

AMERICAN UNIVERSITY OF BEIRUT

THE ROLE OF TOP MANAGEMENT IN PROMOTING
CORPORATE SOCIAL RESPONSIBILITY (CSR) IN LEBANESE
SMALL AND MEDIUM ENTERPRISES (SMES)

by
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A project
submitted in partial fulfillment of the requirements
for the degree of Master of Business Administration
to the Suliman S. Olayan School of Business
at the American University of Beirut

Beirut, Lebanon
May 2014

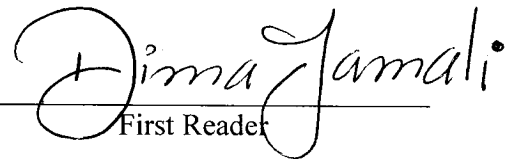
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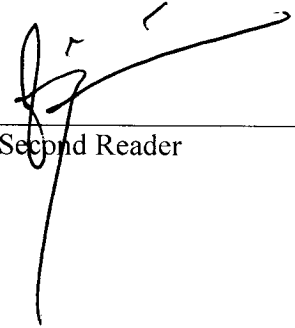
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ACKNOWLEDGMENTS

This project would not have been possible without the guidance of my professors and the support of my husband and family.

First, I would like to express my deepest gratitude to Prof. Dima Jamali for the continuous guidance, advices, and patience. Dr Jamali's motivation and vast knowledge has been invaluable throughout the writing of this project. I would also like to thank Dr Alessandro Lanteri for his encouragement.

I would sincerely like to thank my parents for always being there for me and supporting me in all my life steps. Special thanks go to my sister Farah for helping and supporting me at all times, my sister Hiba for constantly cheering me up, and my brother Mohamad for always standing by me.

Last but not least, I am most grateful to my loving husband, Kassem. The writing of this project would not have been possible without his motivation, encouragement, and endless care for which a mere expression of thanks does not suffice.

AN ABSTRACT OF THE PROJECT OF

Nadine Ghaleb Mhanna for Master of Business Administration
Major: Business Administration

Title: The role of top management in promoting Corporate Social Responsibility (CSR) in Lebanese Small and Medium Enterprises (SMEs)

While a large number of studies have examined CSR initiatives in businesses, the role of top management in planning and implementing those activities has received less attention. Given that top managers are the drivers of strategic decisions, their role in integrating social practices should not be ignored. Another subject that was overlooked by the literature is the social obligation of small businesses. Although SMEs constitute the backbone of the worldwide economy, most researchers have focused on CSR applications in multinational corporations (MNCs) while neglecting SMEs. As well, the role of SME owner-managers in stimulating CSR decisions received little attention from academics.

The trend of CSR has been gaining an increased importance in the Lebanese workplace. However, only a limited number of studies were conducted to evaluate companies' social performance in the Lebanese context. This research aims, in the first part, at identifying how CSR is formulated and implemented in Lebanese SMEs and the role of owners in its conception and implementation. Secondly, the research makes a comparative analysis to highlight the trends of CSR adoption in Lebanese SMEs when compared to large companies while identifying the role of owners and top managers respectively.

This qualitative study is based on the existing literature and on in-depth semi-structured interviews conducted with a sample of SME owners and top managers in Lebanon. We assess the conditions of CSR in Lebanese SMEs and large companies and the related role and influence of owners/top managers. The results reveal that CSR in Lebanese SMEs is a direct mirror of the owner's values and demographic characteristics and that they play an important role in shaping the tone, focus and nature of CSR in their respective organizations.

Keywords: Corporate Social Responsibility, Large Companies, Lebanon, Owners, Small and Medium Enterprises, Top Managers

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ABBREVIATIONS

BBA	Bachelor of Business Administration
BS	Bachelor of Science
CAS	Central Administration of Statistics
CEO	Chief Executive Officer
CG	Corporate Governance
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
EMBA	Executive Master of Business Administration
EU	European Union
HR	Human Resources
ISO	International Organization for Standardization
MBA	Master of Business Administration
MENA	Middle East and North Africa
MNC	Multinational Corporation
NGO	Non-governmental organization
SME	Small and medium enterprises

CHAPTER I

INTRODUCTION

“Businesses cannot be successful when the society around them fails,” (Samuel DiPiazza, former CEO of PricewaterhouseCoopers International). As citizens of the world, companies must be held responsible for the welfare of their surroundings. Following the rise of globalization and business ethics, companies are no longer expected to merely make profit. Contrary to individual citizens, companies have the necessary resources, know-how and networks to benefit the community on a larger scale. Accordingly, the term Corporate Social Responsibility (CSR) has been gaining increasing traction among both researchers and practitioners. In a nutshell, CSR refers to the set of responsibilities firms have towards the environment and community at large. Most companies worldwide are racing to differentiate themselves and demonstrate their social and environmental commitment. To date, the literature related to CSR has focused mainly on large companies in the context of developed countries. Although Small and Medium Enterprises (SMEs) account for 95% of the worldwide enterprises (Ayyagari et al., 2011), a limited number of research has focused on CSR in SMEs. Academic literature presented fruitful findings regarding CSR in developed countries, while developing countries received far less attention (Perrini, 2006; Raynard and Forstater, 2002).

Worldwide, researchers explored factors affecting the social performance of companies. Chief Executive Officers (CEOs) were shown to be one of the key players in the determination of CSR orientation and policies of their companies (Quazi, 2003;

Swanson, 2008; Singhapakdi et al., 2008). In the case of SMEs, most owners play the role of top management and are responsible for developing and implementing the firm's vision and values. CSR is part of the strategic decisions that owners are expected to address. Yet, only few studies highlighted the role of owners in promoting CSR in SMEs. In particular, the existing research does not give sufficient importance to the role of owners' values, demographic background and other personal characteristics in shaping the social engagement of the SMEs. As studies of large companies proved that CEOs lies at the core of CSR (Quazi, 2003; Swanson, 2008; Singhapakdi et al., 2008), we are interested in studying the role and effect of owners' characteristics in establishing CSR at the level of SMEs. Despite the fact that in Lebanon, CSR is gradually gaining popularity in the business world, the existing literature addressing this topic is still very limited. To our knowledge, this is the first study to be done in Lebanon targeting this topic.

The main objectives of this study include:

1. Understanding CSR and its implementation in Lebanese SMEs
2. Shedding the light on the role of top management characteristics and values in CSR implementation
3. Comparing the role of owners in SMEs with that of top managers in large companies with regard to choice of CSR activities and their implementation
4. Presenting conclusions and recommendations about effective measures for encouraging CSR take up and implementation in SMEs

The current paper is divided into six chapters organized as follows: This first chapter comprises a brief introduction to the topic. In the second chapter the results of an extensive literature review highlighting the concept of CSR in previous studies is

presented. The third section describes the research methodology, justification of the method used, and the sampling procedure. In the fourth chapter, results are documented by case and in the aggregate. In the fifth chapter, findings are inspected and discussed in relation to existing literature. The last part includes a summary of the findings, recommendations, and limitations of the current study.

CHAPTER II

LITERATURE OVERVIEW

A. Definition and Evolution of CSR

Profit maximization has always been the major objective of companies. In the past, decision making in the business world was solely based on the interest of the shareholders. However, in the past years, the public interest in Corporate Social Responsibility (CSR) has increased as a result of globalization and worldwide trade (Jamali and Mirshak, 2007). As resources are getting scarcer, governments are no longer able to fulfill society's soaring needs. Accordingly, the public shifted their attention to the role of business in satisfying those needs (Jamali and Mirshak, 2007). In addition, Pettit (2005) argued that human beings are naturally inclined to allocate responsibilities; however, it is difficult for society to assign individual duties and obligations to one another. Thus, to compensate for this deficit in responsibility distribution, societies choose to hold groups collectively responsible. In this respect, societies find corporations as "entities that are capable of being made fit to be held responsible" (Pettit, 2005, p.36). Moreover, Marsiglia and Falautano (2005) state that recent scandals in the business world has amplified the role of good governance, ethics, and accountability in corporate governance (CG) and economic conduct. With this rise in social activism, companies nowadays have to also focus on their social and environmental objectives alongside with their financial ones (Jamali et al., 2008). According to Hardjono and van Marrewijk (2001), it is no longer sufficient for organizations to focus on the short-term financial profit; they also have to focus on the

long-term ecological, social, economic aspects of their business activities. In other words, companies are pushed to add value to the society by employing CSR activities.

Historical evidences show that businesses' responsibilities towards society have existed for centuries (Carroll, 1999). As a matter of fact, the impact of businesses on society's welfare is as old as trade itself (BRASS center, 2007). As indicated by Carroll (1999), reference to social responsibility in the literature can be traced back to the 1930s and 1940s. Examples of those references, as given by Carroll (1999), include Chester Barnard's (1938) *The Functions of the Executive*, J. M. Clark's (1939) *Social Control of Business*, and Theodore Kreps' (1940) *Measurement of the Social Performance of Business*. However, it was not until the 1950s that the term Corporate Social Responsibility has been introduced. Delving back into the literature, the beginning of the scientific research on this topic was initiated by the book of Bowen *Social Responsibilities of the Businessman* published in 1953 (Carroll 1999). Bowen (1953) introduced Social Responsibility in the business world 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 our society" (p. 6). As well, one of the first CSR definitions was written by Keith Davis who referred to it as "business-men's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960, p. 70). In the following decades, scholars conducted extensive research related to CSR and adopted various definitions for this concept. Since then, the term CSR has developed both in practice and theory. However, the evolution of CSR definition did not deviate from the ground that was established in the second half of the 20th century. A more comprehensive

theory of CSR was presented by Carroll (1991) stating that “the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (p. 43).

More recently, The World Business Council for Sustainable Development (WBCSD) referred to CSR as “the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities” (WBCSD, 2001). To summarize, CSR is the belief that companies have obligations towards society and the needs of different stakeholders beyond their shareholders.

B. CSR Activities

As discussed above, firms are facing social, political, ethical, and many other types of pressures to be socially responsible. As a result of those pressures, today’s companies are continually seeking to differentiate themselves through their CSR activities (Jamali and Mirshak, 2007). So, companies engage in CSR through various activities such as donations, business ethics, going green, staff volunteerism, community partnership and corporate citizenship (American University of Beirut, n.d.). Other related subjects that have been associated with CSR programs include sustainable development, fair trade, ethical investment, socio-political activities, health programs, educational and cultural activities and poverty improvement (American University of Beirut, n.d.).

According to Ashridge Centre for Business and Society (2005), CSR activities are divided into seven main categories (figure 1). Each main group has distinguished relevant practical CSR activities and assembled them under consistent classes of CSR

activities. However, there is still significant overlap between the numerous groups and classes of CSR activities.



Figure 1 Groups of CSR activities (Ashridge, 2005, p.2)

The main groups of CSR activities as described by Ashridge Centre for Business and Society are as follows:

- A. Leadership, Vision and Values: This group consists of putting CSR at the heart of the company. It is about incorporating CSR in the firm's mission, values and vision. However, this needs to be followed by ensuring that CSR is included in the policies and procedures of the business. As well, the firm has to make sure that CSR is correctly implemented by empowering and training people to act responsibly and embedding the responsible behavior in the work's culture. Finally, the above can only be made possible with the presence of ethical leadership to inspire and promote ethical behavior inside and outside the firm.
- B. Marketplace Activities: This category is concerned with activities that are related to all types of customers and competitors. The firm needs to

establish responsible customer relations. This can be done by refraining from misleading marketing and providing correct and reliable product information. Also, the company needs to listen and react to customers' feedback and complaints. Another class of marketplace activities is product responsibility. The company providing the product should ensure the product safety and inform its customers of the related potential hazards. In addition, the responsible firm should make sure it is competing fairly in the marketplace by ensuring fair prices and avoiding aggressive and anti-competitive activities. Finally, responsible firms will make sure to engage with all types of people. This includes making sure their goods and services are reachable by minorities and people with lower social and economic statuses.

C. Workforce Activities: This category includes all activities related to fair treatment of employees. The responsible firm should adopt effective communication tools with its employees. In addition, the company should be responsible for training its employees and developing their careers. Also, the firm should promote a diverse work environment with equal employment opportunities and fair remuneration. Another important class of activities consists of promoting health, safety, and wellbeing of employees,

D. Supply Chain Activities: This category is about the firms' need to collaborate with their suppliers in order to encourage responsible and environmental performance throughout the value chain. The responsible enterprise should strengthen its relations with its suppliers by acting as a

fair and honest customer. Moreover, the firm needs to induce its social values and responsible practices throughout the supply chain. That is, firms must choose to do business with responsible suppliers and monitor the social performance of those suppliers. For example, companies can work closely with their suppliers to create practices that prohibit child and forced labor.

- E. Stakeholder Engagement: This group of activities is about what different stakeholders think a company should do to be socially responsible. First, companies should consider what are the main concerns and expectations of the stakeholders and consult with them to decide on the best way to approach those concerns. Moreover, the company should transparently report their CSR activities by initiating appropriate communication channels.
- F. Community Activities: Those are activities that deal with promoting the wellbeing of local and neighboring communities. Examples of such activities include giving employee time to volunteer in social activities and providing facilities and gifts to support community initiatives.
- G. Environmental Activities: This part is about integrating the environmental concerns into the company's strategy and decision making system. Such activities include using green technologies and renewable energy, regulating pollution and waste management, and ensuring responsible environmental performance both up- and downstream the supply chain.

C. CSR Disclosure and Theories

The disclosure of social welfare activities to the stakeholders is voluntary since those activities are discretionary. However, organizations report those activities as a way to develop a positive reputation among their stakeholders. According to Douglas et al. (2004), disclosing CSR initiatives depends on the country in which the firm is operating and on the related cultural aspects, government policies, and level of economic development. As well, the volume of the related disclosed information does not necessarily reflect the quality of CSR reporting (Douglas et al., 2004). Some firms choose to disclose their CSR activities in their annual report while others publish them in separate reports known as social and environmental report or sustainability report or CSR reports (Sutantoputra, 2009). As stated by Wadhwa and Pansari (2011), CSR reporting can be considered as a parameter to evaluate the social performance of companies.

According to Wadhwa and Pansari (2011), the disclosed CSR practices fall under the following groups:

- **Environmental category:** With the increased global warming threats and climate change, environment pollution is a major issue facing organizations. Therefore, most companies today are devoting a crucial part of their annual reports to environmental protection (Webb et al., 2009). When it comes to disclosing information related to the environment, Abbott and Monsen (1979) have found that the main categories in the annual reports are pollution control, product improvement, repair of environment, and recycling of waste materials.
- **Fair Business Category:** As stated by Ingram (1978), fair business practices stand for employment and advancement of minorities (based on race and sex)

and support for minority businesses. Ingram (1978) also denotes in his paper that US firms consider disclosed information related to fair business as CSR activities.

- **Equal Opportunity:** As reported by Abbott and Monsen (1979), equal opportunity is disclosed in annual reports as part of CSR practices. This category has many sub-categories such as minority employment, employment of women, advancement of minorities, advancement of women, minority business, and other disadvantaged groups.
- **Human Resources Category:** Wadhwa, K., & Pansari, A. (2011) define this category as the actions taken for the enhancement of the welfare of the employees. Researchers found that CSR-related HR activities are mostly disclosed under Employee health and safety (Abbot, 1979), diversity and human resources, health and safety, and human rights (Webb et al., 2009), and training and personnel counseling (Abbot, 1979).
- **Community Involvement:** Ingram (1978), Abbot (1979), and Webb et al. (2009) considered disclosed activities pertaining to community involvement as CSR practices. According to Abbot (1979), this category includes public health and education.

Firms engaging in CSR should know their basics and philosophy, and understand related issues. In his study, Carroll (1979) classified CSR categories into four types: economic, legal, ethical, and discretionary (figure 2). First, the economic type is simply being economic in nature such as providing a profit on investment to owners and shareholders, creating employment and paying workers justly, and finding

new inventions in the business (Carroll, 1979). As for the legal part, it includes fulfilling the legal requirements of the firm while functioning with its goals in the society, while laws restrict the limits of tolerable behavior (Solomon, 1994). Thirdly, ethics reveal business to become moral and do what is right, just, and fair, as well as being arrayed by law. Moreover, ethics motivates the firm to avoid social harm, respect people, which are usually driven by religion and human rights commitments (Lantos, 2001). And finally, the discretionary part is where firms have unrestricted decisions and judgments for planning their humanitarian contributions (Carroll, 1979). In 1991, Carroll organized the above four classes into a pyramid, with the economical responsibility as the base and the discretionary one as the summit.

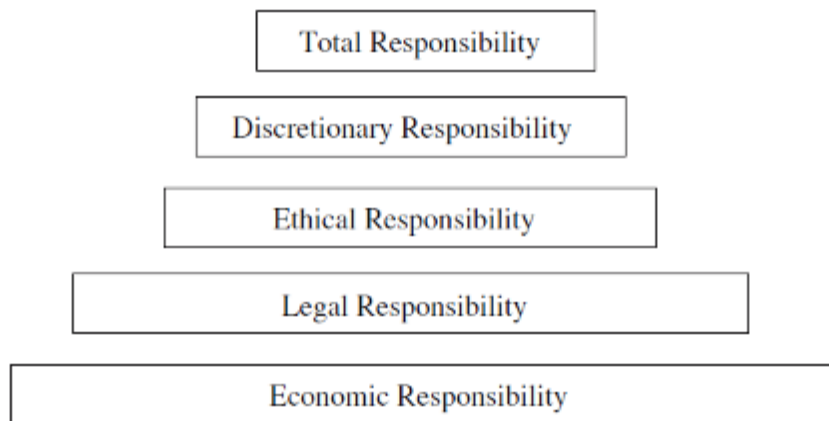


Figure 2: A hierarchy of Corporate Social Responsibilities (Carroll, 1991)

Another perception of CSR was presented by Wood (1991) where she studied the corporate social performance (CSP) model and refined the different categories of

responsibilities: the principles motivating responsible behavior, the processes of responsiveness and the outcomes of performance (Figure 3). CSP is defined as “a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate(d) to the firm’s societal relationships” (Wood 1991, p. 693). Therefore, firms have an ethical duty to maximize CSP. This wider context of CSR considered CSP as the product of a business firm’s structure of the principles, processes and outcomes of societal relationships (Wood, 1991).

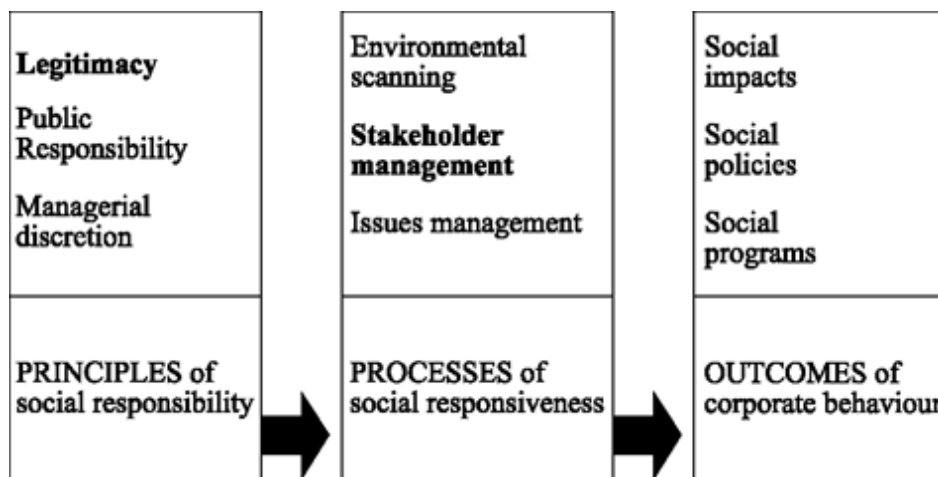


Figure 3: Corporate social performance model (Wood, 1991)

In their paper, Jamali and Mirshak (2007) examined the two methodologies of Carroll (1979), who tackled the four-part definition of CSR rooted into a theoretical

model of corporate social performance (CSP), and Wood (1991), which placed CSR into a complete framework.

The two models of Carroll (1979) and Wood (1991) are complementary and can be successfully integrated (Jamali and Mirshak, 2007). Carroll's (1979) classes of CSR can be used as the categories within which the CSR principles, processes, and outcomes are endorsed. As well, Wood's (1991) model can be considered as a continuity of Carroll's influence within each domain of responsibility in terms of economical, legal, ethical, and discretionary. An integrated CSR approach would involve the three aspects of CSP (principles, processes, and outcomes) across all domains of the firm's operations (economic, legal, ethical, and discretionary). As for reactive firms, they would apply an incomplete devotion to the social responsibility principles, processes, and outputs across various domains, and prioritize their responsibilities by concentrating on one or some of the pillars at the expense of other responsibilities (Wood, 1991).

D. CSR in Developing Countries

Managers in developing countries are increasingly aware of the importance and benefits of CSR practices in today's business world (Jamali et al., 2009). Most studies on CSR have been conducted in developed countries compared to few researches in developing and emerging countries (Belal, 2001). However, since CSR conditions are driven by the cultural context, companies in different countries will react differently to the environmental and social pressures around them (Jamali and Mirshak, 2007).

In developing countries, according to Jamali and Mirshak (2007), CSR initiatives in the private sector are needed to promote this concept in the society,

industries, and different stakeholders. Firms in those countries should attain more methodical planning and have stronger determination to set a new trend of CSR programs. Once firms start adopting CSR in those countries, competition and other firms will be more inclined to commit to CSR. CSR approach in developed countries requires a different innovative responsibility management. And for this step to be successful there should be coordination of resources among public sector, private sector, and non-governmental organizations.

Most studies concerning CSR have been conducted about European, Asian and American countries. However, the Middle East area has its own properties which differentiate it from the rest of the world. Those characteristics include the unstable political and security situation, conservative culture, high corruption rates, and weak labor law. As for the Arab countries in particular, corporate social responsibility appears to offer new opportunities to prosper in the future. The fall of recent regimes in many countries will free the private sectors from the chains imposed by old governments. Therefore, firms will have more prospects to align their line of business with the society's needs and objectives. As a matter of fact, many reasons behind the recent Arab revolution could offer fertile ground for CSR such as poverty, discrimination, social justice, and safety, health and psychological welfare of the entire population (Haidar, 2011).

E. CSR Importance in Lebanon

An important aspect of the Lebanese society is the absence of regulatory bodies. This fact gives the firm the discretion of whether to be socially active or not.

The government has weak or no influence in supporting or imposing such initiatives. So, each firm will run its business according to its own code of ethics.

Jamali and Mirshak (2007) analyzed the CSR approach and philosophy of companies in the Lebanese context. They found out that local and international organizations in Lebanon adopt a primitive CSR approach, with none of the organizational objectives modified to achieve CSR targets. However, CSR in Lebanon is still considered an embryonic initiative. The CSR understanding and its practices are also shaped by specific national and institutional realities which might create a niche to promote CSR actively or mutely. As for Lebanon, the atmosphere of war and its circumstances didn't promote CSR principles and the public sector has not done enough to leverage CSR successfully (Jamali and Mirshak, 2007).

According to Jamali et al. (2009), corporate social responsibility is being reviewed particularly in terms of approach and intervention. Two models are on offer: the classical paradigm towards CSR and the modern one. The classical model ties social responsibility of business firms to supplying merchandises and facilities to the end user (Quazi and O'Brien, 2000). While the modern prototype, according to Steiner and Steiner (1997), takes businesses as an integrated system within a wider society with an affiliated obligation towards different key players or stakeholders.

Although businesses around the globe are being pressured to adopt CSR, the classical model of CSR is still widely reported in many countries (De la Crus Deniz and Suarez, 2005; Quazi and O'Brien, 2000). This is due to the differing cultural context and institutional realities in various countries. In their article, Jamali et al. (2009) followed the two-dimensional model of CSR (figure 4) introduced by Quazi and

O'Brien (2000) in order to analyze the managerial perception of CSR in the Middle East. This model incorporates both the classical model of CSR and the modern one discussed above. This two-dimensional model of Quazi and O'Brien (2000) comprises two axes. First, the horizontal axis determines the variations in social responsibility from narrow responsibility representing the classical view of CSR to wide responsibility embodying the modern view. Secondly, the vertical axis encompasses two extremes of the perceptions of the impact of CSR actions. The first extreme presented by Quazi and O'Brien (2000) is the financial burdens associated with CSR practices; the second extreme cherishes the benefits from CSR activities. As a result of the intersection of the horizontal and vertical axes (figure 4), Quazi and O'Brien (2000) argue that there are four views of CSR: the modern view, the socio-economic view, the classical view, and the philanthropic view.

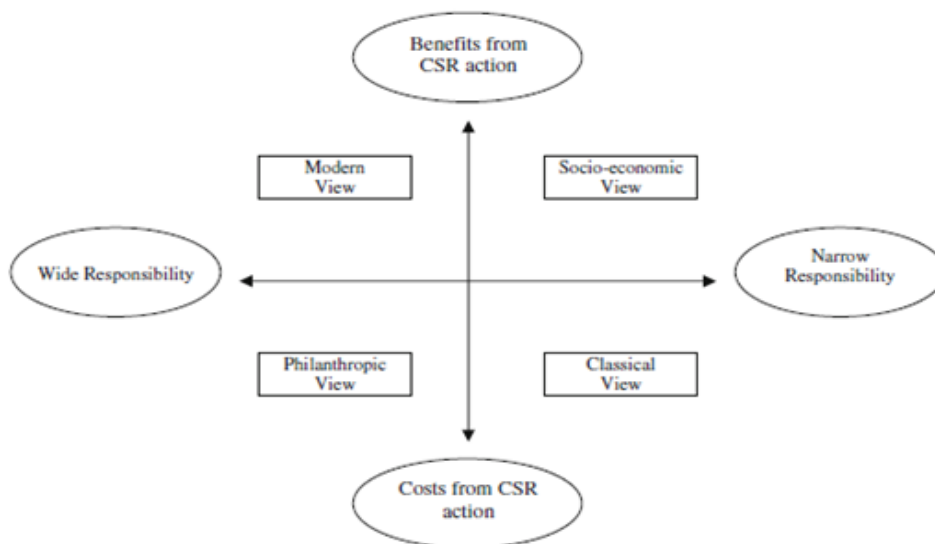


Figure 4: A two-dimensional model of corporate social responsibility (Quazi and O'Brien, 2000)

In their comparative study, Jamali et al. (2009) aim at understanding the managerial perceptions of CSR in Lebanon, Jordan, and Syria through an empirical study including 333 managers. Jamali et al. (2009) found out, based on a quick cluster analysis, that Lebanese managers fit under three main significant clusters, representing the classical view (19%), the modern view (61%), and the philanthropic view (20%). Moreover, the modern and the classical overview of CSR were most common among the Middle Eastern countries. However, Jamali et al. (2009) note that the modern cluster was more salient in Lebanon. So, there is a large percentage of managers in the Lebanon who believe in promoting CSR as a way to add value to their society. The study concluded that managerial inclination towards CSR may be more or less consistent in various institutional settings.

F. Background Information about Lebanon and the Prevalence of SMEs

Lebanon is a Middle Eastern Arab country located on the Mediterranean. According to the World Bank (2013), the population in 2012 was 4.425 million, within an area of 10,425 km². The World Bank (2013) classified Lebanon as an upper middle income class country, with a \$42.95 billion GDP in 2012.

The Lebanese budget deficit has widened by around 70% by the beginning of 2013 (The Economist Intelligence Unit, 2013). The country's economy is still recovering from the impacts of past wars which Lebanon has endured. Since 1980's Lebanon suffered from the civil war and the Israeli invasions in addition to the 2006 Israeli war and internal clashes which affected the stability of the economy. The consequences of this instability weakened economic performance, damaged consumer

confidence, and halted the tourism sector which is a main pillar of the Lebanese economy.

The European Union Commission (2003) defines SMEs as firms with less than 250 employees and a turnover not exceeding 50 million Euros. SMEs represent the main active players in the Lebanese economy. They account for 97% of total enterprises in Lebanon and employ more than 51% of the employed population (Khoury, 2013). The top three sectors of the country are retail sale covering 44% of the SME business sale, and vehicle and machine sale and maintenance accounting for 11% of business transactions (figure 5). Other sectors include services to individuals, textiles and leathers, agroalimentary drinks, hotels and restaurants, health and social action, and wholesale.

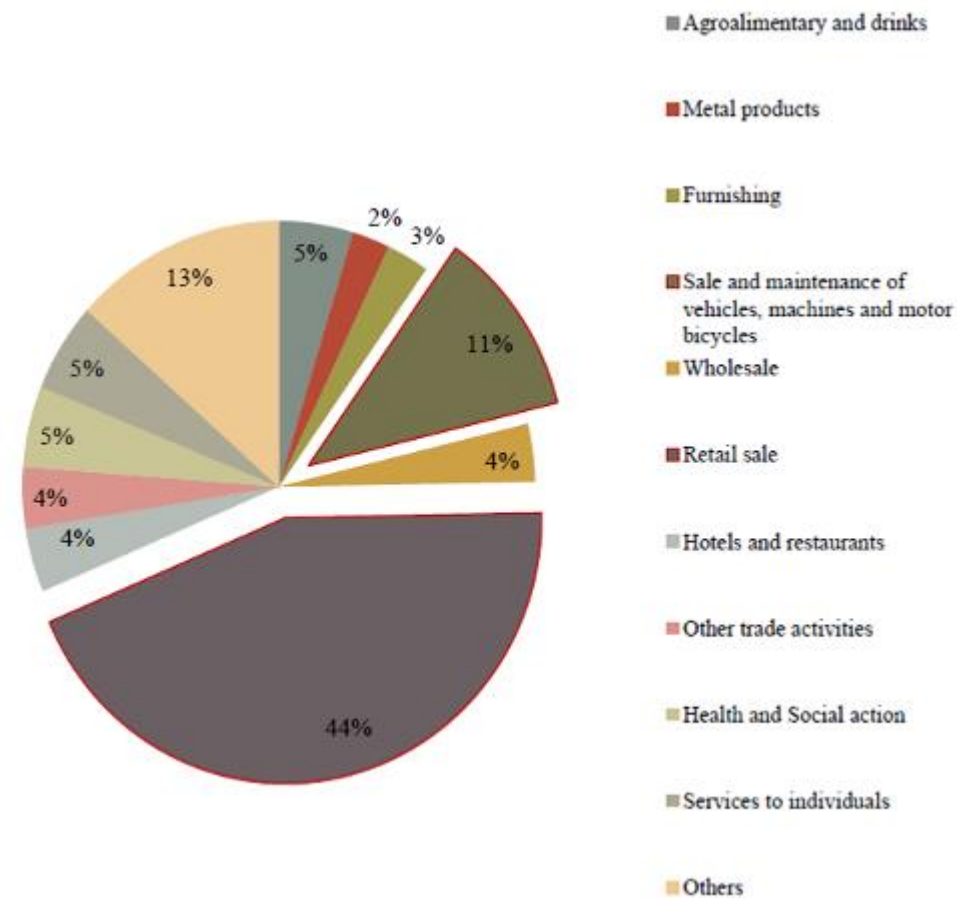


Figure 5: SME's in Lebanon, source: Census of Buildings Dwellings and Establishments 2004, CAS

SMEs in Lebanon face many business challenges (Khoury, 2013). They operate in an environment of political and security instability, which increase costs of production and macroeconomic ambiguity. Moreover, SMEs are affected by the disarray in the legal and administrative bodies which is considered as a main challenge facing their development. SMEs are also suffering from the inability to meet with international standards that would allow them access to different markets; this could be due to the weak research and development in the public and private spheres.

Despite these challenges, SMEs are estimated to bloom and increase the foreign and local investment in Lebanon, since this Middle Eastern country offers an appealing environment for growth due to the high skilled personnel and good educational system that ensure the language provision. However, SMEs in Lebanon still rely on the steadiness of the Lebanese situation and accessibility of primary services and infrastructure.

G. SMEs and CSR

In the past, CSR research focused solely on multinational corporations (MNCs). However, studies related to SME CSR remain rare (Santos, 2011). This is due to the fact that CSR activities in large firms are easier to identify (Perrini et al., 2007). As well, the motivations, strategies and context are different at the SME level (Santos, 2011). On the other hand, SMEs constitute 95% of the world enterprises and are responsible for employing 60% of the private sector (Ayyagari et al., 2011). SMEs offer opportunities for enterprises to advance and operate overseas (Raynard and Forstater, 2002). So, the pressure posed on SMEs by the global community to adopt CSR activities are no less significant than those imposed on MNCs. Recently, small and medium enterprises (SMEs) have gained increasing attention in the CSR debate in both developed and developing countries (Raynard and Forstater, 2002). The focus of the public and CSR advocates has gradually shifted towards SMEs (Murillo and Lozano, 2006).

Many authors have recently reviewed and argued about the applicability and effects of CSR in SMEs. A number of authors concluded that CSR in MNCs is

incomparable to the social responsibility of smaller firms. First, Jenkins (2004) gave two interpretations for the challenging position of SMEs in the CSR literature. Jenkins (2004) explained that SMEs are a problem within the CSR debate because they are failing to adapt and engage effectively. An alternate explanation is that the CSR concept is the root of the problem because it is not comprehensive enough to include SMEs (Jenkins, 2004). In addition, Castka et al. (2004) suggested that the term “corporate” should be widened to integrate businesses and industries of diverse structures, scales, and ownership. Also, Besser and Miller (2001) considered that the word “corporate” in CSR represented only one group of business and cannot be the defining factor of social responsibility tendencies. Accordingly, they substituted the word corporate with business and suggested to use the term business social responsibility instead of corporate social responsibility. In addition, Santos (2011) found that CSR practices in SMEs are unstructured and poorly planned. This is due to the lack of applicability of CSR theory to SMEs (Santos, 2011). The conceptual understanding of CSR in SMEs is much related to the regulatory requirement, and, as a result, it is not sufficient and adaptive to smaller firms (Santos, 2011). As for the practical part, CSR may be implemented in the day-to-day operations solely for some economic benefits that may enhance the SME’s business (Santos, 2011). While the CSR approach of major corporations focus on both the internal and external environments, social responsibility in SMEs is more tuned to the internal settings and day-to-day management processes. Santos (2011) added that the increasing global competition is causing large companies to implement procedures that overlap with the concept of CSR. This behavior is imposing preset CSR practices for smaller firms to follow. Hence, social responsibility in SMEs risks losing its voluntary aspects and becoming a business obligation imposed

by bigger firms (Santos, 2011). Fuller and Tian (2006) state that SMEs act responsibly “because their legitimacy with immediate stakeholders, employees, customers, suppliers, and their local community is at stake in a far more direct and personal way than it is with major corporations.” So, SMEs adopt personalized management approaches, which affect their CSR approach (Jenkins, 2006). As well, SMEs and family owned firms use different means of communication to inform their stakeholders about their CSR practices (Suprawan et al., 2009). While corporations disclose their CSR reporting in a formal manner, SMEs are likely to approach their stakeholders in a more personalized manner. As well, while Carroll’s (1979) discretionary responsibilities are at the pyramid summit for major corporations, aspects of those responsibilities such as training and product quality are identified as the base or foundation for to CSR in SMEs (Suprawan et al., 2009).

In addition, many scholars have addressed the issue of developing and implementing CSR through formal management system (Mangelsdorf, 1999; St. John, 1980). While large companies are characterized by formal CSR strategies, SMEs were found to develop and practice informal CSR strategies (Russo and Tencati, 2009). This is because SMEs depends on informal and personal factors such as owners’ orientation, local operations, and internal sources (Vyakarnam et al., 1997). In this respect, SMEs need to implement more formal CSR tools such as codes, reports and social and ethical standards. However, Russo and Tencati (2009) state that SMEs lack the financial resources, time, energy and competencies required to implement such formal system. Also, with the absence of national regulations abiding SMEs to social and environmental work, it is unlikely that those firms will formalize their CSR policies (Tilley, 2000).

Another important aspect of SMEs is thus the personalized management style. Murillo and Lozano (2006) state that impersonal and personal relationships are crucial in the SMEs context. They suggest that SMEs' understanding of responsible behavior and ethics is a result of the interaction between the personal and social with the business operations in SMEs. Stakeholder relationships in SMEs may be more informal, founded on trust and categorized by intuitive and personal engagement (Jenkins, 2004). Management in SMEs focuses on specific aspects of CSR within work–family issues, equity, health, well-being, and worker participation (Vives, 2006). This familiar environment is also illustrated by the caring relationship that is created among the employees (Grayson, 2006). Jenkins (2004) identified this interaction among employees as co-employment. Generally speaking, SME owners are devoted to their businesses and they integrate their values in their everyday practices (Murillo and Lozano, 2006).

On the other hand, many scholars sought to prove that CSR in SMEs does not considerably differ from CSR in MNCs. Although they differ in their operation systems, Grayson (2006) points out that SMEs and MNCs share the same ethics across companies and nations. In accordance, Grayson (2006) proposed a seven-step model for Corporate Social Opportunity for small firms. This model aimed at guiding owners and managers of SMEs to stimulate CSR through their business cases. The steps are as follows:

1. Business case,
2. Evaluation of the company's resources,
3. Investigation and identification of motives for social responsibility commitment,
4. Committing to social responsibility,

5. Strategizing CSR,
6. Recognition and engagement of stakeholders,
7. Measurement and reporting.

In addition, Grayson (2006) created a CSR strategy for SMEs by adapting a previous model for big corporations. As a matter of fact, social responsibility is pliable to SMEs with some adjustment of the language and methodology. According to Roberts et al. (2006), SMEs already cope with different aspects of the social, economic, and environmental effects, but those differentials are not expressed in terms of CSR.

SMEs have different motivations to promote CSR. In most SMEs, CSR is practiced as part of ethical and religious values which are a direct mirror of managers or owners personal influence, according to Vives (2006). Jenkins (2004) states that SMEs approach CSR differently since they have the human component at the core of their work. This might lead SMEs to sacrifice some of their profits while helping to achieve a better cause. This type of CSR is referred to as “silent CSR” or “unknowingly socially responsible” (Jenkins, 2004; Longo et al., 2005).

Another reason for SMEs to apply CSR is the associated economic benefit. Sen (2011) states that, although primary stakeholders (employees, customers and suppliers) are vital for SMEs, social engagement with secondary stakeholders is more crucial to the development of the SMEs. Secondary stakeholders are defined as those who are not involved with the firm and are not vital to its operations (Clarkson, 1995). CSR pointed toward those secondary stakeholders will result in more social capital and economic benefits for the SMEs that need to compensate for their limited resources (Sen, 2011). Also, Clarkson (1995) argues that SMEs need to socially engage with both kinds of stakeholders to survive in the ever-changing working environment. On the other side,

Sarbutts (2003) claims that small business would benefit from embracing and applying CSR more than bigger firms and MNCs since they are more flexible and less affected by fluctuations in market and price ratios.

Many authors have addressed the concept of social capital within the context of CSR (Ortiz Avram and Ku'hne, 2008). Social capital, from a general perspective, refers to "social networks, the reciprocities that arise from them and their value within the business environment" (Sen and Cowley, 2013, p.416). It is associated with numerous features of business ethics including goodwill, transparency, and good citizenship (Spence et al., 2003). In this respect, there are two theoretical models prevailing: one presented by Bourdieu, and the other by Putnam. Bourdieu (1986) stressed on the role played by social capital in creating unequal power relations. He explained that social capital brings some privileges to a group or an individual through the networks and connections it provides. In contrast to Bourdieu who regards social capital as an attribute of an individual, Putnam (1993) presented this concept as an attribute of a community (Sen and Cowley, 2013). Putnam (1993) referred to social capital as social networks, norms and the reciprocity that result from them. Accordingly, social capital will lead to social equilibria where the members of the group will co-operate to accomplish their shared objectives.

In order to stay profitable, SMEs owners have to develop strategies to create long-term competitive advantage. Subsequently, they rely on the social capital created by their networks to overcome the challenges they face. First, such network ties provide SMEs with resources and information that support their operations (Liao and Welsch, 2005). As well, social capital improves the SMEs' market positioning by compensating their limitations such as small sizes and lower economy of scale (Spence and

Schmidpeter, 2003). In addition, this network of interpersonal relationships will establish a base for future cooperation among members. Finally, Spence et al. (2003) note that social capital grows with formal engagement, volunteerism and charity. Similarly, Sen and Cowley (2013) conclude that CSR in SMEs revolves around networking with a range of stakeholders. Those stakeholders are not chosen based on their level of engagement in the business but rather by the social capital these connections generate for the SME.

According to a study done by The Edinburgh Group (2013), more than 90% of firms in developing countries are SMEs excluding the agricultural sector. Jamali and Mirshak (2007) clarify that promoting CSR in the SMEs is crucial, especially in the developing countries, as firms in those countries are importing the concept of CSR from the West. Moreover, Amaeshi et al. (2006) and Visser (2008) found out that CSR in developing countries is becoming widespread, although informal, silent, and more philanthropically oriented, and is usually strongly embedded in cultural and religious principles.

Jamali et al. (2009) examined the CSR orientations in SMEs within a theoretical perspective. They noted that there is a need to translate the theoretical insights of CSR in SMEs into empirical investigations. The authors stressed on the social attributes of SMEs in the context of CSR, while studying the Lebanese context which was unfamiliar yet with CSR. Jamali et al. (2009) concluded that “Lebanese SMEs have indeed nurtured peculiar CSR orientations, revolving around strong inspiration, intimate and personalized stakeholder relationships, and moderate innovation allowed through greater flexibility.” As well, the authors argued that CSR in Lebanon has a philanthropic orientation and is affected by the personal and religious

values. According to Jamali et al (2009), the weakness of SMEs is due to the poor understanding and integration of CSR in the business case. Finally, the findings of Jamali et al. (2009) showed that the agenda of CSR in Lebanon needs to be considered as a source of opportunity for both SMEs and their internal and external stakeholders and not as a risk.

H. Role of Top Management in Promoting CSR

1. CSR and Role of CEOs in MNCs

Research in the domain of corporate social responsibility (CSR) is continuously expanding especially in the sub-domains of business management, government policy and society (Godos-Díez et al., 2011). However, a very important factor of CSR is the role played by top managers (Quazi, 2003; Swanson, 2008). As a matter of fact, it is the top managers who encourage the adoption of CSR and business ethics throughout the company (Waldman et al., 2006). Those managers are the ones responsible for integrating these CSR practices through the course of strategic management (Singhapakdi et al., 2008). In general, socially responsible corporations are headed by managers who are socially responsible and are prepared to, from time to time; incorporate CSR actions at the expense of the firm's profit goals (Hunt et al., 1990; Wood et al., 1986).

Godos-Díez et al. (2011) explored the importance of CEOs to corporate social responsibility from the perspective of the Agency–Stewardship approach. This model studies the difference between agents and stewards according to personal and situational attributes (Davis et al., 1997; Chrisman et al., 2007). Agents tend to act

opportunistically and are only interested in improving their own welfare. They are only concerned with maximizing the value of their shareholders in the presence of an efficient control body (Godos-Díez et al., 2011). On the other hand, according to Davis et al., (1997) and Hernandez (2008), stewards are characterized by behaving morally in the interest of their firm, stakeholders and society in a cooperative way. Thus, CEOs abiding by the stewardship model will consider the ethical and social concerns and, accordingly, would stimulate CSR actions in their business.

Agency model and Stewardship model are the two approaches that determine how top managers will run their firms given the difference between ownership and control (Chrisman et al., 2007; Davis et al., 1997; Wasserman, 2006). Agency theory is an approach to corporate governance in which the “agent” managers will seek to maximize their own utility by sacrificing the benefits of the firm (Jensen and Meckling, 1976). In the presence of an efficient control mechanism, those agents will be forced to maximize the shareholders’ value. Consequently, those managers will only focus on generating short-term profit to adhere to the control system in place (Caldwell and Karri, 2005). Hence, their opportunistic behavior will prohibit them from accounting for the long-run welfare of the firm. This perception is clearly free from moral values and ethics, which makes it hard to approach the social responsibility context (Godos-Díez et al., 2011). However, business today is run in a cooperative social environment where moral and socially responsible managers do exist (Frank, 2004; Ghoshal, 2005). Therefore, agency theory is not cumulative and should be complemented by different theories to adapt to emerging social needs and demands (Godos-Díez et al., 2011).

Stewardship theory is a new paradigm of understanding manager profile (Davis et al., 1997). It examines corporate governance from a psycho- sociological perspective. Godos-Díez et al. (2011) defined psychological factors as those characteristics that affect the manager's behavior such as use of authority and motivation. As for situational aspects, they include the manager's perspective of some features of the firm such as hierarchal model, management philosophy, and organizational culture (Godos-Díez et al., 2011). Steward managers focus on pro-organizational and collectivist demands while making strategic decisions instead of their individualistic needs (Chrisman et al., 2007). Stewards will secure the welfare of all stakeholders and not only those of the shareholders. Their decision making process will be based on what those top managers view as the best interest of the group. Thus, the purpose of this theory is to fulfill the competing interests of all stakeholders by maximizing the firm's long-term interest (Hernandez, 2008). Managers acting as stewards tend to honor the citizenship responsibilities of the company to the society (Manville and Ober, 2003).

According to Davis et al. (1997), managers act as agents when they are driven by extrinsic factors such as wages, working circumstances, and work status. In this case, managers will use their managerial authority to control the behavior of their subordinates and would have no sense of belonging to the firm. The firms with this type of management are characterized by high power distance and individualistic culture and control-based management. Alternatively, managers who act as stewards are motivated by intrinsic rewards such as accomplishment, personal satisfaction and recognition (Davis et al., 1997). Those managers use their personal power to motivate the people around them and have a high level of identification with their firm, fostering

involvement-oriented management policy and a collectivist culture (Davis et al., 1997). Therefore, according to their psychological and situational factors, managers will either behave like agents or stewards affecting differentially the strategic decision making system of the organization, including its CSR orientation.

Although CSR investments include costs incurred to improve the welfare of the stakeholders and society, they do however create long-term value for the firm (Barnett, 2007). Barnett (2007) stated that firms applying CSR practices are distinctive from others due to their public welfare and unique relationship with their stakeholders. Those CSR initiatives will reinforce the conditions within the socially responsible firms and their business environment as a whole. Therefore, by doing what is right, responsible companies will increase their legitimacy (Sethi, 1979) and competitive advantages (Porter and Kramer, 2006), enhance employee morale (Parket and Eibert, 1975), avoid social sanctions, and create positive attitudes towards the firm and its products/services (Sen et al., 2006).

In favor of the above arguments, the promotion of CSR can be somehow related to the manager profile. Top managers acting as agents will be sensitized to the costs of ethical and social obligations because their objective is to achieve short-term profits. Promoting ethical and socially responsible actions is expensive, which would lower the market competitiveness of the firm and decrease its profitability in the short-term (Friedman, 1970). As well, Barnett (2007) states that CSR opponents claim that assigning restricted corporate resources to ethical and socially responsible actions would lead to inefficient goals claiming that it would be better used in improving value of shareholders. Therefore, firms with this type of managers should set a control

mechanism to bring together the interests of the agents with that of the shareholders. On the other hand, top managers acting as stewards would be hindered by such control mechanisms because it would limit their social ties and focus on extrinsic values (Sundaramurthy and Lewis, 2003). Therefore, managers who behave like stewards will perform better without constant monitoring and, thus, implement CSR successfully (Godos-Díez et al., 2011). Hemingway and Maclagan (2004) suggest that CSR actions are dependent on the degree of freedom given to top managers in the decision making process.

In their paper, Godos-Díez et al. (2011) examined how important are top managers to CSR implementation. Due to the lack of secondary data, they collected a questionnaire from 149 CEOs from a sample of large-sized companies in Spain. After implementing a mediated regression analysis for the variables collected from the survey, the authors reached interesting conclusions relating CEO behavior to CSR implementation. The first conclusion is that top managers following the steward model will give more salience to ethics and CSR. Also, firms managed by managers behaving as stewards will implement more CSR practices than those with agents. Finally, CEOs will implement ethical and social practices if they are convinced by the related social effectiveness. This point underlines the importance of top managers' perception of CSR for putting those social activities into practice.

Werbel and Carter (2002) addressed the role of CEOs in CSR from a different perspective. They examined the degree to which CEOs influence charitable giving to be aligned with their personal interests. Werbel and Carter (2002) found out that the CEOs' interests, measured by their affiliations with not-for-profit organizations, were

significantly related with the choice of foundation charitable allocation. However, this association did not hold when the firm or industry has institutionalized the activities of charity giving to specific cause. As well, results showed that CEOs behaving as agents may be tempted to be socially active for numerous opportunistic reasons such as entertainment privileges, education privileges for family members, gifts, and employment opportunity (Werbel and Carter, 2002). The findings also support the stewardship theory where some CEO affiliations making decisions are in the best interest of the stakeholders. Nevertheless, the public views too much CEO discretion as undesirable (Werbel and Carter, 2002). Consequently, it has become customary for companies to found an independent foundation board to isolate CEOs from foundation giving decisions. The authors also found that executives support their favorite charities using company's resources (Galaskiewicz, 1985). The important point related to this issue is whether the "favorite" charities are aligned with the mission and strategic vision of the donating firms. In this context, Davis et al. (1997) suggested that the steward model suggests that top managers may reconcile self-interest and organizational needs. So, if the charities affiliated with the CEOs are related to the company's mission, then their selection by the top managers is perfectly logical.

On the other hand, Deckop et al. (2006) explored the link between CEO pay structure and corporate social performance (CSP). Deckop et al. (2006) noticed that the pay structure of the CEO is related to CSP. The more the pay structure of executives is directed toward the short-run (in this case the percentage worth of bonus in term of the total pay package), the less the firm's CSP. This is due to the fact that CSR will decrease the short-term profits of the company that is already dealing with scarce

resources. Yet, the results of Deckop et al. (2006) showed that the more the CEO pay is long-term oriented (measured by percentage worth of stock options compared to the total pay package), the higher the firm's CSP. The authors believe that the reason behind this is because the long-term benefits of CSR override its short-term costs.

McGuire et al. (2003) also examined the relationship between CEO incentives and CSP but found different results than those of Deckop et al. (2006). McGuire et al. (2003) found no significant relationship between executive incentives and strong social performance. In contrast, they found a positive relationship between high levels of salaries and long-term incentives for CEOs and poor social performance. So, high compensation categories may result in a less socially responsible firm. In order to measure up to the performance associated with these high incentives, CEOs might engage in non-social investments that can increase the profits and value of the firm.

On another note, many authors studied the relationship between the CEO's personal characteristic and the implementation of CSR. First, the manager's age might influence the reinforcing of ethics and social responsibility (Godos-Díez et al., 2011). Ideas of younger managers are more attuned to wide social responsibility fields (Arlow, 1991). In addition, younger managers are more open to fresh ideas (Mellahi and Guermat, 2004) and to the moderately new stakeholder approach (Ramasamy et al., 2007). However, the age effect is controversial. Some authors thought that managers would become more ethical as they get older (Singhapakdi et al., 1999; Terpstra et al., 1993) and they would prioritize personal growth on wealth (Hall, 1976).

Moreover, Waldman et al. (2004) applied transformational leadership theory to understand the role of CEOs in CSR. Transformational leadership is defined by the level of self-sacrifice that the leaders can present for the interests of a larger group (Bass, 1985). This group can include internal collectives or external communities beyond the leader's firm (Bass and Steidlmeier, 1999). Bass (1985) broke down transformational leadership into two components: charismatic and intellectual. In respect to CSR, intellectually-inspiring leaders will pursue responsible actions especially around areas that are related to the firm strategic vision such as environmental performance and product quality (Waldman et al., 2004). Those leaders will focus a lot less on social basis areas such as community relations. On the other hand, Waldman et al. (2004) found no direct association between charismatic leadership and social activities of the firms. This is because not all charismatic leaders will have values associated with CSR.

As well, Manner (2010) addressed the influence of CEO characteristics on corporate social performance. The findings showed that, for US firms, strong CSP is positively related to the CEO having a bachelor's degree in humanities, having a functional career experience especially in areas that emphasized on stakeholders group, and being female. Instead, CSP was found to be negatively related to CEO having a bachelor's degree in economics and to their short-level compensation. The study concluded that CEOs have more influence in affecting exemplary CSP than in causing poor social performance.

2. CSR and Role of Owners of SMEs

As stated above, Agency model and Stewardship model are the two approaches that determine how top managers will run their firms given the difference between

ownership and control. However, SMEs are differentiated from large corporations by many aspects one of which is the hierarchical structure. Unlike MNCs, SMEs are owner managed. In this perspective, the owner-manager is the main person responsible for developing and promoting CSR practices. The different nature of SMEs from MNCs makes their approach and engagement in CSR different in important aspects. Knowing that SMEs are an important pillar of the socio-economic system, the role of the entrepreneur/manager/owner is extremely important. Scholars have increasingly pondered CSR in SMEs and the related role of owners.

Jamali et al. (2009) studied the managerial motives to promote CSR in SMEs. They highlighted the model of Hemingway and MacLagan (2004) in understanding those motivations. Hemingway and MacLagan (2004) proposed two significant dimensions (figure 6) to analyze CSR in practice: the motivation basis (strategic versus altruistic) and the locus of responsibility (corporate versus individual). The strategic motive seeks to align the benefits of managerial interests with societal interests, while the altruistic motive is oriented toward philanthropic activities regardless of whether the firm will gain concrete actual benefits or not. The corporate locus of responsibility assigns responsibility for social engagement to the firm itself while the individual locus of responsibility attaches responsibility to the individual managers as champions of CSR. The results of Jamali et al. (2009) suggested that the motivation in SMEs was altruistic while the locus of responsibility was individual. Those results supported the notion of the role of individual actors in making CSR decisions (Wood, 1991) particularly in smaller firms.

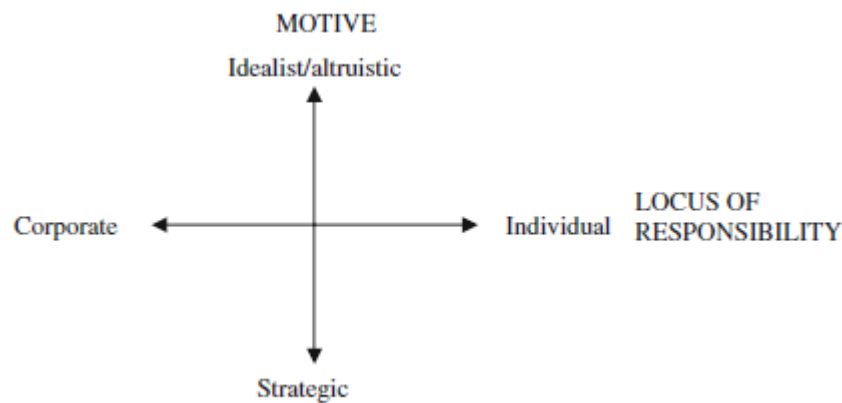


Figure 6: A framework for analyzing CSR (adapted from Hemingway and MacLagan, 2004).

Suprawan et al. (2009) argued that CSR in the SME sector is not mainly concerned with charitable donations but with stakeholder issues. This suggests that, in order to form a CSR reputation, SME owners should seek to develop healthy relationships with primary stakeholders. Owners should focus as well on developing a customized approach for each stakeholder group. For example, owners can initiate interactive communication when dealing with employees and other internal stakeholders (Suprawan et al., 2009).

Another study by Sen (2011) inspected if SME owners voluntarily engage themselves with different associations. According to the study conducted in Australia, all SME owners were found to be connected with some organizations that were not part of the legal ecosystem. Time constraints were found to be a major barrier that prohibited SMEs from engaging in CSR. On the other hand, SME owners-managers attempted to make up for their scarce resources and market power by standing out in CSR activities. Benefits that motivated owners to be socially engaged are networking and information

sharing, enhanced business profile, strengthened negotiation power, and society's support (Sen, 2011).

Jenkins (2006) studied the limitations on and opportunities for CSR in SMEs by investigating different areas including the influence of managerial values. He considered that "CSR practices can often take a great leap forward when championed by a senior manager" (p. 244). In SMEs, this champion would be the owner-manager or the managing director. Those champion needs to show strong leadership characteristics in order to boost CSR values and agenda throughout the organization. As well, top-level management's devotion is essential in order for CSR to be successful in a firm. In SMEs, "the owner-manager is often both the driver and implementer of values" (Jenkins, 2006, p. 250). SME owners demonstrate their personal values through their decision making. Jenkins (2006) found that the owner-manager of SME is the one responsible for controlling CSR initiatives by shaping the organizational culture according to their own personal beliefs. He stated that SME owners believe that their personal ethics are a powerful driver of the company's social orientation. As well, owner-managers with high social commitment are likely to exercise and promote CSR activities outside the boundaries of their enterprise. This would classify SME owners in the social priority frame proposed by Spence and Rutherford's (2000). Those authors presented four social perspective frames of SMEs— profit maximization priority, subsistence priority, enlightened self-interest and social priority (Table 1). Owners pertaining to the first frame put profit as their top goal. CSR is not a priority in those financially-oriented SMEs. Secondly, the subsistence priority frame represents owners who are mainly concerned with the long-term survival of their firms. Thus social issues are of less significance compared to survival aspects. Thirdly, enlightened self-interest

deals with owners that consider the short and long-term aspects of CSR to their business. They associate social responsibility with good public relations and marketing material. Finally, the social priority frame is when social values are incorporated in the business life and are more important than maximizing profit. In this case, owner-managers consider these values as part of the organizational culture. Those owners were found to be socially concerned and active entrepreneurs who regulate their lifestyle and business accordingly. In this respect, Spence and Rutherford's (2000) proposed that firms are not solely motivated by economic results but also but social support. Therefore, SME owners tend to have a sense to commitment and responsibility towards their society.

Table 1: The four social perspective “frames” of SMEs (adapted from Spence and Rutherford, 2000)

SME Social Perspective Frames	Description
Profit maximization priority	The drive for maximization profit is the company's top priority
Subsistence priority	Long-term survival through ensuring security of livelihood; maintenance of a certain standard of living
Enlightened self-interest priority	Active in social issues with the conscious awareness of positive influence that the owner-manager perceives this will have on their business
Social priority	Social values and actions are integrated into the business life and take priority over maximizing profit

In addition, Jenkins (2006) examined what are the motivations behind the owner's decision to engage in CSR. Although most researches argued that CSR is caused by extrinsic drivers (Swanson, 1999; Aguilera et al., 2007), Jenkins (2006)

concluded that internal drive is the main reason behind applying CSR in SMEs.

Although, some external influences do take place, those pressures are still weak and related to environmental activities. As well, although SME owners were well aware of the CSR benefits and advantages (table 2), this was not the reason they implemented those activities. Most SME owner-managers engaged in CSR because of their ethical and moral values and sense of responsibility.

Table 2: The benefits of CSR (Jenkins, 2006)

The Benefits of CSR
Improved image and Reputation
Improved trust and understanding
Larger, more prominent profile
Better market position
more business
Increased employee motivation
Increased attractiveness to potential recruits
Cost savings and increased efficiency
Risk management
Benefits company culture

Moreover, Fraj-Andrés et al. (2012) conducted an empirical research to examine the managers' drivers for CSR activities in SMEs. However, the authors concluded that personal values, market forces, and law equally all motivate SME managers to implement CSR activities. First, proactive SMEs seem to implement CSR actions that reflect the values of the owners. The owners of such SMEs act selflessly and with deep conviction to enhance their society's welfare. Another factor that encourages social actions is the need to obtain competitive advantage. Owners believe

that CSR improve the brand's image, customer satisfaction, market value, and sales figures of their SMEs (Brown and Dacin, 1997). So, the owner-managers' purpose is to develop a positive market image and improve their positioning. Therefore, those managers tend to only expect positive income after implementing CSR practices. Finally, in some cases, owners develop CSR strategies because such actions are enforced by the law.

On the other hand, Nejati and Amran (2012) had different results for the perception of SME owner-managers towards corporate social responsibility. The authors used a questionnaire extracted from Quazi and O'Brien's study (2000) to measure CSR managerial perspective in Malaysia. They found that the majority of SMEs included in the study considered CSR as a cost. The lack of financial resource can, thus, act as a hindrance for the SME owners when it comes to CSR practice.

Moreover, Nejati and Amran (2012) studied the effect of ownership structure on the implementation of CSR in SMEs. The main investigated ownership structures of SMEs are Sole Proprietorship, Private Limited Enterprise, and Partnership. The findings were that ownership structure significantly affects the owners' perception of CSR. The study concluded that the owners of sole proprietorship are much more dedicated to CSR than those of private limited enterprises and partnerships. This is because the owner of proprietorship has a greater authority to exercise his/her personal beliefs and intrinsic values. As well, this type of ownership leads to close relationship with the stakeholders. This will further motivate the owner-manager to be socially active with his/her environment.

I. Limits to the Existing Literature

In summary, the literature adopted in this study involved two parts. The first part deals with the role of CEOs in promoting CSR in large companies. Those top managers might act as agents and, thus, be driven by extrinsic factors (Davis et al., 1997). In such case, they will be less likely to adopt CSR since it forms a financial burden for short-term profits. So, those agent managers may be pressured to apply CSR by the employment of a control mechanism that aligns their interest with that of the stakeholders. As well, CEOs behaving as agents may be tempted to be socially active for different opportunistic reasons (Werbel and Carter, 2002). Alternatively, managers who act as stewards are encouraged to be socially responsible by intrinsic rewards (Davis et al., 1997). They will implement CSR successfully in the absence of any monitoring body (Godos-Díez et al., 2011). Also, CEOs will implement social activities if they are convinced by the related social effectiveness (Godos-Díez et al., 2011). The CEOs' affiliations were highly related to the choice of foundation charitable allocation (Werbel and Carter, 2002). In addition, different studies attempted to link the CEO's pay to the corporate social performance of the company. Furthermore, some authors studied the association between charismatic leadership and social activities of the firms. Nevertheless, this point is beyond the focus of this study as the measure needed to gauge charismatic leadership differs from the adopted methodology. Also, since the current research covers SMEs and not large companies, this study will test the validity and applicability of the above findings regarding CEOs to SME owners.

The second part of the presented literature deals with the effect of owner-managers on CSR implementation. Jenkins (2006) declared that owner-managers of SMEs are mainly the drivers and implementers of the firm's values. As well, Jamali et

al. (2009) stated that the motivation in SMEs for social initiatives was altruistic while the locus of responsibility was individual. Another study made by Suprawan et al. (2009) concluded that CSR in SMEs is not mainly concerned with charitable donations but with stakeholder issues. Also, Sen (2011) deduced that SME owners voluntarily engage themselves with different associations. Finally, many studies explored the drivers of owners to adopt CSR and reached different conclusions.

The academic literature has many limitations. First, it reveals the lack of adequate research regarding the integration of CSR in SMEs (Jenkins, 2004). Murillo and Lozano (2006) stated that more in-depth field studies should tackle the organizational culture, the challenges and the perceptions covering CSR in SMEs. As well, Fassin et al. (2011) noted that researchers only recently gave limited attention to promotion of CSR in SMEs. The greater part of literature was focused on large companies (Spence, 1999). However, great efforts are being made by SMEs to promote CSR (Godos-Díez et al., 2011). Accordingly, there is a need for more studies to learn about application and condition of CSR in small and medium enterprises (Spence, 1999).

In addition, most of CSR-related studies have been conducted in developed countries (Perrini, 2006; Raynard and Forstater, 2002). There is a need for more research to cover the developing countries. As for the case of Lebanon, the number of studies covering the application of CSR is limited to few researches. However, with the local rise of social responsibility awareness, more companies are adopting more social activities. This calls for additional research to explore CSR in the Lebanese context.

Finally, the role of firm leaders in relation to CSP has not been examined by many researchers (Manner, 2010). There is a need for further research relating the

individual level characteristics and demographics to CSR implementation (Jamali et al., 2009). However, only few studies conduct an investigation into how SME owner–managers may adopt CSR and ethics (Fassin et al., 2011).

We conclude that there is a need for more academic research relating the role of SME owners to CSR implementations in Lebanese firms. This study will attempt to contribute to existing studies by shedding light on the implementation of CSR in small and medium enterprises and analyzing the role of the owner-manager in this regard.

CHAPTER III

METHODOLOGY

A. Justification of Methods

In order to answer the research question, a qualitative method was used. Despite the limited generalizability of the findings drawn from a qualitative research study, the qualitative method is needed for an in-depth understanding of people's views and opinions (Bryman, 2008). This method is the only one to allow for flexibility and probing with the participants. An extensive literature review showed a lack of generalizable quantitative data in Lebanon concerning the role of owner-managers of SMEs in adapting CSR policies. The use of a qualitative research method is necessary to give a preliminary idea about the role of top management in the implementation of CSR in SMEs as reported by the owners themselves. On the other hand, the qualitative method has some limitations. For example, it is time consuming in terms of the recruitment, data collection and analysis levels which limit the sample size targeted using this method.

In particular, the use of in-depth interviews offers many advantages as a data collection procedure. First, it is an interactive way of communicating with the interviewee, in this case the owners of SMEs and/or senior managers of large companies. It gives the opportunity to gain an in-depth insight and understanding of the interviewee's perspectives and opinions. The interviewer can make sure that the questions are clear and well understood. The flexible nature of in-depth interviews allows the interviewer to explore unanticipated ideas mentioned by the interviewee. The

questionnaire can be continuously enriched and refined depending on the new themes suggested by participant i.e. the owner/managers of SMEs and large companies.

B. Research Methodology

1. Data collection

The literature is abundant with studies showing the crucial role of owners of small-businesses and top managers of large companies in molding the company's culture and social initiatives (Vives, 2006; Sen, 2011; Jenkins, 2006). The current study is the first one in Lebanon to explore the role of the owner-manager in the adoption of CSR in Lebanese SMEs and that of top managers in large companies. No secondary data concerning the research question was therefore available in Lebanon to be analyzed in this study. Primary data was collected through semi-structured in-depth interviews conducted with a selected sample of socially responsible SME owners and managers of large firms in Lebanon.

Prior to the interview, information about the companies and their activities were gathered from the company's official websites and other publically available information.

A semi-structured questionnaire was constructed to test the applicability of the previous findings of the literature of other countries concerning the role of owner-managers of SMEs in CSR implementation to the Lebanese context. The questionnaire included open and close ended questions divided into three main parts:

- background information about the SME owner and his/her social orientation,
- the CSR activities practiced in the firm,

- the influence of owners on the company's CSR.

2. Analysis

The qualitative data collected from the interviews was analyzed to understand the relationship between CSR implementation and the owner-managers' background, knowledge, social motivations, social activities and opinion about CSR. All interviews were transcribed in the same day they were conducted. Personal notes were added to the transcripts by the interviewer regarding the interview's atmosphere and other reflections and observations. Interviews' transcripts were then examined individually to detect key points that can highlight the objective of the research. Answers from different interviews were compared to draw out similarities and differences. At the end, findings from different interviews were presented separately to show how CSR is perceived and practiced in the targeted SMEs and large companies and the related role of the owner or manager. A special attention was given to SMEs as the main objective of the study targets this type of companies. The small sample size of large companies included in the study does not allow for major inferences regarding this size of firms. The findings obtained from interviews conducted with managers of large companies were only used to be compared with those of SMEs in the analysis section.

3. Sample Recruitment

The target group of the study was mainly owner-managers of Lebanese SMEs and to less extent representatives of large companies. So, the interviewees were owners

and senior managers of Lebanese SMEs and large companies that are engaging in CSR in one form or another. Since there is no one standard definition of SMEs, we adopted the European Union's definition of SME for the purpose of this study and considered all firms with less than 250 employees as SMEs. In order to maximize the variability in the sample, the chosen enterprises were of largely different sizes from 40 to 10,000 employees. The firms were chosen based on their active role in the Lebanese society and engagement in CSR activities. It is noteworthy to mention that the study is not exclusive to a particular sector or industry. In this respect, SMEs were selected to comprise different industries and functional categories. For accessibility reasons all companies' head offices were located in Greater Beirut area. This study covered overall six owner-managers of six different SMEs and three representatives of three large companies.

A total of 13 SMEs and nine large companies were contacted through phone contact with the Human Resources (HR) manager of the companies. Many reminders were sent through email and phone. In total, six of the 13 SMEs approached agreed to participate in the study. The recruitment of two of these six SMEs was done through connections. Of the nine large companies contacted, three participated in the study and two of these later through connections.

CHAPTER IV

RESEARCH FINDINGS

A. Sample characteristics

Our final sample consisted of six SMEs (A to F) and three large companies (G, H, and I) that are based in Lebanon. Table 3 presents a description of the sample with the names of the companies concealed for confidentiality reasons while table 4 lists the participants with a briefing of their profiles.

Table 3: Sample Characteristics

Case Study	Company Name	Line of Business	No. of Employees	Ownership Structure	Geographical Origin	Geographical Reach	Interviewee Position
1	Company A	Furniture and Accessories	40	Partnership	Lebanon	International	Owner
2	Company B	Electrical and Lightening equipment	40	Partnership	Lebanon	Regional	Owner
3	Company C	Pharmaceutical and healthcare products	57	Sole proprietorship	Lebanon	Local	Owner
4	Company D	Agricultural products	150	Partnership	Lebanon	Regional	Owner and Development Manager
5	Company E	Sportswear and sports equipment	225	Partnership	Lebanon	Regional	Owner
6	Company F	Food and Beverage	240	Partnership	Lebanon	Local	Owner
7	Company G	Clothing and Accessories Retail	700	-	Lebanon	Regional	CEO
8	Company H	Food and Beverage	1,100	-	Lebanon	Local	Business Development manager
9	Company I	Specialized retailers/Financial Services/Food and Beverage/Real Estate	10,000	-	Lebanon	Regional	Chairman

Table 4: Interviewee Profiles

	Gender	Age	Education	Career background	Other work/ commitments	Member of NGO	Country of residency	Nationality
Owner of Company A	male	30	Master in marketing management	2 years in Trading of non-harmful chemicals then 8 year in furniture business	yes	no	Lebanon	Lebanese
Owner of Company B	male	60	Bachelor of mechanical engineering and EMBA	Captain at Lebanese army then 35 years in electrical industry	yes	no	Lebanon	Lebanese
Owner of Company C	male	46	Bachelor in Pharmacy	24 years in pharmaceutical industry	yes	no	Lebanon	Lebanese
Owner of Company D	male	25	Bachelor in Agricultural economics	3 years in agricultural industry	yes	yes	Lebanon and Canada	Lebanese
Owner of Company E	male	46	Bachelor in commercial sciences	30 years in sports industry	yes	no	Lebanon	Lebanese
Owner of Company F	male	53	Bachelor in Business Administration	2 years in manufacturing industry then 30 years in restaurants industry	no	yes	Lebanon	Lebanese
CEO of Company G	male	43	Master in economics and political sciences	6 years in consulting then 10 years as a CEO for current company	yes	yes	Europe and Lebanon	Lebanese
Director of Company H	male	38	Bachelor in Marketing and MBA	25 years in current company	no	yes	Lebanon	Lebanese
Chairman of Company I	male	58	no college degree	37 years in current company	yes	yes	Lebanon	Lebanese

B. Case studies

Case 1: Company A

Introduction

The first investigated SME is a specialized retailer in the furniture and accessories industry. In addition to the Lebanese market, the company operates in different international markets by exporting its products all over the world. It is registered as a partnership firm with a workforce of around 40 employees. The gender representation of both the workforce and management is equally divided between males and females. The interviewee is one of the owners of the company.

CSR activities

As for CSR activities, this company has limited social engagement. Those activities included tree planting and furniture donations to children cancer hospitals. In addition, the company has some informal CSR strategies that mainly consist of financial help to employees in need. This includes giving interest-free loans to employees for medical expenses, wedding costs, and other personal needs. There is no reference to CSR in the company's mission statement. In general, the adoption of CSR in this SME is mainly informal and unstructured with no fixed budget allocated to such practices. Actually, costs for social activities are considered as part of the marketing budget. However, the interviewee did not consider those social engagements as a marketing tool especially that the company does not seek to disclose such practices to the public. As the interviewee explained, the goal is not to market the SME but to help people in the community.

According to the interviewee, the power distance relationship in company A is low. Employees are empowered to take decisions in the day-to-day activities. However, when it comes to the social program of the company, the owner takes the full discretion to apply his personal values and, accordingly implement social practices.

Owner's social engagement

The interviewed owner is a 30 year old male with a master's degree in marketing management. He lived most of his life in Lebanon and has dedicated most of his career life to his company. Currently, the owner is running his furniture company in addition to another work commitment that he chose not to disclose. As well, he is involved in multiple charity work on an individual level. However, this interviewee explained that he is mostly interested in donating for educational causes. As for CSR, the owner said that the main motivation behind the company's social practices is to help creating a better future for the community. He referred to CSR as "the company's duty to fulfill society's needs." The interviewee recognized the importance of CSR especially because the Lebanese government is not able to address society's demands. When asked about his personal values regarding CSR, the owner stated that helping the society gives him an internal satisfaction without expecting anything in return. Although he acknowledged that CSR can improve the company's image and, thus, generate more long-term profit, the owner assured that his social decisions are first and foremost to help the Lebanese community. As stated by the owner, if all companies in Lebanon implemented CSR, the society's welfare will significantly improve.

The owner is the one responsible for the choice the social program / donations activities of the company. He explained that the overall bad economy in the country is

affecting the business's return and, thus, limiting the company's ability to be socially active. The interviewee viewed financial cost as the main challenge faced when engaging in CSR. It is a small company with limited resources. Also, the absence of government's engagement in social and environmental issues is limiting the companies' ability to help the communities. According to the interviewee, the SME faced many obstacles in the tree planting project while attempting to get the related approval from the local authorities. However, the owner did not consider the above challenges as obstacles to engage in CSR. On the other hand, the interviewee identified many motivations to implement social activities, most of which are intrinsic motivations. However, the owner has intentions to engage in more social activities in the future if the company will make more profits. First, the owner-manager referred to his religious beliefs as a crucial driver for helping the community. As well, CSR is considered as a method to show the owner's personal belief and values. The participant identifies CSR as a method to transfer his beliefs to the employees by encouraging them to participate in the company's activities.

The owner-manager stated that his relationship with his primary stakeholders is personal and informal. Even though it is not the main goal behind the company's social activities, the owner acknowledged that CSR will help the SME to establish strong relationships with its primary and secondary stakeholders. According to the owner-manager, there are no external pressures from customers or the community at large for the SME to be socially responsible.

Finally, the participant indicated that he is not affiliated with any of the charities or organizations. The allocation of donations is directed toward the society's needs that are the most neglected from the government.

Case 2: Company B

Introduction

Company B is a partnership specialized in trading and industrial manufacturing of electrical products. The company has been operating in the Lebanese market for over 25 years. The business's workforce consists of 40 employees out of whom 20% are females. The gender representation in management is 1/3 females and 2/3 males. The interview was conducted with the owner of the company.

CSR activities

Social responsibility is clearly mentioned in the company's mission statement. As the interviewee put it, "the social practice of the company are rather impulsive than planned and organized." The social involvement of this SME includes contributing to the current knowledge in the Lebanese electrical industry. Those activities include organizing seminars and training programs to introduce engineers and electricians to the latest developments and innovations in the industry. Also, this SME helped students in their school projects by providing them with the needed electrical material. As well, the SME contributed to the electrical rehabilitation of a neighborhood in the Karentina area. In addition to the legal requirements, the owner offers financial benefits to the employees and their families in case of need. On the other hand, there is no specific budget associated with the social performance of the company. The management discloses those activities to the public through social media and the company's website.

In general, the power distance relationship in company B is moderate. In case of social initiatives, the owner is mainly responsible for planning and developing such activities.

Owner's social engagement

The owner of the company is a middle-aged man holding degrees in mechanical engineering and EMBA. He began his career as an officer in the Lebanese army then left the service and established the current SME. The interviewee expressed that he performs charitable activity on an individual level. As for CSR, the participant viewed that the company's social responsibilities were restricted to the industry in which it operates. However, the interviewee stressed on the importance of CSR as a tool to improve society's welfare. According to this owner, the most important influence on a company's CSR attitude is the owner's background. In this case, the interviewee was a member of the Red Cross which reinforced his beliefs in helping the society. As for the relations with the primary stakeholders, the owner has established personal relationships with the employees and suppliers of the enterprise. "Our relations with our stakeholders are a resource and never a constraint," he said. However, there are some obstacles in creating strong relations with the secondary stakeholders since the SME is still small in size. Moreover, the interviewee acknowledged that there are some external pressures from the community for firms to promote CSR.

The main challenges faced when adopting social initiatives include limited financial resources and time consumption. Another challenge is to persuade the employees to contribute to these activities. However, the owner affirmed that "those are merely challenges that we can get around." As for the benefits, he stated that his SME is mainly aiming at improving the standards of the society. As well, CSR can give good exposure to the company, motivate employees, and improve the talent retention at the company. Additionally, the interviewee confirmed that the main motivation for

engaging in social practices is internal satisfaction and cultural background. “When practicing social activities, I do not consider the company’s benefits since society’s needs are more important,” he said. Nevertheless, the owner thinks that only selected companies should engage in CSR. He stated that “if all companies were socially active then society would become lazy and dependent on CSR.”

The personal social engagement of the owner is directed toward causes and programs that raise awareness in the youth segment. On the other hand, the company’s engagement is related to the electrical field. However, the participant declared that both his personal activities and those of the company are from the same financial pool. As for the selection of the charities, the interviewee stated that donations are allocated where there is a need and not based on any personal affiliations. However, the owner is affiliated with the chosen engineers that participate in training programs sponsored by the company. In the future, the owner intends to expand the social engagement of the firm and engage in CSR through a formal management system.

Case 3: Company C

Introduction

Company C is a sole proprietorship operating in the Lebanese pharmaceutical and healthcare industry. The company has a workforce of 57 employees, 75% of which are males. As for the SME management, it is mainly composed of female managers.

The interviewee is the owner of company C.

CSR activities

The social practices in this company extend from supporting charities (e.g. Elderly care homes and orphanages) and educational causes to environment protection and recycling. As for internal practices, the owner supports employees' needs by providing financial help which is not required by law. Those practices are informal and unstructured with no pre-determined budget allocation. As well, social participation of the company is not disclosed to the public.

According to the interviewee, the power distance relationship in company C is moderate. As for social engagement, the owner is the one responsible for deciding on and promoting social obligations.

Owner's social engagement

The interviewed owner is 46 years old and holds a BS in pharmacy. In addition to company C, this participant owns and manages a group of other companies operating in the Lebanese market. On a personal level, the owner engages in various charitable activities on a personal level. As for CSR, the interviewee mentioned that he was not familiar with this term. However, the owner had a personal view that companies should be socially and environmentally active within the scope of their resources. The interviewee clarified that there is no pressure from stakeholders on the SME to promote CSR. The owner's intention to be socially active is primarily driven by his religious and personal beliefs. The interviewee expects no financial benefits or publicity out of the company's social engagement. Moreover, the owner-manager stated that "although social activities are resource consuming, this does not prevent us from being socially responsible." He also added that "when making business-related decisions, we take into account both the business's benefits and society's welfare." As for the donations, the interviewee clarified that he chooses charity organizations based on their geographical

proximity to the SME. “There are some reliable charities but we do not know them since they are located in other geographic areas,” the owner explained. In addition, the company recently started to donate money directly to families in poor areas instead of going through charities. “This way we make sure that our money is helping those people according to their needs,” he said. Finally, the owner explained that his personal social work and that of his company overlap since it is a sole proprietorship.

Case 4: Company D

Introduction

Company D is a Lebanese partnership that operates in the agricultural sector in the MENA region. It is currently employing 150 staff. The gender representation in the workforce is 30% females and 70% males and that of the management is 50% females and 50% males. The interviewee is one of the owners and the sales and development manager.

CSR activities

Company D’s social practices include sponsoring NGOs’ activities, recycling the company’s waste, and supporting families in need and elderly care homes. However, the company focuses mainly on landscaping gardens around Lebanon which is consistent with its core business. Social involvement is not explicitly stated in the company’s mission statement and values; however, it is part of the company’s common vision which is preserving the environment. As for the social activities expenses, a proportional part of the marketing budget is assigned to those activities. Those responsible acts are disclosed to the society through social media, company’s website, and media (TV and radio).

The interviewee acknowledged that the relationship between the owners and their subordinates is formal. However, young managers are establishing low power distance relationships at the organization. The owners also have a very strong and personal relationship with the company's suppliers. In relation to CSR, the owners collaborate the social activities and their expenses with the marketing department. Owners, however, has full discretions in the decision-making process related to social activities.

Owner's social engagement

The interviewee holds a bachelor of science in agricultural economics and has been working in this company ever since he graduated. As well, this manager has a part time job in another agricultural company. The participant mentioned that he is a member of an NGO and he performs limited charitable activities on an individual level. "I do not like charitable donations in general, but I try to do it for educational and environmental causes," he clarified. The understanding of CSR by the SME is investing some of the capital gain the company is making back into the community. The incentive to get engaged in the community is improving the company's image, marketing the brand's name, and differentiating themselves from competitors. There are no external pressures for the company to participate in social acts. Such decisions are exclusively made by the owner. Employees can suggest certain activities but the final say is for the owner and top management.

The interviewee explained that social activities are not financial burdens as long as they are part of the marketing budget and are providing a good publicity for the company. However, the company cannot afford to spend large amounts of money on social activities since this will negatively affect its short-term profits. The owner also

attempts to motivate the employees by engaging them in some charity activities. The interviewee added “when doing community activities, we consider the company’s benefits as priority, and then those of the society.”

On the other hand, the management collaborates its social efforts with public centers and municipalities. In this respect, the interviewee stated that the local authorities are very supportive. As for the opportunities presented by CSR, the interviewee thought that social responsibility enhances the company’s networks and social capital. Also, the participant revealed that the exposure created by CSR allows him to create new strong personal relationships. However, the owner and top management are not affiliated with the beneficiaries of the SME charitable giving. Finally, future plans of the company involve creating a foundation to support sports and youth activities.

Case 5: Company E

Introduction

Company E is a sportswear and sports equipment retailer in Lebanon. Around 225 employees work for this family business partnership. On average, males make up 70% of the workforce while managers are equally divided between males and females. The interview was conducted with the owner of the SME.

CSR activities

As for CSR, company E is involved in various types of social practices including- but not limited to- women empowerment, child labor, and education. The company also sponsored many marathon events in many Lebanese areas.

Although community commitment is clearly mentioned in the company's mission statement, CSR is not adopted through a formal program. The CSR budget is part of the marketing expenses. It is the owner and the marketing manager who plan and direct the SME's social involvement. As for disclosing such activities to the public, the company uses social media, its own website, and press release.

In general, power distance relationship between the owner and his subordinates is moderate.

Owner's social engagement

The owner of the company is a 46 years old male holding a degree in commercial sciences. He has been managing this SME for 30 years. The interviewee stated that he has other work commitments and he participates in some charitable activities. This owner viewed CSR as the role of companies to be actively involved in fulfilling the community's need. The owner further explained that all individuals and companies should be socially responsible in their community according to their resources. According to this interviewee, the main factor that influences his CSR attitude is the dereliction of the government. As well, the owner is driven by his deep sense of belonging to his country and intention to help the community. "It is the cultural responsibility of the company, everyone should feel involved in the community," he mentioned. The owner tries to transfer his social commitment and values to the employees and stakeholders. Moreover, the interviewee recognized the importance of the exposure the company gets through CSR as a win-win situation. However, the owner clarifies that "even when there is a return on investment from those practices, we still choose to be socially responsible." He then added that "when dealing with sports and team spirit, we do not care about the costs, and this reflects in our CSR vision and

practices.” The participant then revealed that he disapproves with both politics and religion. This also reflects in his CSR choices as the social activities are conducted in all Lebanese areas with no segregation. The main expectation of the owner is to help building a healthy living and sport environment in Lebanon.

Conversely, the owner stated that he does not choose the suppliers based on their social responsibility since his SME is small in size compared to those suppliers and has low bargaining power. As for the government, the company does not collaborate with the local authorities since those bodies simply do not care about the society’s wellbeing, as the interviewee said. Then, the interviewee added that charitable allocation is chosen based on the credibility of the beneficiary organizations. In the future, there are plans to formalize CSR through a clear strategic vision.

Case 6: Company F

Introduction

This company is a partnership firm operating a local restaurant chain with a workforce of 240 people. The gender representation of females is around 33% and 20% in the workforce and management respectively. We interviewed the owner of this company.

CSR activities

As for CSR, the company has an active social program that includes many categories. First, the program focuses on preserving the environment through a zero waste system where both organic and non-organic residues are recycled. As well, the company delivers food to customers in recyclable packaging. Second, the company

maintains a green space in all its restaurant branches. Woods for the restaurants' design are actually purchased from suppliers that handle well-managed forests. Also, the program includes training employees to be socially and environmentally active inside and outside the company and engaging them in tree planting events. Additionally, the firm has a corporate voluntarism program through which employees from all levels volunteer to support different initiatives especially those related to social work and environment. As well, company F introduced organic food to its menu to support local agricultural productions and raise awareness about organic production. Moreover, this SME is engaged in different kinds of philanthropic activities. Those practices include helping charity and humanitarian organizations that take care of educational, religious and poverty issues. As for the internal practices, the power distance relationship is very low according to the interviewee. As well, the interviewee stated that there is no discrimination in the company's culture. Following this CSR program, the company was approached by many international organizations and multinational companies that were interested in collaborating and sponsoring the CSR social activities. In particular, company F is implementing its CSR program in conformity with the international standard ISO26000 which offers guidance on social responsible behavior.

CSR is clearly stated in the company's mission statement. There is a specific objective for each dimension of the CSE program. As well, there is an evaluation system to assess the effectiveness of those activities. The SME has a specific budget for CSR activities. The company communicates the above practices both internally and externally. In order to reach the public, the company discloses its social program using its website and emails. However, the interviewee explained that the main communication tool is word-of-mouth. The company doesn't use media since it is very

expensive. Plus, the interviewee stated that the main goal is not to advertise the CSR actions but to help the society. In addition, the company assigned a CSR manager who is responsible on following and enforcing the CSR initiatives.

Concerning informal CSR practices, the owner stated that the company offer medical helps to its employees in addition to the legal requirement. As well, the owner offers financial support to employees in need.

Owner's social engagement

The interviewed owner is 53 years old and has a bachelor degree in business administration. He has been managing this company for around 30 years. As well, this owner-manager is a member of two Lebanese NGOs. The first NGO is specialized in rehabilitation and drug prevention by embracing its religious and moral values to serve the community. The second not-for-profit organization is a spiritual and cultural foundation that aims to spread its religious values among the society. In addition, the owner declared that he participates in numerous charity works on an individual level. Moreover, the interviewee was very familiar with the term CSR. He defined such practice as “companies giving back to the community based on ISO26000 core values.” He added that “society's welfare reflects individual's welfare, so what is good for the community is good for us as individuals and companies.” He then added that an SME's social orientation is a reflection of the owner's principles, cultures and values. In this case, the owner was a boy scout since he was eight years old. “We were taught to help others from deep heart without expecting any return,” he explained. So, the owner's culture and passion to help others was manifested in the SME's vision and strategy. As the interviewee expressed, operating a business should never be limited to making profits. However, as the company was maturing, the owner's understanding of CSR was

evolving. In 1999, the owner perceived CSR as choosing one cause in the society and contributing to this single dimension. So, the owner chose to be committed to the environment due to his background in scout and love for nature. Since the owner was very enthusiastic about this subject, the company undertook its environmental role a little too far to the extent that it was more active than the ministry of environment. It was being approached by foreign organizations to work on preserving the nature in Lebanon. At that time, the owner mentioned, the SME was regarded as an environmental organization and its identity as a restaurant was fading as it was shifting from its core business. At this time, the owner discovered that CSR should contribute to society in many ways while promoting its main business. Therefore, the owner-manager developed a social responsibility program including many dimensions and integrated this program as a core business value in all day-to-day operations.

The main two challenges to CSR faced by this company are time and financial resources. However, the owner believes that CSR is not a financial burden. When asked about the motivations to engage in CSR, the owner showed a sense of commitment to the society and environment. Also, the owner mentioned that helping others is a main part of his values and spiritual beliefs. He explained that he also applies this green lifestyle in his home. The owner did not only transmit his social beliefs to his employees but also to his family members and friends. CSR created a healthy work environment and strengthened the relationships among the SME. Also, customers' loyalty increased and many clients are asking to be engaged in the company's social activities and charity events. Finally, the owner stated that although CSR does not produce a direct return to the company, it creates a healthier environment and an increased internal satisfaction. "I want to see everyone happy," he added.

Furthermore, the owner clarified that his relations with his primary stakeholders is family oriented and based on trust. “Financial considerations are secondary when compared to strong partnership with our stakeholders; as a company, we are very well connected and we build strong long-term relationships with our environment,” he explained. At the same time, the company deals with suppliers that share the same social responsibility vision. The interviewee indicated that the company uses its strong partnerships to create a strong network. This network forms a win-win situation in which all parties involved can benefit. However, the owner stated that there are no external pressures for the company to be socially responsible. On the other hand, company F tries to impose a positive pressure on its surroundings to follow its lead and be socially active, as expressed by the owner.

With respect to the authorities’ role, they occasionally support the SME’s activities. For example, one time the relevant ministry supplied the trees for a tree planting event the SME was organizing, as indicated by the interviewee. The owner also specified that the company is playing the role of the government that is inactive in terms of social activities.

Concerning the allocation of charitable donations, the interviewee explained that those organizations are chosen based on their objectives and credibility. However, the owner is a member of one of the charities that the company supports. Finally, the owner concluded by saying “I started this CSR spirit in the company but now it is beyond me which it is a great sign; employees and managers are acting as missionaries who will transfer this culture to new generations in the company.”

Introduction

Company G is a leading Lebanese department store and clothing and accessories retailer with 6 branches around Lebanon including two shopping malls. The group is owned by 100 shareholders. Currently, around 700 employees work in this company. Both management and the workforce consist of mainly females. The interviewee is the CEO of the company.

CSR activities

Company G's CSR program is oriented towards raising funds and awareness towards causes that most affect the Lebanese community. Those activities range from educational and cultural programs to medical and humanitarian support. The company organized many events to collect donations for breast cancer and heart patients. As well, it sponsored health fairs to raise awareness about the prevention of breast cancer and offer free medical consultations to the attendants. Company G also maintains a smoke-free environment as a way to preserve public health. In addition, the company celebrates holidays by decorating children cancer hospitals and holding dinners for unprivileged families. Other projects include supporting Lebanese talents and designers. However, most activities in this company are directed towards NGOs that support children causes.

The CSR program of this large company is well-structured, value-oriented and formal. A CSR budget is determined each year based on historical data. The company communicates its social initiatives to the public using its website, social media, TV, magazines, and different media tools. On the other hand, the company performs informal social practices that are not disclosed. One example is helping employees who need medical care.

CEO's background and social engagement

The CEO is a 43 year old male with a background in economics and political sciences. He lived in Lebanon and Europe most of his life. He is currently a member of the Lebanese parliament and runs his own NGO that aims to support young entrepreneurs through education, finance, and networking. As for the pay structure of the CEO, it is composed of a fixed salary and a bonus related to financial earnings of the firm. In addition, the interviewee stated that he performs numerous charity activities through his political campaigns and on personal level. The CEO's understanding of CSR is "it is a duty for each company that is successful to pay back to its community."

The interviewee declared that his relationship with his stakeholders is relatively close. However, the CEO believed that there are no external pressures on the firm or himself to be socially responsible. "It is a choice, we can give back a lot to the community, with little impact on our business," he explicated. When asked about the criteria in selecting suppliers, the interviewee stated "we do not choose our suppliers based on their social responsibility, but we should."

As for the challenges, financial limitations are the main difficulties faced when applying social projects. The company tries to balance between its financial capabilities and the society's needs. "I would love to do more CSR, but the cost is high," the CEO explained. Although the interviewee was aware that CSR will improve the company's image, he made it clear that he expects nothing in return. Nevertheless, the CEO thought that the social projects will have an internal impact by reinforcing employees' loyalty. Still, the interviewee considered self-satisfaction the most important factor and trigger in CSR. The interviewee then added that society's welfare is a priority over the benefits of the company.

When asked the criteria to select the NGOs, the interviewee explained that those organizations are selected based on their alignment with the mission of the company. Similarly, each year the company chooses a different theme or cause to endorse. Still, the interviewee argued that he is not personally engaged with any of the targeted NGOs.

As for the decision-making process, the CEO stated that, although he has three jobs, he still makes sure to be highly involved in the CSR program of the company. He collaborates with the marketing manager in this effect.

With regards to the government collaboration, the interviewee reflected that the government is not supportive to the company's social program.

Case 8: Company H

Introduction

Company H is a local restaurant chain operating with 14 branches around Lebanon and 1100 staff members. The gender distribution in this large firm is as follows: 70% of the males and 30% females in the workforce, and 50% males and 50% females in management. CSR is considered as a core value of the firm's business. The interviewee is a member of the board of directors and the company's business development director.

CSR activities

In 2010, CSR was introduced to the company's mission statement and communicated internally and externally. Hence, the firm developed an active CSR program including partnering with several Lebanese NGOs associated with heart

patients, road safety and blood donations. As well, the restaurant organized many fundraising events for causes related to children cancer and heart patients. As for environmental practices, the company organized many beach cleaning and tree planting events in addition to a waste management program. Other activities include educating young people about road safety and providing food to refugees. With regard to the reporting of those activities, company H uses its website, quarterly newsletters, and social media to inform the public about its social involvement. In addition, each year a budget specific to CSR is allocated from the company's marketing budget.

Furthermore, the interviewee believed that time was the main difficulty in promoting CSR. "Since the nature of our business requires operating 24/7, our employees have long working hours so it is difficult to engage them in volunteering activities," he argued. The security stability situation in the country and financial resource are also part of the challenges the company is facing. Still, as the interviewee commented, "the company is allocating a decent amount of money from the marketing budget to CSR." As the firm is growing and making more profits, it intends on expanding its social contribution. As for the government's role, the interviewee stated that the national authorities are not involved in the company's CSR projects.

When asked about informal CSR practices, the manager replied that the company is dedicated to supporting its employee needs especially the medical ones. Employees are also involved in this process as on many occasions they collected donations for colleagues who needed medical care. The interviewee further explained "taking care of each other is part of our culture; we are practicing it since the foundation of this company without knowing it is informal CSR."

The company has formal but solid relationship with its stakeholders. As the interviewee stated, the company tries to utilize this network by getting feedback and information about the market. However, CSR is still not applied through the company's supply chain. "We select our suppliers based on their products and hygienic certifications and not their contribution to the community," the interviewee added. At the same time, the interviewee indicated that there are no external pressures from stakeholders or society that affect the company's CSR orientation.

Future CSR plans include having a foundation that deals with different aspects of CSR.

Manager's background and social engagement

The manager is a 38 years old male holding a BBA in marketing and an MBA. He started working at company H since he graduated at an entry level position and was promoted gradually. Currently, he is responsible of 4 departments: customer service, innovation, social media and community management, and marketing. His duties include planning and managing the company's CSR program and allocating the yearly budget to those activities. The interviewee stated that he is part of two NGOs and engages in charity giving on a personal level. When asked to define CSR, the manager noted that "as firms are generating money, they should give back to the community."

The interviewee mentioned that his pay structure is a fixed salary in addition to a yearly bonus proportional to the financial performance of the company. However, the manager's motivation to engage in CSR stemmed from an MBA course that introduced CSR. "I then proposed CSR involvement to the CEO and showed him case studies; I was so proud to develop this program," the interviewee illustrated. After getting the

upper management's full support, the interviewee aimed at not only improving the welfare of the customers and employees but also that of the community at large. He clarified that "working for the betterment of the society gives me internal satisfaction, and it also improves the image of the company." The interviewee then acknowledged that CSR presents to him personal opportunities but he refrained from mentioning them. However, the manager clarified that he is not personally affiliated with any of the NGOs. The nomination of those beneficiaries is mostly based on their alignment with the company's vision. Still, the manager selects some NGOs that support sensitive and touchy causes even if those organizations are not related to the firm's mission. Alternatively, the interviewee explained that, on a personal level, he supports NGOs other than the one his company is collaborating with. He then articulated that "I try to diverse more and contribute to other groups; also my family plays a crucial role in the choices of my individual social involvement."

As for the distribution of responsibilities, the business development director collaborates with the marketing department to decide on CSR projects. This director explained that he has the most discretion in CSR decision-making but he is also open to lower manager and employee suggestions. The general manager is not engaged in the decisions concerning CSR.

Case 9: Company I

Introduction

Company I is a multi-line group holding that operates in many industries including specialized retailers, investment firms and funds, restaurants and café, and real estate. The company has a workforce of more than 10,000 employees with a female

representation of 40% in the staff and 21% in the management. This large company is based in Lebanon and operates across Europe and the MENA region. The firm has its own foundation which sponsors and supports environmental projects. The interviewee is the founder and chairman of this company.

CSR activities

The company is socially active on many levels including providing educational support, work opportunities, and charity donations. This large firm also implements some of its activities along the supply chain. For examples, in some cases it collaborates with educational institutions that train potential employees. As for the foundation, it shed the light exclusively on environment-related issues across the MENA region. This foundation collaborates with different NGOs to raise awareness about the preservation of forests in Lebanon. Other activities include renovating green spaces, planting trees, and educating the public about healthy and environment friendly lifestyles. Basically, this foundation is the CSR branch of the company. This foundation operates through a formal management system with a set mission statement and vision. It is managed by the company's board members who allocate its annual budget. This organization has its own chairman however important decisions regarding CSR activities are taken based on the votes of the board.

CSR activities of the company are completely transparent and disclosed to the public using media ads (TV, newspapers, magazine), road panels, social media, company's website, and published interviews with its representatives.

Chairman's background and social engagement

The interviewee is 58 years old. He started his education as a business student but dropped school before getting his bachelor degree. At age 21, he opened a small business with one shop and continued expanding ever since. The chairman is also a member of many NGOs and charities. The subject stated that he engages in charity work on a personal level but he refrained from giving specific details about such donations. "I do not do them to show off," he explained. Regarding CSR, the participant stated that it is the company's obligation to give part of its profit back to the community. The participants indicated that the motivation behind philanthropic practices is self-satisfaction and not business related. As he stated, "it is the nature of human beings to help each other." The interviewee then added "first, it is my responsibility towards God to help others, then towards human beings." On the business level, the company is trying to be close to its community by protecting the environment. Stakeholders have no impact on the company's CSR decisions, according to the interviewee. The participant did not consider CSR as a financial burden. Still, the main challenge faced by the company's social program is the bureaucracy required to get the approval of local authorities.

The chairman has no discretion over the CSR decisions since the decisions are made through the board's voting. "Nothing makes me prouder than when the board proves its independency by voting against my decisions," he elaborated.

Regarding individual charity, the interviewee revealed that he has his own charity organization that aims to improve the living circumstances of people in financial need. Company I does not make any kind of donations to the chairman's private foundation, as stated by our participant.

C. Overview of CSR activities

Table 5 portrays the main CSR activities undertaken by the interviewed companies.

Table 5: CSR activities of companies interviewed

Company	CSR activities
Company A	Environmental activities: tree planting Philanthropy: designing and donating furniture to children cancer centers and hospitals
Company B	Educational activities: organizing seminars and training programs, sponsoring school projects, Community development: providing electrical rehabilitation for neighborhoods
Company C	Charity: donating to humanitarian and educational causes Environment protection activities: recycling company's waste
Company D	Philanthropy: donating to the Lebanese army; donating to elderly homes and low income families; sponsoring of local NGOs activities Environment protection activities: recycling company's waste; landscaping gardens around Lebanon
Company E	Physical activities: sponsoring marathons and sports events Cause-related marketing: organizing awareness campaign related to women empowerment and child labor; supporting the Red-Cross Educational activities: funding scholarships
Company F	Environment protection activities: installing effective waste management; promoting recyclable packaging; maintaining a green space; promoting organic materials; initiating a go green program; Supply chain activities: buying woods from socially responsible suppliers; supporting local producers CSR awareness program: introducing CSR to employee through training sessions;

	Community volunteering activities: participating in different social and environmental practices
	Philanthropy: donating to charities and religious organizations;
	Internal practices: fighting game power; adopting a no-discrimination policy; providing equal working opportunities
Company G	Philanthropy: raising funds for different humanitarian, educational and medical causes; decorating children cancer hospitals
	Community development activities: educating customers about different health hazards and sponsoring health fairs
	Environmental activities: maintaining a smoke-free environment
Company H	Philanthropy: partnering with different NGOs; raising funds for those NGOs; providing foods to refugees
	Environmental activities: cleaning beaches; planting trees; installing a waste management program
	Community development activities: educating customers about road safety
Company I	Environmental activities: landscaping public gardens; raising awareness about preservation of forests in Lebanon; planting trees; encouraging the public to adopt environment friendly lifestyles
	Educational activities: providing scholarships; partnering with institutions to train potential employees
	Philanthropy: charity donations

D. Assessment of CSR activities in Lebanese SMEs

The results obtained from the interview show that engagement in CSR in Lebanese SMEs is mainly philanthropic. When asked about CSR, participants constantly referred to voluntary donations to charities and NGOs and sponsorship of events and sports team. The varied beneficiaries of those donations included

orphanages, elderly homes, the Red Cross, drug rehabilitation centers, children hospitals, the Lebanese army and educational programs. In addition, all SMEs showed a high level of involvement with employees at the financial level. Interviewees revealed that owners are willing to support their employees' needs in excess to the legal requirements. As well, in most SMEs, employees are engaged in the company's social and environmental practices. Although this benefit was not mentioned by most interviewees, such involvement creates values and motivation for employees and allows the SME to ensure a high retention rate.

It is also noteworthy to mention that the number of philanthropic activities was found proportional to the size of the SME. Firms that had a larger number of employees engaged in a higher amount of philanthropic practices. This is a direct reflection of resource limitation which was mentioned by the interviewees as the main challenge of CSR. Smaller firms have fewer resources to invest in CSR than do larger SMEs.

Alternatively, results demonstrated that Lebanese SMEs are not actively engaged in CSR practices associated with the environment. Company F was the only SME to develop a go green program with strategies related to tree planting, pollution reduction, waste management, recyclable packaging, water use efficiency, and energy reduction. As well, this company engaged its stakeholders in those practices by organizing events to raise awareness about environmental issues and encouraging customers and suppliers to go green. However, with the exception of occasional tree planting and paper recycling, none of the CSR initiatives of the other SMEs were related to environmental protection. Therefore, we conclude that CSR practices in Lebanese SMEs are limited to cause-related giving and community volunteering.

Additionally, aggregate findings showed that Lebanese SMEs had very similar approaches to CSR. With the exception of company F, SMEs were found to adopt an unstructured and informal social orientation. In this respect, most interviews indicated that CSR is not explicitly integrated in the firm's mission statement, values and vision. Except for company F, none of the SMEs allocated a budget specific for CSR. The expenditures of social activities are mainly considered as part of marketing expenses. Most interviewees indicated that there is no specific criterion for the allocation of expenses and resources to social activities. As one owner-manager put it, "CSR expenses are specific to and dependent on the activity we choose to do and the available resources." The above suggests that CSR is still viewed as a sub-category of marketing and a voluntary optional act. This perception of CSR was further demonstrated by the perceived benefits of CSR by the owners. The majority of participants mentioned that social responsibility will improve the company's image and positioning. As for the disclosure of CSR activities to the public, SMEs did not implement a systematic reporting method which makes it hard to measure their social performance. Moreover, none of the interviewed SMEs had a clear measurement system to assess the society's needs. The choice of the social practices is rather random and not dependent on the demands of the community. In addition, with the exception of company F that was coordinating and evaluating its social behavior with ISO26000, none of the SMEs implemented an evaluation system to appraise the effectiveness and feedback of its social initiatives.

In relation to benefits from CSR, participants reflected many tangible and intangible upsides to CSR. All interviewees believed that CSR improves the image and reputation of the company. "It is an indirect marketing strategy which provides

exposure and visibility to the firm,” as one owner-manager described it. In this respect, many companies reported that CSR will also get the attention of potential recruits. In addition, participants denoted employee motivation and loyalty as an advantage of social engagement. Although many respondents stated that CSR strengthen the connections of SMEs, only one interviewee referred to the social capital privileges that those social activities provide. “We benefit from a strong network which gives us access to more resources and information,” this owner stated.

Interviewee responses suggested that the main CSR challenges faced by SMEs are time and resource limitations. Other factors mentioned by most interviewees are the bad economy and security situation in the country. As businesses are striving to survive in the unstable circumstances in Lebanon, they are not making enough profits to cover CSR activities. Another challenge faced by SME owners is to involve employees in the company’s social initiatives. As characterized by one owner, “some employees argue that social activities are not part of their job description.”

In relation to the government role, SMEs’ involvement with the society was not encouraged by the government. As interviews indicated, the government is not supporting the SME’s social initiatives and, in some cases, it is even obstructing them with the required bureaucracy. “The government simply does not care,” one owner stated in this respect. The weak presence of the national authorities in manifesting and incentivizing social responsibility is reinforcing CSR’s optional and voluntary nature in Lebanese SMEs.

Also, interview responses suggested that the decision-making related to social practices is highly centralized. In all studied cases, owners were highly engaged in CSR decisions. Although many participants stated that they are open to suggestions from

employees and marketing managers, owner-managers had the final say when it comes to CSR. As a matter of fact, except for company F which had an independent CSR manager, CSR decisions are exclusively made by the owner.

E. Assessment of the role of owner- manager in promoting CSR in Lebanese SMEs

The interviews indicate that the SME owners are both the driver and executer of CSR. Although most participants indicated that the power distance relationship in their firm is moderate; still, owners are the ones responsible for making sure the company is meeting society's needs. In the case of SMEs with low power distance relationship, employees were encouraged to volunteer in the company's social activities and to make suggestions regarding the CSR program. It was further noted that as SMEs' size increased, owners collaborated CSR activities with middle level managers, mainly marketing managers. Owner-managers of smaller SMEs have more discretion in making CSR decisions than those of larger SMEs. In general, small and medium enterprises are categorized by an individual locus of responsibility where owner-managers undertake the responsibility for social engagement.

Although one owner-manager was not familiar with the term of CSR, aggregate findings showed that most SME owners are generally aware of CSR. However, the CSR definitions they provided had philanthropic perspectives. In spite of the discrepancies in industry, SME size, and owner's background, most participants used the following expressions to describe corporate social responsibility "giving back to the community," "helping society in areas where the government is not present," and

“after a company becomes mature and profitable, it has to look after its environment.”

What is interesting is that only the owner of company F had a comprehensive definition of CSR with all its aspects. This is an exceptional case that does not reflect the feedbacks generated from all the other SME owners. All other participants limited CSR to environment and community activities. When requested to make reference to examples of CSR activities, the owners-managers omitted stakeholder engagement and marketplace, workforce, and supply chain activities. As well, results showed that CSR is perceived as a voluntary practice conducted aside from the company’s core business. Although social commitment was mentioned in some SMEs’ mission statements, however interviewees did not deem CSR as a core value. In addition, all interviewees were not aware that they are practicing informal CSR. They declared that all informal practices were not intended as CSR but as a moral and ethical support to the employees. In general, SME owners did not relate CSR to economic development. Moreover, although most owners were convinced of the need to implement CSR, they still did not see it as a legal obligation of their business but as a voluntary practice. In this respect, this owner’s perception of CSR is directly mirrored in the social performance of the company. This explains why CSR was not integrated in the day-to-day operations of the majority of SMEs. Similarly, owners’ view of CSR justifies why the type of CSR activities in SMEs is limited to philanthropy.

In relation to the internal dimension of CSR, participants understated an important outcome of CSR which is employee motivation. Owners did not attach an importance to the internal aspect of CSR. When asked to numerate the social practices, most interviewees failed to mention equality of employment, fair operating practices, and labor practices. Actually, most interviews revealed that owners did not consider

employees as stakeholders. Additionally, owners did not make any reference to gender representation and equality of employment. In fact, female participation in the SME sample is around 30% with a slightly higher percentage in management. Additionally, the only SME that hired employees with physical disabilities was company F. In this case, the owner perceived the physically challenged employees as an added value to the company's culture. As for the other firms, the underrepresentation of women and employees with special conditions is a direct result of the owners' lack of knowledge of the workforce aspect of CSR.

While all owners recognized the economic and strategic business benefits of CSR, this was not the reason they engaged in it. Except the representative of company D, owner-managers of SMEs appear to be mostly motivated by personal and intrinsic factors. Most interviewees identified intangible benefits such as internal satisfaction as the origin of their social engagement. In addition, interviewees believed that their moral values and cultural background are the main contributors to their social orientation. Many participants expressed that their sense of commitment towards the society was created by their background of volunteering in organizations such as the Red Cross and Lebanese scouts. As one owner-manager put it "we were raised with those values of helping others and doing the right thing." The interviews also reveal a desire at the SME owners to improve the community whether on educational, environmental, or other welfare aspects. Moreover, half of the participants referred to religious principles as one of the causes of their charity giving or philanthropic approaches. Conversely, religion had a negative influence on one of the participants who stated that he would not support religious organizations. Religion did play a role, whether positive or negative, in the social behavior of those owners.

Owner-managers were also interested in transferring their beliefs for CSR to the whole organization. Owners set the example to the employees by motivating them to act and think responsibly. Thus, those owners shape the organizational culture according to their own thoughts and behavior towards society. At large, social activities in Lebanese SMEs are selected based on the values and beliefs of the owners. Those owner-managers will support causes that are aligned with their view of a better society. For example, the owner of company F expressed on many occasions his love for nature; accordingly, he chose that the core CSR activity to focus on was the environment. CSR in SMEs is found to be based on owners' voluntary initiative that is mainly influenced by their beliefs, values and background. Actually, most of those owners replied that, when making business decisions, they consider both the company's benefits and society's welfare.

In relation to extrinsic motives, most interviewees stated that their main goal was not to market the SME's business. However, owner-managers still made some reference to short-term motives such as improving brand's image and increasing customer satisfaction. This explains why CSR is perceived as a sub-category of marketing in most SMEs. It is also clear that the short-term motivation of owners is reflected in the short-run nature of the implemented CSR programs.

The main challenges that most owners faced were time and resource constraints. However, owners did not consider those factors as obstacles to being socially responsible. Instead, owner-managers limit the scope of their social engagement to the SME's financial capabilities. Still, owners considered resources as a challenge for CSR only when the SME finances and economy were down. Another difficulty faced is persuading employees to participate in the voluntary activities of the SME.

Accordingly, it is the owner's role to motivate those employees to take part in CSR. Most owners stated that they inspire their employees to become more socially and environmentally responsible. Actually, owners believed that one of their major roles is to transmit their values regarding CSR to their employees. However, owners only seemed to communicate their CSR beliefs to employees when there is a need to engage the staff in overtime social and environmental activities.

In addition, most participants declared that there are no pressure whatsoever from external stakeholders or the government for their firms to be socially involved. As well, the majority of owners did not apply pressure down the supply chain to encourage suppliers and customers to establish CSR standards or credentials. So, when it comes to CSR, the role of Lebanese SME owners is restricted to the boundaries of their enterprises.

Concerning the selection of the giving beneficiaries, owners stated that they were responsible for the allocation of donations. Most participants mentioned that the preferred foundations are chosen based on their credibility and covered cause. The interview questions also revealed that owners select local and geographically close charities. Notably, owners conveyed a need to see the touchable effects of their philanthropic giving. However, interviews showed that most beneficiaries of philanthropic activities are connected with the owners. Although the majority of the owners were not part of NGOs, they were still affiliated with the chosen organizations whether by the same religious background or personal relationships. Nevertheless, none of the interviewees revealed privileges or opportunities presented to him personally by the chosen beneficiaries.

When examining the owners' background, it is evident that CSR orientation is related to the owner characteristics. It was noted that owners holding a degree in business majors were more familiar with the term of CSR. Those same owners were the only ones in the sample to incorporate social commitment in the SME mission statement. This can be associated with the fact that CSR and business ethics are an essential part of the business curriculum at universities. As well, owners who lived mostly in Lebanon were more enthusiastic to benefit the community at large. This can be attributed to the fact that those owners had built a sense of belonging and attachment to their society over the years. The results also showed that the length of owner's career experience is positively related to the social performance of the SME. In our sample, owner's age had interesting relations to the social performance of the SME. Older participants were interested in the external aspects of CSR that focuses on philanthropic activities. Most middle aged owners had built a strong social network and performed their CSR activities with beneficiaries from within their network. On the other hand, younger owners concentrated on the internal dimensions of CSR by focusing on motivating employees and establishing low power distance relationship in the SME. Additionally, the results obtained revealed that all owners who had other work or obligations were less committed to CSR than the owner of company F who was solely devoted to running his SME. Finally, we found that owners' breadth of experience is related to the owner's general understanding of CSR. As confirmed by the interviews, owners with specialized and long experience in one firm defined CSR exclusively in the context of their SME.

The current study is inconclusive regarding the relationship between the ownership structure and CSR. However, it was found that ownership structure affects

the budget allocation of CSR. Whereas owners of partnerships allocated a percentage of the SME's marketing budget for CSR, the owner of company C, the only proprietorship firm in the selected sample, expressed that he uses his own money for charitable donations. This owner's personal engagement and that of his SME overlap since there is no separation in the financial resources. Also, this owner-manager preferred to keep the charitable practices of his SME discrete with no intention to advertise his company's image. On the other hand, the partnerships firms engaged in activities that enhance their brand name. The perception of CSR in those SMEs seems to be affected by the values of the owner-manager and not those of the silent partners who appeared to have no role in this subject.

F. Comparative analysis of CSR activities: SMEs versus large companies

The results obtained by this study offer interesting insights on CSR practices in SMEs and large activities. We found that all firms, regardless of their size, are aware of their social responsibility to some extent. Additionally, CSR seems to be a new approach adopted by companies of different sizes in the past few years. While SMEs had an informal attitude toward CSR, the results showed that large firms have formal CSR approaches. The adoption of social practices in SMEs was proved to be voluntary and selective. The budget allocation in this type of companies is impulsive and not based on clear criteria. In the instance of large companies, CSR budget is allocated each year based on historical data and future expectations. As well, large firms seem to have more visibility to the public since they can afford more effective communication tools such as media and newsletters. Furthermore, CSR is found to be embedded in the

culture and everyday practices of large firms. In the case of small enterprises, CSR is separated from the core business and is adopted in an occasional and random matter. Nonetheless, none of the two types of firms implemented a clear measurement system to assess the needs of the society and the outcome of the social practices.

Environmental activities were found to be more prevalent in large companies. However, neither large firms nor SMEs were found to implement serious solutions to prevent the damage to the natural environment. As for the internal dimensions of CSR, eight of the nine interviewed firms did not show any initiatives to enhance the workplace conditions and labor practices. In addition, those same firms did not make any reference to marketplace activities and fair competition. Nevertheless, large firms are found to be cautious about the women representation in the workforce. Around 50% of the staff in large firms is women compared to only 30% in SMEs. Neither SMEs nor large companies attempted to spread their CSR practices across the supply chain. This indicates that large firms are not utilizing their influence over suppliers to support CSR behavior. This step can be challenging for small business since they have low bargaining power over their large suppliers.

The interviews revealed that large firms have more resources to finance CSR activities while small and medium businesses have strong and personal relationships with their communities. Consequently, large companies use the media to disclose their social-related activities while SMEs rely on word-of-mouth. The strategy of large firms is to use cause-related marketing to spread awareness about social commitments. Conversely, SMEs adopt a silent approach to CSR. Whereas both types of companies are seeking to improve their image, large companies seem to be more interested to be recognized by the public as socially responsible.

G. Comparative analysis of the role of top management in promoting CSR: SMEs versus large companies

Contrary to small-business owners who are the cultivators and drivers of CSR in their firms, top managers in large companies are relatively less involved in CSR-related decisions. The representatives of large companies appeared to have a more structured understanding of CSR which was reflected in the formalization of social programs. In the realm of motivations, both SME and large company representatives stated that CSR was stimulated by an internal drive rather than external intentions. Though religion was a factor to most owner-managers, only one of the interviewees of large companies referred to religious motives behind his social engagement. However, all three interviewees insisted that charitable allocation was not in any way based on religious or sectarian backgrounds. Those subjects were careful not to disclose any partiality or discrimination for a part of the society. Specifically, the representatives of large firms indicated that they had no affiliation with the selected charities. They stated that those organizations are selected based on the vision of their companies and not their personal preferences. Top managers' choice of charities seems also to be based on the exposure it gives to the company. SME owners, however, were more comfortable expressing their affiliations with the beneficiaries. In contrast to SME owners, participants from larger companies stated that the orientation of CSR is influenced by the company's vision and strategy.

We argue that as their size increased, companies sought to raise awareness about CSR-related issues to the external stakeholders (customers and society). However, SMEs were more effective in encouraging the internal stakeholders, mainly employees,

to adopt responsible behaviors and participate in corporate volunteering. This can be attributed to the strong and personal relationships that owners had with employees. Owner-managers were found to have closer and more informal relationships with their employees than top managers at large companies. Owner-managers approach their subordinates in an informal and personal matter which facilitates the transmission of owner values and beliefs to the employees. Alternatively, large companies install more formal communication tools (e.g., emails) which restrict the top management from interacting with employees and increases the power distance relationship. As well, the large number of employees in big firms makes it hard for top managers to establish close relationships with the staff.

Discussions with top managers revealed that CSR programs are in conformity with the organizational goals. In the case of SMEs, social responsibility is implemented according to the owner's orientation and preference. Owners have thus more discretion in making CSR-related decisions since, unlike top managers, they do not have to explain their actions to shareholders.

The results of the study suggest that personal characteristics of owners and top managers can play a role in the social performance of the respective company. All top managers in our sample had ten or more years of experience in the same company. Therefore, we conclude that the length of experience in a given company is positively related to strong CSR implantation. Also, all top managers stated that their compensations were related to the short-term financial performance of the company. However, those top managers expressed their willingness to sacrifice a part of the financial rewards to help the society's welfare. Bonus payment is found to have a small motivation value for top managers. This is consistent with the perception of the SME

owners who were not merely motivated by short-term profits but were also concerned about the long-term benefits of both the company and society.

CHAPTER V

DISCUSSION OF THE FINDINGS

We support the findings of Jamali and Mirshak (2007) who argued that CSR in Lebanon is still in its early stages with none of the organizational goals adjusted to embrace CSR. However, large firms seemed to have made an impressive progress towards the development and institutionalization of CSR. As well, Lebanese firms in general seem to develop a proactive approach to social responsibility with no external forces affecting the firms' CSR decisions. We also found that Lebanese SME owners and top managers of large companies represented the modern view introduced by Quazi and O'Brien (2000) which is consistent with the results of Jamali et al. (2009). Both owners and top managers in our sample dwelled on the benefits of CSR and their businesses' responsibility towards a wider society.

The interviews suggested that, while large companies adopt CSR through a formal management system, CSR in SMEs is unstructured and informal which is consistent with the literature (Santos, 2011; Jamali et al., 2009; Jenkins, 2006; Russo and Tencati, 2009). As Jenkins (2006) indicated, small businesses have a personalized attitude towards social responsibility. However, our analysis refuted the finding of Santos (2011) who stated that SMEs approach CSR from an internal perspective. Our interpretation revealed that neither large firms nor SMEs in Lebanon focused on the internal dimensions of CSR. We highlighted the viewpoints of Sen (2011) that CSR activities in both types of firms seemed to be directed towards secondary stakeholders. With respect to Carroll's hierarchy of CSR (1979), SMEs seemed to give priority to

discretionary responsibility followed by economic responsibility as suggested by Suprawan et al. (2009). Most interviewed owners were willing to give up a part of their profits to benefit the society at large. This is an indicator that CSR in Lebanese SMEs has a silent factor as implied by Jenkins (2004) and Longo et al. (2005).

Despite the diversity in SMEs size, industry, and interviewee's background, we found that the decision-making process related to CSR is dependent on the owner's perception of each activity which was reflected by Murillo and Lozano (2006). If the owner viewed the CSR activity as moral or ethical, he would implement such practice in his SME. Thus, the selection of social activities depends on each owner's own definition of what is moral and ethical as proposed by Vyakarnam et al. (1997). Owner-managers' understanding of "what is right" is influenced by many factors such as background, religion, culture, and personal beliefs. According to the collected data, the planning and implementation of CSR program in Lebanese SMEs is a function of the owner's personal feelings and attitudes towards CSR. As well, our results came in line with those of Vives (2006) which stated that SME owners emphasize on informal aspects of CSR including family and health of employees. As for owners' definition of CSR, our results suggest that SME owner-manager's understanding of social responsibility is limited to the external aspects of CSR, mainly environmental and philanthropic activities. Five out of six SME owners omitted to mention integral dimensions of CSR such as internal practices, market practices and supply chain practices. The vague perception of CSR among SME owners supports the findings of Santos (2011) who stated that SMEs are copying the social practices of large companies without customizing those initiatives to fit the context of smaller businesses.

The analysis further revealed that, although SMEs and large companies differ in their operation system, they have the same codes of ethics implanted in their culture as noted by Grayson (2006). However, as inferred from their social practices, large companies are seeking to strengthen their social capital and positioning through CSR. This point was highlighted by the nature of those social initiatives which often included partnering with major NGOs and stakeholders. Those large companies were found to adhere to Bourdieu's (1986) theoretical model that sorted social capital as an attribute of an individual and not a community. The large companies did not attempt to create shared CSR objectives throughout their networks nor supply chain. SMEs, on the other hand, were found to adopt a more philanthropic approach to CSR as noted by Amaeshi et al. (2006), Jamali et al. (2009), and Visser (2008). As for SMEs, owners were not familiar with the long-term competitive advantages of CSR. In contrast to the findings of Sen (2011) and Sen and Cowley (2013), we propose that although small-business owners are characterized by strong relationships with their community, they did not seem to utilize their social capital to build stronger CSR initiatives.

Results show that owners recognized the opportunity of building connections with external stakeholders through CSR. This was manifested by the nature of CSR activities adopted in SMEs which involved major external stakeholders that could benefit the businesses. Additionally, owners focused on secondary stakeholders as being more crucial to the development of the SMEs which supports the findings of Sen (2011). However, owners' perception of social capital was limited to strengthening their public relations. They did not perceive that CSR could help them nurture social capital. As a matter of fact, if practiced effectively, CSR can help SMEs to compensate for their limited resources and small size (Sen, 2011). As a result of the owners' limited

knowledge on the subject of CSR and social capital, SMEs are not profiting from CSR to overcome the challenges they are facing. Our results differs from those of Sen and Cowley (2013) who stated that CSR is allowing SMEs to access additional information and resources, improve their market positioning, and promote social behavior throughout the built networks.

In relation to the agency-stewardship approach presented by Godos-Díez et al. (2011), we found that Lebanese owners and top managers have the characteristics of stewards. In our sample, eight interviewees stated that their CSR choice is affected by internal satisfaction and the need to help their society. All participants declared that there are no external pressures forcing them to be socially active. This research suggests that SMEs' CSR effort is rather proactive which varies from the results of Santos (2011). Our findings as well highlighted those of Godos-Díez et al. (2011) which stated that top managers will implement social practices if they are convinced of their effectiveness. Our study also proved this point valid to SME owners. Accordingly, as noted by Hemingway and Maclagan (2004), we believe that stewards will perform more social activities depending on the degree of freedom they enjoy. We did not detect any opportunistic behavior in top managers of large companies. In accordance with McGuire et al. (2003), we did not find any relation between the top managers compensations and the social performance of the company. We also do not have enough evidence to support the study of Werbel and Carter (2002) concluding that top managers affiliations and charitable allocation were related. As interviews indicated, top managers of large companies supported NGOs based on their alignment with the organizational vision and the level of exposure they can give to the company. On the other hand, affiliation of SME owners did seem to play a role in the selection of charities.

Consistent with the view of Murillo and Lozano (2006), the content analysis indicated that small-business owners incorporate their values and beliefs in the SME's culture and daily practices. In this respect, our study adopts the view of Vives (2006) and Jenkins (2006) that social responsibility in SMEs is a direct reflection of the owner-manager's knowledge, culture, values, and understanding of CSR. Additionally, only one owner of our sample supported Jenkins's (2006) findings that social owners will attempt to transmit CSR activities outside the limits of their enterprises. Our general results are that SME owners' social involvement is limited to the boundaries of their organizations.

Regarding the owners' demographics, there appear to be a relation between the owner's characteristics and the strong social performance of the company. Younger owners in our sample paid more attention to the internal dimensions of CSR while older owners focused solely on the external aspects of social practices. Young owners were interested in motivating their employees through CSR. This supports the findings of Arlow (1991) which explained that younger managers have a wider perspective towards social responsibility. Additionally, the results showed that owners holding business degrees were more exposed to CSR and applied a relatively more structured CSR program than owners with other educational background. Our findings did not support those of Manner (2010) who concluded that having a CEO with a bachelor's degree in humanities positively affects the social performance of the company.

With respect to the framework presented by Hemingway and Maclagan (2004), Lebanese SME owners are believed to have altruistic motives to CSR and an individual locus of responsibility (Jamali et al., 2009). Additionally, Lebanese SME owners were found to adhere to either the enlightened self-interest priority frame or social priority

frame introduced by Spence and Rutherford (2000). Finally, our findings contradict those of Nejati and Amran (2012) who stated that owners of sole proprietorship are more socially involved than owners of partnerships. Owner-managers of partnerships were found to have as much discretion in strategic decision-making as owners of sole proprietorship. In most cases, partnership firms are managed by only one of the owners while other partners' role is limited to financial investments. In particular, CSR decisions are taken by the owner-managers and not the silent partners. Thus, CSR activities in SMEs reflect the views and values of owner-managers and not those of the less involved partners.

Finally, our interviews revealed that small firms have a different approach to CSR than medium firms. We consider small firms as those with a workforce of less than 50 employees. We found that the number and scope of volunteering and CSR activities is higher in medium firms than in small firms. As well, owners of medium firms tend to collaborate CSR activities with middle-level managers which is not the case for small firms. Our findings are thus in line with those of Russo and Tencati (2007) who stated that medium sized firms have a greater commitment to their society than do small firms.

CHAPTER VI

CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

A. Conclusions

This study proposes that the values and demographical characteristics of SME owners are key influencers on the promotion of CSR in Lebanese SMEs. Results showed that social commitment in SMEs is mostly driven by the internal motives of owners. However, owners' limited knowledge of different CSR aspects is translating into a random and unstructured implementation of CSR practices. Those social initiatives revolve around philanthropic donations and limited environmental activities. Owners considered limited financial resources as the main barrier to incorporating more CSR activities. This means that owners are adopting a short-term vision for CSR and forgoing its long-term opportunities.

B. Recommendations

Based on the case analysis and the aggregate findings, we invite SME owners to standardize the CSR implementation in their SMEs. This includes establishing effective reporting methods and installing an effective measurement system to assess the effectiveness of CSR activities. Owners need to perceive social responsibility as an opportunity source for both the company and society. SMEs can build stronger social capital if they adapt CSR throughout their supply chain. Owners can use their strong and personal relationships with their stakeholders to encourage them to become socially

responsible partners. Owners can also strengthen their connections with the community by engaging in more volunteering activities. As well, owners are invited to focus not only on charitable donations but on marketplace and workplace issues. Providing a healthy working environment for employees will increase their productivity and loyalty to the company. The firm will also appeal to potential recruits. With regard to the marketplace, responsible SMEs will ensure fair competition to survive the tough nature of the industries. Additionally, SME owners should give special attention to the environmental issues and adopt serious and effective solutions to prevent the further deterioration of the natural environment.

In our study we have found that the knowledge and attitude of the SME owners influence to a large extent their company's level of CSR. This suggests the need for interventions aiming at spreading awareness among SMEs owners about the importance and different aspect of CSR. Such interventions can be implemented by the government, NGOs or universities in different settings such as conferences, workshops, lectures and management courses. In parallel, government should play a role in imposing a minimum social responsibility requirement for SMEs.

C. Strengths and limitations

The current study presented fruitful insights about the role of top management in promoting CSR in Lebanese SMEs. The research was based on a diversified sample with owners and top managers of different socio-economic levels, ages, religious sects, and other demographic characteristics. As well, the interviewed SMEs varied in size, industry, geographic reach, and social commitments. To our knowledge, the current

paper is the first of its kind in Lebanon to respond to the research question concerning the role of SME owners in implementing CSR in SMEs.

There are some limitations associated with the current research. First, the in-depth interviews used for data collection may not reflect the real thoughts of the subjects. Interviewees may provide bias responses that they deem to be socially acceptable. Also, the studied sample reflects a one country's perspective; so the findings may not be applicable to other countries. We were as well unable to study the effect of owners' gender on CSR activities since all participants were males as a result of the gender gap in Lebanese workplaces. Additionally, our study was inconclusive about the effect of turnover on CSR activities since none of the subjects agreed to disclose the annual profits of their company. With regard to the large companies' sample, the related representatives had three different positions which can lead to incomparable results.

Further research is thus needed to examine the effect of owner's gender and turnover on the social performance of SMEs. Moreover, this study encourages a comparative analysis of small versus medium enterprises since we found that size is a determining factor of the level of CSR in a given firm. Researchers are also invited to answer our research question by studying a larger sample of SME owners. By inspect a wider sample, results would be more generalizable. It would be also interesting to study CSR in SMEs from a regional perspective.

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