMEs growth potential and hence their contributions to job creation and employment. Therefore, to increase SMEs contribution on employment creation, income generation and export performance, support is required from various stakeholders like the government. This can improve SMEs competitiveness and productivity. Improvement in competitiveness, in turn, can increase their efficiency and effectiveness in resource

utilisation and their ability to divert their profit for further growth and technological innovation (OECD, 2004).

2.10.4. The Perception of Stakeholders on CSR

The degree of business organisations participation in CSR activities partly might be affected by their perceptions, expectations and norms therein. If enterprises develop positive impression on CSR, they can increase their CSR activities. The study conducted by Wang and Juslin (2013) showed that Chinese youth had a negative perception of the CSR performance of corporations whereas they had the highest perceptions on the economic and social dimensions like creating jobs locally and meeting shareholders profit expectations. Furthermore, Wang and Juslin's study confirmed that shareholders had a favourable view of CSR investments like an investment in public and environmental welfare, and in contrast, the general public and government officials had negative views.

Gender wise the study of Wang and Juslin (2013) confirmed that females present more ethical value than males and females display a higher negative perception of CSR performance than males. Finally, Wang and Juslin (2013) concluded that personal and cultural values of individuals have a significant effect on the individuals' perception of CSR performance.

Varenova et al. (2013) revealed that socially responsible businesses employ CSR to satisfy their commercial interest and gain competitive advantage. This paved the way to conclude "businesses have a narrow view of CSR, i.e. serving self-interest instead of respecting stakeholders" (Varenova et al., 2013).

Tan and Komaran (2006) researched in Singapore to assess the perceptions of CSR constructs like the principles of stewardship, charity, environmental friendliness, ethical responsibility, economic responsibility, legal responsibility and philanthropic responsibility and the result indicated the applicability of CSR constructs. However, from Tan and Komaran (2006) findings, some respondents had a diverse response concerning the social performance of the Singaporean enterprises – some of the respondents rated them as 'average', and some others evaluate them as 'poor' in their social performance. Similarly, Okpara and Wynn (2012) surveyed Nigeria stakeholders' perceptions about

CSR using the primary constructs of CSR like economic, legal, ethical and philanthropic responsibilities. Then the survey result indicated that all stakeholders recognise CSR is essential and need to be tackled. All variables considered in their survey to measure CSR were perceived to be significant and relevant in Nigeria's context. Okpara and Wynn (2012) also indicated that majority of the respondents were perceived the economic responsibilities of business is relatively essential and significant.

Sometimes; however, some business organisations may perceive the CSR activities as non-value adding and irrelevant to their operations. To this end in the survey conducted by Baisakalova(2012), most of the respondents believed that business involvement in social programs is voluntary, not mandatory and they perceived business should provide adequate wages to employees, pay taxes and create new jobs, while the state should solve social problems. Moreover, the enterprises believed that fulfilling social obligations should be the responsibility of big enterprises with significant revenues while small enterprises with low revenues need help themselves and in contrast, some of them believed that business should not only pay wages and taxes but also be participated in social programs of the country and regions (health, education, poverty) (Baisakalova, 2012).

Contrary to this, majority of the respondents in Okpara and Wynn (2012) study indicated that corporations are expected to act morally and ethically. In this study, the stakeholders agreed that the ethical behaviour of business organisations should go beyond simple compliance with laws and regulations. To this end, corporations are expected to assist with projects that enhance community's quality of life and poverty alleviation, support private and public educational institutions, participate in charitable activities within their local communities and participate in philanthropic and charitable expectations of society (Okpara and Wynn, 2012).Therefore, one of the research objectives of this study is to analyse the perception of SMEs on CSR constructs. This study tried to confirm whether SMEs have positive perception towards CSR initiatives engagement or not.

In summary, one can understand that the CSR perception of business owners/managers can bring a more significant impact on their readiness to participate in CSR practices. Whether or not they can invest in community, employees or environmental projects, the

impressions of these business owners/managers can matter. The higher the positive perceptions of the enterprises' owners/managers on CSR, the higher can be their engagement in CSR initiatives.

2.10.5. CSR and Developing Countries

Compared to the advanced economies, the depth and practices of CSR in developing countries are too limited and shallow. The existing practices; however, mainly focused on the local community, the environment and somehow on employees' development.

The business organisations' community-based CSR initiatives include activities like improving school facilities, health and medical care support, disaster management, assisting community-based projects (Pimpa, Gekara and Fry, 2013.; www.wbiconpro.com, Obalola, 2008; Khanna and Gupta, 2011).

Moreover, enterprises help the local community in areas like agriculture, handicrafts, HIV/AIDS prevention, small business development, transport, communications and livelihood promotion (Pimpa, Gekara and Fry, 2013.; Khanna and Gupta, 2011); improving women's empowerment (Khanna and Gupta, 2011) and sponsoring sports activities (Narwal and Singh, 2013). However, such initiatives are usually constrained by the lack of enforcement from the government side; lack of community participation while designing the CSR packages (Oxfam, 2008); lack of transparency, lack of clear CSR guidelines, lack of awareness from the general public about CSR initiatives and lack of capacity of the enterprises (Narwal and Singh, 2013).

The support of business organisations in developing countries does not end in supporting the local community but also, they assist the protection of the natural environment. Some of them participate in environmental conservation (Khanna and Gupta, 2011); crafting programs that can ensure sustainable development of the environment (Doukakis, Kapardis and Katsiolouses, 2005) they protect the environment through energy conservation, waste control and recycling, prevention of pollution and natural environment protection (Kukanja and Planinc, 2018). Such actions of the business organisations protect the natural environment from destruction, thereby indirectly improving the livelihood of the local community.

Businesses also pursue their CSR agenda in supporting their employees. They draft internal policies that eliminate discrimination of employees ; provide health and medical support (Khanna and Gupta, 2011; Albdour and Altarawneh, 2012); train and develop them (Albdour and Altarawneh, 2012). Moreover, they improve work-life-balance and workplace diversity; provide a family-friendly work environment; encourage employees in community projects; provide equitable reward and wage system (Doukakis, Kapardis and Katsiolouses, 2005). All such CSR initiatives help employees improve their productivity; commitment and personal development.

However, the concept of CSR in Africa is not well developed and is a strange phenomenon. For instance, the exploratory survey in Kenya's hotel workers (Cheruiyot and Maru, 2012) indicated lack of employees' participation, poor work environment (characterised by lack of facilities, unionisation and with employees' discrimination) and lack of fair compensation. This indicates a deficient level of CSR orientation and practices. That is why this study was initiated to explore what has been done with SMEs' CSR in Ethiopia and the challenges therein.

2.10.6. Conclusion

Research on developing countries' CSR is generally negligible. Even the existing empirical literature dominantly focused on few countries like China, India, Malaysia, Pakistan, South Africa and Thailand (Visser, 2006). Even the available research findings on developing countries' CSR mainly focus on philanthropy or charity, economic contributions and provisions of social services like schools, infrastructure, hospital and housing (Visser et al., 2007 stated in Visser 2006). Therefore, governments and development agents of the developing nations should give maximum attention and care on businesses to develop the traditions of CSR to address social problems like unemployment, poverty, reduced employee dissatisfaction, and to reap the benefits of the international market.

2.10.7. SMEs' CSR Activities

SMEs are becoming active in dealing with societal issues and community development. They are active in creating employment opportunities for the poor and act as policy instruments for the government to facilitate development. SMEs act as development

agents through direct business initiatives and CSR activities. There are different forms of SMEs' CSR engagements. Notably, they can be expressed as internal and external CSR activities, or they can be explained as external social CSR dimension, internal social CSR dimension, environmental CSR dimension and economic dimensions (Santos, 2011).

SMEs have several CSR interventions with the community. SMEs have a good level of attachment with the local community and support the local community in terms of (i) sponsoring sporting and cultural events; (ii) financial donations to local organisations, (iii) lending equipment and premises (HAB, 2016; Kukanja, Babiak and Trendatilova, 2011; Kuranja, Planinc and Suligoj, 2016), and (iv) cash and time donations (Fenwick, 2010). The most notable SMEs' external CSR that are directly focused on local community support initiatives are social employment, sponsorship, donations, partnerships and cooperation and social cohesion (Sweeney, 2007; Santos, 2011; Kukanja, Planinc and Suligoj, 2016; Strandberg, 2019). Through their social cohesion, SMEs participate in education, training, employment, environmental and urban renovation and sending employees for voluntary community services.

Besides their financial and in-kind donations, SMEs also support the local community in terms of skilled-based volunteering like providing expert advice, board services and communication support (Strandberg, 2019). They are also active in terms of creating gainful employment and training for the local people (Kukanja, Planinc and Suligoj, 2016; Kukanja and Planinc, 2018). Moreover, they help minority groups like people with disabilities and the homeless in terms of employment and training (Fenwick, 2010). Sometimes SMEs are known for providing discounted products and services to the local community (Strandberg, 2019). However, despite their comprehensive range CSR initiatives, SMEs usually are criticised by their failure to involve in social activities representing the local community (HAB, 2016) like in politics.

As part of their community participation, SMEs also help the local community in terms of school construction and microcredit (Elhaz, Luquir, Murals and Stagliano, 2014). They provide value-added products to customers, share their best practices, provide strategic support and deliver joint programs (Strandberg, 2019). Furthermore, they are good at

supporting stakeholders' participation in their supply chain (Elhaz, Luquir, Murals and Stagliano, 2014).

SMEs also have a pivotal contribution to the wellbeing of the environment. They have an active role in terms of waste management, energy savings, pollution control, natural resources preservation, overall environmental management and control (Santos, 2011; Elhaz, Luquir, Murals and Stagliano, 2014; Kukanja, Planinc and Suligoj, 2016; Munasinghe and Malkumari, 2012) and temperature control and system maintenance (Santos, 2011). SMEs protect the natural environment through energy conservation, recycling of used products, controlling their wastes and preservation of pollution (Elhaz, Luquir, Murals and Stagliano, 2014; Kukanja and Planinc, 2018). Therefore, in addition to the wise use of natural resources and preservation of the natural environment, SMEs protect the health and wellbeing of the local community and their employees.

The SMEs CSR participation also expressed in terms of their active role in protecting the welfare and personal development of their employees. This commonly referred to as internal CSR. Hence SMEs support their employees' development through training, improving skills and addressing their long-term careers (Kuranja and Planinc, 2018). Moreover, SMEs keep the health and safety of their employees and pay overtime compensation (Elbaz et al., 2014). They tend to foster work-life balance and workplace diversity (Sweeney, 2007; Kukanja and Planinc, 2018). That is why most SMEs give attention to workforce initiatives and environmental activities in the CSR agenda (Pederson, 2009).

The internal CSR dimensions of the SMEs also include social services, information and communication, organisational change management; employability and proper human resources management (Santos, 2011). SMEs send their employees for volunteer community services like tree planting, environmental cleaning and expert services. The later strengthens the bond between SMEs and stakeholders in the outside environment.

The internal CSR programs of SMEs also include providing employment opportunities, monitoring employee satisfaction and encouraging employee involvement and participation in decision making (Szlàvik et al., 2006). Such initiatives enhance employees' commitment and attachment with the enterprise's goals and values which

could be a means to boost their job satisfaction and productivity. Generally, SMEs are motivated by diverse reasons like to increase market share, to get government support and protection; to increase their image and for moral reasons, they have active participation in the community, environmental, employees and other stakeholders' developments. Such acts of SMEs' CSR improve their image in the society; increase their market share and profitability. However, SMEs in Africa have a low level of awareness about CSR, and they have hardly implemented social responsibility activities (Ladzani and Seeletse, 2012). Hence, the current study was designed to explore the practice of CSR in Ethiopian SMEs.

2.10.8. Drivers of CSR

The driving forces for business's engagement in CSR practices are partly attributed to moral and strategic motives (Arevalo and Aravind, 2011). This implies that enterprises undertake CSR to enhance their profitability and market attractiveness. This is a strategic motive. The moral motive implies the enterprises' moral obligation to assist the stakeholders in their surroundings. The values and norms of the owners/managers too are forces which motivate businesses to participate in CSR activities (Turyakira, 2017). The characteristics of the founders, the values of the business and the business motives are other forms of drivers for business organisations to participate in CSR initiatives (Roy, Vyas and Jain, 2013). Some businesses undertake the CSR activities just to be viewed as good citizens and being ethical and have good relationships with the local communities, customers and the government (Turyakira, 2017; Babiak and Trendatlova, 2011). The same sources attribute the businesses CSR participation to economic motive, to be responsible for the environment, to create strategic collaborations and networks with partners. However, the main reason to create a strong tie with various stakeholders is to satisfy their economic motive.

The forces behind exercising CSR activities might differ from one business to another. Sometimes enterprises develop CSR programs to reduce employee turnover, improve their image and increase customer satisfaction in addition to improving their financial benefits (Galbreath, 2009). Still, others decide to run the CSR activities due to the influence of internal and external forces like the pressure from the government,

competitors, investors, customers, non-governmental organisations and business managers (Haigh and Jones, 2007).

According to the survey conducted by Hossain, Rowe and Quaddus (n.d.), most of the study participants were interested in applying the CSR activities due to fundamental reasons like to satisfy their social obligation (like helping the community, enhancing employee job satisfaction and creating value for the society); the influence from managers (the helpful nature of the management body to society); to reduce poverty and bring economic sustainability; to enhance corporate image and due to the pressure from regulators and international buyers.

The forces behind initiating the CSR activities may differ in some cases because of the difference in the economic development of nations and the size of the business organisations. For instance, most multi-national enterprises dare to undertake CSR activities to conform to the practices of leading enterprises in their fields, to be sensitive to public perceptions and to guard against threats to their autonomy whereas SMEs engagement in CSR is attributed to reduce operational risks and to be sensitive to local stakeholders (Laudal, 2011). Similarly, due to the pressure from customers, employees, global quarters, business industrial associations, most American enterprises working in Hong Kong are running various CSR activities to improve their reputation, supply chain management practices, stakeholders' relations; to expand their market potential for their products and services and to reduce operational risk (University of Hong Kong, 2007).

The norm, culture and traditions of countries and individuals may influence enterprises to participate in CSR activities. For example, Malaysian SMEs are actively participating in environmental initiatives due to the owners' / managers' values, beliefs, religious thoughts and the pressure and encouragement from stakeholders (Nejati and Amran, 2009). Still, other Malaysian enterprises derived their CSR initiatives due to the support of management leadership, poverty alleviation and social obligation motives, pressures from external forces and branding corporate image (Hassain, Rowe and Quaddus, n.d.). Moreover, Mankelow and Quazand Quazi (n.d.) found that most SMEs in Australia held the act of CSR to provide cases for customers and the community, to earn profit and get strategic advantages. There are still SMEs motivated to CSR activities to save cost,

meet their values and customer expectations (Szlávisk et al., 2006). In contrast, even if researchers relate SMEs CSR motives to moral and ethical concerns, values of owners/managers and image building, Pedersen (2009) ensured that SMEs do not have value-based motives to engage in CSR initiatives.

The market competition and the struggle to attract new customers and maintaining the existing ones can also be another driving force for enterprises to participate in CSR activities. For example, small enterprises working in Sweden are motivated to engage in CSR activities for main reasons like image building, to satisfy customer requirements /expectations and for ethical reasons (Olsson, 2011). Still, others are motivated to engage in CSR initiatives to improve economic performance, goodwill and employee motivation (Munasighe and Malkumari, 2012). For most Chinese SMEs; however, the major driving forces to engage in CSR activities are attributed to pressures from global competition, workers and policy factors and expectations of future incentives (Lai, 2006).

Generally, even if the depth and practice of CSR may differ from business to business, enterprises; however, interested in CSR agenda due to various reasons like to boost their image in the community, enhance their profit, expand to new markets, develop good relationships with different stakeholders like the society and the government.

2.10.9. Business Barriers to CSR Engagement

Few works of literature are there that dealt with the barriers for business organisations' participation in CSR. The available literature indicates factors like lack of fiancé, lack of awareness about CSR, lack of knowledge and skills, lack of information, lack of time (Turyakira, 2017; HAB, 2016; Strandberg, 2019) as significant barriers for enterprise's participation in CSR activities. Moreover, lack of accountability, lack of strategies, lack of recognition for SMEs' CSR initiatives, lack of institutions and facilities for the implementation of CSR programs and size of the enterprise are contributing factors for the limited participation of SMEs in CSR activities (Turyakira, 2017). The lack of scale and synergy, lack of buy-in from enterprise leaders and lack of communication about CSR practices are additional barriers for business organisations' CSR initiatives.

There are immense reasons for the little or no active participation of business organisations in CSR initiatives. Sometimes it emerged from lack of regulatory

framework, sustainable education, enforcement of laws, motivation from the government, awareness and due to the socio-economic and cultural problems (Hossain, Rowe and Quaddus,n.d.). For some lack of perceived benefits, lack of knowledge, external influence and their internal control mechanisms may hinder them from participating in CSR activities (Laudal, 2007). Most often enterprises also constrained by lack of training opportunities, financial limitations, limited know-how on implementation, lack of primary skill/education for successful implementation and sometimes due to the complex nature of CSR implementation (Arevado and Araid, 2011).

Research findings from Asia indicate most businesses have limited contribution to CSR initiatives due to lack of incentives, resources, absence of legal requirement, costly nature of the CSR engagement and lack of commitment from top management (Hong Kong University, 2007).In an attempt to identify the drivers and barriers of CSR in SMEs and multinational enterprises, Laudal (2011) also clearly explained cost/benefit ratio (capacity)and external control (risk) are the two (2) main barriers for SMEs engagement in CSR whereas internal control (risk) becomes the main barriers for multinational enterprises active role in CSR.

Even though several findings confirm poor awareness and resource constraints (like human, financial and time) as a wide range of barriers for SMEs to implement the CSR initiatives, Sweeney (2007) identified cost as the only barrier for SMEs. In addition to the cost, there are other factors like lack of market, lack of employees' interest, lack of information, lack of management commitment, lack of expected benefits and lack of external support as necessary barriers for SMEs to exercises CSR activities (Szlávik et al., 2006). Whereas time constraint becomes the significant barrier for small Swedishenterprises to engage in CSR activities (Olsson, 2011) and enterprise size becomes the significant barrier for Danish SMEs to participate in CSR activities in support chain (Pedersen, 2009).

The SMEs engagement in CSR can be of constrained by economic barriers (requires extra money, time and energy), political barriers (lack of policy frameworks and incentives from local government) and due to knowledge gaps and wrong perceptions on CSR (Lai, 2006). Similarly, the SMEs drive for CSR engagement can be hampered by a

lack of management commitment and attitude of “no benefit” for exercising CSR activities (Munasinghe and Malkumari, 2012).

SMEs have a pivotal role in economic development, employment generation, rapid industrialisation and economic growth of nations. However, such SMEs initiatives may be hampered by deficiencies in planning, organising, directing, controlling; financial management, marketing management, production management and personnel management which all can be summed by managerial deficiencies (Priyanath, 2006). Related to this lack of management experience and corruption can affect the development of small enterprises (Okpara, 2011) which indirectly can limit their investment in CSR activities.

In summary, business organisations might have a high level of interest to engage in CSR practices; however, they are hampered by the lack of finance, awareness, information, time, managerial experience, and commitment.

2.10.10. Conclusion

For business organisations to participate in CSR initiatives, there are several motivating factors like the need to be ethical members of the citizen, improve their enterprise’s and products’ image, obtain support from the local and federal government, to address the demands of customers and to obtain strategic support from various stakeholders. However, their CSR initiatives are constrained by lack of resources (like finance, human resources, time and other required facilities), lack of knowledge and basic orientation about CSR, lack of strategic direction and management support. Moreover, the complex nature of CSR, lack of information and institutions that accelerate the implementation of CSR initiatives are other forms of constraints to practice CSR.

2.11. THE WORLD POVERTY SITUATIONS

At the beginning of the new millennium, world leaders were set the Millennium Development Goals (MDG) to eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development.

Interim reports indicated most countries had significant advances on several of the Millennium Development Goals indicators (World Bank Group, 2016, UN, 2015, UND, 2018).

Though ending extreme poverty becomes a central challenge remain to the world, the proportion of people living on less than USD 1.25 per day were 21% in 2010, down from 43% in 1990 and 52% in 1981 (World Bank, 2013 quoted by OECD, n.d.). A further report on the MDG indicated the number of people living in extreme poverty was declined by more than half, falling from 1.9 billion in 1990 to 836 million in 2015. For 2013 the global poverty estimate was 10.7 percent of the world's population; however, actually, there was an improvement on it (World Bank Group, 2016). In the same report in 2013, there was a 1.7 percent decline in the headcount ratio, and much of such improvement was observed in East Asia, Pacific region and South Asia. However, in 2015, more than 40 percent of the population in Sub-Saharan Africa were in extreme poverty in 2015 (UN, 2015).

The UN report in 2015 also indicated a 3.3 percent reduction in the employment-to-population ratio in developing regions from 1991 to 2015. However, the unemployment rate was high in Sub-Saharan Africa compared to the rest of the world. This implies the problems of the developing countries, especially for Africa, is deep-rooted and unresolved yet. Of course, the problem of poverty is deeply rooted in Africa's economic history (Roe, 2006). It has been characterised by a slowdown in the standard of living, a decline in employment and sluggish economic development. Factors like unfair global trade, geographical features of the continent and the debt burden of the nations are used to explain why Africans cannot leave this cycle of poverty (Roe, 2006). Therefore, to overcome the vicious circle of poverty, the promotion of private sector development is crucial. Such private sector development will create employment and growth in a country.

Ethiopia has achieved remarkable improvement in poverty reduction (Feed the Future, 2018). Poverty in Ethiopia had declined from 48% in 1990 to 29.6% in 2011 and 23.4% in 2015, which is below the 24% of the Millennium Development Goals target (Wondifraw et al., 2016). In Ethiopia, the incidence of poverty was reduced from 45.5

percent in 2000 to 23.5 percent in 2016 (Ethiopian National Planning Commission cited by UNDP, 2018). Its income inequality was low and stable at around 30 percent for about two (2) decades (UNDP, 2017 quoted by UNDP, 2018). Nevertheless, Ethiopia is still among the poorest countries in the world since over 22 million people are living below the national poverty line (Wondifraw et al., 2016; UNDP, 2018). In the year 2010/11, in Ethiopia some of the regional states had very high poverty headcount index, for example, Afar Regional State had the highest (36.1 percent) followed by the Somali Regional State (32.8 percent) and Tigray Regional State (31.8 percent).

The fight against poverty is addressed by many stakeholders like the world bank, donor nations, aid agencies, civil organisations and national governments, but the result is discouraging (Arli, et al., 2009). Therefore, the current trend is toward developing the private sector for the long term, rapid economic growth, and to bring sustained poverty reduction. As growth proceeds, private sector employment becomes the significant sources of economic support for the majority of workers and their families (Friedman, 2007). Hence all businesses in one way or another are expected to stretch their hands to alleviate the problem of the poor through different actions like providing opportunities to get access to education, healthcare, income and economic assets, better housing and favourable working conditions and allowing participating in decision making. To this end, helping the poor to achieve self-sufficiency is a significant contribution of businesses on the way to reduce poverty. Therefore, the current study was aimed at assessing the contribution of SMEs in reducing poverty in Ethiopia focused on CSR dimensions.

2.12. THE ROLE OF SMEs IN POVERTY REDUCTION

The world is expected to rely on businesses to fight poverty, bring sustainable development and avoid inequality in growth. Sustainable development of the private sector can be the most important “weapon” in the battle against poverty (the Asian Development Bank, as mentioned by Dornberger, 2005). Businesses or the private sector have a pivotal role in creating jobs, increasing incomes of the community and improving the economic status of a given country. The combined efforts of these can assist countries in the fight against poverty and lifting the poor out of the poverty trap.

SMEs are key actors of the economic development of nations and accelerating national growth. They are the significant sources of income and job opportunity (Audu and Okpe, 2018; Yaregal, 2018; Alemtsehay, 2016, Oba and Onuouha, 2013, Shrestha, 2005; World Bank, 2000). Through their job creation capacity, SMEs can reduce the unemployment rate of the country, boost the income of the poor and improve the income of the nation. SMEs ensure equitable distribution of income and better utilisation of local resources (Yaregal, 2018; Audu, 2018). They are also good sources of entrepreneurial skill development and training grounds for the unemployed and individuals with limited skill and experience about business undertakings (Alemtsehay, 2016, Yaregal, 2018). This will create the opportunity to create their jobs and earning income. Moreover, they assist in reducing dependency and eradicate poverty (Oyelana and Adu, 2015).

SMEs are the rights hands of the government in bringing national development and economic growth. They pay tax, create job opportunities, enhance industrialisation and technology transfer (Oyelana and Adu, 2015; TAK-IRDI, 2016). For instance in Ethiopia even though the private sector's growth and contribution are low(Reeg, 2015; TAK-IRDI, 2016), the country's economic growth between 2003/04 and 2016/17 was 10.5 percent, its real per capita GDP was increased from \$ 32 billion in 2010/11 to \$ 81 billion in 2016/17; the headcount poverty rate was declined from 45.5% in 2000 to 23.5% in 2016, and this strong economic growth was resulted due to the private sector development and public investment (UNDP,2018). This implies businesses are the backbones of national development, growth and are instruments for poverty reduction.

SMEs of the developing world have played a pivotal role in changing the well-being of their citizen and the national growth at large. For example, in Nepal, more than 98% of the industries are under the categories of SMEs, and their contribution to employment and value creation is so high (Shrestha, 2005). Most of the local people are engaged in different business activities like manufacturing, trading and personal services. SMEs are equally crucial in Kenya employing more than 4.6 million people and accounting for 18.4% of the GDP (Cheloti, 2005) and have a vital role in economic and social dynamics of the country which assist in poverty reduction initiatives.

Like Nepal and Kenya, SMEs of other developing countries like Bolivia, Mauritius, Botswana, and South Africa, to mention the few, are striving to be the right hands in their national development endeavours and efforts to alleviate poverty. For example, in 2001 in Bolivia, big enterprises were contributed 65% to the GDP, but their contribution to employment was 8% compared to 83% of the employment generation of the SMEs (Cladera, 2005). Moreover, South Africa's SMEs are becoming the catalyst for job creation, economic growth and poverty alleviation (Agupusi, 2007; Mahadea and Pillay, 2008; Nyamunda and Joseph, 2009).

Despite the growing importance and contributions of SMEs in boosting the economic development and reducing the poverty rate of the nations, there are ample constraints which limit their potential for further growth. Moreover, various factors affect SMEs' effort in poverty reduction: lack of finance, inadequate supply of infrastructure, lack of government support, government bureaucracy (Audu and Okpe, 2018; Yaregal, 2018; TAK-IRDI, 2016; Alemtsehay, 2016; Oba and Onuouha, 2013), high-interest rate (Oba and Onuouha, 2013), lack of training, lack of experience, lack of access to modern technology, lack of raw material (Yaregal, 2018), crime, theft, lack of finance, inadequate infrastructure, tax regulations, poor managerial skills, laws and regulations, stiff competition, delayed and /or non-payment by clients, scarcity of markets and raw materials (Mahadea and Pillay, 2008; Muras, 2003; International Finance Corporation, 2000; Alemtsehay, 2016).

Therefore, to increase the productivity and employment generation capacity of SMEs, intervention activities are required from different stakeholders like the government, donors, development agencies and NGOs. The interventions may be expressed in terms of incentives and subsidies, capacity building (like providing training in necessary skills in management, accounting, information technology, business planning and marketing); sharing of knowledge and granting of loans (Mukras, 2003; WBCSD, 2004; Tustin and Harold, 2003). SMEs will not be fruitful in ensuring sustainable development and alleviating poverty without the concerted effort of others.

2.12.1. Concluding Remarks

For reasons like their capacity to absorb a large number of workers, minimum cost of capital per job, ease of entry and exit from the market, small start-up and operating capital, low labour skill requirement and their impetus for entrepreneurial and indigenous technological development, SMEs are ideal for paths out of poverty for the poor. A growing number of business organisations, including small and medium enterprises (SMEs) are addressing the issues of poverty through the dominant concept of CSR. Businesses can address the issue of poverty through CSR by creating employment opportunities and, hence providing income. Moreover, the fact that businesses pay tax, they can support social services like health care and education. They can also alleviate the problems of the poor by creating a market. By allowing credit access, businesses can increase the earning capacity of the poor. They are vital for upward mobility (expressed in terms of freedom from hunger, long life, health, greater choice and human fulfilments), job creation, upgrading job skills and knowledge, and improve income for the poor. This allows the poor to own assets and grows – a wealth that can be transferred to the next generation. Consequently, through the development and growth of individuals' well-being, sustainable economic growth can be ensured at a national and global level. However, CSR in small and medium-sized enterprises (SMEs) is a relatively new topic in research, and the basic constructs of CSR in SMEs have gained limited consideration (Høivik and Shankar, 2010). Hence, the current study was aimed at exploring the role of SMEs in supporting stakeholders in alleviating their poverty situation.

2.13. THE RESEARCH GAP

A thorough review of the classical and contemporary literature indicates the lack of study which analyses SMEs' CSR activities, drivers and barriers in Ethiopia, which leaves a knowledge gap. Though some researchers tried to study the economic contribution of SMEs, their study is rudimentary and shallow. The SMEs' philanthropic, legal and environmental responsibilities are not yet explored and studies in detail. Hence, this research attempts to fill the gap by examining the SMEs' CSR activities focused on the local community, their employees and the natural environment. Further, the study was

prioritising the drivers and barriers of SMEs' CSR. In achieving this objective, the study employed an exploratory-survey research design with mixed research approach.

2.14. SMEs DEVELOPMENT STRATEGIES AND POLICIES IN ETHIOPIA

The Government of Ethiopia has formulated various strategies and policies that can assist the development and growth of SMEs operating in the country. Notable to these are the 1997's and 2011's Micro, Small and Medium Enterprises Development Strategies, the 2013-2025 Industrial Development Strategic Plan and the Growth and Transformation Plans (Plan I and II). To some extent, all these strategies have contributed to the sustainability and emergent of new SMEs in the country.

2.14.1. Micro and Small Enterprises Development Strategy of Ethiopia (1997-2010) and MSEs Development Strategy, Provision Framework and Methods of Implementation (2011-2015)

The 1997's Micro and Small Enterprises Development Strategy of Ethiopia was very comprehensive, detail and had broad SMEs intervention areas. It included support initiatives on alleviating the MSEs' financial constraints, market linkage problems, lack of training, inaccessibility of appropriate technology and lack of required physical infrastructure. As a result, the strategy was promised the formulation of institutional arrangements that can enhance market linkages and alleviate market access constraints (FDRE Ministry of Trade and Industry, 1997). Moreover, the government was pledged to relax the formal lending procedures of the commercial banks; establishing platforms that encourage NGOs to supply funds to the MSEs and provision of incentives from the government side that can improve the competitiveness of MSEs in the market.

The ultimate outcomes of the 1997-2010 Micro and Small Enterprises Development Strategy indicated, employing a total of 666,192 employees, there was 176,543 MSEs establishment throughout the country with a total credit amount of Birr 814.1 million (National Bank of Ethiopia 2015 as mentioned by Amare and Raghurama, 2017). The MSEs Development Strategy of 2011-2015 gave attention to the growth and development of micro, small and medium enterprises (MSMEs) in terms of size and their market

performance like price, quality, and supply. The following were the primary focus of this strategy:

- Arrangement of a unique credit system. The government promised to guarantee the credit of MSEs through credit guarantee fund.
- Arrangement of saving a program for lease machine and investment materials. This saving scheme stated that MSEs operators could get 60% loans from the bank when they saved 40% in the bank.
- Revision on the institutional arrangement.
- The Federal Micro and Small Enterprise Development Agency (FeMSEDA) was placed under the Ministry of Urban Development and Construction. These increases focus on the business operations of SMEs because most of them (95%) of the Ethiopian SMEs are established in urban areas (Amare and Raghurama,2017). Finally, the MSEs Development Strategy of 2011-2015 helped MSEs in Ethiopia to employ around 2.8 million people; 271,519 new MSEs were established, and more than 6.5 million loans were granted (National Bank of Ethiopia, 2015).

2.14.2. The Growth and Transformation Plans (GTP I and II) of Ethiopia

The Government of Ethiopia has developed these plans to uplift the economy of the country and increase the per capita income of the country by 2025. In realising this ambition, the Government of Ethiopia has done a lot to improve the development of the manufacturing sector and SMEs. GTP I (2010/11-2014/15) emphasised the promotion of SMEs so that they can stimulate economic growth, create employment opportunity and reduce poverty. Performance report indicated SMEs contributed to the unemployment rate reduction from 18 percent in 2010/11 to 17.5 percent in 2011/12 fiscal year (FDRE Ministry of Industry, 2013).

The FDRE Ministry of Industry report indicated during the first GTP, the Government of Ethiopia assisted SMEs in the form of finance and training. The training was given on entrepreneurship and business management, technical and vocational training. Table 2.4 provides more information on the impact of GTP I on SMEs.

Table 2.4: GTP I Achievements in SMEs Development

INDICATORS	UNIT OF MEASUREMENT	2010/2011	2011/2012
Training	Number of trainees	453,511	15106
Land	Hectare	452	5000
Shades	Number	1463	1747
Building	Number	71	46
Loan	Million Birr	983	NA
Job created	Number	541,883	1,148,000
Women share of Jobs	Percent	53	40
Urban unemployment	Percent	18	17.5
Plan Achievement	Percent	NA	107.2

Source: MOFED's 2012 GTP Performance Report cited by the FDRE Ministry of Industry, 2013.

As indicated in Table 2.4, the GTP I had an impact on providing training opportunities, construction of shades and buildings, distribution of land and reduction of urban unemployment. In 2010/11 and 2011/12, 468,617 SMEs operators obtained training, and 1,689,883 jobs were created, of which women's share of jobs was 53 percent and 40 percent in the stated years, respectively. This trend helped the reduction of urban unemployment from 18 percent in 2010/2011 to 17.5 percent in 2011/2012. This implies the plan had a massive contribution to the livelihood improvement of the urban poor in terms of job creation and business development support.

According to the African Development Bank Group report (2015), Ethiopia achieved significant economic and social progress during 2010/11-2014/15. The same report indicated Ethiopia's real GDP was grown at an average annual rate of 10.8%. However, the performance of GDP I was not as expected. The growth of the small scale and cottage manufacturing industries was 4.8 percent on average, which was lower than the growth achieved (6 percent) during the MOFED (2005). The growth of SMEs engaged in manufacturing was slower than the growth of the large and medium scale manufacturing sector (EEA, 2015).

Moreover, the same report indicated the share of SMEs in GDP has declined from 1.6 percent in 2004/5 to 1.3 percent in 2012/13, and this implies the share of SMEs in GDP was lower than the share of the medium and large-scale manufacturing enterprises in the stated period. Lack of working capital was the primary factor hampered SMEs' growth and development during this period. For example, the loan repayment performance of SMEs was declined from 89.6 percent in 2010/11 to 68 percent in 2013/14, but their loan saving ratio was 65.4 percent (EEA, 2015). Because of these and other similar challenges, the country has launched GTP II (2014/15-2019/20) with the vision to become Ethiopia a middle-income country by 2025.

The Growth and Transformation Plan II (GTP II 2015/16-2019/20) has given much emphasis on industries that are labour intensive, export-oriented and industries that can contribute for faster technology transfer and for these which use agricultural products as input. Moreover, it gives focus on micro, small, medium and large industries' development. This plan projected the MSEs GDP contribution to be 1.1 in 2014/15 and raised to 1.8 by 2019/20 with an average contribution of 1.4 in 2015/16 to 2019/20 and similar projection to medium and large scale enterprises as 3.7 in 2014/15 to 5.9 in 2019/20 with an average share of 4.9 periods 2015/16 to 2019/20 (FDRE National Plan Commission as indicated by Amare and Raghurama, 2017).

Generally, the aforementioned strategic plans' overall performance indicated a satisfactory contribution to the growth and job creation capacity of MSEs operating throughout the country. MSEs got land and shades that can help them to run their businesses and obtained training opportunities. Such government intervention helps create job opportunities and reduce unemployment rates in the country.

The following conceptual framework directed the overall research undertakings of this project.

2.15. CONCEPTUAL FRAMEWORK

SMEs have moral and legal responsibilities to implement the CSR constructs of economic, legal, ethical, philanthropic responsibilities to support the wellbeing of their stakeholders. SMEs can exercise the CSR activities in areas like paying taxes on time;

financial and non-financial donations for the construction of schools, clinics, roads and other similar infrastructures; creating gainful employment opportunities to the young, the disable and other weaker members of the society; paying adequate compensation and promoting of employees; adopting environmentally friendly operations and recycling of wastes and adopting voluntary codes of governance and ethics. SMEs CSR initiatives; however, can be constrained by their motivation and perceptions towards CSR activities and barriers/constraints from the internal and external environment. Despite these challenges, SMEs CSR activities can assist various stakeholders in tackling their economic and social problems:

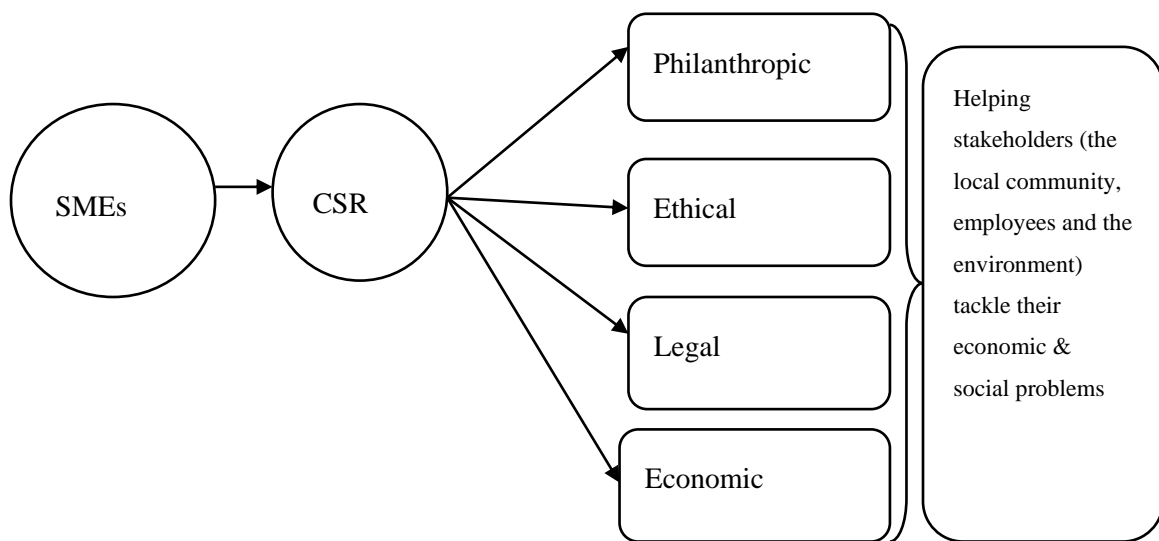


Figure 2.7: Conceptual Framework

Source :Author's design

2.16. CONCLUSION

There is no consensus concerning the definition of CSR. Some individuals define it in terms of the business obligation to society. In contrast, others defined it in terms of voluntary action. This study; however, follows a blend of the two (2) where business organisations have moral and ethical obligation to serve and assist the various stakeholders in their surroundings. Enterprises have moral obligations to improve the living standards of the society; keep the wellbeing of the environment and improve the welfare of their workers. Accordingly, the current study follows the theoretical frameworks of sustainability and the stakeholder theory. Hence, SMEs must be

responsible for their stakeholders like the local community, the society, their employees, the government and the natural environment to mention the few. As confirmed by the empirical studies, SMEs have vital roles in improving and boosting the economic status of nations. They have a pivotal role in job creation, income generation, distribution of income, paying tax to the government, keeping the wellbeing of the natural environment and their employees; act as a training ground for the unemployed and individuals with skill deficiency. The net effects of such CSR initiatives of SMEs help the society to reduce economic dependency and bring out of the poverty trap.

There are several motivating factors for businesses to deal with CSR. Some businesses apply CSR for moral and ethical reasons, and still, others exercise it to improve the image of the enterprise and products/services. Their motive; however, may not be down to the ground due to several constraints like lack of finance, training, knowledge, experienced managers, time and other forms of resource limitations.

In summary, despite the depth of CSR discussions in the west is so vast (especially with large business organisations); however, the practice and orientation CSR in Africa are very shallow. There is little empirical literature on African SMEs' CSR, and the problem is aggravated when we come to the Ethiopian SMEs. The Ethiopian SMEs' CSR is scant and is not well addressed yet. Therefore, this study was designed to explore the SMEs' CSR in Ethiopia and fill the knowledge gap.

Chapter three presents the research design and methodology.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1. INTRODUCTION

Chapter two reviewed the definitions of CSR, dimensions of CSR, stakeholder theory, Confucian stakeholders theory, the relationship between stakeholder theory and CSR, definitions and characteristics of SMEs, the economic significance of SMEs, SMEs job and employment opportunities, SMEs constraints, challenges to economic contribution and growth, stakeholders perception on CSR, empirical studies on SMEs CRS and other similar relevant concepts. This review of relevant literature shed light on the following main questions:

- What are the perceptions of SMEs owners'/ managers on CSR in the sample region?
- What are the CSR interventions undertaken by SMEs?
- What motivates SMEs to initiate CSR activities? And
- Which factors hinder SMEs to exercise the activities of CSR?

This chapter discusses ten elements, namely (i) the research design,(ii) paradigm,(iii) approach,(iv) target population,(v) sample size and sampling method,(vi) source and type of data,(vii) methods of data collection, (viii) strategies of data analysis and methods to ensure reliability,(xv) validity, and (x) trustworthiness. More specifically, the chapter is divided into the following sections:Section 3.2 describes the descriptions of the study area; Section 3.3 outlines the research methodology; Section 3.4 presents the research design; Section 3.5 explains the research paradigm; Section 3.6 presents the research approach; Section 3.7 describes the target population, sampling techniques and sample size; Section 3.8 narrates data type and source; Section 3.9 explains the data collection methods and instruments;Section 3.10 describes the data analysis strategies;Section 3.11 explains the validity and reliability issues;Section 3.12 describes the ethical considerations, and Section3.13 presents the summary.

3.2. DESCRIPTION OF THE STUDY AREA

Ethiopia with abundant history and national diversity is in East Africa between 3°N and 15°N Latitudes and 33°E and 48°E Longitudes bordered by South Sudan and Sudan to the west, Eritrea to the north, Somalia and Djibouti to the east and Kenya to the South. The country has different climate and rainfall patterns located in the tropical zone. Generally, the country has three (3) main climate zones, namely:

- tropical zone (*Kolla*) with below 1830 meters in elevation and annual temperature of about 27°C and an annual rainfall of about 510 millimetres;
- subtropical zone(*WoinaDega*) with elevation ranges of 1830 to 2440 meters and annual temperature of about 22°C and annual rainfall between 510 and 1530 millimetres, and
- a cool zone (*Dega*) with an elevation above 2440 meters, an average annual temperature of about 16°C, and annual rainfall between 1,270 and 1,280 millimetres.

Federalism is the government structure of Ethiopia formed with autonomous regional states namely Tigrai, Afar, Amhara, Oromia, Somali, Benishangul Gumuz, Gambella, Harari, South Nations, Nationalities and People (SNN) and two (2) administrative states, i.e. Addis Ababa City Administration and Dire Dawa City Council. According to the 2007 national statistics, Ethiopia had a total population of 73,750,932 (CSA, 2007). Out of the total population 37,217,130 (50.46%) were males and 36,533,802 (49.54%) were females. In the same year, there were 11,862,821 urban residents, and the remaining 61,888,111 were rural residents. In 2010, Ethiopia had 5,914,079 total economically active population of urban unemployed (CSA, 2010) and in 2014 this number increased to 8,222,359 (CSA, 2014). Moreover, the highest projected population of Ethiopia was 95,223 in 2017. Furthermore, it is projected to be 106,983 in 2022 (CSA, 2013). The same source indicates in 2017 the projected urban population of Ethiopia was 19,164 and this number is projected to be 23,880 in 2022.

The current study was conducted in Tigrai Regional State. Tigrai is found in northern Ethiopia between 12° 15' and 14° 15' North latitude and 36° 27' and 39° 59' East longitudes bordered with Eritrea to the north and Sudan in the west. It also shares a

regional border with Afar Regional State in the east and Amhara Regional State in the south-west and south. It has an estimated area of 53,638 square kilometres. According to Nigus (2008), there are seven (7) zones and greater than 600 tibias (small administrative units). The altitude ranges between 500 and 3,900 m.a.s.l. Average precipitation is 400 to 800 mm per year. Eastern lowlands have as low as 200 mm, whereas the western zone has as high as 800 mm per year. The region is broadly divided into three (3) agro-climatic zones: Dega, WeynaDega and Kolla.

Tigrai is characterised by a cold tropical semi-arid climate, with recurrent drought induced by moisture stress. The mean annual rainfall is 505 mm, with more than 85% falling from June to September. Rainfall intensity can be very high, with about 60% of the rain having intensities of over 25 mm/h. Mean annual temperature is 23°C and mean annual evapotranspiration amounts to 1539 mm. Sowing begins in mid-June and harvesting ends in December. Agriculture is the mainstay of the economy of Tigrai. More than 85% of the regional population depends on mixed crop-livestock subsistence agriculture, with oxen power supplying the only draft power for ploughing. Most of the region either produces just enough for subsistence during good rainfall years or faces chronic food deficit. As in many semi-arid settings, livestock is a critical element of farming systems (Berhanu and Swinton, 2001). There is a new and developing medium to the large-scale commercial agricultural sector, located mainly in the lowlands of Western Zone. Regionally, biofuels provide 99.1 percent of the total (urban plus rural) domestic energy supplies, with 69.2 percent derived from woody biomass, 2.5 percent from charcoal, 4.4 percent from crop residues, and 23.0 percent from dung. With a rapidly increasing population, cultivation is expanding. Marginal and steep lands are increasingly being brought under cultivation, leading to accelerated soil erosion (STR, 2003).

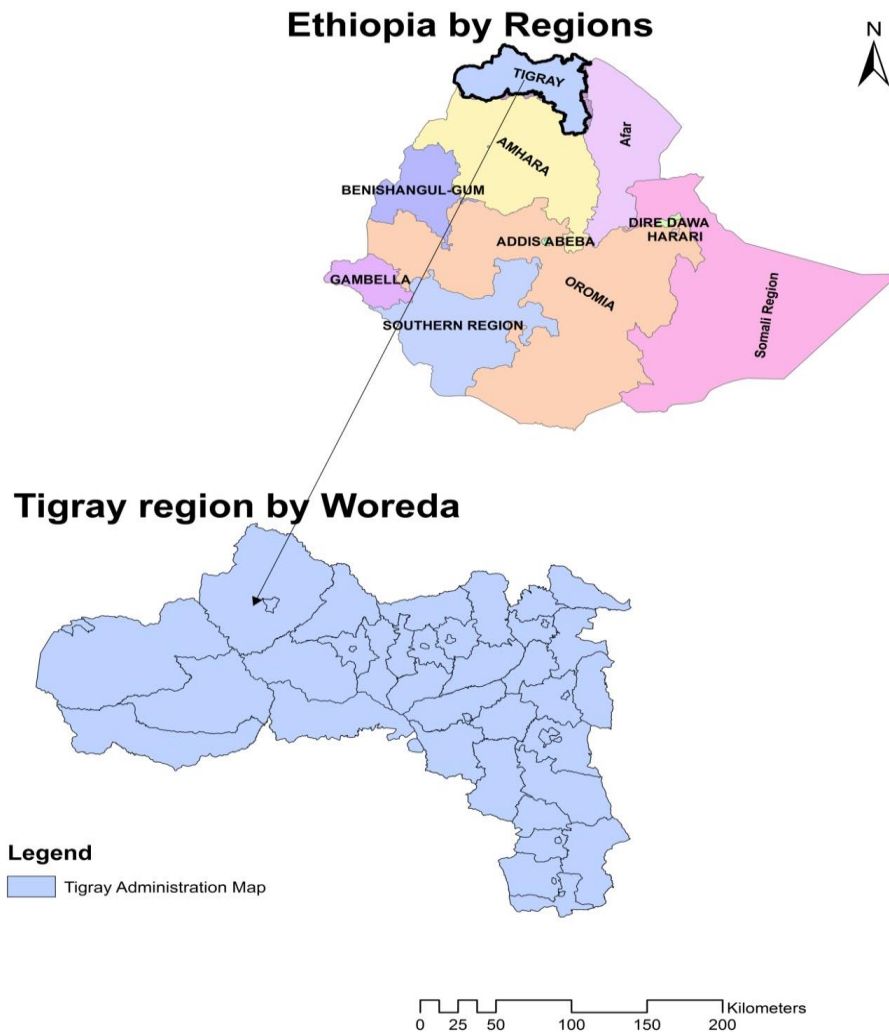


Figure 3.1: Administrative map of Tigray regional state

Source: Tigray Bureau of Plan and Finance, 2019. The arrow indicates the study area

The average total regional GDP was 11 in 2009/10. In the same period, the contribution of the agriculture sector and industry sector to the total regional GDP average was 9.5 each and 13.2 were generated from the service sector (Tigray Bureau of Plan and Finance, 2010).

This study was conducted in Tigray Regional State SMEs in selected towns. The details of the research design, sampling techniques, instruments for data collection and data analysis techniques are presented in the following section.

3.3. RESEARCH METHODOLOGY

Kothari (2003: pp.10) defined research methodology as “a way to systematically solve the research problem”. It is the broader umbrella of the research process that encompasses problem identifications, objective setting, designing the data collection instruments and up to the selection of methods of data analysis. In this study, the researcher first clearly identified the research problems and objectives, and then the research design, research approach, sampling techniques and sample size, instruments of data collection and data analysis techniques are included as significant components of the research methodology.

3.4. RESEARCH DESIGN

Research design is the framework or master plan that specifies the planned actions for the research process. As remarked in Kothari (2003) research design is defined as the blueprint for the collection, measurement and analysis of data. It serves as a plan that guides the researcher in connecting the empirical data to a study’s initial research questions and eventually to answers of the questions set (Yin, 2009). In research, the research design is crucial for various reasons: It facilitates the smooth sailing of the research operations; it plans the required methods of data collection and analysis; and helps the researcher to organise ideas in a logical manner (Kothari, 2003). It guides the researcher as to what he has to be done in the research process like the type and sources of data, the methods of data collection, the sample design, the kind of data analysis to use and the like. To this end, a good research design should be economical, appropriate, efficient and flexible (Kothari, 2003). The same author states that a good research design needs to include the research problem to be studied, the methods of obtaining information and the availability of time and money for the research work.

There are various methods of research designs: exploratory and descriptive research design; cross-sectional or survey design, case study design, longitudinal design, experimental design and comparative design (Bryman, 2008). In a real experimental design, a participant is randomly assigned to experimental and control groups, and findings are deriving from it (Marczyk, DeMatteo and Festinger, 2005). In the case of

research design, the researcher considers a single case entity and intensive and detailed analysis of data is undertaken to reach a convincing conclusion. In survey research design, an extensive set of data is collected from samples that can represent the population. The time-based type of research design involves cross-sectional and longitudinal studies in which the former helps to collect data at a single point in time and the latter assists the researcher to collect data in an extended period (Hofstee, 2006).

Exploratory –survey research design provides understanding and insights into a given situation or issue. It is also helpful to study a problem which is not clearly defined or known. In his course material Tesfay (2009: pp.10) has stated the essence of exploratory research as follows:

“Exploratory research is usually conducted during the initial stage of the research process. The preliminary activities undertaken to refine the problem into a researchable one need not be formal or precise. The purpose of the exploratory research process is a progressive narrowing of the scope of the research topic and a transformation of the discovered problems into defined ones, incorporating specific research objectives. By analysing any existing studies on the subject, by talking with knowledgeable individuals, and by informally investigating the situation, the researchers can progressively sharpen the concepts. After such exploration, the researchers should know exactly what data to collect during the formal project and how the project will be conducted” (Tefay, 2009: pp.10).

Conversely, descriptive research helps the researcher to describe data about a given phenomenon or population and hence answers the questions who, what, where, when and how (Riley et al., 2000).

Hence this study employed exploratory-survey research design which is found appropriate to research the area of CSR in small and medium-sized enterprises. Because exploratory-survey research design helps the researcher to explore and explain phenomena and enable the researcher to describe practices narrated or told by the study respondents (Weatherall, 2012). The fact that little research is conducted in the area of SMEs’ CSR in Ethiopia and Tigray, this method helped the researcher to discover the issues, events and practices therein.

Descriptive research tells what the present situation and practice it is. It tries to describe the state of affairs as it exists at present and the researcher has no control over the variables –hence the researcher can report only what has happened or what is happening (Kothaki, 2003). Descriptive research is informational (Clark, Riley, Szivas, Wilkie and Wood, 2000). It involves the collection of original data which is an accurate picture of the object of the study. Descriptive studies apply empirical methods like observation, structured interview, questionnaires and the raw data can be of qualitative and quantitative (Fawcett and Downs, 1986). However, usually descriptive studies forced to report summary data like mean, mode, median, percentage, standard deviation and correlations.

The current study employed a survey research design to explain the current practice and experiences of the small and medium enterprises concerned with the issues of CSR and their contributions to the nation of Ethiopia.

The study employed cross-sectional survey design since data was collected at a single time. The survey method should be efficient to measure many variables at a specific time. This method is time-efficient and convenient and hence can help the researcher to gather relevant information concerning individuals' beliefs, opinions, perceptions and practices (Creswell, 2003).

Survey typically takes the form of self-administered questionnaires and interviews. Investigating the implementation of CSR in SMEs in Tigray Regional State involved gathering quantitative and qualitative data from key actors in the region and enterprises. Also, this study uncovers the perceptions and practices of the SMEs and recommends future reforms; hence, it is an exploratory study. Finally, this study attempts to provide both quantitative and qualitative interpretations of the CSR in the study area. Therefore, an exploratory mixed methods survey design was adopted.

3.5. RESEARCH PARADIGM

The study followed a mixed methodology approach where quantitative and qualitative methods were applied in data gathering and analysis. Due to this, positivist and interpreter paradigms were considered in this study. Positivism considered as

epistemological position claim to study the social reality using natural science methods, whereas interpretivism claims to study the social action on a subjective basis (Brayman, 2008). The current study; however, is mainly dominated by interpretive paradigms because this paradigm understands the subjective world of human experience (Cohen, Manion and Morrison, 2005). Applying the basics of this, the researcher tried to analyse the participants' understanding of CSR in the context of SMEs. In this regard, the study participants were requested to share their actions, intentions and thoughts as meaningful as possible concerning the applications of CSR in SMEs operating in the study area. The data Therefore yielded will be glossed with the meaning and purposes of those people who are their source (Cohen, Manion and Morrison, 2005).

3.6. RESEARCH APPROACH

Working in social science research that deals with studying the reflections, perceptions, understanding and practice of human beings require the selection of appropriate research approach. Usually, three (3) research approaches are widely used, namely: quantitative, qualitative, and mixed methods approach.

The quantitative approach follows a post-positivist stand in its attempt to develop and analyse causal relationships between variables within a framework of free values (Denzin and Lincoln, 2002 as cited by Lázaro and Marcos,2006). This approach uses surveys and experiments as strategies and collects and organised statistical data based on appropriate research instruments. There are ample advantages of quantitative research: its results can be generalised, a random selection of samples from a given population, and it employs precise measures that can ensure reliability and validity of the results. This approach is believed to ensure explicability, objectivity and generalisability of the findings generated from this study. This descriptive quantitative approach helped the researcher to describe the nature and experiences of the small and medium enterprises interventions in CSR practices in Ethiopia.

A qualitative research approach; however, is intended to develop knowledge mainly based on constructivist perspectives. It tries to give meaning to individuals' reactions, experiences and practices. In this context, the researcher can collect qualitative data using

strategies like case studies, grounded theory, ethnography and other similar strategies. The blend of the two (2): A qualitative and quantitative approach is called a mixed approach –in which the researcher strives to develop knowledge-based on pragmatic grounds. This approach enables the researcher to gather numeric and text information. The use of mixed methods can help to neutralise or cancel the biases inherent in any single method (Creswell, 2003).

Considering the central theme of the research question, the nature of the study, the research practices of the chosen topic; the current study used on-experimental descriptive quantitative and qualitative research approach –termed as mixed methods. The use of mixed methods can help to neutralise or cancel the biases inherent in any single method applied in the research (Creswell, 2003). While applying the mixed method, the researcher applied sequential procedures. First quantitative method was used to collect more of quantitative data using a questionnaire. The questionnaire was used to collect data from SMEs owners /managers. Then a qualitative method was applied to collect qualitative data from key informants. In capturing feedback to the interview and open-ended questions, the researcher applied a qualitative approach- in which the respondents could narrate their experiences and practices of CSR initiatives. Semi-structured interviews were conducted to triangulate the data collected through the questionnaire. An in depth-interview was held using these semi-structured questions. This helped the researcher to gather detailed information about the participants’ perceptions, experiences, practices, expectations, feelings, thoughts and behaviour concerning the SMEs CSR interventions, motivations and challenges therein. Ultimately the quantitative and qualitative data have been converted to provide a comprehensive analysis of the research problem (Creswell, 2003).

3.7. TARGET POPULATION, SAMPLING TECHNIQUE AND SAMPLE SIZE

3.7.1. Target population

The target population in this study were small and medium-size enterprises working in Tigray Regional State, Ethiopia.

3.7.2. Sampling design and procedure

Sample design is a definite plan for obtaining a sample from a given population (Kothari, 2003) which helps to determine the sample size of the study. Considering various parameters like the type of universe, sampling unit, source list, size of the sample and budgetary constraints (Kothari, 2003), the researcher decided the size of the sampled enterprises.

There are two (2) significant types of sample designs, namely, probability and non-probability sampling. In probability sampling, every item of a given universe has an equal chance of representation, whereas, in non-probability sampling, samples are selected to satisfy the interest of the researcher. Keeping this view, the current study employed a probability sampling design to select the sample SMEs. Using this method, the sample SMEs were randomly chosen. Of the various forms of random sampling designs, the current study used stratified sampling. This sampling technique was used because the small and medium enterprises are heterogeneous and hence the total population was divided into subpopulations: the service sector, construction enterprises, manufacturing sector and enterprises engaged in urban agriculture. The enterprises were selected from each stratum to form the sample for the study. This method is essential for a better estimate of the representatives from the universe (Kothari, 2003).

3.7.3. Sample size

There are different ways to identify respondents /participants in mixed research design, depending on the type of research approach, the paradigm and the research question. Patton (1990) has remarked that identifying participants for qualitative research depends upon the richness of information participants are equipped with; whereas identifying respondents for quantitative research depends upon the nature of the business and purpose of the study.

In gathering qualitative data, Hatch (2002) stated no direct relationship between the quality of a study, the level of analysis, the number of questions and participants. That is, the size of the sample depends on what you want to find out, why you want to find it out, how the findings will be used and what resources (including time) you have for the study (Patton, 1990). Therefore, qualitative participants in this study were identified purposely

based on the richness of data, and the data collection continued until tick data was gathered. The researcher primarily identified the sample size to collect quantitative data from the respondents. According to Kothari (2003), sample size refers to the number of items that should be selected from the unique to form a sample. Sample size needs to be optimised to bring efficiency, good representation of the population, reliability and flexibility. Therefore, in this study, the following sample size determination formula was used (Bartlett et al., 2001)

$$n_1 = \frac{(t)^2 * (p)(q)}{(d)^2}$$

$$= \frac{(1.96)^2 * (0.5)(0.5)}{(0.05)^2}$$

$$= 384$$

Where

t=value for a selected alpha level of 0.05 is to be 1.96

p=expected proportion. According to Macfarlane (2003), if there is doubt about the value of p, it is best to err towards 50% as it would lead to a larger sample size

q=1-p

d=acceptable margin of error

Assume response rate =0.96

n₂=sample size adjusted for a response rate

Hence, n₂=384/0.96= 400

That is the current study considered 400 small and medium-sized enterprises as sample respondents.

To triangulate the data collected from the sample SMEs, the researcher considered 15 participants from the government offices who have close working relations and rich data about the SMEs. Five (5) participants were taken from Tigray Regional Micro and Small Enterprises Development Agency (ReMSEDA) or Enterprise Agency of Tigray (MSEAT), five (5) participants from Woreda level Micro (*Woreda is lower*

administrative unit next to zone administration) and Small Enterprise (MSE) Offices and five (5) participants were taken from Tigray Regional State Bureau of Trade and Industry. These participants were selected to give a response to the semi-structured interview questions. These respondents were selected because they have legitimate right to monitor, supervise and administer the operations of SMEs in the study area and because of their practical know-how about the SMEs' operations.

3.7.4. Sampling procedure

Before defining the sample size, relevant statistics about the SMEs were collected from various government offices like the Ethiopian Trade and Industry, the Tigray Regional State Trade and Industry, Tigray Regional Micro and Small Enterprises Development Agency (ReMSEDA), Woreda level Micro(*Woreda is lower administrative unit next to zone administration*) and Small Enterprises Development Offices, Mekelle City Micro and Small Scale Enterprises Office, Chamber of Commerce and from town level SMEs coordinating offices. Upon checking the data collected from various offices, the researcher finally used the SMEs statistics organised at a regional level. Then the enterprises were classified into the following categories: construction, manufacturing, service and urban agriculture enterprises. The fact that the sectors are heterogeneous, the study used a proportionate stratified random sampling technique while taking sample enterprises from each sector. A careful selection was made to single out these enterprises which did not meet the SMEs classification requirements of the Federal Government of Ethiopia in which 51,000-500,000 Birr capital requirement is allowed for small enterprises and above 500,000 Birr capital has been decided for the medium-sized enterprises. The current study did not consider federal and regional governments owned businesses. Finally, based on the sample size formula indicated in section 3.7.2 above, 400 enterprises were selected as sample respondents. The following formula was used to determine the sample size of each stratum after determining the 400 SMEs as sample size:

$$fraction(f) = \frac{n}{N}$$

$$n_h = fN_h = n \left(\frac{N_h}{N} \right)$$

where N_h = population of the stratum

N_h/N = weight of the stratum

n_h = sample size of stratum

Table 3.1: Sample Size of Each Stratum

SUB-SECTOR	NUMBER OF SMEs IN EACH SUB-SECTOR	WEIGHT OF THE STRATUM	SAMPLE SIZE
Manufacturing	4,062	0.24	96
Service and urban agriculture	9,789	0.57	228
Construction	3,213	0.19	76
Total	17,064		400

Source: Tigray Regional Micro and Small Enterprises Development Agency (ReMSEDA)

Asystematic random sampling method was applied to introduce randomness in the sampling process. Hence every k^{th} item in each stratum was selected using the following formula:

$$k = Nn/n_h$$

Consequently, every 43rd enterprise from the list (4,062/95 \approx 43) for manufacturing enterprises, every 43rd from the list (9,789/230 \approx 43) for service and urban agriculture and 43rd from the list (3,213/75 \approx 43) for construction enterprises were selected and considered as samples in the study.

Where:

N= total target population size

n= total sample size

Nn=population in the stratum

n_n = sample size of the stratum

k= the term to be selected in the list

Ultimately, out of the 400 questionnaires distributed, only 348 usable questionnaires were considered for analysis. Of the given usable total questionnaires, 32 of them were filled by enterprises from the construction sector; the manufacturing enterprises filled 87 of the questionnaires; the service sector enterprises filled 222 of the totals, and only four (4) enterprises from the urban agriculture were able to fill the questionnaires.

Fifteen key informant participants were selected using convenient sampling. Professionals who have ample information and close working relationships with the SMEs were purposely selected.

3.8. TYPE AND SOURCES OF DATA

Data is very crucial for problem-solving and decision making. The data can be of primary and secondary. Primary data is factual data which is directly related to the research objective and does not present until it is generated through the research process. This data has implications for the research methods and techniques of data collection. In contrast, secondary data exists in some form or other, but which was not directly collected for the research at hand (Lancaster, 2005). Secondary data can be classified into two (2): Internal and secondary data (Lancaster, 2005). Internal secondary data is data that is generated for the organisation like production data, marketing data, human resources data, financial data etc. External data includes reports, survey data, statistical data etc prepared by other organisations like the government offices and NGOs. Secondary data is used as exploratory research and help shape the subsequent primary data collection process (Lancaster, 2005). Moreover, though not mutually exclusive, secondary data can help provide additional insights into the data collected from primary sources. Consequently, the primary and secondary data need to be combined in resolving the research problem at hand (Lancaster, 2005).

This study employed primary and secondary data. The primary data included the respondents' perceptions, practices and their overall interventions and their motives and barriers of CSR interventions in the country. The primary data were collected from the

SMEs representing their owners /managers and respondents from relevant government offices through semi-structured questionnaire and interview questions, respectively. The secondary data include statistical reports of the SMEs employment creation and their operational challenges therein, policy documents, implementation strategies related to SMEs, donation reports and other documents that directly or indirectly relevant to this study. To this effect, SMEs offices at Regional, Zonal and Woreda levels were visited.

3.9. DATA COLLECTION METHODS AND INSTRUMENTS

There are different taxonomies of methods of data collection like action research, interviews and survey; observation/ethnographic; experimentations, case studies and secondary data collection. A researcher can choose one or multiple methods of data collection, but one must consider the quality of data that can be generated through these methods. In this regard, the validity, reliability and generalizability of the data must be ensured (Lancaster, 2005). The same author stressed the need to consider the objective and purpose of the study while choosing the research methods. Different methods of data collection suited for different research objectives and purpose. There are additional factors that should be considered while selecting those methods like the researcher's skills and expertise, budget, time availability of data, preference and value of the researcher/the client; ethical, legal and other issues (Lancaster, 2005). It is; however, recommended to use different methods to ensure the validity and reliability of the collected data/information.

Researchers employ different methods to collect data from selected respondents/participants. This may be because the researchers have several research questions, or they want to use different methods or sources to corroborate each other in the form of methodological triangulation (Silverman and Marvasti, 2008). Since this study focuses on SMEs CSR in TigraiRegional State, it raised different research questions that required multiple data gathered using different methods and in varied contexts. Since gathering data using one method would have been insufficient to address the intended objectives, a cumulative view of data drawn from different methods and contexts was employed to triangulate the data (Silverman and Marvasti, 2008). Triangulation methods in this study were also crucial to maximise the reliability of the data collected. Accordingly, a survey

questionnaire containing both structured and unstructured questions and key informant interviews and secondary sources were employed as data gathering tools.

3.9.1. Procedures to obtain permission

Before collecting data from the field, the researcher obtained ethical clearance from UNISA. Then he went to different SMEs coordinating offices located at regional, zonal and Woreda by obtaining a support letter from the university where the researcher is working. After securing permission from the SMEs offices to collect the required data, the researcher collected information about the number, location and profile of SMEs operating in the Region. Following this, the researcher decided the sample respondents from the list and went to the sampled SMEs. At the field, the researcher orients the respondents about the purpose, relevance and usefulness of the research. Upon completing the orientation program, the participants were requested to give their willingness and consent in providing data or cooperate in the research. The study employed a survey questionnaire containing both structured and unstructured questions and key informant interviews and secondary sources as instruments of data collection. Each of these tools is presented below:

3.9.2. Questionnaire

In designing the structured questions, the researcher used mainly Likert scale. Also, items in the questionnaire include “yes” or “No” type when necessary. The scale ranges 1= strongly disagree (SDA), 2= Disagree (DA), 3= Neutral (N), 4=Agree (A) and 5=Strongly Agree (SA). Respondents were supposed to tick (✓) their choice among the given alternatives. The closed-ended items were clear and straightforward to be understood by the respondents. The open-ended items were presented following the closed-ended questions for further clarification on the questions preceding

The non-structured questions were designed to allow respondents to give additional insights, evidence and explanations for some answers of the structured questions. This allows the researcher to understand the true notions and experiences of the respondents. Moreover, it helps the respondents to explain issues in their own words and attitude (Kothari, 2003). Generally, the questionnaire was designed in proper layout and logical flow using different parts. Part one was designed to solicit biodata of the SMEs owners

and enterprise characteristics. Part two (2) was designed to assess the respondents' perception on CSR constructs like their economic responsibility, legal responsibility, ethical responsibility, philanthropic responsibility, charity principle, stewardship principle and environmental friendliness of the enterprises' operations. Part three (3) was designed to look at the actual practices of the small and medium-size enterprises engagement in CSR initiatives like their CSR practices on their workers, the environment and the local community. Part four (4) was arranged to gather data on the enterprises' motivation to participate in CSR initiatives and their barriers to fully engage in CSR practices.

The questionnaire was given to professionals in the subject area and who have ample experience in such research endeavour to increase the validity, reliability and applicability of the questions. As a result, valuable feedback was obtained from them on the contents of the questions. Next, the questionnaire was given to English language editors to check the appropriate design of the questions. Following this, a pilot study was done on some selected respondents, and of course, these respondents were not included in the main study. For better understanding, the instrument was translated into the local language.

Finally, just before distributing the questionnaire, respondents were informed about the purpose of the study; requested their consent and were guaranteed the right to withdraw and confidentiality of their responses. Trained enumerators distributed the questionnaires through close follow-up and supervision by the researcher. The training was prepared and delivered by the researcher. Eight (8) enumerators were employed with one as team leader and facilitator. They were working on a paid basis, and their payment was settled in the researcher's office using payroll. Finally, the payroll was submitted to the finance office (upon obtained signature from the head of the department and college dean) where the researcher is working for settlement.

3.9.3. Key informants' interview

In the research, process interview is crucial to elicit the feeling, ideas and opinions of people. There are different forms of interviewing: In-depth, semi-structured, unstructured and structured interviews (Mason, 2007; Jennings, 2000). In a structured interview,

standardised questions are presented for each participant, and in the meantime, the interviewer can raise probing questions. In contrast, in the unstructured interview, there is no formal interview schedule. In a semi-structured interview, pre-hand questions are there, and the interviewer can raise probing questions. This allows the interviewer to collect detailed information and can address sensitive or complex issues (Masarira, 2014). The semi-structured interview involves interactional exchanges of dialogue, a relatively informal style of conversation; a thematic or topic –centred discussion and generation of the situation and contextual basis of knowledge (Mason, 2007).

Given the reality mentioned above, the study conducted a semi-structured interview with crucial informant from the government offices. Fifteen key informants were purposely selected for the interview session: Five (5) from Micro and Small Enterprise Agency of Tigray (MSEAT); five (5) participants from Woreda level Micro and Small Enterprises (MSE) and the remaining five (5) participants were taken from Tigray Regional State Trade and Industry. These professionals were selected because of their experience and close working relationship with the SMEs.

The semi-structured vital informants' interview was held to explore more deeply participants' perspectives and provide avenues to experience more about the SMEs' CSR interventions, motivations and challenges therein. Accordingly, the interviews conducted in this study created a special kind of speech event during which the probing questions encouraged participants to explain their unique perceptions on the issues at hand. Also, the process helped the researcher to identify meaning structures while responding to the guided items during the interview.

3.9.4. Document analysis

Documents play a significant role in identifying key factors and indicators when gathering quantitative and qualitative data. Patton (1990) stated that documents can provide a behind-the-scenes look at institutional processes and how they come into being. With these views in mind, relevant secondary data documents were accessed. Documents like employment data, SMEs intervention policies, strategies and guidelines and donation reports were referred. Accordingly, relevant data were analysed by the researcher and supplemented the data collected through questionnaire and semi-structured interview.

3.9.5. Data collection procedure

The following procedures were used to collect the data:

- The first among the procedures used were preparing instruments like questionnaire, semi-structured interview, and list of secondary data for the document analysis.
- Expert review was conducted. Two (2) colleagues who are experts in a business discipline and research methods were reviewed for the validity of the instruments. The experts evaluated the questionnaire and interview guide's face validity, language and content. Advisor's and the experts' comments were incorporated before implementation.
- Pilot testing was held to the instruments of data collection.
- Improving the instrument. The instruments were improved based on the comments given by different individuals.
- Finally, the actual data collection was conducted. Questionnaires were distributed and collected from respondents for about six (6) weeks. Besides the semi-structured interview with key informants was held after questionnaire-based data was collected. The interview was conducted in the respondents' offices on a face-to-face basis.

3.10. DATA ANALYSIS STRATEGIES

For ease of data analysis, the Likert scale questions were pre-coded as strongly agree-5, agree -4, neutral -3, disagree -2 and strongly disagree-1. The cut-off point was obtained by summing the response categories and dividing the number of categories and followed the decision rule; interpreting a mean value above three (3) as positive and mean value below three (3) as negative (Efiong et al., 2013) depending upon the nature of the given question. That is a mean value above 3 indicates a formal agreement to the questions provided and a mean value less than 3 indicates disagreement. Both in-house and field editing was held. Inconsistent and incomplete questionnaires were automatically discarded to avoid errors. The usable data were analysed using descriptive statistics like percentages, means and standard deviations. Frequency tables have been used in

summarising and presenting responses because to convey more information tables are preferred to figures (Creswell, 2012). Stata version 11 and SPSS version 20 were used in computing the quantitative data. The qualitative data were analysed using content analysis; items were transcribed, and emergent themes were identified.

3.11. VALIDITY AND RELIABILITY ISSUES

Validity and reliability are two (2) important concepts to ensure the quality of research output. Validity measures meaningfulness of the data and soundness of the data collection instruments, whereas reliability is a measure of stability and consistency of the instruments (Creswell, 2012). In this context, both are mutual. To ensure validity in research, the researcher needs to test the instrument of data collection; cross-checking the validity of the instrument in previous studies; examining the purpose for which the instrument was used in previous studies and looking how previous researchers interpreted to ensure whether the instrument was measured what it is intended to measure (Creswell, 2012). The instruments were test-retested by the researcher to ensure reliability.

In quantitative data, validity might be secured using appropriate sampling, instruments, and statistical treatments of the data. However, in quantitative research, there is an inbuilt standard error which needs to be acknowledged, and hence research cannot be 100 percent valid (Cohen, Manison and Morrison, 2007).

In this study to ensure validity and reliability, the researcher made a careful attempt and effort. Careful selection of research design, sampling technique, sample size, data analysis techniques and instruments of data collection was made to ensure validity. The questions were carefully designed with careful reference to scholarly journal articles and standardised research outputs. The questions were duly checked to ensure whether they are in line with the research objectives and the overall purpose of the research or not by professionals in the research area. Furthermore, the instruments of data collection were pilot tested, and as a result, improvements were made.

3.12. ETHICAL CONSIDERATIONS

Like in other walks of life, ethics is essential and valuable in research. Ethical considerations are required about the treatment of respondents, sampling, data collection and handling, data analysis and reporting –to mention the few. As far as possible social researchers must consider the effect of their research output on research participants and must keep the dignity of human beings. Hence, they should have a responsibility to participants (Cohen, Manison and Morrison, 2007).

In the current study, the following actions were taken while dealing with ethical issues. First, the researcher obtained proper permission from the required authorities while planning to collect field data. In the field, proper orientation was made about the purpose, relevance and usefulness of the research to participants based on a face-to-face oral presentation. The participants were requested to give their willingness and consent in sharing data or cooperate in the research activities. Data was collected and then only what was relevant to the research purpose and objectives. Name of respondents and the brand names of their businesses have been kept confidential. The data will be kept in the researcher's office safely for five (5) years to answer any query concerning the data and access will be limited to the researcher. Finally, data was carefully coded, screened, sorted, edited and categorised to avoid any bias in data analysis and reporting.

3.13. CONCLUSION

This chapter presented a description of the study area, research design and approach, research paradigm, sampling design and procedure, instruments of data collection, techniques of data analysis, steps to ensure reliability and validity of the study and finally ethical considerations of the study.

This study followed an exploratory –survey research design. This research design was considered as a framework for sample design and collection and analysis of data. The exploratory nature of the research design helped the researcher to discover the small and medium enterprises' social responsibility practices, motivations and barriers. The respondents describe their perceptions, practices and opinions freely about social responsibility. The study employed a mixed approach where both quantitative and

qualitative methods were applied in data collection and analysis. This method helped the researcher to triangulate the data which was collected using different instruments like questionnaire and interview. Data were analysed using statistics supported by content analysis. Finally, the main pillars of research ethics like informed consent, anonymity and confidentiality have been kept.

Chapter four presents the research findings and their implications.

CHAPTER FOUR: RESULT AND DISCUSSION

4.1. INTRODUCTION

Pursuing the collection of data collection, the data obtained using a questionnaire, key informants' interview and documentary analysis are presented and analysed in the subsequent main headings. To address the main research question and objective, the study followed an exploratory-survey research design. Mixed methods have been used while dealing with the research approach. Four hundred sample respondents were selected using a probability sampling technique. A questionnaire, semi-structured-interview and secondary data were used as the primary data collection instruments in the study. There were 400 total questionnaires distributed to respondents; of these 348 usable questionnaires were considered for analysis. Fifteen participants were involved in the semi-structured interview.

Chapter four discusses the findings in detail. The SMEs owners'/managers' perceptions of CSR constructs are presented and cross-checked with previous research findings. Moreover, the respondents' demographic characteristics; the external and internal CSR interventions of SMEs along with their motivations to engage in CSR and the barriers to participate in CSR initiatives are presented. Inferences are developed based on the results of the study and then finally, the findings are compared with previous similar findings.

4.2. PART I. QUANTITATIVE RESULTS ANALYSIS

In part one, the data collected using a questionnaire is presented supported by various methods of descriptive statistics. In this part, an important topic like the profile of the respondents, the profile of the sample enterprises, respondents' perception on CSR, the SMEs CSR interventions on employees, the environment and the local community are presented.

4.2.1. Profile of respondents and sample enterprises

This section presents the characteristics of respondents like gender, age and level of education. It also presents the enterprise size and existing capital, sources of capital and business experience. The sample was composed of 256 males and 92 females representing 74 percent and 26 percent respectively. Based on the survey data, most of the respondents were within the productive age ranges, literate and married. The study reveals that most of the participant enterprises were small with total capital of 51,000-

500,000 Birr and most of them were from the service sector. Moreover, most of the enterprises' source of capital was personal. The details are presented in Table4.1.

Table 4.1: Demographic Characteristics of Respondents

S/N	Items	Variables	Frequency	Percent
I	Gender of SMEs Owners			
		Male	256	74
		Female	92	26
	Total		348	100
II	Age of SMEs Owners			
		Below 21 years	8	2
		21-30 years	92	26
		31-40 years	128	37
		41-50 years	75	22
		51-60 years	33	10
		Above 60 years	12	3
Total			348	100
III	Educational Level of Respondents	No education	41	12
		Primary education	63	18
		Secondary education	137	39
		College diploma	15	4
		First degree	51	15
		Postgraduate Degree(s)	41	12
	Total		348	100

Source: Survey data

As presented in Table 4.1., 73.56% of the SMEs owners were males, and 26.44% of them were females. Most of the respondents were between the age ranges of 31-40 years and 21-30 years, respectively. Concerning their level of education, most of them (39.37%) had secondary education and primary education (18.10%) respectively. The data reveals that the SMEs’ operators in the study area are dominated by men, energetic and productive age group, and literate.

The following Tables 4.2 and 4.4 display the enterprisesize, existing capital, sources of capital and years of business experience respectively.

Table 4.2: Enterprise Size and Existing Capital

S/N	Existing Capital	Total	FREQUENCY OF SECTORS				
			Construction	Manufacturing	Service	Urban Agriculture	Others
1	51,000-500,000 Birr	271	24	58	183	4	2
2	Above 500,000 Birr	77	8	29	39	0	1
Total		348	32	87	222	4	3

Source: Survey data

The study considered small (with a capital of 51,000-500,000 Birr) and medium-size (with capital above 500,000 Birr) enterprises. As displayed in Table 4.2, the survey considered 348 enterprises out of which 271 of them were small, and 77 of them were medium-sized enterprises. Sector-wise, 24 of the total enterprises in the small-sized enterprises were from construction; 58 of them were from manufacturing; 183 of the enterprises were from the service sectors, and only four (4) enterprises were from urban agriculture. Out of the total medium-size enterprises, 8 of them were from construction; 29 of them were from manufacturing, and 39 of them were service providers. From the given data, the lion-share of both the small and medium-sized enterprise is covered by service sectors followed by the manufacturing and construction sectors, respectively.

Table 4.3: Sources of Capital

Sources of Capital	SOURCES OF CAPITAL						
	Total	Personal	Credit from friends	Bank loans	Family support	Microfinance	Government support
Single Source	260	136	13	13	69	26	2
Double Source	64	53	3	3	5	0	0
Triple Source	24	22	2	0	0	0	0
Total	348	211	18	16	74	26	2

Source: Survey data

Respondents were asked regarding the source of capital. Accordingly,(see Table 4.3)most of the SMEs (74.7%) had single sources of capital to start their business whereby the source was either of the listed choices which were ranked in descending order as personal wealth, credit from friends, bank loans, family support, microfinance and government support. Next, 18 percent of the SMEs got two (2) sources of capital while opening their business and only around 7 percent of the enterprises had three (3) sources of capital in running their businesses. From the findings, one can deduce that the lion share of the SMEs sources of capital was attributed to personal wealth and family support, followed by money borrowed from the microfinance institutions. The result partly indicates a deficient level of government’s financial support in establishing small and medium-sized enterprises.

Table 4.4 presents the business experiences of the sampled enterprises.

Table 4.4: Enterprises' Business Experience

AGE CATEGORY OF ENTERPRISES	FREQUENCY	PERCENT
<1 Year	26	7.47
1-5 years	160	45.98
6-10 years	99	28.45
11-15 years	29	8.33
≥ 16 years	34	9.77
Total	348	100.00

Source: Survey data

Accordingly, most of them (46%) (See Table 4.4) have been in business. Their experience ranged between 1-5 years, and 29% had business experience between 6-10 years. Moreover, around 10% of the enterprises had a work experience of greater than or equal to 16 years in business. Generally, in the first section, we have seen the characteristics of the respondents. Most of the respondents were females and educated. Majority of the sampled enterprises had a single source of capital: either personal wealth or from external sources. Moreover, businesses had more than five (5) years of working experience. In the section that follows the perception of CSR is presented:

4.2.2. CSR Perception

The enterprises' degree of participation in CSR activities is partly determined by the level of perception towards the CSR constructs, and hence the first research objective/question was designed to assess the SMEs' perceptions of CSR on economic, legal, ethical, environmental and philanthropic responsibilities. Economic responsibilities refer to SMEs demand to be profitable. The legal responsibilities dictate enterprises to operate within the national policies and laws. Ethical responsibilities demand that enterprises operate morally, fairly and justly. The philanthropic responsibilities force enterprises to donate financial and non-financial resources for the welfare of society and the community. Related to this, the charity principle obliged business organisations to make voluntary contributions to the less fortunate members of society. Whereas the stewardship principle makes businesses to be keepers, stewards or trustees in the public interest, that is, businesses must ensure that society benefits or does not suffer from their business decisions and actions (Tan and

Komaran, 2006). With this in mind, the enterprises were asked regarding their CSR perceptions; Table 4.5 has empirical data using descriptive statistics.

Table 4. 5: the mean, standard deviation and inter-correlations

CSR Dimensions	Mean	STD Dev.	Economic Resp.	Legal Resp.	Ethical Resp.	Philanthropic Resp.	Charity Principle	Stewardship Principle	Environmental Friendliness
Economic Responsibility	4.01	.53	1.00						
Legal Responsibility	3.99	.39	0.50	1.00					
Ethical Responsibility	4.07	.37	0.39	0.48	1.00				
Philanthropic Responsibility	4.36	.41	0.31	0.38	0.3954	1.00			
Charity Principle	4.10	.519	0.21	0.24	0.22	0.34	1.00		
Stewardship Principle	4.24	.51	0.32	0.28	0.42	0.40	0.46	1.00	
Environmental Friendliness	4.44	.47	0.15	0.31	0.44	0.51	0.21	0.40	1.00
Overall CSR Perception	4.18	.31							

Source: Survey data

Table 4.5 shows the mean, standard deviation and inter-correlations as result respondents were able to rate environmental friendliness (mean = 4.44) the highest among the dimensions of CSR in terms of perception. This indicates that SMEs in the study area gives much attention to the natural environment or have the right attitude towards healthy surroundings. Moreover, respondents gave due concern to philanthropic responsibilities (mean =4.36), followed by stewardship principle (mean=4.24); charity principle (mean =4.10), ethical responsibility (mean =4.07), economic responsibility (mean=4.01) and legal responsibility (mean =3.99). The overall response indicates that the small and medium enterprises give prime focus on creating environmental friendliness operation, philanthropic, stewardship, charity, ethical, economic and legal responsibilities respectively based on their own perceived values.

Moreover, the survey result indicates the small and medium enterprises are not striving only to satisfy their economic benefits but also, they are aware of the need to give protection and due care to the environment; helping the society and the local community and respecting the national laws and policies.

Referring to the data displayed in Table 4.5, the correlations among the variables are found to be significant but not substantial (because all are less than 0.70). This indicates the items in each of the given CSR dimensions do not measure the same construct. The significant, positive correlation between legal and economic responsibilities suggests that SMEs must consider the legal issues while working to maximise their shareholder's value. Furthermore, the significant, positive correlation between ethical and legal responsibilities signifies that enterprises must exercise their ethical principles jointly with legal issues of the country. Philanthropic responsibility of the enterprises was found to be significant and positively correlated with legal and ethical responsibilities. This implies the small and medium-sized enterprises must consider ethical and legal issues while planning to discharge their philanthropic responsibilities. The overall correlation can be interpreted the economic, legal, ethical, philanthropic, charity, stewardship, and environmental friendliness are the joint responsibilities of the small and medium enterprises. The overall alpha coefficients of economic, legal, ethical, philanthropic, charity, stewardship and environmental friendliness are 0.7811 (which is above 0.70) – signifies there are relatively high reliabilities among those scales.

Table 4.6: Alpha Coefficient

ALPHA COEFFICIENT OF THE CSR									
	Economic	Legal	Ethical	Philanthropic	Charity	Stewardship	Environmental	Average inter-item covariance	Scale reliability coefficient
Alpha value	0.47	0.3256	0.0.4604	0.6003	0.5122	0.6120	0.7807	0.0727886	0.7811

Source: Survey data

As indicated in Table 4.6, except the environmental friendliness (alpha value of 0.7807), the rest CSR dimensions were found to be with an alpha value of less than 0.7 signifies their internal reliabilities are too low. The low alpha coefficients of economic, legal, ethical, philanthropic, charity and stewardship principles suggest that the scales require refinement to improve their internal reliability. Consistent

with the above discussion, most of the sectors participating in this study had more than required mean value of their CSR perceptions (see Table 4.7). For example, the construction enterprises had a high level of perception (mean=4.57) towards environmental friendliness followed by the philanthropic responsibilities (mean =4.47). Similarly, the manufacturing enterprises had a high level of perception (mean =4.43) towards environmental friendliness, followed by philanthropic responsibilities (mean=4.35). Moreover,enterprises engaged in service, urban agriculture and some other related businesses had a very high level of perception towards giving care to the environment and social welfare and development. This implies that the tendency of the enterprises to participate in CSR initiatives and practices is so high. It further indicates that the respondents have an appreciable level of awareness about the CSR dimensions like environmental and philanthropic responsibilities.

Table 4.7: CSR perception of sector enterprises

CSR DIMENSIONS	CSR PERCEPTION OF SECTORS		Sector Type
	Mean	Std	
Economic Responsibility	4.171875	.536707	Construction
Legal Responsibility	3.976563	.3381602	
Ethical Responsibility	4.109375	.3588596	
Philanthropic Responsibility	4.46875	.4053573	
Charity Principle	4.164063	.518253	
Stewardship Principle	4.210938	.3868263	
Environmental Friendliness	4.578125	.3885327	
Overall CSR Responsibility	4.239955	.2715732	
Economic Responsibility	3.988506	.5184223	Manufacturing
Legal Responsibility	4.347332	3.25	
Ethical Responsibility	4.057471	.3825806	
Philanthropic Responsibility	4.353448	.3935374	
Charity Principle	4.109195	.4832983	

CSR DIMENSIONS	CSR PERCEPTION OF SECTORS		
Stewardship Principle	4.227011	.5467028	
Environmental Friendliness	4.428161	.4969501	
Overall CSR Responsibility	4.166256	.3268202	
Economic Responsibility	4.004505	.5344278	Services
Legal Responsibility	3.997748	.4180534	
Ethical Responsibility	4.082207	.3904239	
Philanthropic Responsibility	4.350225	.4191809	
Charity Principle	4.083333	.5369106	
Stewardship Principle	4.251126	.4991496	
Environmental Friendliness	4.421171	.4756301	
Overall CSR Responsibility	4.170045	.3041706	
Economic Responsibility	3.5	.7071068	
Legal Responsibility	4.0625	.2393568	
Ethical Responsibility	3.9375	.2393568	
Philanthropic Responsibility	4.5625	.590727	
Charity Principle	4.3125	.5543389	
Stewardship Principle	4.0625	.9655525	
Environmental Friendliness	4.875	.25	
Overall CSR Responsibility	4.1875	.2110369	

Source: Survey data

The following discussion deals with SMEs' CSR intervention areas with various stakeholders. Concerning CSR intervention, the stakeholders can be classified into two (2): primary and secondary. The primary stakeholders have direct involvement in daily activities of the organisation like employees and customers and the secondary stakeholders do not have direct involvement, but they can influence

the business activities of the organisation. The latter can include the local community, government, competitors, and society at large.

4.3. INTERNAL AND EXTERNAL CSR DIMENSIONS

The social responsibilities of business organisations can improve their market performance and ensure a better working environment. Therefore, enterprises should be socially responsible for various stakeholders like the local community, employees, the environment and other similar stakeholders. Such social responsibility of organisations can be classified into two (2): Internal and external CSR (European Commission, 2001). According to the same source, the internal CSR dimension focuses on employees and shareholders; whereas the external CSR dimension focuses on other stakeholders like the society, local communities, business partners, consumers and global environmental concerns. The details are presented in the subsequent sub-sections.

4.3.1. SMEs' internal CSR (I-CSR) activities: CSR to employees

As discussed above, enterprises' CSR initiatives can be classified into two (2) sections, namely internal and external CSR. Internal CSR involves the following elements:

- labour relations (Thang and Fassin, 2016),
- work-life balance (Dade, 2013; Thang and Fassin, 2016; European Commission, 2001),
- social dialogue (Thang and Fassin, 2016),
- health and safety (European Commission, 2001; Dade, 2013; Turyakira, 2017; Thang and Fassin, 2016; Park and Levy, 2014; Motilewa and Worlu, 2015), and
- training and development (European Commission, 2001; Motilewa and Worlu, 2015; Turyakira, 2017; Thang and Fassin, 2016).

Moreover, it involves improving employees' flexibility and autonomy (Dade, 2013) and paying employees adequate compensation (Khan et al., 2014; Park and Levy, 2014). Such initiatives can increase employee satisfaction and motivation (Dade, 2013). One of the primary reasons for enterprises to focus on employees is to retain and attract qualified workforces. The European Commission Report (2001) confirmed this pressing issue as follows:

“... A major challenge for enterprises today is to attract and retain skilled workers. In this context, relevant measures could include life-long learning, empowerment of employees, better information

throughout the enterprise, a better balance between work, family, and leisure, greater workforce diversity, equal pay and career prospects for women, profit sharing and share ownership schemes, and concern for employability and job security. Active follow –up, and management of employees who are due to disabilities or injuries have also been shown...” European Commission (2001: No page).

Labour relations as part of internal CSR (I-CSR) involves helping employees utilise their knowledge and skills, increasing employee commitment and belongingness to the organisation, ensuring equal employment opportunity and having supportive co-workers and supervisors (Thang and Fassin, 2016). Work-life balance involves allowing employees to schedule their preferred days off and work on an overtime basis, giving flex time and support to the family. Employee health and safety management involves providing safety devices and equipment, stress management, medical examination, and keeping the safety of working conditions. In addition to the protection of the employee’ well-being, such initiatives can improve employee attachment with the organisation.

Moreover, I-CSR involves promoting employee involvement and participation, sponsoring training and professional education, eliminating work-place risks, offering pension plans and profit-sharing (Cavazotte and Chang, 2016). Such I-CSR initiatives can promote employee attitudes, retain and engage the workforce (Bhattacharya, Korschum and Sen, 2009), as indicated in works of Cavazotte and Chang, 2016. The objective of business organisations might be to maximise profit through customer satisfaction, but businesses must be responsible first for their employees (Harris, 2018). Therefore, businesses must treat their employees fairly and respectfully; provide fair and reasonable salaries, encourage good work and ensure a good work-balance for employees (Park and Levey, 2014). Moreover, businesses must assist their employees in training and development, career planning and counselling.

Business organisations also have responsibilities to improve the lives of their employees through initiatives like keeping their rights and diversity management (Motilewa and Worlu, 2015). Furthermore, enterprises must prevent discrimination in employees’ compensation and promotion; have a program that can promote employee physical fitness and must comply with all laws regarding hiring and employee benefits (Khan et al., 2014). Such I-CSR can improve customer attraction, boost enterprise profits and market share because satisfied employees can produce satisfied customers. Therefore, business organisations like SMEs should give due attention to I-CSR to improve their

employees' motivation and commitment, thereby improve their market performance. Various issues of employee focus SMEs' CSR are presented as follows:

4.3.2. Employee health and safety

Businesses are socially responsible to their employees in terms of several work-related issues and some other social problems. Such interventions can be expressed in terms of labour welfare, health care, cleaner working environment, adequate compensation, training and development and family support, to list the few. In light of this, the survey has produced the following results portrayed in Table 4.8.

Table 4.8: Health and Safety

HEALTH AND SAFETY DIMENSIONS	CHOICES	FREQUENCY	PERCENT
Healthy and Safety management practice	No	99	28.4
	Yes	249	71.6
Health Extension service	No	268	77
	Yes	80	23
Work-Related Accident Recording	No	233	67
	Yes	115	33
Safety Risk Reduction	No	131	37.6
	Yes	217	62.4
Health and Safety Training	No	238	68.4
	Yes	110	31.6
Total		348	

Source: Survey data

As per the data displayed in Table 4.8, the majority of (71.6 percent) the small and medium enterprises had a health and safety management system in place. Their health and safety management among others include first aid kits, monthly health check-up (especially the service sectors like hotels, bars and snack shops) which are all health packages mandated by the local government. However, enormous proportions (77%) of the small and medium enterprises had a minimal effort in providing health

education, training and counselling programs to employees and their families too. This partly attributed to the limited financial capacity of the enterprises and some other resource shortages therein.

For the sake of comparison, the medium businesses had more awareness in establishing a system of health and safety management. However, both enterprises (the small and medium enterprises) had deplorable practice in availing the necessary health extension services to their employees and recording of the work-related accidents. Moreover, even though both were weak in providing health and safety training to their workers, proportionally the medium-size enterprises had good practices in taking the necessary measures to mitigate or reduce the occurrence of safety risks.

The following section presents the practice of employee orientation and methods of orientation as part of the internal CSR.

4.3.3. Employee orientation

Employees, once they are placed and assigned their tasks or work activities, they should get the necessary orientation and training. The orientation program might be general information about the organisation (like the history of the organisation, strategies and policies of the organisation, layout of the physical facilities, disciplinary measures, safety procedures, etc.); job duties which include job-related information like job location, job objectives and safety requirements of the job. The orientation program also needs to include employee benefits information. Employees need to be aware of their pay scales, paydays, educational and training benefits, housing and insurance benefits and leave packages.

An assessment was made to explore whether such orientation programs are held in small and medium-sized enterprises. The results are presented in Tables 4.9a 4.9b.

Table 4.9a: Methods of Employee Orientation

MEANS OF ORIENTATION	FREQUENCY	PERCENT
Training	184	52.9
Handbook	90	25.9
Other	74	21.3
Total	348	100.0

Source: Survey data

Table 4.9b: Methods of Employee Orientation

METHODS OF ORIENTATION	SMALL SIZE ENTERPRISES (% BASIS)	MEDIUM-SIZE ENTERPRISES (% BASIS)	TOTAL
Training	50.9	59.7	52.9
Handbook	25.1	28.6	25.9
Others	24.0	11.7	21.3
Total	100.0	100.0	100.0

Source: Survey data

Accordingly, almost all of the enterprises(see Tables 4.9a 4.9b) had the habit of providing orientation programs to their employees and such orientation programs were given in the form of brief training (as witnessed by 53% of the total respondents); handbooks(26%) and other similar mechanisms(21%). This implies that employees are somehow informed of their rights and obligations through the enterprises' orientation programs. However, almost all of the small and medium-size enterprises did not have the culture of arranging university or college level training programs to their employees. This limited investment in employee development can deter employees from acquiring needed skills and capabilities that can help them to improve their job performance and innovations.

Internal CSR involves keeping the safety and well-being of stakeholders like employees. Practices that can violate individual rights and privacy must be avoided. If they happened, enterprises again must have grievance handling mechanisms. Hence, the next section presents issues of employee harassment and grievance handling.

4.3.4. Employee Harassment And Grievance Handling

Good management practices include keeping the rights and dignity of the industrial workers. Workers should not be violated their human and legal rights. Employers are required to ensure the protection of such rights in the workplace. As part of the employee rights, employers should respect the fundamental principles of equal employment opportunities (EEO) - in which all individuals have an equal chance for employment regardless of race, colour, religion, sex or national origin. Related to this, employers again must ensure the workplace is free of any unwelcome verbal or physical conduct based on race, colour, sex, sexual orientation, national origin, age, disability or retaliation that is so offensive as to alter the

condition of the victim’s employment. If employees are found to be the victims of workplace harassment and any discrimination, again, the employer should establish a system of grievance handling. To this end, the study has made its effort to assess whether such things are exercised by the small and medium enterprises or not. Accordingly, as per the data displayed in Table 4.10a 49% of the respondents did not have a policy or procedures for the prevention of harassment, coercion, treatment behaviour, physical abuse, sexual abuse or verbal abuse toward employees whereas 51% of them stated as they have.

Table 4.10a: Harassment and abuse handling

VARIABLE	RESPONSE	FREQUENCY	PERCENT
Harassment and Abuse Handling	No	171	49
	Yes	177	51
	Total	348	100.0

Source: Survey data

To distinguish which of the SMEs are dominantly exercising the issues of preventing workplace harassment and grievance handling, Table 4.10b indicates that most of the medium enterprises had workplace harassment and abuse handling than the small businesses. This difference partly resulted due to the strict control and observance of the government to medium-size enterprises apart from the small-sized enterprises.

Table 4.10b: Harassment and abuse handling

Variable	Response	ENTERPRISE SIZE (PERCENT)	
		Small Enterprises	Medium Enterprises
Harassment and Abuse Handling	No	59%	16%
	Yes	41%	84%
	Total	100	100.0

Source: Survey data

Even though most of SMEs declared that they have the necessary mechanisms to prevent workplace harassment, more than 50% of them (see Table 4.11a) did not have procedures and systems in place that can receive complaints by employees. The remaining 46.6% of the total enterprises had systems in place about complaints by employees below). From the given response (see Table 4.11b), the medium-size enterprises are better in managing employee complaints than the small size counterparts.

Table 4.11a: Employee Grievance Handling Systems

VARIABLE	RESPONSE	FREQUENCY	PERCENT
Grievance Handling	No	186	53.4
	Yes	162	46.6
	Total	348	100.0

Source: Survey data

Table 4.11b: Employee Grievance Handling System

VARIABLE	RESPONSE	TYPE OF ENTERPRISES	
		Small Enterprises	Medium Enterprises
Employee Grievance Handling	No	62%	25%
	Yes	38%	75%
		100%	100%

As has been presented above the surveyed enterprises were in a typical situation concerning harassment and grievance handling. When employees are exposed to different forms of harassment, many enterprises had no proactive protection mechanisms. If harassments are observed, again, most of the study participants had no grievance handling systems in place. Further, SMEs, especially small enterprises, have no robust mechanisms and procedures that can keep the rights and all-beings of their employees. This implies that the privacy and well-being of the SMEs' employees are not adequately protected.

The pay systems of a given organisation must be commensurate. There must be a fair and equitable pay system. To this end, the next section deals with employee compensation. It discusses whether employees are paid for their extra effort or not.

4.3.5. Employee Compensation

Employees' level of motivation is affected by several factors like the adequacy of compensation, availability of training and development, healthy employee relations, occupational health and safety, equal employment opportunities, chances for promotion and advancement to name the few. Of all factors, most employees valued compensation for the mere reason that it can affect their physiological and survival needs. Related to this, this study has tried to assess whether the small and medium-sized enterprises are paying overtime for their employees or not. The survey results are displayed as follows (see Table 4.12a).

Table 4.12a: Over Time Payment

VARIABLE	RESPONSE	FREQUENCY	PERCENT
Overtime Payment	No	222	64
	Yes	126	36
	Total	348	100%

Source: Survey data

Table 4.12b: Over Time Payment

VARIABLE	RESPONSE	TYPE OF ENTERPRISES	
		Small Enterprises	Medium Enterprises
Overtime Payment	No	70.5%	40%
	Yes	30%	60%
Total		100%	100%

Source: Survey data

As indicated in Table 4.12a, most of the enterprises (64%) had no systems in place concerning overtime compensation, and of this, the small enterprises were observed as the major ones for not

paying overtime pay for their workers (See Table 4.12b). This study revealed that medium enterprises are more willing to pay overtime than small-size enterprises.

For employees, the pay is the main reason to seek employment. Pay satisfies their families' and their own needs, increase their physiological needs, and it is an indication of their worth to their organisation (Ivancevich, 2001). To this end, proper pay administration is one of the primary duties of business organisations. However, the results of the study indicate that the sample SMEs have a deficient level of practice in overtime payment. This indicates that labour is forced to work for prolonged hours without incentives for extra effort and energy.

Employers must be responsible for employees' growth and development. Employees must grow with the required skills and capabilities. To this end, enterprises should prepare necessary pre-conditions for employee training and development programs. Hence, the next sub-section presents about employee training and development.

4.3.6. Employee Training and Development

Employees give much attention to their personal development and advancement. Through training and development, it is possible to improve employees' abilities, attitudes, job-related skills and knowledge. As a result of training and development, employees can grow and be promoted. This again helps them to understand the goals of an organisation better. Therefore, employers are expected to invest in employee training and development so that they can enhance employees job-related knowledge and abilities. Accordingly, the SMEs' intervention on employees' training and development are presented as follows.

As per the data displayed in Table 4.13, 75% of the small and medium enterprises participated in this study provided short-term training to their employees and 20% of them were provide management training. However, out of the total SMEs involved in this survey, only six (6) enterprises were able to send their employees for further long-term education like secondary high school, university and post-graduate education. Parallel with this as per the data displayed in Table 4.13, most of the medium-sized enterprises arranged short-term course training in contrast to 75% of the small businesses. Concerning the focused managerial training, the small businesses were outshining their medium-sized counterparts (see Table 4.13).

Table 4.13: Employee Training and Development

Variable		ENTERPRISE SIZE	
		Small	Medium
Employee Education Support Areas	Professional	75%	84%
	Training	23%	16%
	Further Education	2%	-
Total		100%	100%

Source: Survey data

The data displayed in Table 4.13 indicates that SMEs have the culture of supporting their employees in training and development. However, much is expected to improve its investment in short-term training. The following section presents the SMEs support to the employees' dependents.

4.3.7. Employer support to employees and dependents

Employees' level of engagement and participation in the workplace is partially determined by the degree of employers' concern towards worker-family issues. Workers' motivation increases when employers are considerate to their family matters like education, subsidised product sales, medical benefits, housing allowances and similar other issues. Therefore, this study has made its effort to assess the small and medium enterprises engagement in worker-family support activities. The results are displayed in Tables 4.14a and b.

Table 4.14a: Employee –Family Support Activities

VARIABLE	FREQUENCY	PERCENT
House construction	23	6.61
Health care	187	53.7
Education	45	12.9
Safe working conditions	81	23.3
Other	12	3.4
Total	348	100

Source: Survey data

Table 4.14b: Employee –Family Support Activities

	Small Enterprises		Medium Enterprises	
VARIABLE	FREQUENCY	PERCENT	FREQUENCY	PERCENT
House construction	17	6.27	6	7.79
Health care	136	50.18	51	66.23
Education	38	14.02	7	9.10
Safe working conditions	70	25.83	11	14.23
Other	10	3.69	2	2.60
Total	271	100	77	100

Source: Survey data

Looking at the survey data on Table 4.14a, most of the small and medium enterprises (53.7%) gave focus on health care services followed by managing the safety of the workplace (23.3%). This result was confirmed by 51% of the small size enterprises, and 67% of the medium-size enterprises focus on health care services and 26% of the small size and 14% of the medium-size enterprises focus on managing the safety of working conditions (see Table 4.14b). The data describes that the small and

medium-sized enterprises are weak in helping their workers in house construction and improving their level of education.

The overall result reveals that SMEs are helpful to employee dependents in ensuring their health and work-life. As indicated in the table, the small size enterprises are more considerate to the employee dependants than the medium-size counterparts.

There are different means where SMEs can support employee dependents. They can help them in providing canteen services, medical services, arranging loan facilities and similar others. Hence, a further attempt was made whether the sampled organisations are helping the dependents through discounted goods, subsidised cafeteria services, medical services, house allowances, loan arrangement and other similar services or not. The results are displayed in Table 4.15a and b.

Table 4.15a: Means of Supporting Employees

VARIABLE	FREQUENCY	PERCENT
In selling discounted goods/services	39	11.2
In providing subsidised cafeteria services	67	19.3
Full medical coverage	55	15.8
partial medical coverage	71	20.4
life insurance coverage	6	1.7
Handouts during festival/holidays	73	21.0
Providing clothes	6	1.7
House allowance	2	.6
Loan arrangements	17	4.9
Other	12	3.4
Total	348	100

Source: Survey data

Table 4. 15b: Means of Supporting Employees (Cross tabulation)

Variables	ENTERPRISE SIZE	
	Small Enterprises	Medium Enterprises
In selling discounted goods/services	11%	13%
In providing subsidised cafeteria services	21%	14%
Full medical coverage	13%	27%
partial medical coverage	20%	22%
life insurance coverage	1%	5%
Handouts during festival/holidays	24%	9%
Providing clothes	1%	3%
House allowance	1%	-
Loan arrangements	5%	4%
Other	4%	3%
Total	100%	100%

Source: Survey data

Table 4.15a indicates that most of the small and medium-size enterprises help their employees and dependents in activities like giving handouts during festivals /holidays (21%), partial medical coverage (20.4%) and in providing subsidised cafeteria services (19.3%). Moreover, compared to small size enterprises, medium-sized enterprises have better medical coverage services to employees and their family members (see Table 4.15b). However, the small size enterprises were found to be good enough in providing subsidised cafeteria services and handouts during holidays compared to their medium-size enterprises' counterparts.

The overall result indicates the small and medium-size enterprises have limited effort to support the workers /family members in providing housing allowances, life insurance coverage, loan arrangement, clothes and in selling discounted products. Similarly, Table 4.16a shows, out of the total respondents around 40% of them were able to provide bonus and 29% of them provide an advance to their

employees for personal events like wedding or death with limited effort to support their employees in areas like cash donations, child education and social security fees.

Even within the sample respondents, the medium enterprises displayed a satisfactory result in providing a bonus to their workers (55%) in comparison to the small size enterprises. Similarly, the small-sized enterprises were excelling the medium-sized enterprises in terms of giving advance to workers for personal activities (see Table 4.16b).

Table 4.16a: Financial Support

	FREQUENCY	PERCENT
Advance to workers for personal events like wedding or death	105	30.17
Employees' children education funding	18	5.2
Satisfactory work bonus	138	39.7
Payment of increments to workers regularly	27	7.8
Payment of social security fees	3	.9
Provision of monetary aids when in need	24	6.9
Fair and timely payments to workers	33	9.5
Total	348	100.0

Source: Survey data

Table 4.16b: Financial Support

Variables	ENTERPRISE SIZE	
	Small Enterprises	Medium Enterprises
Ad advance to workers for personal events like a wedding or death	32%	21%
Em Employees' children education funding	4%	9%
Sat satisfactory work bonus	36%	55%
Pa payment of increments to workers regularly	7%	9%
Pap Payment of social security fees	1%	1%
Provision of monetary aids when in need	9%	1%
Fai Fair and timely payments to workers	11%	4%
Total	100%	100%

Source: survey data

The overall result indicates SMEs have the practices of giving bonuses and supporting employee personal events like a wedding. However, their practical orientation about periodic adjustment of the wages and salaries are very low. Further, their willingness and actual practice about payment of social security are deficient. Despite their limited attempt in practising support to employees, their general impression about the importance of I-CSR was very high. The results are presented below.

4.3.8. Enterprises' Perception on the Importance of CSR to Employees

Respondents were asked about the importance of CSR to their employees to close the loop in this section. The results are displayed in Table 4.17.

Table 4. 17: Enterprises’ Perception on the Importance of CSR to Employees

Variable	Rating	ENTERPRISE SIZE	
		Small Enterprises	Medium Enterprises
Social Responsibility	Very Important	90%	90%
	Important	9%	9%
	Less Important		1%
	Not Important	1%	
Total		100%	100%

Source: Survey data

Table 4.17 depicts that, almost all the survey participants emphasised the need for socially responsible behaviour towards the employees (confirmed by 90% of the total respondents –both small and medium-sized enterprises). This implies that SMEs have a good impression on the contribution of CSR to their workers. So far results on SMEs internal CSR initiatives have been presented. From the given survey data, one can understand that to their level best SMEs try to protect their employees’ health and safety, give orientation, handling workplace harassment and abuse, paying wages and salaries; give some support services to employees and their dependents.

In the section that follows attempts are made to describe the situation focusing on SMEs external CSR activities. It includes detail discussions about SMEs’ CSR initiatives on the environment and local community. It explains about the interventions on keeping the well-being of the local community through employment generations, money donations, supporting the disfavoured members of the community and through environmental cleanliness.

4.4. EXTERNAL CSR

Like to the internal stakeholders, businesses have responsibilities to their external stakeholders like the government, customers, the society, the local community and the physical environment. They are expected to pay tax on a timely basis, create gainful employment opportunities to the local community and produce environmentally friendly products. Such external CSR interventions can enhance their growth and help them avoid sales decline (Stonian and Gilman, 2017). Accordingly, this section presents SMEs external CSR on environmental and the local community. It explains the environmental initiatives of SMEs and interventions on local community development. First, the SMEs’ environmental responsibilities are explained, and then their local community responsibilities are presented.

4.4.1. SMEs’ External CSR Activities in the Environment

It is a hot issue today about the businesses’ concern toward the environment. There is global discontent on business organisations natural resources management, waste management, energy utilisation and recycling of materials. Even though the issue of environmental wellbeing and green revolution is a fresh start in Ethiopia, this survey tried to explore the awareness of small and medium enterprises in this regard. Accordingly, the survey results are displayed as follows:

Table 4.18: Resource Consumption and Conservation

Environmental Concern Dimensions	RESPONSE RATE			
	No	Percent	Yes	Percent
Energy Consumption	23	7	325	95
Water Consumption	26	7	322	93
Waste Consumption	313	90	35	10
Energy Conservation	313	90	35	10

Source: Survey data

More than 90 percent of the respondents (see Table 4.18) had measurement systems on energy and water consumption. Such consumption measurement was widely used in the service sector, manufacturing, construction and enterprises engaged in urban agriculture respectively. However, in the

same table, results indicate that all the enterprises were not active enough in waste treatment (recycling) and energy conservation efforts.

A further attempt was made to explore whether the small and medium-size enterprises have supported environmental activities or not. Accordingly, more than 90 percent of the surveyed SMEs declared that they contributed financial and non-financial support for environmental management initiatives (See Table 4.19).

Table 4.19: Environmental Support Initiatives

RESPONSE	FREQUENCY	PERCENT
No	27	8
Yes	321	92
Total	348	100

Source: Survey data

However, the majority (93% of the small enterprises and 81% of the medium enterprises) of the small and medium-sized enterprises were failed to align any of their business services to achieve better environmental outcomes. This implies SMEs were not ready to introduce new products and services which can lower emissions and energy usage and adapt to climate changes (see Table 4.20).

Table 4.20: Enterprises’ Product Alignment to Environmentally Friendly

		ENTERPRISE SIZE	
		Small Enterprises	Medium Enterprises
Environmentally Friendly outcome	No	93%	81%
	Yes	7%	19%
Total		100%	100%

Source: Survey Data

Generally, even though the sampled SMEs were conscious of environmental issues, still much efforts required to divert their awareness into action. In the upcoming section, the SMEs CSR initiatives on the local community are described. It presents whether SMEs are supporting the local community in sports

activities, cultural heritage management, health care and education, ecological activities, infrastructure development and other similar community-based interventions or not.

4.4.2. SMEs’CSR activities in local communities

One facet of the CSR by business organisations is contributing to the economic development and improvement of the living conditions of the society at a large and local community. Businesses should help the catchment community in the fight against poverty; one of which is creating gainful employment opportunity. Efiog et al. (2013) stated that one of the key indicators that determine the true worth and value of modern organisations is their ability to give back to the society part of their income through some mutually beneficial initiatives. These initiatives seem to include donations to charities, schools, hospitals; the disabled, the minority, orphans and some other segments of the community.

Such interventions can bring different advantages to business organisations. For one thing, it can improve relationships between them and their external stakeholders like the general society generally and the local community. This can bring added benefits to them like improving their image, thereby increasing their market performance. Hence, this section presents the SMEs’ CSR initiatives on the local community and the means of interventions. Different questions were forwarded to SMEs’ owners/managers that can probe the SMES’s CSR interventions, areas of participation and the kinds of CSR activities. The results are presented as follows:

Table 4.161a: SMEs Local Community Support

RESPONSE	FREQUENCY	PERCENT
No	16	5
Yes	322	95
Total	348	100

Source: Survey data

Table 4.21b:SMEs local community support

VARIABLE		ENTERPRISE SIZE	
		Small Enterprises	Medium Enterprises
Local Community Support	No	5%	3%
	Yes	95%	97%
Total		100%	100%

Source: Survey data

Table 4.22: Local community development interventions

VARIABLES	FREQUENCY	PERCENT	
Sport activities	236	68	
Cultural activities	24	7	
Health care	23	7	
Education and training activities	15	4	
Financial or other help/support to non-profit organisations	4	1	
Environmental protection-ecological activities	29	8	
Other		1	0
I do not make any community support		16	5
Total		348	100

Source: Survey data

Therefore, as per the data displayed in Table 4.21a, 95% of the small and medium-sized enterprises participated in this study were in favour of the local community investment initiatives (which accounted 95% of the small enterprises and 97% of the medium enterprises (see Table 4.21b).However, most of the enterprises' local community support was concentrated on sports activities (68%) with minor participation in ecological, cultural and health care initiatives (See Table 4.22). From the same data, it is observed that the SMEs have a deficient level of engagement in public affairs or political

process on behalf of the community; in helping the non-profit organisations and in supporting the local community in education and training activities. Based on the data on Table 4.22, 5% of the total respondents did not participate in any of community support initiatives.

A further attempt was made whether the small and medium enterprises are supporting the local community in areas like heritage management, youth development, and women empowerment and other similar areas. As a result, almost all the enterprises had a positive spirit in supporting the local community in the stated issues. As per the data displayed in Table 4.23, most of the service sectors were interested in supporting the local community in infrastructural support services and managing the local heritage whereas the construction enterprises focused their attention on youth development and education. Moreover, the lion share of the infrastructure support to the local community is covered by the manufacturing enterprises even though their participation in other areas was observed insignificant. The survey indicated that almost all the small and medium enterprises have very shallow support to women empowerment, and the disable and underprivileged sections of the community. Moreover, more than 6% of the total respondents had no community investment initiatives, and none of the enterprises from the urban agriculture sector had the support of the stated community initiatives.

Table 4.173: Local community Support Areas

Has the company invested in any of the following areas as part of its community support?	TYPE OF BUSINESS INVOLVED IN				
	Construction	Manufacturing	Service	Urban Agriculture	Total
Local heritage	9.4%	15.1%	32.4%	-	26.3%
Infrastructural support/services to local communities	18.8%	61.6%	36.9%		41.6%
Youth development	21.9%	3.5%	3.6%		5.2%
Education	21.9%	9.3%	12.2%		12.1%
Under privileged	12.5%	4.7%	8.1%		7.5%
Women empowerment			0.5%		0.3%

Has the company invested in any of the following areas as part of its community support?	TYPE OF BUSINESS INVOLVED IN				
	Construction	Manufacturing	Service	Urban Agriculture	Total
Disability support	3.1%		0.5%		0.6%
No community investment initiatives	12.5%	5.8%	5.9%		6.4%
Total	100.0%	100.0%	100.0%		100.0%

Source: Survey data

A further attempt was made whether SMEs are supporting the local community in infrastructure development and members of the local community like women, the disabled, orphanage and others. Are they supporting the local community in road, school, hospital construction and supply of electricity? Are they supporting the local community in establishing or strengthening local institutions like ‘idir’ (a kind of community support association mainly in time of mourning and marriage events) and, ‘Ikub’ (member-based informal money-saving schemes) and creating income-generating jobs to the disadvantaged members of the community like the disabled? Responses to such questions are presented in the upcoming sections.

4.4.3. SMEs Infrastructure and Social Support Services

Do SMEs make a vivid contribution to the local development? Well, there are clear observable areas of SMEs support to the local community like employment creation and income generation to the government. Related to this SMEs also have good beginning concerning the local community support in infrastructural development. The data on Table 4.24 shows the small and medium enterprises local community support on infrastructural development and related issues. As a result, most of the enterprises have supported the local community in road construction, access to electricity and school construction initiatives. Apart from others, the manufacturing, construction and service sectors have the lion share in the community development initiatives. However, still, the small and medium enterprises are weak in supporting the development of local institutions like ‘idir’ (a kind of community support association mainly in time of mourning and marriage events) and, ‘ikub’ (member-based informal money-saving schemes) and making cash donations to the poor segment of the society.

Table 4.184: SMEs Local Development Support

VARIABLES	FREQUENCY	PERCENT
Road construction	145	41.7
Access to electricity	57	16.4
Clinic or hospital construction	17	4.9
School construction	62	17.8
Assisting in the development of local institution like <i>idir</i> , <i>ikub</i> , etc.	29	8.3
Cash donations to the poor segment of the society	15	4.3
Other	1	.3
I never give any donation	18	5.2
Total	344	98.9
Missing	4	
Total	348	100

Source: Survey data

The survey also assessed as to whether the small and medium-size enterprises are helping segments of the local community or not. As the data displayed in Table 4.25, most of the enterprises made donations to religious organisations. However, the small and medium-sized enterprises had inferior awareness about the need to support to orphanages, old age, the disabled, the poor women, and people living with HIV/AIDS and some other members of the local community. Compounded with this more than 14% of the total respondents had no participation in the stated community support initiatives.

Table 4.25: SMEs Support to Segment of the Local Community

VARIABLES	FREQUENCY	PERCENT
Donation to religious organisations	226	64.9
Donation to HIV ADS victims	46	13.2
Donation to orphanages	11	3.2
Donation to old age	1	.3
Donation to the disabled	5	1.4
Employment opportunities for poor women	6	1.7
Other	1	.3
No community investment initiatives	52	14.9
Total	348	100.0

Source: Survey data

In summary, the SMEs of the study area have significant motivation to support the local community in various initiatives. Notable to these are to sports activities, religious practices, road and school construction; access to electricity and people living with HIV/AIDS. Such support initiatives are given on financial and non-financial basis. The following section presents the types of support made to the local community.

4.4.4. Type of resources provided

Business organisations, in most cases, express their corporate social initiatives either in the form of financial or non-financial resources. In this study, more than 80% of the small and medium enterprises was focused on financial donations (see Table 4.26). Enterprises engaged in construction and manufacturing business have more participated in financial donations than enterprises working in urban agriculture and service businesses.

In contrast, negligible percentages of the total respondents had in-kind donations and volunteer services while participating in the local community support initiatives.

Table 4.26: Type of Resources Granted

TYPE OF RESOURCES	FREQUENCY	PERCENT
Money	304	87.4
In-Kind	13	3.7
Volunteer	17	4.9
Loan	1	.3
Other	9	2.6
Total	344	98.9
Missing	4	1.1
Total	348	100

Source: Survey data

So far much has been discussed about SMEs’ internal and external CSR initiatives. Even though they do not call it or sense it as social responsibility, they are practising helping their employees, the local community and protecting the physical environment. They tend to keep the health and safety of their employees, make financial donations for infrastructure development, and they are trying to keep the well-being of the environment. The drivers of SMEs’ CSR in the study area are presented below.

4.5. DRIVERS OF SMEs’ CSR

There are several push factors for business organisations to engage in CSR. Some of them participate due to social influence and the search for competitive advantages (Aghelie, 2017). The social influence involves the need to improve enterprise goodwill (Galbreath, 2009, Hossain, Rowe and Quaddus, n.d., Aghelie, 2017), increase sales and consumers trust (Olsson, 2011, Munasighe and Malkumari, 2012) and to improve public awareness. This implies that enterprises exercise CSR not only to improve the livelihood of stakeholders but also to improve their market performance and profitability. That is business practising CSR programs for competitive advantages in terms of secured and stable long-term growth, innovative products and improved performance commitment (Aghelie, 2017). Accordingly, this section presents the SMEs’ CSR drivers in the study area.

The survey outputs of this research indicate that 93% of the small enterprises and 94.5% of the medium-size enterprises were motivated by ethical reasons to exercise CSR initiatives. Moreover, 94.6% of the total survey participants undertook the corporate responsibility activities to improve their relationship with local authorities and communities (See Appendix C). This implies that ethical concerns and valuing a strong relationship with stakeholders are the dominant push factors for SMEs' CSR in the study area. These results are consistent with findings of Pedersen (2009) and Olsson (2011), where SMEs' CSR motives are related to moral and ethical reasons.

In response to the Likert scale questions, very large proportions of the small and medium enterprises had an agreement with the main drivers of CSR like improving customer relations and customer loyalty (94% jointly agree and strongly agree), improving relation with business partners and investors (91.6% agree and 'strongly agree'), to attract employees thereby improving their job satisfaction (94% 'agree' and strongly agree), to improve their economic performance (88.3% agree and strongly agree), building their image (93.4% agree and strongly agree), reducing the poverty situations of the local community and employees (94% agree and strongly agree), improving the wellbeing of the environment (95.1% agree and strongly agree) and to maximise their profit (81.4% agree and strongly agree). However, a large number of respondents disagreed with the notion of getting public incentives (64.4% disagree and strongly disagree) and due to pressure from a third party (60.4% disagree and strongly disagree) to undertake the CSR activities (See Appendix C). This implies improving customer loyalty, attracting employees, increasing employees; job satisfaction and maximising the enterprises' economic performance in terms of profit are important CSR drivers for SMEs.

4.5.1. Ranking of SMEs' CSR drivers

Many factors are there for enterprises to drive towards ethical business practices and stakeholders focus on their operation. For some businesses, employee motivation and increasing employee involvement might be their main driver to undertake CSR activities. Still, others might exercise it for the mere benefit of the local community in terms of gainful employment and income generation and making safe their living environment. In some instance, businesses participation in ethical business practices can help them reduce their operational costs, build their reputation and gain support from the government and other similar stakeholders.

This survey tried to explore the SMEs key drivers to participate in the CSR initiatives. Accordingly, as depicted in Table 4.27, the mean and standard deviations (std) of the variables: building image of the

organisation (mean= 4.47 and Std= 0.768), improve the well-being of the environment (mean =4.43 and Std=0.766), to improve customer relations and loyalty (mean = 4.43 and Std = 0.723), for the sake of ethical reasons (mean =4.41 and Std =0.862), to improve relations with community and authorities (mean=4.4 and Std =0.784), to attract employees and improve employees’ job satisfaction (mean = 4.38 and Std =0.736); to reduce the poverty situation of the local community and employees (mean=4.36 and Std =0.760); to improve relations with business partners and investors (mean =4.33 and Std =0.739); to improve the economic performance of the enterprise (mean 4.31 and std deviation =0.909) and profit maximisation(mean =4.13 and std =0.868) were found to be the critical drivers of SMEs CSR practices in the study (See Table 4.27).

However, in the same table factors like use of existing public incentives (like tax incentives and subsidies) and other pressures from third parties (like competitors and government) has less impact on the enterprises’ engagement in CSR initiatives.

Table 4.27: Ranking of CSR Drivers

VARIABLES	N	MEAN	STD. DEVIATION
Building an image of the company	348	4.47	.768
Improve the wellbeing of the environment	348	4.43	.766
Improve customer relations, loyalty	348	4.43	.723
Ethical reasons	348	4.41	.862
Improve relations with community and authorities	348	4.40	.784
Attract employees, improve employees' job satisfaction	348	4.38	.736
Reducing the poverty situations of the local community and employees	347	4.36	.760
Improve relation with business partners and investor	348	4.33	.739
Improve the economic performance of the company	348	4.31	.909
Profit maximization	348	4.13	.868
Use of existing public incentives (tax incentive, subsidies, other	348	3.16	1.041

VARIABLES	N	MEAN	STD. DEVIATION
Pressure from third parties (i.e. client, competitors, government)	348	3.09	1.116

Source: Survey data

The findings indicate that for business organisations like SMEs image building, concern to the physical environment, and improving customer relationship and loyalty are the dominant factors to participate in CSR initiatives. By improving their image in society and customers, they can increase their market share and sales. This ultimately improves the competitive position of enterprises. The SMEs' CSR drivers sector-wise are discussed below.

4.5.2. CSR drivers: Sector wise

The drivers for business organisations participation may not be the same across sectors. The degree of one sector's CSR participation may be higher than the other. Some of them may be motivated by the environmental concerns and some other due to image building and so forth. Hence the following discussion deals about the sector-wise CSR drivers.

At sector level majority of the service sector enterprises (35.6%% strongly agree and 24.1%% agree), the manufacturing enterprises (11.5%strongly agree and 10.9% agree) and enterprises from the construction sector (6% strongly agree and 3.2% agree) considered ethical reasons as their push factors towards the CSR initiatives (See Appendix D). Whereas similar enterprises (60.4%% from the service sector,23.9% from the manufacturing sector and 8.6% from the construction sector were derived by the need to improve their working relations with the local communities and authorities. Similarly,60.9% of the service sector enterprises and 23.9% of the manufacturing sector enterprises were considered the improvement of customer relations and loyalty as their main driving force for CSR activities. In another dimension majority of the service sector enterprises (around 59.5%) and some enterprises (24.2%) from the manufacturing sectors considered attracting employees, improving employees' job satisfaction and improving their economic performance as their major driving forces to focus their attention on CSRinitiatives. Enterprise goodwill building and reducing the poverty situations of the local community and employees were the main driving forces for the service sector. Majority of the sectors were interested in the environmental concern (expressed as60%% as strongly agree and agree from the service sector, 24% as strongly agree and agree from the manufacturing sector and 8.9%as strongly agreeand agreefrom the construction sector) (See Appendix D).

In contrast majority of the respondents (36.9% from the service sector, 17.5% from the manufacturing sector and 7.5% from the construction) were not considering the public incentives as their major drivers for CSR activities. Similarly, the sample enterprises from the various sectors did not consider 'pressure from third parties' as their primary driver for their CSR initiatives. Finally, 54.9% of the service sector enterprises, 17.8% of the construction sector enterprises and 7.2% enterprises from the manufacturing sector considered profitmaximisation as their major force to give attention towards CSR initiatives (See Appendix D).

Generally, eventhough themajority of the sampled enterprises were not pressurised by the need for incentives and the influence of other parties to assume the CSR activities, still there are other significant factors like ethical norms and practices, improve community relations, increasing employee job satisfaction, improving their image, poverty reduction thatpushesthem to exercise CSR activities in the country. The SMEs' CSR barriers are discussed next and aim to point out the significant factors that hinder the SMEs' CSR practices in the study area.

4.6. SMEs' CSR BARRIERS

Business organisations may develop an interest to participate in various CSR activities like environmental sustainability issues, customer services, community support projects and employee motivation anddevelopment programs. However, their initiatives and expectations sometimes constrained by regulatory forces, institutional forces and individual level barriers like lack of adequate knowledge and awareness about CSR(Garavan, Heraty, Rock and Dalton, 2010). The lack of support and incentive from the local and federal government may hamper businesses to focus their attention on CSR activities. Equally valid is the organisational barriers like the structure, culture and norms of the organisation may affect enterprises to engage in CSR initiatives. Moreover, the absence of such CSR practices in the business environment can be considered as a potential barrier for CSR activities.

The findings of the survey indicate that 49%(both strongly disagree and disagree) of the respondents did not consider lack of training as their primary barrier for their CSR activities whereas 48.5%of the total respondents (both agree and strongly agree) perceived lack of training opportunities or seminars to learn about CSR as their primary obstacle to undertake the CSR activities. Moreover,37.4% of the total respondents (expressed as strongly agree and agree) agreed that lack of finance is not a significant

bottleneck to implement CSR whereas the remaining 61.5% (both strongly disagree and disagree) had limited financial resources to implement CSR(See Appendix D).

Lack of awareness about CSR might be considered as the main barrier to implementing CSR for some businesses. In this survey, quite large numbers of respondents (51.1% both strongly agree and agree) stated that the difficulty of obtaining information about CSR implementation is their significant barrier for CSR. While the remaining respondents (47% both disagree and strongly disagree) did not consider access to information as to their primary constraint to CSR initiatives. Related with this, majority of the small and medium enterprises (54%) feel that the absence of adequate knowledge about CSR practice as their barrier to CSR implementation while the remaining 43.9%(both strongly disagree and disagree) did not consider the lack of knowledge about CSR practices as their bottleneck for CSR initiatives (See Appendix D). Furthermore, the small and medium-size enterprises' employees lack adequate skills/education to implement CSR and somehow, the lack of management training to implement CSR practices were perceived as their barriers to implementing CSR.

Mixed results were observed concerning the government as a barrier to CSR implementation: Approximately 54.5% (both strongly disagree and disagree) of the SMEs didnot consider lack of government support as their barrier to CSR implementation, whereas43.4% of them (both agree and strongly agree) was agreed with the lack of government support as their barrier to CSR implementation(See Appendix D). The complex nature of the CSR implementation was considered as the enterprises' barrier to CSR implementation whereas for most of the SMEs lack of time and management supports were not the main constraints to implement the CSR initiatives. Moreover, the majority of the SMEs were aware of the possible benefits of CSR implementation and; however, they lack awareness on how to implement it (Appendix D).The overall response indicates that lack of finance, awareness about CSR and the complex nature of CSR implementation are among the dominant barriers for SMEs' CSR. Next section presents the ranks of SMEs' CSR barriers.

4.6.1. Ranking of CSR barriers

Business organisations like SMEs are likely to face different barriers while dealing with CSR programs. Notable to there are resources constraints like lack of finance (Turyakira, 2017, HAB, 2016, Aghelie, 2017; Strandberg, 2017), lack of essential skill and knowledge about CSR (Laudal, 2007, Arevado and Aravid, 2011), lack government support and enforcement and so forth. Accordingly, this research presents the rankings of SMEs' CSR barriers as follows:

Table 4.28: Ranking of CSR Barriers

	N	Mean	STD
We do not have enough financial resources for CSR implementation	348	3.81	.936
Lack of employees' skills/education to implement CSR	348	3.65	.824
We do not have enough knowledge about CSR implementation	348	3.57	.857
We do not have enough knowledge about CSR practices	348	3.57	.881
Lack of training opportunities or seminars to learn about CSR	348	3.55	.927
The difficulty of obtaining information about CRS implementation	348	3.55	.859
Currently, there are more important priorities for the company	348	3.52	1.000
Lack of government support	348	3.46	.856
Lack of management training to implement CSR practices	348	3.42	.884
CSR implementation is too complex	348	3.40	.838
CSR implementation is too expensive	348	3.39	.822
Management does not support CSR implementation	348	3.30	.866
Lack of time (not enough time)	348	3.17	.889
There will be no significant benefits for our company from CSR implementation	348	2.89	.831
Valid N (listwise)	348		

Source: Survey data

As indicated in Table4.28, the six (6) foremost barriers for the SMEs CSR implementation are as follows:

- lack of finance (mean= 3.81 and Std =0.936),
- lack of employees' skills and education to implement CSR(mean = 3.65 and Std = 0.824),
- lack of enough knowledge about CSR implementation (mean = 3.57 and Std = 0.857),
- lack of enough knowledge about CSR practices (mean = 3.57 and Std = 0.881),

- lack of training opportunities or seminars to learn about CSR (mean = 3.55 and Std = 0.027), and
- difficulty to obtain information about CSR implementation (mean = 3.55 and Std = 0.859).

The small and medium enterprises are least constrained by lack of perceived awareness about the benefit of CSR implementation (mean = 2.89 and Std = 0.831), lack of enough time (mean = 3.17 and Std = 0.889) and lack of management support (mean = 3.30 and Std = 0.866).

Consistent with the findings of previous researchers (Like HAB,2016, Aghelie, 2017; Strandberg,2019), this research confirmed that lack of finance is the significant barrier for SMEs to implement CSR, followed by the lack of required knowledge, skills and information about CSR implementations. This implies that external support is required to boost the SMEs' level of CSR practical implementations. The conclusions on Part I of the result and discussion is presented in the following section.

4.6.2. Conclusion

This study confirmed that most of the SMEs operators were men, young and productive and literate. They run their businesses using private sources of capital with limited support from external stakeholders like the government.

The research highlights that most of the study participants have the right level of understanding of CSR dimensions like environmental and philanthropic responsibilities. The SMEs recognise the need to give due attention to the physical environment, the local community and the national laws and policies. This was confirmed by the significant and positive correlation between the enterprises' perception of philanthropic responsibility and legal and ethical responsibilities. This implies that the enterprises recognised the paramount importance of respecting legal and ethical responsibilities while practising philanthropic initiatives.

Even if they did not recognise it as CSR, the study also points out the practical CSR initiatives of SMEs. They are socially responsible for their internal and external stakeholders. They tried to keep the health and safety of their employees, train them and to some extent, help their dependents. However, the practice of periodic adjustment of pay and payment of social security to employees was found to be very poor and insignificant. Also, another important finding of this study is that SMEs tried to exercise the environmental and community-based CSR initiatives. They have measurement systems on energy

and water consumption and make financial and non-financial donations to keep the wellbeing of the physical environment. However, the enterprises failed to introduce new products that can align with the environment.

Further, the findings pointed out the SMEs' CSR to the local community. They assist the local community in sports activities and infrastructural development like road and school construction. However, their support is found to be shallow and inadequate to the local institutions like '*idir*' (a kind of community support association mainly in time of mourning and marriage events), '*ikub*' (member-based informal money-saving schemes), and the poor segment of the community.

Through this study, it was found that SMEs are interested in participating in CSR initiatives due to important drivers namely (i) to build their images, (ii) improve the wellbeing of the physical environment, (iii) customer relationships, and (iv) loyalty for ethical reasons. However, their engagement in CSR practices is constrained by lack of several factors, namely (i) finance, (ii) employee skills or education to implement CSR, (iii) training on CSR, and (iv) government support. Consequently, SMEs require interventions and support from various stakeholders like the government to strengthen their CSR initiatives.

The following section presents the qualitative response about SMEs' CSR and its implications therein.

4.7. PART II: QUALITATIVE DATA ANALYSIS

4.7.1. Introduction to qualitative data analysis

A semi-structured in-depth interview was conducted with information-rich participants from various government offices who have been working with SMEs and monitoring their overall activities to triangulate the data collected using a questionnaire. In conducting the interview, guiding questions were employed whereby flexibility and focus on the interview were ensured through probing questions.

The interview guide focus on SMEs degree of intervention with local community support, economic contributions, creation of job opportunity, philanthropic activities, environmental protection initiatives, support to the government, their driving forces to participate in CSR initiatives and their barriers to fully participate in CSR initiatives. The qualitative data were analysed using content analysis, items were transcribed, and emergent themes were identified. In so doing, first meaning condensation method was employed to structure and clarify the interview data (Kyale, 1996). Consequently, structuring a complex qualitative data was done by transcription. Then, the transcripts were clarified by eliminating

repetitions and irrelevant data. Finally, the meaning condensation method, which involves the condensation of interviewees' statements and meaning into shorter formulations, were conducted. Therefore, lengthy interview transcripts were reduced into brief and concise formulations that were used to formulate assertions for each theme. Then, the data were identified by dividing the transcripts into "analytically meaningful" segments (Merriam, 1998). The segments were formed for each participant, and the data were manipulated by sorting rearranging these segments. By reading the transcripts and comparing the participants' comments with each other, the assertions are formed (Erickson, 1986). The transcripts have been reviewed multiple times and searched for confirming and disconfirming evidence to establish evidentiary warrant for these assertions. Direct quotes from the interviews were used to warrant the assertions. The results were organised concerning these themes and presented in a descriptive narrative style as follows. First of all, the interviews were held in Tigrigna, Amharic, and English whenever it was convenient to an interviewee. Before the commencement of the interview, interviewees were asked to choose one or more of the languages mentioned above. Results show that all of them were using at least languages at a time; hence, code-switching was common during the interview. Due to this, all the interviews were subject to transcription and translation in the language of the interview and English, respectively. The translated data were sorted into thematic areas, as mentioned above, which were condensed again to serve the purpose. Hence the responses are presented as follows:

4.7.2. SMEs' Economic Responsibilities

SMEs contribute to over 55% of GDP and over 65% of total employment in high-income countries and 60% of GDP and over 70% of total employment in low-income countries (OECD, 2004). In most countries, SMEs generate 60% and 70% of job opportunities (Law and Minaie, 2016). They have the lion share of contribution in job creation, income generation and poverty reduction (Raza et al., 2018; Adelekan et al., 2016). Moreover, SMEs are suitable suppliers of goods and services to society; they improve the economic growth of nations by creating new jobs, expanding the tax base and through innovations (Katua, 2014). Such critical economic contributions of SMEs; however, are constrained by several factors like alimited supply of finance, inadequate infrastructural facilities, lack of access to new technology, lack of skilled manpower, unfavourable government policies, political instability and other similar factors(OECD, 2004; Razan et al, 2018; Adelekan et al,2016; Katua, 2014).

Similarly, participants of the current study noted that SMEs have a pivotal role in supporting the local community and the society at large. As one of the participants noted, “SMEs supply goods and services at a reasonable price and helped the local community on environmental protection and cleaning. “Also, the participant added that “they are the key actors in creating job opportunity for the members of the local community, especially the youth.”In line with this, another interviewee stated that “SMEs help to reduce poverty by creating job opportunity for the trained and untrained members of the local community. They produce various goods which can substitute imported products and this further support the country to save its foreign currency. Moreover, SMEs are good sources of new jobs and skills. They also supply inputs for medium and large enterprises.”

Regarding the support activities, one of the participants noted the fundamental role of SMEs are creating job opportunities, supplying goods and services at a fair price to the local community and act as business partners with large business enterprises. These roles, as mentioned by participants, are a positive contribution to the economic benefits of the population, which in turn becomes instrumental to the poverty reduction strategies of the nation. As confirmed by the respondents, SMEshave also a vital role in import substitution and hence save foreign currency for the nation. They also create temporary and permanent employment opportunities for the local community. They provide inputs for manufacturing enterprises at a fair price.

Moreover, SMEs ensure equitable distribution of wealth to the nation. The participants also stressed the importance of SMEs in the sharing of their experience to the local community and initiated new perspectives to alleviate their poverty. They are too good at duplicating and sharing of technology.

The participants widely appreciate the role of SMEs in employment creation. SMEs create employment opportunity for members of the local community like females, war veterans and college graduates. They also support the new college or university graduates to start their own business through sharing of their experience. One of the participants stated the following:

“... SMEs have a very large economic contribution to the country because by using cheap labour force, they produce raw materials which can be used by medium and large enterprises. They are also excellent in adopting and modifying new technologies. Hence, SMEs have a major role in creating job opportunities for the local community and young college graduates ...”.

This implies that SMEs are actively practising the economic responsibility of the CSR dimension.

SMEs have an active role in regional and local development initiatives of the government. They pay tax and create gainful employment for the unemployed. The study participants also confirmed that SMEs assist the local government through financial donations, especially in time of emergency. Also, they support the government in saving foreign exchange through import substitution initiatives. In summary; the economic significance of SMEs operating in the study area is visible and vital. They help the local community and government in employment generation and income generation. They are also important suppliers of inputs to large business enterprises; act as a training ground for new college graduates, and they are good at adapting and modifying new technologies. The net effects of such SMEs' economic activities can help the nation in improving the livelihood, thereby alleviating the poverty situations.

The following section presents the philanthropic activities of SMEs.

4.7.3. Philanthropic Activities of SMEs

Philanthropic responsibility falls under the principles of giving back to the community, being a good neighbour to society, and benefiting the society from the presence of the business in a particular area (Carroll, 1991, Carroll and Buchholtz, 2009). According to these writers, business organisations' philanthropic responsibilities can include cash donations, donating employees' time in social activities, donation of facilities, the participation of managers and staff in voluntary charitable activities, supporting education and supporting projects that can improve the livelihood of the community.

Accordingly, the key informants of this study confirmed that SMEs were donating funds for the construction of roads, clinics, hospitals, dams, schools and entertainment facilities for the youth. They also donate funds for special events like sports festivals, national and regional festivities. Moreover, as per the feedback from the majority of the respondents, SMEs also contribute to churches, mosques, and other similar non-governmental organisations (NGOs). The following secondary data also strengthen the responses from the participants:

Table 4.29: SMEs Donations to the Construction of Renaissance Dam

S/N	SMES BY SECTORS	AMOUNT OF CONTRIBUTION	
		Promised (in Birr)	Actual Contribution(in Birr)
1	Manufacturing	3,463,139	1,937,011.67
2	Hotels	133,199	133,199
3	Private Schools	1,389,95	1,651,630
4	Transport	1,499,000	633,5000

Source: Tigray Regional State Renaissance Dam Fund-Raising Office, 2012/13

As can be observed from Table 4.29, SMEs have been contributed financially to the construction of the Renaissance Dam. From the given data, the lion share of the donation is made by the manufacturing sector, followed by private schools. SMEs operating in the study area also make financial and non-financial donations (like employee time and labour) to the construction of schools, roads, clinics and other similar communal facilities. This implies SMEs are participating not only in business but also in local development schemes.

Following is presented the contribution of SMEs in environmental protection.

4.7.4. The Role of SMEs in Environmental Protection

To level best SMEs are expected to have active participation in environmental protection. Therefore, asking the interviewees in this regard is fabulous. To this end, all the participants claimed that SMEs need to support the urban agriculture in various activities like tree plantation, forestation, beautification and cleaning. Moreover, they assist the local government in rehabilitation programs and recycling of their wastes. One of the respondents expressed his view of SMEs environmental protection as “SMEs have a big role in creating a safe and healthy working environment. They plant trees, grasses and collect their wastes on time. Some of them engaged in recycling wastes and used materials.”

The feedback of the respondents indicates that SMEs have an appreciable level of awareness and participation in environmental protection issues. They have an active role in managing the wellbeing of the environment through waste reduction, recycling of wastes and tree planting.

4.7.5. SMEs' Support to Employees

Businesses have responsibilities to their employees (i) to develop real skills and long-term careers, (ii) employee health and safety, (iii) to offer reasonable and competitive wages and salaries, (iv) to encourage freedom of association, (v) to provide incentives and benefits; (vi) to ensure personal development, and (vii) to create equal employment opportunities. In this regard, the key informants confirmed that SMEs have the culture of employee training and development. They arrange training programs and experiences sharing schemes along with the government. Some of them cover the tuition fee and pay wages and salaries regularly. Certain SMEs sometimes have a culture of paying incentives and prizes when their income increases. In this regard, one interviewee stated the following:

“first of all, SMEs try their best to satisfy their employees by improving their wages and salaries. Furthermore, they assist them in upgrading their skills and knowledge through training and experience sharing. This helps the employees to produce quality products and get familiar with new technologies and equipment.”

SMEs employees support also expressed in terms of selling their products at a discount during holydays and assisting them in starting their job.

Generally, the response mentioned above indicates that to some extent, SMEs respect the employment dimensions of CSR practices. They strive to enhance the skill and capacity of their employees through training and development; they pay wages and salaries regularly, and they assist employees in tackling their problems. The impact of such interventions can improve employees' satisfaction and productivity.

4.7.6. Summary

The overall SMEs' CSR intervention indicates that SMEs are displaying their maximum capacity in helping the nation in tackling poverty. They are a good source of employment for the local community. They assist the local community financially and through in-kind donations. They help the government in saving foreign currency and through duplication of technology. They are a good source of income for the government. SMEs also support large enterprises by supplying inputs for production. Moreover, they are good at keeping the well-being of their employees and the environment. They strive to create a safe and healthy environment. They plant trees and make clear their surroundings through timely dumping of wastes. The enterprises also invest money in upgrading the skills and capabilities of their employees. They provide financial and non-financial incentives to their employees.

4.8. SMEs' CSR DRIVERS: QUALITATIVE RESPONSE

There are various factors which push business organisations to participate in CSR initiatives. Notable to these are the search for stakeholder value, ensure market sustainability and profits (Roy et al., 2013); improve community image, improve customer loyalty, economic motives and improve employee motivation (Turyakira, 2017). Moreover, they engage in CSR activities to be viewed as a good citizen, to be responsible for the environment and have good relationships with different stakeholders like with local communities, customers and the government (Babiak and Trendafilova, 2011). In most cases they key drivers for businesses to be sustainability-oriented the need to obtain competitive advantages expressed in terms of new business opportunities, securing stable and long-term growth and improved business performance (Aghelie, 2017).

The key informants stated that SMEs CSR engagement is attributed to the search for government support to obtain shades, subsidies, loans, training and market linkages. Some of the interviewees also perceived SMEs CSR interventions as the need for social and economic changes in the nation, thereby alleviating society's deep-rooted poverty. Still, others believed that SMEs are derived by the search for new changes in technology and products. One interviewee stated the following:

“The main driving force for SMEs to participate in CSR practices is the need to bring changes in the country” Furthermore, he stated that “SMEs need economic changes, create entrepreneurial spirit on the young generation, to bring technology transfer in the country and keep the well-being of the environment.”

In effect, SMEs are participating in CSR initiatives to get support services from various stakeholders and in return to facilitate the development efforts of the country.

In summary, this exploratory study shows that SMEs of the study area practising CSR due to different drivers like the need for government support, bring change in the country, improve the well-being of the environment, and introduce new technology and products and alleviate the poverty situations of the nation. However, their keen interest and passion for engaging in CSR initiatives are constrained by various factors.

The following section presents the SMEs' CSR barriers.

4.9. SMEs' CSR BARRIERS: QUALITATIVE RESPONSE

For businesses, the challenges of participating in CSR initiatives are so extensive. SMEs may be deterred to participate in CSR due to lack of capacity to monitor the market environment and knowledge (Laudal, 2011). For some lack of government support and enforcement, lack of financial support, lack of training and consultancy are the significant barriers to engage in CSR (Aghelie, 2017). Sweeny (2007) summarised the SMEs' CSR barriers as financial, time and human limitations. However, of all the constraints, the financial barrier is the most critical obstacle for SMEs to participate in CSR (Sweeny, 2007, TAR-IRDI, 2016; Oba and Onuouha, 2013). This survey also witnessed various CSR barriers for SMEs operating in the study area.

Accordingly, the key informants noted the following significant barriers to SMEs' CSR participation:

- Lack of adequate supply of infrastructure.
- Lack of market linkage.
- Lack of credit facilities.
- Lack of start-up capital.
- Lack of working capital.
- Dependency syndrome of the enterprises.
- Lack of working premises.
- Bureaucracy and red tapes of the government offices.
- Lack of adequate implementation of government policies and procedures.
- Lack of adequate supply of training and advisory services.
- Use of old and outdated technologies.
- Inadequate implementation of NGOs and government-assisted packages and programs.

The findings resonate primarily with the previous studies that SMEs' CSR initiatives are constrained by various factors like lack of finance, infrastructure, credit facilities, market linkage, government support, training and advisory services just to mention the few. Hence, interventions are required to eliminate or minimise the adverse impacts of such constraints. Government and other similar stakeholders are expected to support SMEs to alleviate their financial and CSR implementation knowledge deficiencies.

4.10. SUMMARY OF QUALITATIVE RESPONSES (PART II)

SMEs have a pivotal role in improving the economic development of the nation. They support the local community, the government, their employees and the natural environment. They are relevant sources of new jobs and employment opportunities for the community. Moreover, they supply goods and services at an affordable price for the local community; they duplicate and share technology. They make financial and non-financial donations to the construction of schools, roads, clinics, hospitals and dams.

SMEs are also the key actors of the development initiatives and the movement of the government. They assist the government in creating job opportunities, financial donations, saving foreign exchange through import substitution and keeping the wellbeing of the natural environment.

In addition to their support to the local community and government, they also discharge their social responsibility to their employees. They keep the health and safety of the employees; arrange training and development programs, pay wages and salaries regularly. The discussions and implications of the survey results are presented in the following section.

4.11. PART III. DISCUSSION AND IMPLICATIONS

This study was initially designed to assess the SMEs owners' and managers' perceptions of CSR on the following elements:

- economy,
- legalities,
- ethics,
- environmental and philanthropic responsibilities of their businesses;
- to explain the CSR interventions made by the small and medium enterprises;
- to analyse factors affecting SMEs motivations for CSR, and
- to analyse the SMEs constraining factors in implementing CSR initiatives.

Though it is not that much comfortable and satisfy the degree of the SMEs understanding and practices of CSR, to some extent; however, they try to understand the basic constructs of CSR and hence its applicability too.

4.11.1. Discussions on research question 1

Research Question 1: What are the perceptions of SMEs owners'/managers on CSR (on economic, legal, ethical, environmental and philanthropic responsibilities) in Tigray, Ethiopia?

Findings from this study indicate that almost all of the survey respondents were able to understand and recognise the various parameters of the CSR measurements: economic, legal, ethical, philanthropic, charity, stewardship and environmental responsibilities. Based on the survey the small and medium enterprises had much awareness about the environmental friendliness. This implies the enterprises are convinced that businesses should take care of the natural environment; avoid damaging the natural environment; contribute to the up keeping of the natural environment and have waste minimisation and recycling programs. This finding is consistent with the findings of Santos (2005) and Tan and Komaran (2006) where most of the study participants were aware of the need for environmental concerns to avoid environmental pollution and wastes. Similarly, the enterprises participated in this study had a high level of awareness about their business' philanthropic responsibilities. They had the conviction that business organisations should contribute resources to the community; socially responsible enterprises strive to provide for community betterment; businesses should actively promote volunteerism and the need for businesses to commit resources to support culture and arts. This finding is related with the previous study conducted by Okpara and Wynn (2012) who found businesses need to assist projects that can boost a community's quality of life and poverty alleviation; to support private and public educational institutions; to participate in charitable activities with local communities in particular and the society at large.

Moreover, there was a high consensus among respondents with the elements defining the stewardship principles. They had a basic understanding that businesses should see that everyone in the society benefits from their actions; businesses should consider the interest of all who are affected by their decisions and actions and the need for business organisations to balance the interest and needs of different groups in the society. This finding is somehow consistent to the survey results of Tan and Komaran(2006) in Singapore where the respondents agreed on the need for interdependence between business and society –the need for business organisations to ensure the benefits of the society and businesses should not harm the society through their decisions and actions.

In contrast; however, this study indicates that the lowest perception of the small and medium-sized enterprises towards the legal responsibility component of the CSR. This implies the case organisations

had limited awareness about the need to comply with all state laws and regulations and to strictly operate within the legal framework of the society. This result is contradicted with the findings of Tan and Komaram (2006) who indicated a very high level of study participants' perception towards the legal responsibility of business organisations. Hence, a deficient level of perception towards legal responsibility in this study indicates the need for intensive training and orientation of the small and medium-sized enterprises to understand the advantages of adhering to government and society's legal frameworks. Praising the SMEs owners' and managers' perceptions of the CSR constructs in the upcoming paragraphs, we will see how they practically turn their perceptions and understanding into action and support their employees, the environment, and the local community.

4.11.2. Discussions on Research Question 2

Research Question 2: What SMEs undertake CSR interventions in Tigray, Ethiopia?

The small and medium enterprises that participated in this study have CSR activities on various stakeholders like their employees and the local community. They also have a concern about the natural environment. Even though their CSR practices are fragmented, informal and less supported by strategic plans and policies, they have a positive perception of CSR constructs and dimensions. The actual CSR practices; however, not yet well developed and formalised. Despite these limitations, SMEs still have CSR practices on their employees, the local community and the natural environment.

Small and medium enterprises have various forms of CSR practices on their employees. Their CSR activities are focused on health and safety management practices, health extension services, work-related accident recording, health and safety training, employee orientation and training, employee harassment and grievance handling, employee incentives and employer support employees' dependents. The findings demonstrated poor health extension services, insufficient health and safety training and work-related accident recording. Most of the sampled SMEs did not have procedure and systems in place that can receive complaints by employees. Compared to the medium-size enterprises participated in the survey, the small size businesses had weaker harassment and abuse handling and characterised by a lack of employee grievance handling systems in place. Moreover, most of the small and medium enterprises did not pay overtime payment nor send their employees for long-term education like high school and university education. A similar incident was observed through the findings of Cheruiyot and Maru (2012) who demonstrated poor work environment which is characterised by lack of unionisation, lack of facilities and discriminatory practices; lack of fair wage

guidelines, lack of employee involvement and sharing of crucial work-related information and lack of training and education. However, a good number of the surveyed SMEs (especially the medium-size enterprises) had a detectable level of simple health and safety management practices like availing first aid kits and monthly health check-ups and workplace harassment and abuse handling systems. These results are consistent with the study of Alb dour and Altarawneh (2012) who found excellent health and safety management and above-average human right management practices in the banking sector. Moreover, Oxfam (2008) indicated the availability of grievance and harassment handling, overtime compensation and freedom of association.

A further attempt was made to assess whether the SMEs supporting the workers and their family members in various activities like in assisting for personal events like wedding, house construction, in providing clothes, loans and other similar initiatives. Therefore, the findings indicate that the SMEs participated in this study were weak enough in supporting the employees and their dependants in selling discounted products /services; in providing clothes and life insurance coverage; in providing house allowance. The study; however, witnessed that SMEs had excellent performance in providing handouts during festivals /holidays; in settling partial medical expenses and in providing subsidised cafeteria services. Moreover, they assisted their workers in providing advances (at the time of marriage and death), and the majority of the medium enterprises were active enough in availing satisfactory work bonus to their workers. In contrast, the finding shows that the SMEs had inferior practice in paying social security fees, in funding employees' children education, in making payment increments regularly and in providing monetary aids when in need. Generally, the overall employee/family support services of the SMEs are at the infant stage, and the level of awareness in this regard is too shallow.

As part of the CSR initiatives, business organisations are expected to give care and attention to the environment either through recycling of materials, waste minimisation, reduction in the use of harmful chemicals, in using energy from renewable sources and through the development of environmentally friendly technology (Jenkins, 2006). However, the findings of this study showed that SMEs had poor water and energy conservation systems. Moreover, they had little attempt to align their business services to bring better environmental outcomes, and they failed to introduce new products and services that can minimise emissions and energy consumption, and that can quickly adapt to climate changes. Despite this limitation, the SMEs were willing enough to provide financial and non-financial support for environmental management initiatives led by the government and voluntary organisations. In addition to this, they have systems in place (which is of course supported by the government offices)

that can measure their water and energy consumptions. These findings are contrasted the findings of Munasinghe and Malkumari (2012), Fenwick (2010), Hsu and Cheng (2011) where most of the sampled SMEs had waste reduction operations, environmentally friendly packages /containers and somehow energy conservation mechanisms.

CSR discourse and research have burgeoned in the past mainly focus on explaining the nexus between business and the society targeted on large corporate organisations (Inyang, 2013). However, today, the direction of academic research and public policy is shifted equally towards small and medium enterprises. SMEs, unlike the large business organisations, are observed to engage in various social responsibility initiatives that directly support the local community, consumers, the supply chain, employees and the environment at large. SMEs exercise the CSR mainly due to their normative behaviour-the conviction that the need to be a good citizen in the community (Inyang, 2013), unlike the big businesses that exercise CSR mainly for business motives and image building practices. Despite this argument today CSR is a global phenomenon and hence all organisations -be it is government or private sector and small, or large organisations are expected to participate in various CSR initiatives required by the society, community, the environment and other stakeholders (Eua-anat, Ayuwat and Promphakping, 2011). Hence, the findings of this study witnessed SMEs' CSR practices on employees, the local community and the environment. There are different drivers for SMEs to participate in CSR practices, and these are presented as follows.

4.11.3. Discussions on research question 3

Research Question 3: What motivate SMEs to initiate CSR activities in Tigray, Ethiopia?

Small and medium enterprises have different drivers to participate in CSR activities. The findings in this study reveal one crucial point that more than 90% of the small and medium-sized enterprise that are participated in the survey had a significant motivation to support the local community. Due to various constraints; however, their practical application of the CSR was observed very shallow and insignificant. The meagre attempts of the SMEs CSR initiatives that are focused on local community development interventions were observed on sports activities, ecological protection activities (like tree planting), access to electricity, school construction and assisting in the development of local institutions. Moreover, they tried to help segments of the local community like religious organisations and people living with HIV/AIDS. Most of the SMEs community support activities are expressed in terms of financial donations with minimal in-kind and volunteer services. Similarly, previous studies

noted SMEs support to the local community in the school and hospital activities, donations to charities (Munasinghe and Malkumari, 2012); work with local schools on projects, donate a percentage of profits to charity, supporting local homeless people, sponsorship of local sports teams, involvement in awards schemes for young people, sending employees to work in the community, social auditing, employ people from the local community, working on community projects in developing countries, work experience placements and award-winning community engagement programs (Jenkins, 2006).

Baisakalova (2012) also noted the enterprises' financial and material support to socially vulnerable groups like the poor, refugees, orphans, invalids and needy older people. Contrary to these findings, the current study noted the SMEs limited support to the old age, orphanages, the disabled, the poor, local heritage development and women empowerment. Surprisingly there were also enterprises never give any support to the local community. These findings are consistent with the findings of Santos (2011), who noted a low level of social employment involvement practices and poor performance of social cohesion policies. The low level of SMEs participation in the community development and support initiatives implies much effort is required from the academic and government side to create awareness and motivation to SMEs about the basics of CSR along with its benefits.

The incentive to have a focus on CSR activities might be different at different industry and even at the enterprise level. Even though it is not up to the level of expectation, the SMEs participated in the current study have displayed some of their CSR initiatives. The enterprises were derived mainly on image building, improve the well-being of the environment, improve customer relations and loyalty and for the sake of ethical reasons. This implies the enterprises try to exercise different CSR activities for reasons like improving their reputations, to improve the environment where they are operating and to improve their working relationships with the local communities and authorities through ethical practices. Furthermore, the findings indicate the SMEs participation in CSR activities due to motivations to improve employees' job satisfaction, alleviating the poverty situations of the local community and increasing their profit, thereby improving their economic performance. These results are consistent with the research findings of Santos (2011) who noted the main motivations of SMEs to foster social responsibility practices related to increasing their business performance, employee satisfaction, consumer and client loyalty and display ethical and civic principles. The findings of Olsson (2011) also supported in which the small enterprises in Sweden were motivated to engage in social responsibility practices for ethical reasons, to obtain brand and image recognition and to satisfy the consumer's requirements/expectation. In contrast, SMEs CSR initiatives can be derived from the

quest for meeting the values of the business or the values of owner/managers (Szlávik, Palvölgyi, Nagypál and Füle, 2006 and Vives, 2006).

The small and medium enterprises which were considered in the current study were neither motivated by the demand for incentives from the public (like tax incentives and subsidies) nor pressurised by their clients, competitors and government to undertake the CSR activities. This implies the enterprises were not undertaking the meagre CSR activities for the sake of getting some advantages from the public and nor because of the push factors from the outside environment. The findings of Szlavik et al. (2006) support this experience where none of the SMEs participated in their study performed the CSR activities due to the benefits from public programmes and subsidies and benefits from networking activities. Even if SMEs are motivated to participate in CSR activities and programs, there are still barriers that limit their degree of participation.

4.11.4. Discussions on research question 4

Research Question 4: What factors hinder SMEs to exercise the activities of CSR in Tigray, Ethiopia?

Despite the passion for engaging in different CSR activities, some obstacles deter SMEs active participation in internal and external CSR practices. The present study signifies lack of finance, lack of adequate skill and knowledge, lack of training and information as the significant barriers or constraints associated with the implementation of CSR by SMEs. Additionally, the availability of other pressing issues, lack of government support, lack of management training, the complex nature and expensiveness of the CSR implementation were perceived to be the challenges for SMEs' CSR practices. Similar discontents were mentioned by previous researchers (Moyeen and Courvisanos, 2012; Vives, 2006; Chatterji, 2011; Szlavik et al, 2006) where most of the enterprises were constrained by lack of money, lack of knowledge and information, lack of external support and lack of perceived benefit from exercising CSR activities (Chatterji, 2011). However, unlike previous researchers (Moyeen and Courvisanos, 2012), SMEs in the current study did not much perceive time as their pressing issue in dealing with the CSR practice. This implies the enterprises required to strengthen their financial capacity and supply of necessary information and skill training to build up their knowledge about CSR.

4.12. SUMMARY ON DISCUSSIONS

Findings of this study reveal that several of the SMEs surveyed had a very high perception of environmental friendliness and philanthropic responsibility. Moreover, they were able to recognise and understand the basic constructs of CSR like the stewardship principle, charity principle, ethical and economic responsibility. Respondents generally agreed that businesses need to have an environmentally friendly operation and support the various stakeholders through the acts of philanthropic responsibility. They were also understood for businesses to display maximum care and attention to the welfare of the shareholders and the society by fulfilling their legal obligations /requirements and through doing their business in line with the societal, ethical norms and morals.

Furthermore, the results attained by this research indicate that SMEs participation in internal and external CSR interventions. As part of the internal CSR practices, the enterprises had somehow health and safety management and risk reduction practices. Some of them can provide subsidised cafeteria services, medical coverage and handouts during holidays. Moreover, they provide minimal support to employees' family in areas like education and house construction in terms of monetary donations. SMEs also observed with limited health extension services, work-related accident recording, health and safety training practices. Compounded with the meagre base pay systems, the majority of the SMEs do not have the practice of overtime payment system and arrangement of short-term training and development to employees. Additionally, the enterprises were not actively supporting employees in providing house allowance, clothes, life insurance, loans, appropriate salary increments and social security. Overall it can be concluded that the SMEs participated in this study have a low level of internal CSR practices. Concerning the external CSR practices, the findings show inferior waste reduction and energy conservation practices of the sampled SMEs. They also had too much-limited support to the disabled, orphanages, old age, the poor segment of the community, youth development and education. However, they had average support to local development (like cash donations to sports activities, road and school construction), religious organisations and people with HIV/AIDS. The SMEs' limited engagement in CSR activities is derived by the need to build a reputation, improve the well-being of the environment, improve customer loyalty; improve relations with local community and authorities and to improve employees' job satisfaction and reduce the poverty situations of the local community and employees.

The study shows SMEs' CSR interventions are primarily constrained by lack of money, lack of adequate skill and knowledge, lack of training, lack of information, lack of government support and somehow due to the complicated and expensive nature of CSR implementation. This implies it is the right time for various stakeholders to intervene on the move to communicate and understand the basics of CSR to SMEs thereby preparing them to play their pivotal role in the poverty alleviation programmes of the nation. Following is a presentation on the implications of SMEs' CSR initiatives on poverty alleviation:

4.13. SMEs' CSR: IMPLICATIONS FOR POVERTY ALLEVIATION

Are the SMEs' CSR actions help tackle poverty alleviation in the nation? The answer is "yes". SMEs in Ethiopia has played a pivotal role in creating gainful employment opportunity for the vast majority of the society and community, especially for those living in urban areas. The young, the disabled, women and other members of the society have made their living with the SMEs businesses. In this regard, the SMEs' job creation and income generation capacity is appreciated. The study confirmed that SMEs have a tremendous interest to help the society generally and the community in particular in various CSR initiatives like economic, philanthropic, environment and ethical norms. Even though it is meagre, SMEs have tried their level best to assist the environment-related projects and financial and non-financial donations and support to the local community. However, SMEs in Ethiopia have widespread challenges and constraints while dealing with CSR initiatives, thereby tackle poverty. These are attributed to lack of adequate supply of finance, lack of basic orientation, skill and knowledge about CSR and lack of government support and management training. Therefore, to use SMEs to tackle poverty through CSR initiatives, it requires additional support and encouragement from the government and non-governmental organisations either through the direct supply of finance or through material support and skill and business management training. The government should give ample attention toward creating awareness about the role of CSR while dealing with poverty issues in the country and the policy frameworks and programs should give focus on it. Ultimately, the right spirit and motivation of SMEs, to engage in CSR activities will bring fruitful results on the move to tackle and alleviate poverty in the nation.

4.14. CONCLUSION

This exploratory research was about SMEs' CSR practices, motivations and challenges in Ethiopia. Exploratory -survey research design and mixed research approach were applied in collecting and analysing of relevance data. Accordingly, SMEs have above average level of understanding about the CSR dimensions and constructs. Moreover, they have a positive attitude towards the CSR dimensions of economic, legal, ethical, philanthropic, charity, stewardship and environmental responsibilities. This positive perception brought an impact on their practical applications of these CSR responsibilities on internal and external stakeholders. Internally, SMEs aware of the need to keep employee health and safety provide wages and salaries regularly and support their dependents. However, for small-size enterprises, much is remained in addressing employee rights, on overtime payment and grievance handling.

Externally, SMEs are also discharging their responsibilities on the community and the physical environment. They have various interventions in improving the livelihood of the local community in areas like infrastructural facilities (like roads, schools and clinics) improvement; making financial donations to sports activities, ecological and cultural heritage management, religious organisations, victims of HIV/ADS, dam construction and other similar local development initiatives. Further, they support the local community in creating job opportunities and income generation schemes. In addition to their support to their employees and the local community, they strive to keep cleanliness and safety of natural environment through waste management, recycling of scrap and tree planting.

SMEs discharge their social responsibilities for various reasons. Notable to these is the need to improve their image, wellbeing of the environment and customer relations and loyalty. However, their CSR initiatives are deterred by the presence of different constraints like financial limitations, lack of knowledge, experience and support. Therefore, it is time for stakeholders to support SMEs financially and skill development schemes to enhance their social engagement practices.

Chapter 5 presents summary, findings, conclusion and recommendations.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. INTRODUCTION

Small and medium enterprises in developing countries and developed countries have a pivotal role in narrowing income inequalities among citizens; however, such crucial contribution has been overshadowed by large and multinational organisations. Most of the theoretical and empirical findings of CSR reside on big enterprises; result in a knowledge gap about the social contributions of small and medium enterprises. This research was initiated to fill the gap in research, especially in the context of developing countries like Ethiopia. This chapter presents a summary, conclusions, research contributions, recommendations and further research areas. It consists of six (6) sections: section 5.1 introduces the chapter; Section 5.2 presents summaries of the study. Section 5.3 discusses the conclusions of the study. Section 5.4 presents the contribution of this research. Section 5.5 discusses recommendations. Finally, Section 5.6 briefly discusses further research directions.

5.2. SUMMARY OF RESEARCH FINDINGS

5.2.1. Research question and support theory of the study

The primary objective of the study was to explore small and medium enterprises' (SMEs) CSR practice in Ethiopia. The theories of CSR, the Stakeholder, and Confucian Stakeholder were followed to study the research topic at hand and to develop the following research questions in the search for their answers:

- What are the perceptions of SMEs owners'/managers on CSR in Tigray, Ethiopia?
- What are CSR interventions undertaken by SMEs in Tigray, Ethiopia?
- What motivate SMEs to initiate CSR activities in Tigray, Ethiopia?
- What factors hinder SMEs to exercise CSR activities in Tigray, Ethiopia?

Hence, the methodology followed in this study and the significant findings are summarised as follows:

5.2.2. Summary of research methods

In this study, exploratory-survey research design with mixed methods was employed. Both qualitative and quantitative data were used. The probability sampling design was applied to select the 400 sample respondents, and convenient sampling was considered to include the 15 participants in the key-

informants' interview. Questionnaire, semi-structured interview and secondary documents were used as instruments of data collection. Various methods of descriptive statistics were applied to analyse the quantitative data. The qualitative data were analysed using content analysis where items were transcribed, and emergent themes were identified for further analysis. A careful attempt was made to ensure the validity and reliability of data. Accordingly, the significant findings of the study are summarised as follows:

5.2.3. Summaries on research question 1

Research Question 1: What are the perceptions of SMEs owners'/managers on CSR (on economic, legal, ethical, environmental and philanthropic responsibilities) in Tigray, Ethiopia?

There are barriers to SMEs participation in CSR activities. The degrees of business organisations' participation in CSR initiative is partly influenced by the degree of awareness about CSR dimensions. In this study, the SMEs had the highest perception and understanding of the need for environmentally friendly operations (mean = 4.44) followed by philanthropic responsibilities (mean = 4.36). The enterprises had a good impression towards the stewardship principle, charity principle, ethical responsibility and economic responsibility with mean values of 4.24, 4.10, 4.07 and 4.01 respectively. However, the enterprises had a low level of perception towards legal responsibility (mean = 3.99). Therefore, the findings of this research question indicate that SMEs are not only standing for their benefit, but they are ready to protect the physical environment and help stakeholders in their surroundings.

5.2.4. Summaries on research question 2

Research Question 2: What SMEs undertake CRS interventions in Tigray, Ethiopia?

The small and medium enterprises have various forms of CSR initiatives in their employees, the local community and the environment. This study confirmed that SMEs have an appreciable level of attention towards their employees in areas like health and safety management (as witnessed by 71.6% of the respondents), employee orientation (53%), harassment and abuse handling (51%) and professional training (more than 50%) but there was an observed weakness in paying overtime (64%), in providing workplace harassment prevention mechanisms (more than 50%) and had limited effort in providing housing allowances, life insurance coverage, loan arrangement, clothes and discounted products. Concerning the environmental concerns of the SMEs, they had energy and water consumption

measurement systems (more than 90%) and more than 90% of the respondents contributed financial and non-financial support for environmental management initiatives of the government, but they are not active enough in waste treatment, energy conservation and in introducing new products that can be aligned with the environment.

The third dimension of SMEs' CSR intervention was focused on the local community. In this regard, more than 95% of the sampled SMEs had a positive attitude towards the local community support, and most of them focused on supporting sports activities (68%), road construction and supporting religious organisations (above 65%). Moreover, as witnessed by the key informants, SMEs are also supplying goods and services at a fair price to the local community and creating employment opportunities. However, the SMEs had limitations in supporting education, women, the disabled, local heritages, local institutions and the old age. In summary, unlike the traditional belief that SMEs are generally weak in supporting others; this study indicates that SMEs are willing to participate and support various stakeholders.

5.2.5. Summaries on research question 3

Research Question 3: What motivates SMEs to initiate CSR activities in Tigray, Ethiopia?

Well, there are various motivating factors for SMEs to initiate CSR activities. This study confirmed that image building (mean = 4.47), improve customer relations and loyalty (mean = 4.43), ethical reasons (mean = 4.41) and to improve relations with community and authorities as major CSR drivers of SMEs in the study area. Moreover, the key informants noted that SMEs participate in CSR initiatives the need for government support (like shades, subsidies, loans, and training and market linkages). There is growing interest and passion for SMEs to participate in CSR interventions judging from the given data.

5.2.6. Summaries on research question 4

Research Question 4: What factors hinder SMEs to exercise the CSR initiative in Tigray, Ethiopia?

Several constraints are there for small and medium enterprises to participate in CSR.

The findings of this study show lack of finance (mean = 3.81), lack of employees' skills and education, lack of knowledge about CSR implementation (mean = 3.81), lack of training about CSR (mean = 3.55) and lack of information about CSR as notable barriers for SMEs to exercise the CSR initiatives. Moreover, factors like lack of market linkage, lack of credit facilities and lack of adequate supply of

infrastructure were noted by the key informants as barriers to SMEs' CSR. This implies that even if SMEs are motivated to participate in CSR initiatives, the presence of such barriers can limit their CSR interventions. Therefore, it is time for various stakeholders to assist SMEs to alleviate their problems and encourage them to have keen participation in CSR activities.

5.3. CONCLUSION OF THE STUDY

In essence, SMEs have socially responsible behaviour that sustains their relationship with stakeholders like the local community, their employees and the government. SMEs have a positive attitude towards the CSR dimensions like environmental, economic, philanthropic and ethical responsibilities. Even though they do not call it 'social responsibility', they have keen participation in the economic development of the nation and in keeping the well-being of the natural environment. SMEs have significant participation in economic activities. The lion share of employment creation, income generation, and technology adoptions are predominately made by SMEs. These results are consistent with the findings of Oba and Onuouha, 2013, Yaregal, 2018, Racheal and MuogboUju, 2018; Oyelana and Adu, 2015 where SMEs act as good sources of job and income for the society. However, SMEs have little support for employees' family and dependants. Moreover, they have minimal experience in overtime payment, employee training and development, in providing house allowance, clothes, life insurance, loans, social security and in periodic pay adjustment. This signifies SMEs operating in the study area have underdeveloped internal CSR practices.

SMEs' CSR is primarily visible in local community development. However, the SMEs; CSR interventions are mainly focused on philanthropic. They make financial donations for the construction of roads, dams, schools, clinics, hospital and the protection of natural heritage. This result is consistent with the findings of Jain, Vyas and Chalasani (2016) where the surveyed enterprises were reflected un-institutionalised philanthropic activities. SMEs' CSR participation is primarily aimed at creating a favourable image for the organisation. This is consistent with previous empirical findings (like Sen, 2014), where enterprises CSR engagement is targeted at the improvement of the image of businesses. Some SMEs participate in CSR to improve the natural environment, customer relations and loyalty. However, SMEs in the current study were not motivated by the desire to obtain government incentives. This finding has contrasted the findings of Narwal and Sharma (2008) where most enterprises participated in their study were not derived by the search for tax exemptions and government incentives.

There are several barriers to SMEs' CSR initiatives. A financial limitation is a crucial barrier for SMEs participation in CSR practices. A similar incident was observed in the findings of Sweeny (2007). Moreover, lack of information, training, government support and the complex nature of CSR implementation are impeding SMEs' CSR activities. Generally, the SMEs' CSR practices are more of ad-hoc; informal and depend on the willingness of the owners. SMEs' CSR activities are not supported by formal plans, policies, and strategies. Therefore, so to bring substantial impact, SMEs' CSR activities must be supported by government and non-governmental organisations. They should support them in training and development, the supply of relevant information and in framing their CSR activities. Further, SMEs' CSR activities must be aligned with the local norms, customs and traditions.

5.4. ORIGINAL CONTRIBUTION OF THE RESEARCH

The findings of this study provide new knowledge to literature because the SMEs' CSR research is scant in Ethiopia. The findings enriched the CSR literature in terms of developing (developing countries) countries businesses approaches of social responsibility and concern towards various stakeholders like the local community, employees and the environment. Further, the findings provide unique perspectives on how SMEs can assist stakeholders' development and improve their lives without government enforcement mechanisms and policies.

SMEs' CSR practices are predominantly confined to the local community with little focus on their employees and the physical environment. In contrast to previous research findings (like Sen, 2011 and Masarira, 2014) where SMEs' CSR practices are primarily focused on employees, in the current study, the SMEs' CSR resides on the local community. This does not mean; however, SMEs have poor CSR participation on their employees and the natural environment. To an extent possible, they tend to help their employees in terms of workplace health and safety management and improvement of their skills. Moreover, they try to keep environmental well-being through waste reduction and tree planting initiatives. SMEs' CSR engagement/participation are not on strategic and proactive basis rather ad-hoc and haphazard. The small and medium enterprises exercises have no formal plans, strategies and policies that can assist them to have robust CSR participation in practice. SMEs of the study area make CSR practices on a random and unplanned basis. For example, they have no budget for CSR practices; instead, they make donations when requests are coming from stakeholders like the local community and the government. This implies SMEs make CSR practices, not for strategic advantages, instead solely on rational and positive thinking motives like 'doing-good-is good' perspectives. As indicated in

previous literature, this study confirmed that SMEs' undertake CSR initiatives to improve their image. However, unlike previous findings, the current findings ensured that SMEs are motivated to CSR practices to improve the well-being of the environment and improve customer relationship and loyalty. Further SMEs are not strongly motivated by the need for public incentives (like tax incentives, subsidies and others), profit maximisation nor due to the pressure from third parties (like the client, competitors and the government). All these are contributions to existing CSR literature, especially in SMEs context.

Another unique feature of the current findings is the lack of consistent CSR understanding and engagement by the small and medium enterprises. The CSR interventions are more visible and practical in medium-size enterprises compared to the small size enterprises. This may be attributed to their size and resource availability. Medium-size enterprises are more resourceful compared to small size enterprises. This implies, other things remain constant, the higher resource availability, the higher can be their motivation to participate in CSR activities.

Consistent with previous findings, the current study confirmed that finance is the significant barrier to SMEs' CSR intervention followed by lack of knowledge and information about CSR practices. However, lacks time and management support are not as such a dominant barrier for their participation in CSR activities. From SMEs perspective, this is new knowledge to CSR. The following section presents the conceptual framework of SMEs' CSR practices.

5.5. CONCEPTUAL FRAMEWORK TO SUPPORT ETHIOPIAN SMALL AND MEDIUM ENTERPRISES' CSR

Small and medium enterprises' CSR practices in Ethiopia are fragmented, informal and exercised based on the will of the owners/managers. They have no formal plan, policy and norms of formal CSR initiatives; instead, they tempt to undertake it mainly when the request comes from stakeholders like the government and the local community. Therefore, to formalise their CSR initiatives, a framework is developed and suggested to be implemented. This conceptual framework can serve SMEs of similar countries elsewhere in the world.

The conceptual framework (See Figure 5.1) that can guide the SMEs' CSR activities includes the following components:

- Culture oriented CSR

- Collaboration Approach CSR
- Moral rather than profit-oriented SMEs' CSR and
- Self-motivated CSR.

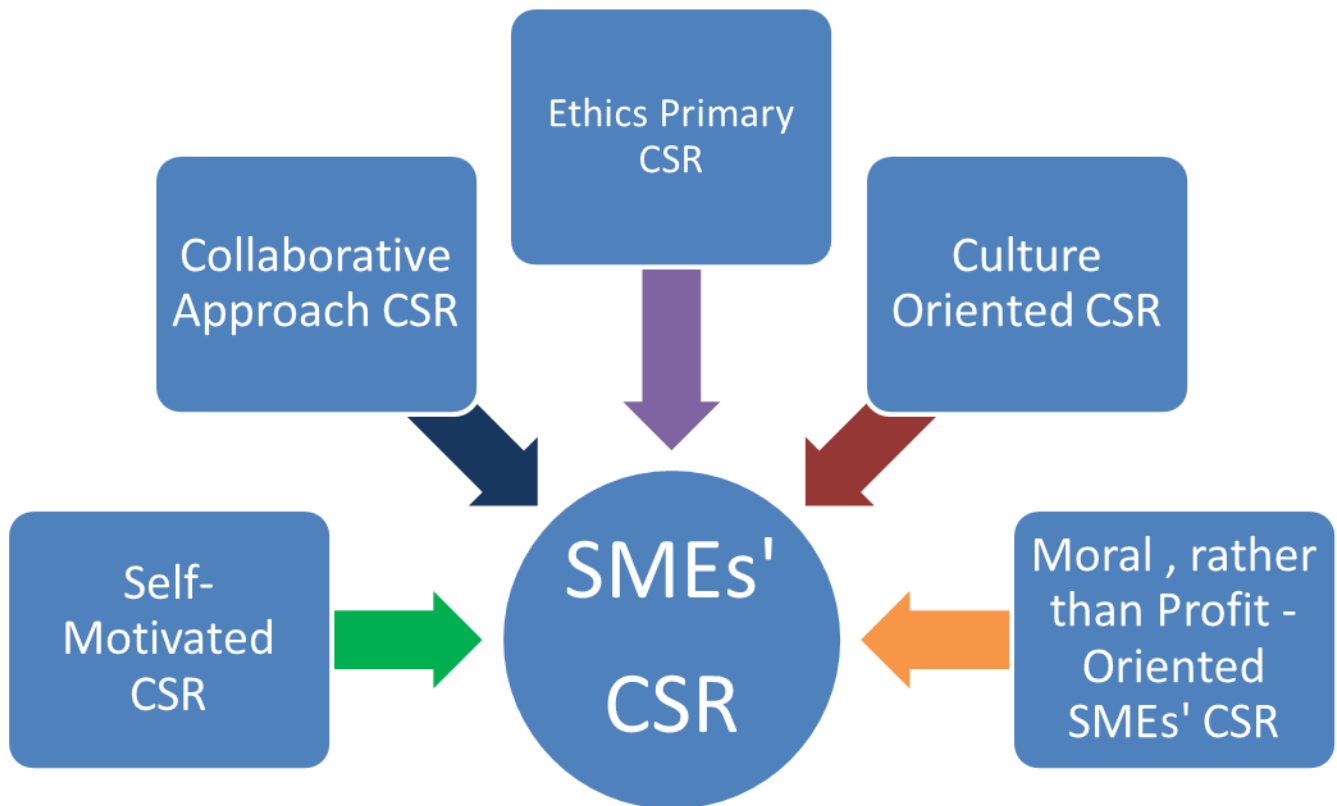


Figure 5.1: A Conceptual Framework to Support Ethiopian SMEs' CSR

Source: Created by the Author

5.5.1. Culture oriented SMEs' CSR

Ethiopia is among the ancient civilisations with its history, norms, traditions and culture. In many parts of Ethiopia, there are non-contaminated ways of life and traditions. The society is considerate enough to human beings. There is a strong social bond among family members, relatives, friends, kinship, neighbours and the community at large. Hence, the CSR initiatives of the small and medium enterprises need to base such age-old and deep-rooted traditions and culture of the Ethiopian people. The SMEs'

CSR programmes need to be designed to support various stakeholders just like their family members and dependants, not on an imposed based CSR engagement.

A profit motive should not dominate the SMEs' CSR practices. It implies SMEs should not apply or exercise their CSR activities merely for profit; instead, their CSR initiatives must give prime attention to address social problems. It implies that moral principles should shape SMEs' CSR practices. In Ethiopia everyone has moral obligations to support his/her family, relatives, the community and other stakeholders; likewise, SMEs should consider this in their path to profit maximisation. Ultimately, such SMEs initiatives can improve their competitiveness in the market because stakeholders can develop a sense of belongingness and ownership of SMEs' businesses.

5.5.2. Collaborative approach CSR

Several barriers are observed for SMEs' CSR. They have acute financial, managerial, market problems and skill deficiencies. Therefore, it is unthinkable for SMEs to have hundred percent supports to various stakeholders. Therefore, unlike the developed countries' SMEs, the developing countries SMEs like Ethiopia better to undertake their CSR initiatives in collaboration with other stakeholders like the government, non-governmental organisations, the local community, employees, business partners and customers. In this collaboration, the role of the government can be to upgrade the capacity of SMEs through training and giving subsidies to strengthen their market performance; arranging marketplaces, sheds and reducing their tax burden. Similarly, the non-governmental and business partners can also collaborate with SMEs in areas like arranging training programs that can boost their awareness on CSR, increase their market share, and help them to introduce new products and technologies. Ultimately SMEs can be financially stable and tempt to boost their CSR interventions.

Moreover, employees, customers and other similar stakeholders should participate in SMEs' CSR initiatives. Employees can assist their respective organisations (employers) in engaging in community development programmes by upgrading their knowledge and experience about the concept of CSR. They can also directly contribute their effort, energy and time in various community development initiatives like tree planting, road and school construction, and so on. Customers can cooperate with SMEs by buying their products. Frequent customer transactions can increase the revenue and profit of the small and medium enterprises. When SMEs become financially secure, they can develop a motivation to participate in CSR practices and help stakeholders.

5.5.3. Self-motivated CSR

An external body should not impose the SMEs' CSR initiatives. Preferably it should be initiated through them. In some advanced economies, government force business organisations to undertake CSR activities and publish CSR reports. In developing countries like Ethiopia may not work this effectively. This is because most SMEs operating in this country have no formal mechanisms of business transaction reporting. Introducing such type of practices in recent times can create a significant burden on these businesses and intensify conflict with the government. Therefore, it is essential to introduce self-motivated CSR practices rather than government enforcement.

The government can motivate SMEs to intervene in community development programmes. The government can enhance SMEs participation in CSR practices through incentives like giving prizes for model SMEs, which have an active engagement in CSR activities. Such government initiatives can encourage other SMEs to participate in CSR. The government can arrange awareness programs on the importance of participating in CSR activities. Businesses' participation in CSR can reward them. It can improve their reputations; facilitate their business transactions and customer attraction. Ultimately this can enhance their competitive advantages in the market. Therefore, the government should arrange training programmes that can boost SMEs awareness of CSR practices and their possible advantages. However, such government initiative should not be in 'a command and control' basis instead of on encouragement and motivation basis. When the government is trying to impose the practice of CSR initiatives, it can create fear and mistrust on the businesses side. Therefore, in Ethiopia, it is best to follow the motivation approach rather than legislation focus on SMEs' participation in CSR activities.

5.5.4. Moral rather than profit-oriented SMEs' CSR

The SMEs' CSR practices should base moral rather than a profit motive. In the past, many businesses believed profit maximisation as their dominant concern and had limited participation in social affairs. Today; however, this sentiment has been changed gradually. Business profit maximisation motive should not be implemented at the expense of social and environmental concerns. Moral and ethical principles should rather shape Their profit orientation. SMEs must apply moral principles while exercising CSR initiatives. For an instant, SMEs should not donate funds to the local community to attract customers; rather, their contribution should be meaningful and done heartedly in a manner to bring visible changes in the ground. Therefore, the forefront of SMEs' CSR practices should be based

on moral rather than a profit motive. It is through this act that SMEs' CSR engagement can bring meaningful change in the livelihood of the community.

5.5.5. Ethics primary CSR: Revisiting Carroll's CSR Model

Ethical behaviour must be the foundations of businesses' CSR practices. There are several arguments concerning the general model of CSR. The prominent CSR writer, Bowen (1953, as cited by Sen, 2011) argued that businesses should improve the livelihood of individuals in society, ensure security, order, justice, freedom, and development. Whereas Friedman (1970) asserted that the only obligation of business organisations is to maximise profit and wealth; and to engage in an open and free competition without deception and fraud. For Carroll (1991); however, economic responsibilities followed by legal, ethical and philanthropic responsibilities are the main concerns for businesses to have a stake in society. For Carroll, first businesses should maximise profit, be efficient and profitable before implementing the rest of the CSR dimensions. Consistent with this, Visser (2006) noted that businesses should give prime focus on economic responsibilities like providing investment, create jobs and paying taxes. In contrast, Visser argued that businesses in Africa should give primary focus on philanthropic responsibilities (like set aside funds for corporate /community projects). This is a significant departure from Carroll's stand because Carroll believes next to economic responsibility; legal responsibility is the critical CSR principle for businesses. The author of the current study; however, has excellent objection for both. Businesses must have ethical responsibilities before exercising other CSR principles or dimensions. Hence, Carroll's CSR model is revised as follows:



Figure 5.2: CSR Pyramid for Developing countries

Source: Modified version of Carroll's 1991 CSR Pyramid and Visser's 2006 an African Perspective CSR Pyramid).

For businesses operating in developing countries, ethical and legal responsibilities must come first in order. As indicated in Figure 5.1, SMEs must operate in line with the ethical norms of stakeholders, respect requirements and expectations; then, after they can support stakeholders through economic and philanthropic initiatives.

Ethical responsibility must be the primary activity of businesses. Before trying to undertake economic and philanthropic initiatives, businesses must be ethical and work under the domain of acceptable societal norms, values and traditions. They must have socially acceptable business ethics and integrity. Next, businesses must comply with the law of the land and respect government requirements. Therefore, ethical and legal responsibilities are the foundations for economic and philanthropic responsibilities. Business organisations like SMEs can generate jobs and income; donate resources to stakeholders and pay tax to the government by being first ethical and legal. If they attempt to create new jobs, generate lucrative job opportunities and income without being ethical and legal, it can have complete devastation on the economic development of the nation. Therefore, this study claimed that the foundation for SMEs' CSR must be the ethical responsibilities followed by the legal, economic and philanthropic responsibilities, respectively. It is through this way those developing countries like Ethiopia can ensure active participation of businesses in CSR initiatives and sustain their economic development.

Generally, for the best of SMEs' CSR practices, SMEs must be ethical, legal and abide by societal norms, values and culture. Moral motivations should dominate the profit-oriented acts of social responsibility. SMEs must exercise CSR activities in collaboration with various stakeholders. The government must focus on motivating SMEs to participate in CSR instead of forcing them. It is through these measures that can be obtained fruitful practices. The following section presents suggestions to improve SMEs' CSR practices.

5.5.6. Putting it together: The interlink of culture, ethics, collaborative and self-motivated CSR

Culture as a glue pulls everyone together. It is a system of shared assumptions, values, norms and traditions that distinguishes one entity from another. It is shared meaning which displays what people do but not what they say (Katamba, 2010). It is the collective programming of the mind and distinguishes members of a given society from others, and shapes their norms, values and beliefs (Hofstede et al, 2010).

National culture impacts organizational culture. It can influence employees' behaviour and enterprise decisions (Robbins and Judge, 2007). National culture can override organizational culture. Organizational culture is characterised by share beliefs, values and assumptions to shape and guide the organizational ethical climate. Employees in an organization can reflect their national culture in what they do and decide. Equally important managerial decisions can be influenced by their national culture. Hence national and organizational cultures are interwoven and interdependent. Therefore, business organizations such SMEs must develop organizational culture that can value and accept their national norms, values, assumptions and beliefs and align their CSR practices accordingly.

Ethics is the foundation for positive and acceptable human behaviour. It refers to standards of right and wrong that describes what humans ought to do in terms of obligations, rights, fairness and benefits to society (Thulasivelu, n.d.). It includes learning what is right or wrong and then doing the right thing (Singh and Singh, 2013). It also involves codes of conduct, rules and principles that can manage or rule an individual or a group (Trevino and Nelson, 1999). Moreover, it includes integrity and codes of conduct which can avert malpractices like theft, misrepresentation, corruption, conspiracy and fraud. It is through ethics that we can govern the behaviour of individuals and groups and shape their thinking power. It is the base for business ethics.

Business ethics is the application of ethical norms to business. It is a set of codes of conduct, rules, standards, principles which provides guidelines for morally right behaviour and truthfulness in specific situations (Lewis, 1985). It includes too social norms, integrity, honesty, respecting people, ways of people's behaviour (Tropez et al, 2017) and trustworthy, contributing to society, fairness, honouring confidentiality and avoiding discrimination (Thulasive, n.d.). Hence the basis of business ethics is the general moral principles discussed above.

Culture and ethics are Siamese twins-they are non-separable. Culture involves morality and ethical behaviour acting following the norms of each culture (Tropez et al, 2017). People choose values and norms according to the situation and these again are differing from culture to culture. Therefore, individuals' honesty, integrity, strength, kindness and so on are rooted in their culture. Hence culture forms ethical behaviour and determines what acceptable and unacceptable behaviour is.

Culture affects how we can behave in business. The fact that the foundations of businesses' principles, standards and norms are cultures, it can affect the behaviour of business organizations working in a given country. This implies the behaviour of managers and individuals in business is shaped the culture of a given country. This behaviour again displays in the enterprise's philosophy, attitudes, values, corporate mission and actions. Therefore, businesses must know the national culture before dealing with business transactions and make social supports. For example, in some cultures, gift-giving conveys a great deal of respect whereas in others it can be seen as a bribe (Pitta, Fung and Isberg, 1999). That is culture influences and shapes ethical behaviour in business. For example, Germany is exemplary in the fairway of doing business, strictly following the rules and respecting of business partners (Tropez et al, 2017). Likewise, Ethiopian businesses like SMEs must respect and follow their national culture. Ethiopia has revered national culture in Africa: a culture of mutual relationship, support, respect and tolerance. Therefore, these businesses must adhere to the norms, values and traditions of the Ethiopian people while dealing with socially responsible behaviour.

Socially responsible corporate behaviour and performance are linked to the value and norms of society (Halkos and Skoulouds, 2016; Khalitova, 2017). Socially responsible organizational culture includes values, norms, beliefs and strategies that can harmonize and increase economic, social and environmental performance. It includes two (2) main components: the tangible and intangible components (Genescu and Gangone, 2017). The tangible components include sustainable business model, environmental performance, responsible behaviour towards customers and suppliers;

responsible human resources policies, decision making transparency and responsibility to retain talent. Using the business model, business organizations are expected to balance economic, ecological and social needs; have a good relationship with various stakeholders and sharing benefits for ecological and social impacts. According to Genescu and Gangone, the intangible components of a socially responsible corporate behaviour involves (i) responsible and ethical values, (ii) innovative spirit, (iii) the spirit of unity and agreement, (iv) a negative attitude towards corruption, and (v) building sustainable relationships with various stakeholders like customers and suppliers.

Different cultures view CSR differently and expect different CSR performances. For example, in Central and Eastern Europe the society views making sponsorship and philanthropy as the responsibilities of the private sector whereas social and environmental CSR are perceived as the responsibilities of the government (Freitage and Stokes, 2009). However, equally important, private organizations should protect and improve the wellbeing of society and the environment. As part of their business ethics, businesses organizations like SMEs should not only focus on profit maximization but also with addressing social challenges. They should apply their CSR initiatives to solve social problems like unemployment, poverty, health hazards, and depletion of natural resources, substance abuse, child labour and pollution (Singh and Singh, 2013). This ultimately rewards business organizations in terms of improving their reputation (Katamba, 2010) and profitability (Vieira, 2013).

CSR is culture specific. The fact that societies are different, they expect different enterprises' CSR practices (Khalitova, 2017; Nilsson and Tsai, 2016). Certain CSR dimensions are important to some social and others are not. For example, as Khalitova stated social and voluntariness dimensions were more relevant to China and South Korea; European countries were more concerned economic responsibility whereas Germany, Italy, China and Switzerland were more concerned with environmental responsibilities. Therefore, business organizations' behaviour like the SMEs must be congruent with the norms, values and expectations the society within which they operate. They have to develop different CSR strategies that can address the difference in cultures (Peng et al, 2012). Their CSR practices must consider their respective society's economic, social, cultural, legal and environmental settings.

Collaboration is an effective means of implementing CSR initiatives. Business organizations like SMEs should undertake their CSR initiatives in collaboration with other organizations. The fact that SMEs have financial, managerial and skill deficiencies concerning the implementation of socially responsible

activities and tackling social challenges like degradation of natural resources, hunger, education, health, environmental pollution and supporting the disadvantaged members of the society needs collaboration with the government, community-based organizations and non-governmental organizations (NGOs). They can combine their resources like employees' time, energies, talents and charitable funds with the resources and support services obtained from the stakeholders mentioned. This is because CSR can work best when it is carried out in concert with partners (Pearce and Doh, 2005).

Different forms of support obtained from partners. The government can enhance SMEs' CSR initiatives through money donations, tax deductions, arranging awareness programs and supplying required facilities. In addition to money donations, non-governmental organizations can support SMEs in training and development programs. Ultimately collaborative CSR initiatives together with culture-sensitive and ethical behaviours can bring positive and visible changes on social and environmental problems. Therefore, there should be harmonious relations among the cultural, ethical, collaborative and self-motivated nature of CSR practices.

Self-motivated participation in CSR activities brings successful. Business organizations like SMEs should not be forced by the government to participate in CSR; rather the government must motivate and encourage them to deal with it. In Ethiopia, the objective reality in the ground is not conducive for SMEs to engage in rule-based CSR activities. Therefore, the SMEs CSR participation must be based on moral obligation and in non-binding standards (UNCTAD, 2001). This implies SMEs should have self-initiated community and environment CSR initiatives. However, such self-motivated participation in CSR must be supported by cultural awareness, positive ethical behaviour and collaborative spirit. They must align their ethical CSR practices with the societal norms and do it in collaboration with various stakeholders like government and non-governmental organizations.

In sum for successful implementation of CSR, SMEs must be ethical, culturally sensitive, collaborative and self-motivated. They have to exercise ethical CSR practices with the domain of the society's values, norms, customs, traditions and ethics. They must refrain from dubious activities that can harm society. They must balance between profitability and responsiveness to the society and the environment. The end of business ethics must be human morality instead of profitability. However, such ethical CSR practices should be exercised in self-motivated and collaborative basis. While dealing with CSR, SMEs should seek the support of government and non-governmental organizations. The

government should not oblige SMEs to participate in CSR; rather SMEs should develop self-motivation to participate in CSR activities.

Ultimately ethical and socially responsible behaviour, aligned with the societal culture and implemented in a collaborative and self-motivated manner can improve organizational reputation and profitability.

5.6. RECOMMENDATION

SMEs are keen to promote and engage in the CSR initiatives within their business environment and their community. It is time; however, to support and empower SMEs to fully participate them in various forms of CSR activities, thereby preparing them for better local and national development. The following actions are recommended to be applied to achieve this ultimate objective.

Supply of Training and Information – to fully understand and apply the basics of CSR, SMEs required basic orientation and training about CSR. To this end, concerned bodies like local /regional and federal governments, educational institutions and non-governmental organisations should arrange training programs and educational forums to SMEs on issues related to CSR relevance and possible advantages. Moreover, universities and colleges are required to incorporate CSR as part of their curriculum, thereby train potential managers accordingly. Such an arrangement will overcome SMEs lack of awareness and knowledge and their prejudice that CSR activities are complicated and expensive.

Financial and Material Support- to promote the concept of CSR on SMEs and to change their awareness into practice, they need financial and material support from outside parties like the government and non-governmental organisations. It is true that the capacity of SMEs needs to be upgraded first to help others. Therefore, local and federal governments and other funding organisations like NGOs and financial institutions should support financial and material resources for them. In the end, this will help them to strengthen their financial capacity and then they will be ready to make the charitable and philanthropic donations.

Use CSR as Opportunity for Competitiveness–in the face of stiff competition in the market, SMEs should consider the acts of CSR as an opportunity to gain competitiveness. It is time for SMEs to develop plans and programs of CSR initiatives that can support their employees, the local community

and the environment. This will help them to build goodwill and reputation on the business and general environment. Ultimately this will ensure them for sustainable growth and competitiveness.

5.7. LIMITATIONS OF THE STUDY

The study may have limitations in terms of coverage and design. The findings of this research could not represent the whole of Ethiopia since the study was confined in one regional state. The SMEs' CSR practices, motivations and barriers were studied considering the SMEs' owners/managers and critical informants as respondents. Hence, the study does not reflect the viewpoints of employees and community members.

Moreover, the fact that the CSR dimensions and principles were new for the majority of the respondents and due to the complex nature of the CSR constructs, the respondents may not wholly comprehend them. To overcome this challenge, the researcher tried to translate the instruments of data collection into the local language and had depth explanations on the intended message of the questions.

Further, there was an acute shortage of local research findings relevant to the research title at hand, and this obscured the CSR trends and practices in Ethiopia. This gap was tackled through detail literature review from the developed countries like Australia (Sen,2011), Turkey (OECD,2004) developing countries like India (Sarkar,2005),South Africa(Masarira,2014),Nigeria (Adelekan et al,2016),Mauritius (Juwaheer and Kassean,2009), Pakistan(Raza et al,2018, Malaysia(Ghazilla et al,2015) and Vietnam(Ho,2017). Through this effort, the researcher tried to ensure the quality and credibility of the research outcomes.

5.8. FURTHER RESEARCH

Small and medium enterprises have the lion share of economic contributions. They are dominant in terms of creating employment opportunities, income generations and technology adoptions in emerging countries like Ethiopia. Given the immense economic contributions of SMEs in Ethiopia, little or no attention has been given on CSR research. Therefore, further in-depth investigations are required concerning SMEs' legal, philanthropic, economic and ethical dimensions of CSR taking sample SMEs from different parts of Ethiopia and considering different sectors. These further studies need to focus on multiple research methods like case research design and inferential statistics. Furthermore, future studies need to conduct comparative studies on SMEs' CSR practices and corporate businesses; SMEs'

CSR interventions and NGO's; SMEs' CSR practices and government organisations to view the trends and applications of CSR in Ethiopia. Further studies could be done on comparisons of Ethiopian SMEs' CSR with that of other developing countries like countries in Africa. The following section presents the conclusion of the chapter:

5.9. CONCLUSION

This research explored small and medium enterprises' CSR practices in Ethiopia and developed a conceptual framework that can support small and medium enterprises' CSR interventions. An exploratory –survey research design with mixed research approach was applied in exploring the Ethiopian SMEs' CSR practices, motivation and barriers to apply CSR. Hence, the significant findings of SMEs owners' /managers' perception of CSR dimensions, CSR practices; motivation and barriers to CSR engagement are presented. SMEs have a positive attitude towards the various constructs and dimensions of CSR; and have moderate participation in CSR initiatives to the local community, their employees and the natural environment.

In this chapter, conclusions are made based on findings; recommendations on future SMEs' CSR improvement and contributions of this research are highlighted. Furthermore, a conceptual framework that can guide SMEs' CSR interventions is developed. Limitations of this study and future research areas are highlighted.

REFERENCES

- Ackah, J. and Vuvor, S. (2011). The Challenges faced by Small and Medium Enterprises (SMEs) in Obtaining Credit in Ghana. Master's Thesis in Business Administration, BTH School of Management.
- Adelekan, S.A., Arogundade, S.T. & Dansu, O.O. 2016. Entrepreneurship and economic growth: Nigeria. Evidence from small and medium scale enterprises (SMEs) financing using asymmetric auto-regressive distributed lag: Global. *Journal of Commerce and Management Perspective*, 5(3): 43-50.
- Aghelie, A. 2017. Exploring drivers and barriers to sustainability green business practices within small and medium-sized enterprises. Primary findings. *Journal of Business and Economic Development*, 5(1): 41-48.
- Agupusi, P. 2007. 'Small business development and poverty alleviation': South Africa. Paper presented for the second meeting of the society for the study of economic inequality ECINEQ society: Berlin. (July 12-14 2007).
- Agwu, M.O., and Emeti, C.I. 2014. Issues, Challenges and Prospects of Small and Medium Scale Enterprises (SMEs) in Port-Harcourt City, Nigeria. *European Journal of Sustainable Development*, Vol.3(1):101-114.
- Ajiake, M. 2015. The triple bottom line and social responsibility framework in public sector management. PhD thesis: Walden University.
- Albdour, A.A., and Altarawneh, I.I. 2012. Corporate Social Responsibility and Employee Engagement in Jordan. *International Journal of Business and Management*, Vol.7(16):89-105.
- Albdour, A.A. & Altarawneh, I.I. 2012. Corporate social responsibility and employee engagement: Jordan. *International Journal of Business and Management*, 7(16): 89-105.
- Alemtsehay, A. 2016. The role of small and micro enterprises on the livelihood of the poor women entrepreneurs in urban locality: Addis Ababa. The case of Woreda 8: Yeka Sub-City. Master thesis Addis Ababa University.

- Alhaddi, H.A. 2015. Triple bottom line and sustainability: A *Literature Review*. *Journal of Business and Management Studies*, 1(2):6-10.
- Amare, A.E & Raghurama, A. 2017. Micro, Small and Medium Enterprises (MSMEs) Development strategies in Ethiopia: Retrospective and prospective analysis. *International Journal of Commerce, Business and Management (IJCBM)*, 6(1): 11-20.
- Amentie,C., Negash, E., and Kumera, L.2016. The Effects of Firms’ Characteristics on the Growth of Medium and Small Business in Developing Country (Case study Ethiopia). *Global Journal of Management and Business Research Administration an Management* , Vol.16(6),Version 1 [Online] available at <https://journalofbusiness.org/index.php/GJMBR/article/view/1997>. Accessed: 10June, 2019.
- Amos, J. H. 2002. *Doing Qualitative Research in Education Setting* , New York, USA: State University of New York Press.
- Arevado, J.A. & Aravind, D. 2011. Social responsibility practices: India. Approach drivers and barriers. *Corporate Governance*,Vol. 11(4):
- Arli, D.I., and Lasmono, H.K. 2010. Consumers’ Perception of Corporate Social Responsibility in a developing country . *International Journal of Consumer Studies*, Vol.34:46-51.
- Arowoshegbe, A.O. & Emmanuel, U. 2016.Sustainability and triple bottom line. An Overview of two interrelated concepts: Igbinedion University. *Journal of Accounting*. 2:88-126.
- Asadurian, T., Ferrantino,M., Forden, E. , Fravel, D., Fukui, T., Peterson, J. , Serletis, G., Signorest, J., and Wang , Z. 2010. Small and Medium –sized Enterprises: Characteristics and Performance , USITC Investigations : Investigation No. 332-510, USITC Publication 4189.
- Asmamaw, T. 2011. Corporate social responsibility in sustainable environment management: Ethiopia. Master thesis, Addis Ababa University,Ethiopia.
- Audu, H.O &Okpe, I.J. 2018. Women in small scale enterprises and poverty reduction in Dekina local government area: Kogi State. A logistic regression approach. *IOSR Journal of Economics and Finance IOSR-JEF*, 9(3): 64-71.
- Ayyagari,M. Beck, T. &Demirguc-Kunt,A. 2007. Small and medium enterprises across the Globe. *Journal of Small Business Economics*, 29:415-434.

- Babiak, K. & Trendafilova, S. 2011. CSR and environmental responsibility. Motives and pressures to adopt green management practices. *Journal of Corporate Social Responsibility and Environmental Management*, 18:11-24.
- Bakić, T.V., Kostic, S.C, and Nešković (2015)]. Model for Managing Corporate Social Responsibility. Management, Belgrade University, Faculty of Organisational Science.
- Banerjee, S.B. 2007. Corporate social responsibility: the good, the bad and the ugly: Cheltenham, UK. Edward Elgar Publishing, Inc.
- Bereket, T. 2010. The Role of Micro and small Enterprises in Employment Creation and Income generation: A survey study of Mekelle city , Tigray Region, Ethiopia. Aster thesis, Mekelle University , College of Business and Economics , Department of Management.
- Berhanu, G. & Swinton, M. 2001. Sustainable management of private and communal land in northern Ethiopia. Staff Paper 01-09.
- Bhattacharya , C.B., and Sen , S. 2003. Consumer –company identification: A consumer attributions for corporate socially responsible programs . *Journal of the Academy of Marketing Science* , Vol.34(2): 147-158.
- Bhattacharya, C.B., Korschum, D. , Sen , S. 2009. Strengthening Stakeholder-Company Relationships Through Mutually Beneficial Corporate Social Responsibility Initiatives . *Journal of Business Ethics*, Vol.85:257-272.
- Bichta , C. 2003. Corporate Socially Responsible (CSR) Practices in the Context of Greek. *Corporate Social Responsibility and Environmental Management* , Vol.10(1):12-24.
- Bloem,J 2012. Micro ,Small , Medium Enterprise (MSME) Definitions.Partners World Wide, Summer, 2012 [online] available at <http://jeffbloem.files.wordpress.com> [Accessed November,2017]
- Bouazza , A.B., Ardjouman, D, and Abada, O. 2015. Establishing the Factors Affecting the Growth of Small and Medium-size Enterprises in Algeria. *American International Journal of Social Science*, Vol.4(2): 101-115.
- Bowen, H.R. 1953. *Social Responsibilities of the Businessman*. University of Iowa Press,2013.

- Brixiova, Z. 2009. On determinants of SME start-ups in Ethiopia. A theoretical exploration: African Development Bank.
- Bryaman, A. 2008a. *Social research methods*. 2nd ed. U.S.A: Oxford University Press Inc, New York.
- Carl, L. & Donald, M., C. 1999. Small enterprises and economic development: The dynamics of micro and small enterprises. Rutledge studies in development economics: New York.
- Carroll, A.B. & Buchholtz, A.K. 2009. Business and society: *Ethics and stakeholder management*. 7th ed. USA. South-Western Cengage Learning.
- Carroll, A.B. 1991. The pyramid of corporate social responsibility: Toward the moral management of organisational Stakeholders. From Business horizons, Vol.34(4) :39-48.
- Carroll, A.B. 2009. A History of Corporate Social Responsibility : Concepts and Practices. The Oxford Handbook of Corporate Social Responsibility [online] available at <https://www.oxfordhandbooks.com> [Accessed August 27/ 2012].
- Carroll, A.B. 2015. Corporate Social Responsibility : The Counterpiece of Competing and Complementary Frameworks. Organizational Dynamics , Vol.44:87-96.
- Cavazotte, F. & Change, N.C. 2016. Internal corporate social responsibility and performance: A study of publicly traded companies BAR: Rio de Janeiro, 13(4): 167-181. Available from <http://www.anpad.org.br/bar>. [Accessed May 20/2019].
- Chatterji, M. 2011. Optimizing the benefits of corporate social responsibility in small and medium scale enterprises: An Indian study. *International Journal of Arts and Sciences*, 4(12):301-322.
- Cheloti, D. 2005. The fight against poverty and unemployment in Kenya. Private sector development and poverty reduction: Experiences from developing countries (Edited by Utz Dornberger and Ingrid Fromm) SEPT working paper No 20. Available from <http://www.uni-leipzig.de/sept>. [Accessed 20/9/2010].
- Chen, C.H. 2011. The major components of corporate social responsibility. *Journal of Global Responsibility*, 2(1): 85-99.

- Cheruiyot, T.K. & Maru, L.C. 2012. Employee social responsibility practices and outcomes in Kenya's tourist hotels. *African Journal of Economic and Management Studies*, 3(1): 23-41.
- Cohen, L., Marion, L. & Morrison. 2005. *Research methods in education*. 5th ed. Routledge Falmer: USA.
- Creswell, J.W. 2012b. *Educational research: Planning, conducting and evaluating quantitative and qualitative research*, 4thed. Boston, Pearson Education.
- Creswell, J.W. 2003a. Research design: *Qualitative, quantitative and mixed methods approach*. 2nd ed. London, Sage publications.
- Crowther, D. & Aras, G. 2008. *Corporate social responsibility*, 1st ed. Bookboon.com.
- CSA , 2007. Population and Housing Census of Ethiopia : Administrative Report. Central Statistical Authority , Addis Ababa , Ethiopia.
- CSA, 2013. Statistical Report on the 2013 Urban Employment Unemployment Survey. Statistical Bulletin, Addis Ababa, Ethiopia [online] available at www.csa.gov.et [Accessed on May 25/2019].
- CSA, 2014. Statistical Report on the 2014 Urban Employment Unemployment Survey. Statistical Bulletin, Addis Ababa, Ethiopia [online] available at www.csa.gov.et [Accessed on May 25/2019].
- D' Amato, A., Henderson, S. & Florence, S. 2009. Corporate social responsibility and sustainable business: A guide to leadership tasks and functions. Greensboro: North Carolina. A Centre for Creative Leadership.
- Dade, J. 2013. A new way of working at Siemens: Internal social responsibility and positioning a firm as an employer of choice. *Journal of European Management and Public Affairs Studies*, 1(1): 11-16.
- Dahlsrud, A. 2006. How corporate social responsibility is defined: An analysis of 37 definitions. *Corporate social responsibility and environmental management, Vol.15:1-13*.
- Dalitso, K. & Peter, Q. 2000. The policy environment for promoting small and medium-sized enterprises in Ghana Malawi. Finance and development working paper Series No.15. Institute for development policy and management. University of Manchester: Manchester.

- Dereje, W. 2012. Role of financial institutions in the growth of small and medium enterprises in Addis Ababa, Masters Thesis: Addis Ababa University.
- Dornberger, U.2005a. Pro-growth and pro-poor growth approaches in private sector development strategies. Private sector development and poverty reduction: Experiences from developing countries (Edited by Utz Dornberger and Ingrid Fromm) SEPT working paper No 20: Available from <http://www.uni-leipzig.de/>. [Accessed on 20/9/2010].
- Doukakis, I.P &Kapardis, M.K. 2005. Corporate social responsibility: the way forward? Maybe not! A preliminary study in Cyprus. *European Business Review*, 17(3): 263-279.
- Downey, P.R. 2002. *The Essential Stakeholder Dialogue Corporate Social-Responsibility and Environmental Management*, 9(1):37-45.
- EEA-Ethiopian Economic Association. 2015. Small and micro enterprises (SMEs), development in Ethiopia: Policies, performance, constraints and prospects. (EEA) Research Brief. Issue No.5.
- Efiong, E.J. Usang, O.U.E, Inyang, I.O. & Effiong, C. 2013. Corporate social responsibility in small and medium enterprises in Nigeria: An example from the hotel industry, *International Journal of Business and Management*, 8(14): 119-126.
- Elbaz, J., Laguir, I., Marals, M. &Stagliano, R. 2014. Influence of national institutions on the corporate social responsibility practices of small and medium-sized enterprises in the food processing industry; Differences between France and Morocco. *Journal of Business Ethics*,134(1):117-133.Available online at <https://link.springer.com/article>.
- Emebet , M. 2009. Non-Finacial Reporting: Corporate Social Responsibility and Environmental Reporting (an Ethiopian case). Master thesis, Addis Ababa University , Faculty of Business and Economics , Department of Accounting and Finace.
- Erickson, F. 1986. *Qualitative methods in research on teaching: Handbook of research on teaching*. New York,Macmillan.
- Eua-anant, P. Ayuwat, D. Promphakping, B. 2011. Relationship between positive impacts of CSR, external support, CSR knowledge and the degree of CSR practices in Thai small and medium enterprises. *International Business and Economics Research Journal*, 10(11): 17-26.

- European Commission. 2001. Green paper: Promoting a European framework for corporate social responsibility.: Brussels, 18 July 2001.
- European Union (EU), (2009). The New SME Definition: User Guide and Model Declaration, Enterprise and Industrial Publications.
- Farcase, N., & Bureana, E. 2015. The history of corporate social responsibility concept. *Annales Universitatis Apulensis Series Oeconomica*, 7 (2).
- Fasset (Finace and Accounting Services Sector Education and Training Authority) ,2012. Corporate Social Responsibility: Course Handbook. Johannesburg:Fasset.
- Fawcett, J. & Downs, F. 1986. The relationship of theory and research. Norwalk, CT: Appleton century crofts.
- FDRE (2011). MSEs' Development, Support Scheme and Implementation Strategies: FDRE, January 2011, Addis Ababa.
- FDRE (2011). MSEs' Development, Support Scheme, and Implementation Strategies, January 2011, Addis Ababa.
- FDRE Ministry of Industry (2013). Ethiopian Industrial Development Strategic Plan (2013-2025).
- Federal Democratic Republic of Ethiopia Ministry of Trade and Industry (1997). Micro and Small enterprises Development Strategy.
- Feed the Future ,2018. Feed the Future Innovation Lab for Livestock Systems . Proceedings of the 2018 Global Nutrition Symposium : The Missing Link : Increasing Availability of Animal –Source Fods Through Greater Production and Marketing of Quality Feeds . January 24-25,2018, Addis Ababa, Ethiopia.
- Fenwick, T. (2010). Learning to practice social responsibility in small business: Challenges and conflicts. *Journal of Global Responsibility*, 1(1): 149-169.
- Ferraz de Campos, J.J. 2017. Triple Botton Line and the Systematic Approach [online] available at <https://www.researchgate.net> [Accessed on June 3/2019].
- Freeman, R.E. 1984. Strategic management: A stakeholder approach. Boston, MA: Pittman.

- Freitage, A.R., and Stokes, A. Q. (2009). *Global Public Relations; Spanning borders, spanning cultures* (1st edition). Milton Park, Abingdon, Oxon: Routledge.
- Friedman, M. 1962. *Capitalism and Freedom*. University of Chicago Press: Chicago.
- Friedman, M. 1970. A Friedman Doctrine: *The social responsibility of business is to increase its profits*. The New York Times Magazine, Sept.13.
- Friedman, M. 2007. The Social Responsibility of Business is to Increase its Profits. In: Zimmerli W.C, Holzinger, M., and Richter, K.(eds) *Corporate Ethics and Corporate Governance* . Springer, Berlin , Heidelberg.
- Ganescu,C. and Gangone, A. 2017. A Model of Socially Responsible Organization Culture. *Studia Universitatis “ Vasile Golds” Arad, Economic Series, Vol.27(2): 45-59.*
- Garavan , T., Heraty, N. Rock, A. , and Dalton, E. 2010. Conceptualizing the behavioural barriers to CSR and CS in organizations: a typology of HRD interventions . *Advances in Developing Human Resources, Vol.12 (5): 587-613.*
- Gautam,R. and Singh,A. (2010). Corporate Social Responsibility Practice in India: A Study of Top 500 Companies. *Global Business and Management Research: An International Journal, 2(1):41-56.*
- Ghazilla, R.A.R., Sakundarini, N. Abdul-Rashid, S.H., Ayub, N.S., Olugu, E.U., Musa, S.N. 2015. Drivers and barriers analysis for green manufacturing practices in Malaysia SMEs: A preliminary findings. Published by Elsevier B.V.[online] Available from <http://www.science direct.com>.[Accessed on December 15/2017].
- Gifford , B. , and Kestler, A. 2008. Toward a theory of local legitimacy by MNEs in developing countries: Newmont mining and health sustainable evelopment in Peru. *Journal of International Management, Vol.14(4):340-352.*
- Gjøølberg, M. 2009. Measuring the immeasurable. Constructing an index of CSR practice and CSR performance in 20 Countries: *Scandinavian Journal of Management Vol.25*. Available from <http://www.sciencedirect.com> [Accessed on 16/6/2010].
- HAB, F.B. 2016. The concept of corporate social responsibility in strategies of SMEs. *Club of Economics in Miskolc TMP. 12(1):19-26.*

- Haigh, M. & Jones, M.T. (2007). A Critical Review of Relations between Corporate Responsibility Research and Practice . *Electronic Journal of Business Ethics and Organizational Studies*, Vol. 12 (1): 16-28.
- Halkos, G., and Skouloudis, A.(2016). *Cultural Dimensions and Corporate Social Responsibility: A Cross Country Analysis*. University Library of Munich, Germany.
- Hammer, J. & Pivo, G. 2016. The triple bottom line and sustainable economic development theory and practice. *Journal of Economic Development Quarterly*, 1(12): 25-36.
- Harris, L. 2018. *The internal effects of corporate social responsibility on firm performance*. Student Thesis, University of Liberty.
- Harrison, J. S. and Wicks, A.C. 2013. Stakeholder theory, value and firm performance. *Business Ethics Quarterly*, 23:1.
- Harvie,C., Narjoko ,D., and Oum,S.2010. Firm Characteristic Determinants of SME Participation in Production Networks. ERIA Discussion Paper series 2010-h. Jakarta Economic Research Institute for ASEAN and East Asia.
- Hinson , R.E., and Ndhlovu, T.P. 2011. Conceptualising Corporate Social Responsibility (CSR) and Corporate Social Investment (CSI): the South African Context . *Social Responsibility Journal*, Emerald Group Publishing , Vol.7(3): 332-346.
- Ho, T.T.T. 2017. Corporate social responsibility perceptions and activities of small and medium enterprises in Vietnam. Master's thesis submitted to the Faculty of Voinovich school of leadership and public affairs.
- Hofstede, G., Hofstede,G.J., and Minkove,M. 2010. *Cultures and Organizations: Software of the Mind* (3rd edition). New York: McGraw-Hill Education.
- Hofsteen, E. 2006. *Constructing a good dissertation. A Practical Guideline for Finishing a Master's, MBA or PhD Schedule*. EPE, South Africa.
- Høivik, H.W. and Shankar, D. 2010. Corporate Social Responsibility (CSR). A Participatory Approach to Implementing CSR in a Clustur. Institute for Research in Economics an Business Admmistration, Bergen [online] available at <https://www.scholar.google.com> [Accessed on September 15/2017].

- Holatova, D., and Brezinova, M.2013. Basic Characteristics of Small and Medium Sized Enterprises in terms of their goals. *International Business and Social Science*, Vol.4(15):98-104.
- Hossain, M., Rowe, A.L. &Quaddus, M. (n.d). Drivers and barriers of corporate social and environmental reporting (CSER) practices in a developing country: Evidence from Bangladesh.10th Interdisciplinary Perspectives on Accounting (IPA) Conference ,11-13 July, Cardiff.UK
- Hsu, J. & Cheng, M. 2011. What prompts small and medium enterprises to engage in corporate social responsibility? A study from Taiwan. *Corporate Social Responsibility and Environmental Management*, 19(5):288-305.
- Iamandi, I. 2007. Corporate Social responsibility and social responsiveness in a global business environment a comparative theoretical approach. *Romanian Economic Journal*, Year X, No.23:3-18.
- ILO, 2015. Global Employment Trends for Youth 2015: Scaling up Investments in decent jobs for youth. International Labour Office , Geneva [online] available at <https://www.ilo.org> [Accessed on December 15/2018].
- Inyang, B.J. 2013. Defining the role of engagement of small and medium-sized enterprises (SMEs) in Corporate Social Responsibility (CSR).*International Business Research* Vol. 6(5): 123-132.
- ISO 26000, 2010. Guidance on Social Responsibility [online] available at <https://www.iso.org> [Accessed on December 15/2018].
- Ivancevich , J.M. 2001. Human resource Management (8th ed.) . New York , McGraw-Hill/win.
- Ip , P.K. 2011. “ Is Confucianism good for business ethics in China ?” . *Journal of Business Ethics*, Vol.88(3): 463-476.
- Jain, P., Vyas, V. &Chalasani, D.P.S. 2016. Corporate social responsibility and financial performance in SMEs. A structural equation modelling approach. *Global Business Review*, 17(3): 630-653.
- Jenkins, H. 2006. *Small business champions for corporate social responsibility*. *Journal of Business Ethics*, 67:pp.241-256.

- Jenkins, H. 2006. Small Business Champions for Corporate Social Responsibility . *Journal of Business Ethics*, Vol.67:241-256.
- Jennings, G. 2000. *Tourism research*. John Wiley and Sons, Milton, Australia.
- Juwaheer, T.D. & Kassean, H. 2009. Corporate social responsibility perspectives of small and medium enterprises (SMEs): Mauritius. *Advances in Management*, 2 (2): 44-53.
- Katamba, D. 2010. Corporate Social Responsibility, Organizational Culture, Ethical Citizenship and Reputation of Financial Institutions in Uganda. A final dissertation submitted to School of Graduate Studies, Makerere University in partial fulfilment of the requirements for the award of Master of Science in Marketing.
- Katua, N.T. 2014. The role of SMEs in employment creation and economic growth in selected countries. *International Journal of Education and Research*, 2(12): 461-672.
- Khalitova, L. 2017. The Impact of National Culture on the Salience of CSR Issues in International Media Coverage. University of Florida College of Journalism and Communications.
- Khan, A., Latif, F., Jalal, W., Anjam, R. and Rizwan, M. 2014. The impact of rewards and corporate social responsibility (CSR), on employee motivation. *International journal of human resource Studies*, 4(3):70-86.
- Khanna, M.P. & Gupta, M.G. 2011. Status of corporate social responsibility: In Indian Context, *APJRB*, 2(1): 178-187.
- Kiran, R. & Sharma, A. 2011. Corporate social responsibility: A corporate vision. *International Journal of Contemporary Business Studies*, Vol.2(3):58-68.
- Kukanja, M. and Planinc, T. 2018. Corporate social responsibility practices in small and medium-sized tourism enterprises: *The case of Slovenia*. *Geografski Pregled*, 39:67-87.
- Kukanja, M., Planinc, T., Šuligos, M. 2016. Influence of manager's, demographic characteristics on CSR, the practice's in the restaurant industry. The Case of Slovenia. *Journal of Tourism and Hospitality Management*, 22 (2): 151-172.
- Kyale, S. 1996. *Interviews: An introduction to qualitative research interviewing*. Sage: thousand oaks.

- Ladzani, M.W., Seeletse, S.M. 2012. Business social responsibility: how are SMEs doing in Gauteng, South Africa? *Social Responsibility Journal*, 8(1): 87-99.
- Lai, Q. 2006. Corporate social responsibility of SMEs in China: Challenges and Outlooks. Institute für Weltwirtschaft und Internationales Management der Universität Bremen, Bremen.
- Lancaster, G. 2005. *Research Methods in Management: A concise introduction to research in management and business consultancy*. Elsevier Butterworth-Heinemann: Great Britain, London.
- Laudal, T. 2011. Drivers and barriers of CSR and the size and internationalization of firms.
- Laudal, T. 2007. Drivers and barriers of CSR and the size and internationalization of firms. *Social Responsibility Journal*, Vol.7:234-256.
- Law, K.K. & Minaie, M.S. 2016. The network characteristic of Chinese SMEs in Malaysia and its performance. Proceedings of the ASEAN entrepreneurship conference in 2014.
- Lázaro, M. and Marcos, E. 2006. An Approach to the Integration of Qualitative and Quantitative Research Methods in Software Engineering Research. Conference paper [online] available at <https://www.researchgate.net> [Accessed on October 16/2015].
- Lewis, P.V. 1985. Defining Business Ethics: Like nailing jello to a wall. *Journal of Business Ethics*, 4(5), 377-383.
- Lin, C., Yang, H. & Liou, D. 2009. The impact of corporate social responsibility on financial performance: evidence from business; Taiwan. *Technology in Society*, 31(1): 56-63.
- Lindgreen, A., Swaen, V., and Campbell, T.T. 2009. Corporate Social Responsibility Practices in Developing and Transitional Countries: Botswana and Malawi. *Journal of Business Ethics*, Vol.90:429-440.
- Macfarlane, T. 2003. Sample size determination for research projects. *Journal of Orthodontics*, Vol.30, 99-100.
- Mahadea, D. and Pillay, M.K. (2008). Environmental Conditions for SMME Development in a South African Province, *South African Journal of Economics and Sciences*, 1,(4). Available at <http://www.scielo.org.za/scielo.php?script> [Accessed on October 15/2015].

- Mahmood, M. & Humphrey, J. 2013. Stakeholder expectation of corporate social responsibility practice: A study on local and multinational corporations: Kazakhstan. *Corporate Social Responsibility and Environmental Management*, 20:pp.168-181.
- Mankelow, G. &Quazi, A. (n.d). Factors affecting SMEs motivations for corporate social. Responsibility, *Corporate Social Responsibility and Environmental Management*, 19: pp.2367-2374.
- Marczyk, G. De Matteo, D., Festinger, D. 2005. Essentials of Research Design and Methodology. John Wiley and Sons, Hoboken.
- Masarira, S. K. 2014. An analysis of small business social responsibility practices in South Africa: DBL thesis, University of South Africa (UNISA), School of Business Leadership.
- Mason, J. 2007. *Qualitative Researching*, 2nd Edition. Sage Publications: London.
- Merriam, S.B. 1998. Qualitative research and case study applications in education. Jossey-Bass Publishers: San Francisco.
- Ministry of trade and industry (MOTI). 1997. Micro and small enterprises development strategy.
- MOFED , 2005. Building on Progress a Plan for Accelerated and Sustained Development to End Poverty (PASDEP) 2005/6-2009/10, Addis Ababa [online] available at <http://www.mofed.gov.net> [Accessed November 10/2018].
- Motilewa, B. D. &Worlu, R.E.K. 2015. Corporate social responsibility as a tool for gaining competitive advantage. International journal of multidisciplinary research and review. Available online at <http://www.journalmrr.com>.
- Moyeen, A. and Courvisanos,T. 2012. Corporate social responsibility in regional small and medium-sized enterprises in Australia. *Australian Journal of Regional Studies*, 18(3): 364-391.
- Mukras, M.S. 2003. Poverty reduction through strengthening small and medium enterprises. *Journal of African Studies*, 17(2): 58-69.
- Munasinghe, M.A.T.K &Malkumari, A.P. 2012. Corporate social responsibility in small and medium enterprises (SME): Sri-Lanka. *Journal of Emerging Trends in Educational Research and Policy Studies*, 3(2):168-172.

- Muthuri, J.N., Moon, J, and Idemudia ,U. 2012. Corporate Innovation and Sustainable Community Development in Developing Countries. *Business and Society*, Vol. 20(10):1-27.
- Mzembe,A.N., and Meaton, J.2014. Driving Corporate Social Responsibility in the Malawian Mining Industry: A Stakeholder Perspective . *Corporate Responsibility and Environmental Management*, Vol. 21(4): 189-201.
- Narwal, M. & Sharma, T. 2008. Perceptions of corporate social responsibility in India: An empirical study. *Journal of Knowledge Globalization*, 1(1):61-79.
- Narwal, M. & Singh, R. 2013. Corporate social responsibility practices in India: a comparative study of MNCs and Indian companies. *Social Responsibility Journal*, 9(3): 465-478.
- National Bank of Ethiopia (NBE),2015. Annual Report 2014/15, National Bank of Ethiopia, Addis Ababa.
- Nebil ,K, Gezaghegn,G. & Hayat, Y. 2010. Enabling the private sector to contribute to the reduction of urban youth unemployment in Ethiopia. Addis Ababa Chamber of Commerce and sectoral associations and Swedish agency for international development cooperation, Sida.
- Nejati, M. &Amran, A. 2009. Corporate social responsibility and SMEs: Exploratory study on motivations from a Malaysian Perspective. *Business StrategySeries*, 10(5): 259-265.
- Nelson, J. 2008a. Corporate social responsibility (CSR) in Saudi Arabia and globally: Key challenge, Opportunities and best practices.[Online] Available from [http:// www.sagia.gov.sa](http://www.sagia.gov.sa) [Accessed on November 20/2014].
- Nelson, J. 2008b. CSR and public policy: new forms of engagement between business and government. Corporate social responsibility initiative working paper, No.45. Cambridge, MA: John F. Kennedy School of Government, Harvard University.
- Newell, P., and Frynas,J.G. 2007. Beyond Corporate Social Responsibility ? Business Poverty and Social Justice. *Third World Quality* , Vol.28 (4): 669-681.
- Nilsson, C., and Tsai, C.H. 2016. Corporate Social Responsibility and Culture: A study of a Swedish Multinational Corporation's CSR strategy in terms of labour policies in East China and its relation to cultural differences. Bachelor's thesis in Business Administration. Jönköping University, International Business School.

- Nyamunda and Joseph W. (2009). Financing of Small, Medium and Micro Enterprises (SMMES): an assessment of SADC DFIs. African Growth Agenda.
- Oba, U.O & Onuouha, B.C. 2013. The role of small and medium scale enterprises in poverty reduction in Nigeria: 2001-2011. *African Research Review*, 7(4):1-25.
- Obalola, M. 2008. Beyond philanthropy: corporate social responsibility in the Nigerian insurance industry. *Journal of Social Responsibility*, 4(4): 538-548.
- OECD, 2004. Promoting Entrepreneurship and Innovative SMEs in a Global Economy : Towards a More Responsible and Inclusive Globalization . Second OECD Conference of Ministers Responsible for Small and Medium-sized Enterprises (SMEs), Istanbul, Turkey 3-5 June 2004.
- OECD. 2017. Enhancing the contributions of SMEs in global and digitalized economy. Meeting of the OECD Council at Ministerial Level: Paris, 7-8 June 2017.
- Okpara, J. O. 2011. Factors constraining the growth and survival of SMEs in Nigeria: Implications for Poverty Alleviation. *Journal of Management Research Review*, 34(2): 156-171.
- Okpara, J.O. & Wynn, P.M. 2012. Stakeholder's perceptions about corporate social responsibility implications for poverty alleviation. Wiley online library.
- Olsson, E. 2011. Small firms are not little big firms; a study of corporate social responsibility in Swedish small-and-medium-sized enterprises. A master thesis for the degree of master of science in environmental studies and sustainability science at Lund University.
- Oxfam Hong Kong, 2008. Corporate Social Responsibility Survey of Hang Seng Index Constituent Companies. [online] Available at www.oxfam.org.hk [Accessed on November 20/2014].
- Oyelana, A.A. & Adu, E.O. 2015. Small and medium enterprises (SMES) as a means of creating employment and poverty reduction in Fort Beaufort, Eastern Cape province of South-Africa. *Journal of Social Science*, 4(1):8-15.
- Park, S-Y, Levey, S.E. 2014. Corporate social responsibility; perspectives of hotel front line employees. *International Journal of Contemporary Hospitality Management*, 26(3):332-348.
- Patton, M.Q. 1990. Qualitative evaluation and research methods (2nd ed.). Newbury Park , Sage Publications Inc.

- Pearce, J.A., and Doh, J.P. 2005. The High Impact of Collaborative Social Initiatives. MIT Sloan Management Review, Vol.46 (3): 30-39.
- Pederson, E.R. 2009. The many and the few: rounding up the SMES that manage CSR in the supply chain. *Supply Chain Management: An International Journal*, 4(2): 109-116.
- Peng, Y., Dashdeleg, A., and Chih H.L. 2012. Does National Culture Influence Firm's CSR Engagement: a Cross Country Study. *IPEDR*, Vol.58 (9): 40-44.
- Pimpa, N., Gekara, V. & Fry, S. 2013. Multinational corporations, CSR and poverty alleviation: views from Lao PDR and Thailand.[online] Available at <http://www.wbiconpro.com> [Accessed on 3/22/2013].
- Pitta, D.A, Fung, H. and Isberge, S. 1999. Ethical issues across cultures: Managing the differing Perspectives of China and the USA. *Journal of Consumer Marketing*, Vol.16 (3): 240-256.
- Priyanath, H.M.S. 2006. Managerial deficiencies in the small and medium enterprises (SMES) in Sri Lanka: empirical evidence of SMES in the Ratnapura district. *Sabaragamuwa University Journal*, 6(1): 93-105.
- Racheal, J. A. C. And Muogbo, Uju, S. 2018. Role of small and medium enterprises in poverty eradication in Nigeria. *European Journal of Research and Reflection in Management Sciences*, 6(2):33-49.
- Ralston, E.S. 2010. Deviance or norm? Exploring corporate social responsibility. *European Business Review*, 22(4): 397-410.
- Rao, K.K.M., & Hailu, F.K. 2016. Environmental corporate social responsibility of brewery firms in Ethiopia. *IJAR*, 2(4):01-07.
- Razan, S., Minai, M.S. Zain, A.Y., Tariq, T.A. & Khuwaja, F.M. 2018. Dissection of small businesses in Pakistan issues and directions. *International Journal of Entrepreneurship*, 22(4):1-13.
- Reeg, C. 2015. Micro and small enterprises as drivers for job creation and decent work. Deutsches Institut Für Entwicklungspolitik Ggmbh.
- Riley, M., Wood, R. C., Clark, M. A., Wilkie, E. & Szivas, E. 2000. Researching and writing dissertations in business and management. Tom Rennie: Canada.

- Robbins, S.P., and Judge, T.A. 2007. *Organizational Behaviour*. Pearson Education, Inc., Upper Saddle River, New Jersey.
- Robertson, D.C. 2009. Corporate social responsibility and different stages of economic development: Singapore, Turkey, and Ethiopia. *Journal of Business Ethics*, 88:pp.617-633.
- Roe, K. 2006. Sub-Saharan Africa and extreme poverty. Paper presented at NACSW Convention in Philadelphia. Available from <http://www.nacsw.org>. [Accessed on 17/8/2010].
- Roy, A., Vyas, V. & Jain, P. 2013. SMEs Motivation: Corporate Social Responsibility. *SCMS. Journal of Indian Management*. 11-21.
- Russio, A. & Perrini, F. 2010. Investigating stakeholder theory and social capital: CSR in large firms and SMES. *Journal of Business Ethics*, 91:207-221.
- Santos, M. 2011. CSR in SMEs: Strategies, practices, motivations and obstacles. *Social Responsibility Journal*, 7(3): 490-508.
- Santos, M.J. 2011. CSR in SMEs: Strategies, Practices, motivations and Obstacles. *Social Responsibility Journal*, Vol.7:490-508.
- Sarkar, C.R. 2005. *Social responsibility of business enterprises*. New Delhi, new century publications.
- Sen, S. 2011. Corporate social responsibility in small and medium enterprises: application of stakeholder theory and social capital theory, DBA thesis, Southern Cross-University: Lismore, NSW.
- Shrestha, B.K. 2005. SME Promotion Policy Strategies and Poverty Alleviation in Nepal. Private Sector Development and Poverty Reduction: Experiences from Developing Countries (Edited by Utz Dornberger and Ingrid Fromm) SEPT working paper No 20:[online] Available at <http://www.uni-leipzig.de/sept>. [Accessed on 20/09/2010].
- Sileshi, T. 2012. Innovation and barriers to innovation: small and medium enterprises in Addis Ababa. Addis Ababa university school of graduate studies. Masters thesis in business administration.
- Singh, K.T, and Singh, M.S. 2013. Ethics in Corporate Social Responsibility. *Journal of Business and Management (IOSR-JBM)*, Vol.9 (2), 16-21.

- Slaper, T. F. & Hall, T.J. 2011. The triple bottom line: bottom line: what is it and how does it work? Indiana business review, Spring 2011.
- Stonian, C. & Gilman, M. 2017. Corporate social responsibility that pays a strategic approach to CSR for SMEs. *Journal of Small Business Management*, 55(1):5-31.
- STR. 2003. A strategic plan for sustainable development, conservation and management of woody biomass resources, final draft Addis Ababa, Ethiopia.
- Strandberg, C. 2019. Corporate social responsibility in Canada: trends, barriers and opportunities. Strandberg Consulting [online] available at www.corostrandberg.com
- Sweeney, L. 2007. Corporate social responsibility in Ireland: barriers and opportunities experienced by SMES when undertaking CSR. *Corporate Governance*, 7(4): 516-523.
- Szlávik, J., Pálvölgyi, T., Nagypál, N.C. & Füle, M. 2006. CSR in small and medium-sized companies: evidence from a survey of the automotive supply chain in Hungary and Australia. Rhetoric and realities, analysing corporate social responsibility in Europe (RARE).
- Tadele, F. and Shiferaw, K. 2015. Economic growth and employment patterns, dominant sector, and firm profiles in Ethiopia: Opportunities, challenges and prospects. Swiss Programme for Research on Global Issues for Development, R4D Working Paper 2015/2 [online] available at <https://www.wti.org> [Accessed on December 15/2018].
- TAK-IRDI (Innovative Research and Development Institution). 2016. Assessment of The Role of The Private Sector Plays in GTP II: Ethiopia. TAK-Innovative Research and development Institution (TAS-IRDI), Addis Ababa, Ethiopia.
- Tan, G. & Komaran, R. 2006. Perceptions of Corporate Social Responsibility: an empirical study in Singapore; strategic Management Policy. The Thirteenth Annual International Conference on Advances in Management, Lisbon, 19-22., July 1 2006. 1-14 Research Collection Lee Kong Chian School of Business, Singapore Management University [online] available at : <https://ink.library.smu.edu.sg> [Accessed on March 15/2015].
- Terry, B.L. & Nancy, M. 2001. Is the good corporation dead? The community social responsibility of small business operators. *Journal of Socio-Economics*, 30(3): 221-241.

- Tesfay, A. 2009. Teaching material on research methods. Mekelle University, College Of Business and Economics, Department Of Management: Ethiopia -Tigray.
- Tesfaye, T. (2014). The Role of Micro and Small Enterprises in Reducing Youth Unemployment : The Case of Meserak TVET College Graduates in Addis Ababa City Administration. Master thesis, Addis Ababa University, Ethiopia.
- Tewelde, M. 2012. The nature of corporate social responsibility (CSR) in Ethiopian business context. An essay on corporate social responsibility. PhD candidate at the International School Of Management: Paris. [online]Available at <http://www.scribd.com/documents/>[Accessed on December 10/2018].
- Thang, N.N. &Fassin, Y. 2016. The impact of internal corporate social responsibility on organisational commitment; evidence from Vietnamese service firms. *International Business Management*, 10(6):784-792.
- Thulasivelu, K.(n.d). Business Ethics, Corporate Social Responsibility and Governance. Course Material of SASURIE Institutions.
- Tilt, C.A 2016. Corporate Social Responsibility Research: The Importance of Context. *International Journal of Corporate Social Responsibility*, 1(2): 1-9.
- Trobez, S., Vesić, M. ,Žrovnik, G., Ye, X., and ŽuŽul, D. 2017. The Effect of Culture on Business Ethics. *Journal of Dynamic Relationships Management* ,Vol.6(1): 51-59.
- Tulder, R.V. 2008. The role of business in poverty reduction towards a sustainable corporate story? United Nations research institute for social development (UNRISD) (draft). Unpublished.
- Turyakika, P., Venter, E. & Smith, E. 2014. The impact of corporate social responsibility factors on the competitiveness of small and medium-sized Enterprises, *SAJEMS*,17(1).
- Turyakira, P.K. 2017. Small and medium-sized enterprises (SMES) engagement in corporate social responsibility (CSR) in developing countries: *Literature Review. African Journal of Business Management*, 11(18):464-469.
- Tustin,H.D. 2003. Skills audit of micro and very small business enterprises in northern Tshwane: an exploratory study. *Southern African Business Review*, 7(2): 36-45.

- Umidjon, A., Shuhua, H. , Jayathilake, B., and Renyan, M. 2014. Characteristics of Small and Medium Enterprise Innovativeness: Cases of Uzbekistan and China . *International Journal of Mnagement Science and Business Administration*, Vol.1(1):12-27.
- UN. 2015. The Millennium Development Goals Report 2015. United Nations Department of Economics and Social Affairs , Yew York [online] available at [https:// www.un.org](https://www.un.org) [Accessed on December 10,2019]
- UNDP Ethiopia 2018. Implementation of the third United Nations decade for the eradication of poverty (2018-2027) April 18-20, 2018, Addis Ababa, Ethiopia.
- UNDP, 2018. 2018 Sttistical Update: Human Development Indices and Indicators . NewYork [online] available at <http://hdr.undp.org> [Accessed February 10/2019].
- United Nations Conference on Trade and Development (UNCTAD), 2001. Social Responsibility. New York and Geneva.
- University of Hong Kong /American Chamber of Commerce in Hong Kong Study (2007). American Business in Hong Kong from a CSR Perspective: Drivers and barriers of Engagement
- Üülü , D. 2010. Characteristics of SMEs in North Cyprus: A small island problem. *Perspectives in Management* , Vol. 8 (3): 139-147.
- Varenova, D., Samy M. and Combs A. 2013. Corporate social responsibility and profitability: trade-off or synergy. *Sustainability Accounting, Management and Policy Journal*, 4(2): 190-215.
- Vieira , A.L. 2013. Assessing relationship quality and its key constructs from a rival models approach . *Management Research : Journal of the Iberoamerican Academy of Management* , Vol.11(2):113-132.
- Visser , W. 2006. Revisiting Carroll’s CSR Pyramids: An African Persective , In E.R. Pedersen and M. Muniche (eds), *Corporate Citizenship in Developing Countries* , Copenhagen: Copenhagen Business School Press,29-56.
- Visser, W. 2005. Revisiting Carroll’s CSR Pyramid: An African Perspective.
- Visser,W.2006. Responsible Investment , Book Review, *Ethical Performance*, Vol.8(1):10.

- Vives, A. 2006. Social and environmental responsibility in small and medium enterprises in Latin America. *The Journal of Corporate Citizenship*, 21: 39-50.
- Vos, J. F.J. 2003. Corporate social responsibility and identification of stakeholders. *Corporate Social Responsibility and Environmental Management Journal*, 10(3):141-152.
- Wang, L. and Juslin, H. 2013. Corporate Social Responsibility in the Chinese Forest Industry: Understanding Multiple Stakeholder Perceptions . *Social Responsibility and Environment Management* , Vol. 20 : 129-145.
- Weatherall , A.2012. Conversation Analysis as Feminist Research : A Response to Whealn. *Qualitative Research in Psychology* , Vol.9: 303-308.
- Weber, M. 2008. The business case for corporate social responsibility: a company level measurement approach for CSR. *Journal of European Management*,26 (4): 247-261.
- Williams, c.a. 2016. Corporate social responsibility and corporate governance. Osgood hall, law school, York University: Toronto, Canada.
- Woldie, A., Leighton, P., Adesua, A. 2008. Factors Influencing Small and Medium Enterprises (SMEs): An exploratory study of owner/manager and firm characteristics . *Banks and Bank Systems*, Vol.3:5-13.
- Wondifraw Z., James W, & Haile K. 2016. African Economic Outlook: Ethiopia 2016. AFDB, OECD, UNDP 2016.
- World Bank , 2000. Paths out of Poverty: The Role of Private Enterprise in Developing Countries. Washington,D.C. The World Bank [online] available at [https:// documents .worldbank.org](https://documents.worldbank.org)
- World Bank group. 2016. Poverty and shared prosperity: taking on inequality.
- Wright, K. 2010. Corporate social responsibility: a review of the literature. The higher education academy: centre for philosophical and religious studies.
- Wu,J. &Wokutch, R. E. 2015. Confucian stakeholder theory: an exploration, *Center for Business Ethics* .1(21): 1-21.
- Yaregal, T. G. 2018. The role of micro and small enterprises for poverty alleviation. *International Journal of Research Studies in Agricultural Sciences (IJRSAS)*, 4(12):38-47.

- Yeneneh, T. 2015. The role of private commercial banks on corporate social responsibility in Ethiopia. Master thesis, Addis Ababa University: Ethiopia.
- Yin, R. 2009. Case study research design and method. 4th ed, sage publication PLD: thousand oaks, CA.
- Zegeye, T. 2013. Corporate social responsibility programs in Ethiopia floriculture industry, doctoral dissertation: St. Mary's University, Ethiopia.

APPENDIX A:QUESTIONNAIRE

UNIVERSITY OF SOUTH AFRICA (UNISA)

SCHOOL OF BUSINESS LEADERSHIP (SBL)

DOCTOR OF BUSINESS LEADERSHIP (DBL)

QUESTIONNAIRE

Questionnaire to be filled out by the owner/manager of *small and medium enterprises (SMEs)*

Dear Sir/Madam,

The purpose of this questionnaire is to collect data on small *and medium enterprises (SMEs)* engagement on CSR. This study is conducted for the partial fulfilment of the requirements for Doctor of Philosophy in Business Leadership, on the title of “*Exploring Small and Medium Enterprises’ Corporate Social Responsibility Practice in Ethiopia: A Conceptual Framework to Support Ethiopian Small and Medium Enterprises’ Corporate Social Responsibility*”. Since, you are the one who can give an accurate picture of the SMEs CSR initiatives, the researcher requests you to respond to the questions with at most care.

Your response will be confidential, and it will never be disclosed to a third party. It will only be used for academic purposes. Your response to the questions will have great role to play in the outcome of the final research project.

Thank you in advance for your cooperation.

Instruction

Please choose your answer by placing a tick/√/ in the given box.

PART I: Personal Information (please tick (√) mark)

1. Gender A. Male (0)

B. Female (1)

2. Age of the respondent

A) Below 20

D) 41 – 50

B) 21-30

E) 51 – 60

C) 31 – 40

F) 61 and above

3. Education level

A) No education

D) Diploma

B) Primary

E) Bachelor degree

C) Secondary

F) Postgraduate

4) Marital status

A) Single

C) Widowed

B) Married

D) Divorced

5. Where did you get the starting capital?

(it is possible to choose more than one)

A. Personal saving

D.Family support

B. Credit from friends

E.Microfinance credit

C. Bank loan

F.Government support

G.Other (please describe) _____

6. For how many years has your enterprise existed?

A) Less than 1 year

D) 11 -15 Years

B) 1- 5 Years

E) 16 Years +

C) 6 - 10 Years

7. The type of business you involved in is:

A) Construction

B) Manufacturing

C) Services

D) Urban agriculture

E) Others (specify)_____

8. What is your existing capital?

A) 51,000-500,000 Birr

B) Above 500, 000 Birr

9. How many employees are there in your business?.....

	Economic Responsibility	Strongly Agree	Agree	neutral	Strongly Disagree	Disagree
1	The primary goal of companies is to make as much profit as possible					
2	Socially responsible companies strive to lower their operational costs					
3	Companies should strive for the highest returns to their owners					
4	Companies should not be distracted from their economic functions by solving social problems					
	Legal Responsibility					
5	Well run companies strive to comply with all the state laws and regulations					
6	Companies must operate strictly within the legal framework of the society					
7	it is sometimes expedient for companies to violate some laws and regulations					
8	Companies have to adhere to all state rules and regulations even though it may be costly for them					
	Ethical Responsibility					
9	Companies should not compromise ethical norms of the society to achieve corporate goals					
10	Socially responsible companies always do what is right , fair and just					

	Economic Responsibility	Strongly Agree	Agree	neutral	Strongly Disagree	Disagree
11	Companies should avoid harm at all cost					
12	It is sometimes expedient for companies to engage in questionable practices for economic gains					
	Philanthropic Responsibility					
13	Companies should contribute resources to the community					
14	Socially responsible companies strive to provide for community betterment					
15	Companies should actively promote volunteerism					
16	Companies have to commit resources to support culture and arts					

PART II. Respondents' Perception on CSR Initiatives

Please show your perception on the following CSR initiatives. Please indicate your agreement using a tick/√/ mark in the box provided:

	Charity Principle	Strongly Agree	Agree	neutral	Strongly Disagree	Disagree
17	Business has an obligation towards needy persons in society					
18	Business should be philanthropic toward the less fortunate in the society					
19	Companies should take voluntary actions to promote social good					
20	Socially responsible companies contribute to charitable organizations					
	Stewardship Principle					
21	Business has an obligation to see that everyone in society benefits from its actions					
22	Business should consider the interest of all who are affected by its decisions and actions					
23	Business should balance the interest and needs of different groups in the society					
24	Business and society are interdependent					
	Environmental Friendliness					
25	Companies should take care of the natural environment					
26	Companies should avoid damaging the natural environment					
27	Companies should contribute to the upkeep of the natural environment					
28	Companies should have waste minimization and recycling programs					

PART III. CSR INTERVENTIONS *

Please indicate your choice using a tick/√/ mark in the box provided:

SECTION A: EMPLOYEES and CSR

1. Does the company have a health and safety management system in place?
A. Yes B. No
2. If yes, please specify _____
3. Has the company introduced any health education, training, and counseling or prevention programs to assist employees, their families or community members?
A. Yes B.No
4. If yes , please provide further details on these :
5. Does the company have a system in place to record all work related accidents?
A. Yes B. No
6. Has the company taken steps to mitigate and /or reduce the incidence of safety risks?
A. Yes B. No
7. Does the company provide health and safety training to employees?
A. Yes B.No
8. If yes , please list the total number of employees trainedand /or total hours of training

9. What total amount was spent on staff training over the past financial year? _____
10. Please provide details of any programs for skills management and lifelong learning within the company(e.g. summarize the type of programs available from basic job related course to university or college education) _____
11. How are the basic conditions of employment , disciplinary code and complaint procedures made available to employees:
A. Formal training /induction program
B. Handbook
C. Other specify _____
12. Does the company have procedures and /or systems in place concerning complaints by employees?
A. Yes B. No

13. If yes, please specify: _____

14. Does the company have a policy or procedures in place for the prevention of harassment, coercion, treatment behavior, physical abuse, sexual abuse or verbal abuse towards employees?

A. Yes

B. No

15. If yes, please provide details _____

16. Does the company have systems in place concerning overtime compensation?

A. Yes

B.No

17. If yes, please specify _____

18. Indicate in which of the following activities your company has been supporting its employees and / its family members (More answers allowed)

A. House construction

B. Health care

C. Education

D. Safe working conditions

E. Others (specify) _____

19. Which forms of further education of employees has your company been supporting?

(More answers allowed)

A. Professional education(short-term course training)

B. Training in managerial techniques

C. Further long-term education(secondary high school, university, post-graduate education)

20. Indicate which of the following activities your company has been supporting its employees and its family members.

(More answers allowed)

A. In selling discounted goods/services

B. In providing subsidized cafeteria services

C. Full medical expense coverage

D. Partial medical coverage

E. Life insurance coverage

F. Handouts during festivals /holidays

G. Providing clothes

- H. House allowance
- I. Loan arrangements
- J. Other(specify) _____

21. How important is for your company socially responsible and ethical behavior towards its employees?

- A. Very important
- B. Important
- C. Less important
- D. Unimportant

22. Indicate which of the following activities your company has been supporting its employees and its family members.

(More answers allowed)

- A. Advance to workers for personal events like wedding or death
- B. Employees' children education funding
- C. Satisfactory work bonus
- D. Payment of increments to workers on a regular basis
- E. Payment of social security fees
- F. Provision of monetary aids when in need
- G. Fair and timely payments to workers
- H. Others (specify) _____

SECTION B:ENVIRONMENT AND CSR

1. Does the company have systems in place to measure the following?(More answers allowed)

- A. Energy consumption
- B. Water consumption
- C. Waste consumption

2. Has the company introduced any significant initiatives in the past financial year to reduce its energy consumption?

- A. Yes
- B.No

3. If "yes", please specify initiatives _____

4. Indicate in which way your company has supported environmental activities

(More answers allowed)

- A. Sponsorship
- B. Financial or in kind gifts
- C. Cooperation with other parties on environmentally beneficial projects (e.g. non-profit sector, public sector, other private companies)
- D. Employee involvement in environmental activities (on behalf of the company)
- E. Other: _____
- F. The company does not support any environmental activity

5. Has the company aligned any of its business services to achieve better environmental outcomes?

(e.g. provide new products with lower emissions and energy usage, adapting services related to climate change mitigation etc.)

- A. Yes
- B.No

6. If yes, please specify new business services _____

SECTION C: COMMUNITY INVESTMENT AND CSR

1. Has your company been supporting any of the following activities to the local community?

(More answers allowed)

- A. Sport activities
- B. Cultural activities
- C. Health care
- D. Education and training activities
- E. Financial or other help /support to the non-profit organisation
- F. Environmental protection –ecological activities (other than directly related to consequences of the company’s own operations)
- G. Creation of good conditions for socially or in other way deprived groups for their involvement in community and work process
- H. Participation in public affairs or political process of behalf of the community
- I. Other(specify)_____
- J. None_____

2. Indicate in which way your company has supported social activities.
(More answers allowed)
- A. Sponsorship
- B. Financial or in-kind gifts
- C. Cooperation with other parties on socially beneficial projects (i.e. public sector, other private companies)
- D. Employee involvement in social /community activities on behalf of the company
- E. Other(Specify) _____
- F. The company does not support any social activity
3. Does the company align any of its community investment initiatives to National Development Goals?
- A. Yes B.No
4. If yes, please provide further details _____
5. Has the company invested in any of the following areas as part of its community investment initiatives?(More answers allowed)
- A. Local heritage
- B. Infrastructural support /services to local communities
- C. Youth development
- D. Education
- E. Underprivileged
- F. Women empowerment
- G. Disability
- H. Other(specify)_____
- I. No community investment initiatives
6. If you answer “yes” to any of the points raised in question No .5, have you undertaken the initiatives in partnership with other companies?
- A. Yes B.No , I was alone
7. If “yes”, please provide further details _____
8. What type of resources do you provide?(More answers Allowed)
- A. Money
- B. In kind

C. Volunteers

D. Loans

E. Others, please specify _____

9. Does the company manufacture or sell any commodities which could be awarded a fair trade label?

A. Yes

B.No

C.Notrelevant

10. If “yes”, please provide details on the product and fair trade label _____

11. Has the company introduced any volunteering programs for employees?

A. Yes

B. No

12. If “yes”, please provide details about the type of program _____

13. Has the company supported the local communities in areas like:

(More answers allowed)

A. Road construction

B. Access to electricity

C. Clinic or hospital construction

D. School construction

E. Assisting in the development of local institutions likeIdir, Ikub etc

F. Cash donations to the poor segment of the society

G. Others (specify)

H. No community investment initiatives

14. Has the company supported the following segment of the local community?(More answers Allowed)

A. Donations to religious organisations

B. Donations to HIV Aids victims

C. Donations to orphanages

D. Donations to old age

E. Donationsto the disabled

F. Employment opportunities for poor women

G. Donations /creating employment opportunities to war veterans

H. Others (specify)_____

I. No community investment initiatives

*Some of the above questions were adopted directly from Oxfam Hong Kong, 2008. Corporate Social Responsibility Survey of Hang Seng Index Constituent Companies. Available at www.oxfam.org.hk

PART IV: CSR DRIVER AND CONSTRAINTS

SECTION A: CSR Drivers

Please show the degree in which the following factors are motivating you to engage in CSR initiatives.

Please indicate your agreement using a tick/√/ mark in the box provided:

		Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
1	Ethical reasons					
2	Improve relations with community and authorities					
3	Improve customer relations, loyalty					
4	Improve relations with business partners and investors					
5	Attract employees, improve employees' job satisfaction					
6	Improve the economic performance of the company					
7	Building an image of the company					
8	Reducing the poverty situations of the local community and employees					
9	Improve the wellbeing of the environment					
10	Use of existing public incentives (tax incentive, subsidies, others)					
11	Pressure from third parties (i.e . clients, competitors, government)					
12	Profit maximisation					

SECTION B: CSR Constraining Factors

		Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
1	Lack of training opportunities or seminars to learn about CSR					
2	We do not have sufficient financial resources for CSR implementation					
3	Difficulty obtaining information about CSR implementation					
4	We do not have enough knowledge about CSR practices					
5	Lack of employee skills /education to implement CSR					
6	Lack of management training to implement CSR practices					
7	Lack of government support					
8	We do not have enough knowledge about CSR implementation					
9	CSR implementation is too complex					
10	Currently, there are more important priorities for the company					
11	CSR implementation is too expensive					
12	Management does not support CSR implementation					
13	There will be no significant benefits for our company from CSR implementation					
14	Lack of time (not enough time)					

APPENDIX B: INTERVIEW QUESTIONS

1. What are the economic support activities done by SMEs?
2. How do you evaluate the employment creation capacity of SMEs in the Region?
3. What philanthropic activities have SMEs made in this Region?
4. What support activities have SMEs made to the community?
5. On what basis do SMEs support to the government, community or the environment?
6. What are the drivers of CSR engagement for SMEs?
7. What are the main barriers for SMEs participating in CSR activities?
8. How do you evaluate the overall performance of SMEs environmental management?
9. Is there any influence from stakeholders for SMEs to participate in CSR activities?
10. What support activities do SMEs make to their employees?
11. What support activities do SMEs give to the government?
12. Why do SMEs participate in CSR?
13. What should be done to encourage more SMEs CSR engagement?

APPENDIC C: CSR DRIVERS (COUNT BASIS)

Firm Size and Response					
	Dimensions of Drivers	Likert Scale	Small	Medium	Total
1	Ethical reasons	1.Strongly Agree	147	48	190
		2.Agree	107	28	135
		3. Neutral	10	2	12
		4.Disagree	7	2	9
		5.Strongly Disagree	2	0	2
		Total	271	77	348
2	Improve relations with community and authorities	1.Strongly Agree	127	49	176
		2.Agree	130	24	154
		3. Neutral	7	2	9
		4.Disagree	6	2	8
		5.Strongly Disagree	1	0	1
		Total	271	77	348
3	Improve customer relations, loyalty	1.Strongly Agree	132	50	182
		2.Agree	122	23	145
		3. Neutral	4	1	5
		4.Disagree	12	3	15
		5.Strongly Disagree	1	0	1
		Total	271	77	348
4	Improve relations with business partners and investors	1.Strongly Agree	119	37	156
		2.Agree	130	33	163
		3. Neutral	4	1	5
		4.Disagree	17	6	23
		5.Strongly Disagree	1	0	1
		Total	271	77	348

Firm Size and Response					
	Dimensions of Drivers	Likert Scale	Small	Medium	Total
5	Attract employees, improved employees' job satisfaction	1.Strongly Agree	133	33	166
		2.Agree	123	38	161
		3. Neutral	5	1	6
		4.Disagree	9	5	14
		5.Strongly Disagree	1	0	1
		Total	271	77	348
6	Improve the economic performance of the company	1.Strongly Agree	133	44	177
		2.Agree	105	25	130
		3. Neutral	6	3	9
		4.Disagree	18	4	22
		5.Strongly Disagree	9	1	10
		Total	271	77	348
7	Building an image of the company	1.Strongly Agree	147	53	200
		2.Agree	104	21	125
		3. Neutral	5	1	6
		4.Disagree	12	2	14
		5.Strongly Disagree	3	0	3
		Total	271	77	348
8	Reducing the poverty situations of the local community and employees	1.Strongly Agree	124	37	161
		2.Agree	134	32	166
		3. Neutral	6	2	8
		4.Disagree	6	6	12
		5.Strongly Disagree	1	0	
		Total	271	77	348

Firm Size and Response					
	Dimensions of Drivers	Likert Scale	Small	Medium	Total
9	Improve the wellbeing of the environment	1.Strongly Agree	142	42	184
		2.Agree	115	32	147
		3. Neutral	6	2	8
		4.Disagree	7	1	1
		5.Strongly Disagree	1	0	1
		Total	271	77	348
10	Use of existing public incentives(tax incentive, subsidies , others)	1.Strongly Agree	34	14	48
		2.Agree	55	12	67
		3. Neutral	6	3	9
		4.Disagree	105	29	134
		5.Strongly Disagree	71	19	90
		Total	271	77	348
11	Pressure from third parties(i.e. clients, competitors, government)	1.Strongly Agree	27	21	48
		2.Agree	52	11	63
		3. Neutral	23	4	27
		4.Disagree	108	30	138
		5.Strongly Disagree	61	11	72
		Total	271	77	348
12	Profit maximization	1.Strongly Agree	91	39	130
		2.Agree	124	29	153
		3. Neutral	5	1	6
		4.Disagree	44	7	51
		5.Strongly Disagree	7	1	8
		Total	271	77	348

APPENDIX D: CSR DRIVERS SECTOR WISE (COUNT BASIS)

	Dimensions of Drivers	Likert Scale	Sectors					Total
			Construction	Manufacturing	Service	Urban Agri.	Others	
1	Ethical reasons	1.Strongly Agree	21	40	24	3	2	190
		2. Agree	11	38	84	1	1	135
		3. Neutral	0	2	10	0	0	12
		4. Disagree	0	7	2	0	0	9
		5. Strongly Disagree	0	0	2	0	0	2
		Total	32	87	222	4	3	348
2	Improve relations with community and authorities	1. Strongly Agree	18	40	114	2	2	176
		2. Agree	12	43	96	2	1	154
		3. Neutral	0	3	6	0	0	9
		4. Disagree	2	1	5	0	0	8
		5. Strongly Disagree	0	0	1	0	0	1
		Total	32	87	222	4	3	348
3	Improve customer relations, loyalty	1. Strongly Agree	13	48	115	3	3	182
		2. Agree	12	35	97	1	0	145
		3. Neutral	0	1	4	0	0	5
		4. Disagree	6	3	6	0	0	15
		5. Strongly Disagree	1	0	0	0	0	1
		Total	32	87	222	4	3	348
4	Improve relations with business partners and investors	1. Strongly Agree	10	43	97	4	2	156
		2. Agree	16	41	105	0	1	163
		3. Neutral	0	1	4	0	0	5
		4. Disagree	5	2	16	0	0	23
		5. Strongly Disagree	1	0	0	0	0	1
		Total	32	87	222	4	3	348
5	Attract employees, Improved employees'	1. Strongly Agree	13	51	97	4	1	166
		2. Agree	16	33	110	0	2	161
		3. Neutral	0	1	5	0	0	6

		Sectors						
	Dimensions of Drivers	Likert Scale	Construction	Manufacturing	Service	Urban Agri.	Others	Total
	job satisfaction	4. Disagree	2	2	10	0	0	14
		5. Strongly Disagree	1	0	0	0	0	1
		Total	32	87	222	4	3	348
6	Improve economically Performance of the company	1. Strongly Agree	15	50	106	4	2	177
		2. Agree	14	28	87	0	1	130
		3. Neutral	0	1	8	0	0	9
		4. Disagree	2	8	12	0	0	22
		5. Strongly Disagree	1	0	9	0	0	10
		Total	32	87	222	4	3	348
7	Building image of the company	1. Strongly Agree	18	50	125	4	3	200
		2. Agree	10	33	82	0	0	125
		3. Neutral	0	1	5	0	0	6
		4. Disagree	3	3	8	0	0	14
		5. Strongly Disagree	1	0	2	0	0	3
		Total	32	87	222	4	3	348
8	Reducing the poverty situations of the local community and employees	1. Strongly Agree	9	48	99	4	1	161
		2. Agree	18	35	111	0	2	166
		3. Neutral	0	2	0	0	0	2
		4. Disagree	1	2	6	0	0	9
		5. Strongly Disagree	4	2	6	0	0	12
		Total	32	87	222	4	3	348
9	Improve the wellbeing of the environment	1. Strongly Agree	15	60	103	4	2	184
		2. Agree	16	24	106	0	1	147
		3. Neutral	0	1	7	0	0	8
		4. Disagree	1	2	5	0	0	8
		5. Strongly Disagree	0	0	1	0	0	1
		Total	32	87	222	4	3	348

		Sectors						
	Dimensions of Drivers	Likert Scale	Construction	Manufacturing	Service	Urban Agri.	Others	Total
10	Use of existing public incentives (tax incentive, subsidies, others)	1. Strongly Agree	3	12	31	1	1	48
		2. Agree	3	12	52	0	0	67
		3. Neutral	0	2	7	0	0	9
		4. Disagree	10	41	80	1	2	134
		5. Strongly Disagree	16	20	52	2	0	90
		Total	32	87	222	4	3	348
11	Pressure from third parties (i.e. clients, competitors, government)	1. Strongly Agree	3	11	32	2	0	48
		2. Agree	2	8	53	0	0	63
		3. Neutral	0	4	23	0	0	27
		4. Disagree	13	24	77	2	2	138
		5. Strongly Disagree	14	20	37	0	1	72
		Total	32	87	222	4	3	348
12	Profit maximization	1. Strongly Agree	10	29	87	3	1	130
		2. Agree	15	33	104	1	0	153
		3. Neutral	0	2	4	0	0	6
		4. Disagree	5	20	24	0	2	51
		5. Strongly Disagree	2	3	3	0	0	8
		Total	32	87	222	4	3	348

APPENDIX E: CSR BARRIERS COUNT BASIS

		Firm Size			
	Dimensions of Barriers	Likert Scale	Small Size	Medium Size	Total
1	Lack of Training Opportunities	1. Strongly Agree	56	5	61
		2. Agree	93	15	108
		3. Neutral	6	2	8
		4. Disagree	105	45	150
		5. Strongly Disagree	11	10	21
		Total	271	77	348
2	Lack of Finance	1. Strongly Agree	89	5	94
		2. Agree	102	18	120
		3. Neutral	3	1	4
		4. Disagree	68	43	111
		5. Strongly Disagree	9	10	19
		Total	271	77	348
3	Lack of Access to CSR Implementation Information	1. Strongly Agree	43	3	46
		2. Agree	109	23	132
		3. Neutral	5	1	6
		4. Disagree	104	39	143
		5. Strongly Disagree	10	11	21
		Total	271	77	348
4	Lack of Knowledge about CSR Practices	1. Strongly Agree	42	5	47
		2. Agree	119	22	141
		3. Neutral	7	0	7
		4. Disagree	91	38	129
		5. Strongly Disagree	12	12	24
		Total	271	77	348
5	Lack of Employees Skills/education to Implement CSR	1. Strongly Agree	42	5	47
		2. Agree	133	25	158
		3. Neutral	4	0	4
		4. Disagree	82	38	120

		Firm Size			
	Dimensions of Barriers	Likert Scale	Small Size	Medium Size	Total
		5. Strongly Disagree	42	5	47
		Total	271	77	348
6	CSR Barrier: Lack Of Management Training To Implement CSR Practices	1. Strongly Agree	33	6	39
		2. Agree	98	14	112
		3. Neutral	9	2	11
		4. Disagree	119	46	165
		5. Strongly Disagree	12	9	21
		Total	271	77	348
7	Lack of Government Support	1. Strongly Agree	42	1	43
		2. Agree	89	19	108
		3. Neutral	5	2	7
		4. Disagree	125	45	170
		5. Strongly Disagree	11	9	20
		Total	271	77	348
8	Lack of Enough Knowledge about CSR Implementation	1. Strongly Agree	42	5	47
		2. Agree	117	23	140
		3. Neutral	4	0	4
		4. Disagree	91	40	131
		5. Strongly Disagree	17	9	26
		Total	271	77	348
9	CSR Implementation is Too Complex	1. Strongly Agree	27	4	121
		2. Agree	101	20	121
		3. Neutral	5	0	5
		4. Disagree	113	44	157
		5. Strongly Disagree	25	9	34
		Total	271	77	348
10	Due to other Priority Areas	1. Strongly Agree	59	3	62
		2. Agree	88	22	110
		3. Neutral	12	2	14

		Firm Size			
	Dimensions of Barriers	Likert Scale	Small Size	Medium Size	Total
		4. Disagree	95	41	136
		5. Strongly Disagree	17	9	26
		Total	271	77	348
11	CSR Implementation is too Expensive	1. Strongly Agree	26	2	28
		2. Agree	99	23	122
		3. Neutral	4	0	4
		4. Disagree	116	42	158
		5. Strongly Disagree	26	10	36
		Total	271	77	348
12	Lack of Management Support	1. Strongly Agree	29	2	31
		2. Agree	79	15	94
		3. Neutral	8	2	10
		4. Disagree	134	46	180
		5. Strongly Disagree	21	12	33
		Total	271	77	348
13	Absence of Expected Benefit	1. Strongly Agree	13	2	15
		2. Agree	44	9	53
		3. Neutral	4	0	4
		4. Disagree	120	41	161
		5. Strongly Disagree	90	25	115
		Total	271	77	348
14	Lack of Enough Time	1. Strongly Agree	26	4	30
		2. Agree	58	17	75
		3. Neutral	6	0	6
		4. Disagree	130	42	172
		5. Strongly Disagree	51	14	65
		Total	271	77	348