

A qualitative study of Argentine small and medium enterprises: Factors driving social responsibility

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Abstract

Small and medium-sized enterprise (SMEs) social responsibility has recently begun to gain greater importance in Argentina due to a variety of contextual factors. The main area of inquiry investigated in this study was the motivation for adopting social responsibility initiatives at Argentine SMEs. Exploratory, qualitative methods were employed to evaluate social responsibility initiatives at six firms across several industries. Semistructured interviews served as the primary source of data. Data were analyzed and interpreted using open coding to develop categories and themes. Results indicate that the chief motivation for SMEs to engage in social responsibility rests primarily in the values of company owners or managers. Additional external factors such as labor demands and the economy also influence a firm's choice of corporate social responsibility (CSR) initiative. The findings also provide the broader business community with several lessons that could be applied to enhance CSR efforts. Similar to prior research, it was found that both internal and external factors influence the adoption of CSR by SMEs, demonstrating strong support for the roles of an owner's values and the community as key drivers.

KEYWORDS

corporate social responsibility (CSR), small and medium enterprises (SMEs), Argentina, drivers, Latin America

1 | INTRODUCTION

This research is exploratory in nature, aimed to develop an understanding about what promotes the adoption and implementation of corporate social responsibility (CSR) by Argentine small and medium enterprises (SMEs). The global trend in CSR has promoted a wave of research in the developed nations of North America and Europe, and CSR has more recently begun to gain momentum in the developing world (see Amini & Dal Bianco, 2017; Jamali & Carroll, 2017; Jamali, Lund-Thomsen, & Jeppesen, 2017; Newell & Muro, 2006; Vives, 2006). According to Jenkins (2005), the effects of globalization triggered initial interest in CSR within the developing world, and external pressures from Europe and North America served as an initial impetus. In Latin America, social issues such as poverty, environmental degradation, and development often remain neglected

by governments due to a lack of resources (Amini & Dal Bianco, 2017; Newell & Muro, 2006). Consequently, businesses in countries such as Argentina are being looked to more frequently to help reduce social and environmental problems (Newell & Muro, 2006; Yakoveleva & Vazquez-Brust, 2012).

The concept of CSR has started to become more popular among Argentine businesses and consumers (Export.gov, 2016). Despite its growing reach, recent research on sustainability in Argentina shows a crisis of trust in global companies. According to Cilley (2018), "low trust" results from a business environment that features a short-term orientation, unethical behavior, corruption, and a lack of transparency among other things. For example, Argentina ranks 85 out of 180 countries in the Corruption Perceptions Index 2017 (Transparency International, 2018). Additionally, most Argentines perceive that companies do not prioritize environmental protection, and 21% concluded that

companies do not have a social purpose beyond earning profits (Cilley, 2018). Nevertheless, philanthropy, CSR, and sustainability are generally viewed positively by Argentine society. However, Cilley (2018) also contends that for CSR to become mainstream, it is likely that more needs to be done by regulators to make such practices more mandatory. Thus, Argentina serves as an example elucidative for other settings in developing countries facing similar challenges.

Previous research also indicates that large firms tend to be more active in CSR initiatives (e.g., environmental certification and social reporting) than smaller firms (Graafland & Van de Ven, 2006; Lepoutre & Heene, 2006; Smith, 2013). This appears to be true in Argentina as well, where multinational corporations (MNCs) and large corporations have driven much of the CSR activity, though that trend is still evolving. As in other Latin American countries, MNC CSR initiatives often-times reflect the North American or European priorities in export markets for environmentally friendly and safe products.

However, small and medium-sized enterprises (SMEs) embody an important dimension of the Argentine economy that often stays closely in tune with the needs of local communities (Vives, 2006). The small- and medium-sized business sector makes up approximately 90% of firms in Latin America and contributes 25% of the region's GDP and up to 50% of its employment (CAF Development Bank of Latin America, 2016). These statistics illustrate the economic and social impact of this segment in Latin America. SMEs provide employment to many people and therefore, affect a considerable proportion of society.

2 | CSR DRIVERS

Many scholars ground CSR research primarily in theories on large firms in the developed world. In comparison with large firms, SMEs confront a unique set of issues. For example, SMEs often face stress just to survive, serve local rather than global markets, and deal with less stakeholder pressure. Thus, SME CSR motives and initiatives often take different forms than those of larger firms. Smaller businesses deal with a different set of issues and often do not have the resources or prioritization to engage in CSR (Jenkins, 2004; Lepoutre & Heene, 2006; Vives, 2006). Large corporations usually deal with corporate boards and shareholder influences. However, this is not the typical case for SMEs. Owners of SMEs tend to possess a higher degree of flexibility in certain aspects of their operations.

In addition to the influence of owners, several other factors are believed to play a significant role in driving CSR adoption by SMEs. Institutional theory, stakeholder theory, and firm performance represent other prominent streams of research on CSR drivers. According to Epstein and Roy (2001), drivers also include environmental and social concerns related to various industries and locations. Thus, the scope of external drivers is considerable.

Each potential driver may be viewed as a rival theory for explaining the phenomenon of inquiry. CSR drivers are generally not considered to be mutually exclusive (Basu & Palazzo, 2008). Such drivers may originate internally within the firm or externally. Table 1 below

TABLE 1 Common CSR and sustainability drivers

CSR drivers	
Internal	External
Business case	Community groups
Cost savings	Competitors
Employee demands	Corporate reputation
Employee welfare	Customer demands
Leadership	Geographic location
Managerial attitudes	Industry environment
Organizational culture	Investor pressure
Owner values	Media
Profits and growth	NGOs
Social and environmental values	Regulatory compliance

Note. Adapted from the following sources (Epstein & Roy, 2001; Foerstl, Azadegan, Leppelt, & Hartmann, 2015; Gabzdylova et al., 2009; Lozano, 2015; Lozano & von Haartman, 2018; Rankin, Gray, Boehlje, & Alexander, 2011).

Abbreviations: CSR, corporate social responsibility; NGO, nongovernmental organization.

highlights some common internal and external drivers as identified in the literature. This list is not meant to be comprehensive, because that has been done elsewhere (see Lozano and von Haartman (2018), for example).

Recent research has also shifted to extend beyond just external and internal drivers to take a more holistic approach and incorporate those drivers that "connect" and complement them (Lozano, 2015; Lozano & Haartman, 2018).

In the following sections, we discuss several drivers in more depth. We posit that these could hold particular relevance for SMEs.

2.1 | Owner characteristics and altruism

The most frequently cited factor regarding CSR and SMEs is the owners themselves and their values or morals. Owners and managers possess a significant level of control over how they operate their businesses. Their values and beliefs often translate into actual practices, and they influence the organization's culture (Hsu & Cheng, 2012; Jamali et al., 2017; Jenkins, 2006; Lepoutre & Heene, 2006; Lozano, 2015; Murillo & Lozano, 2006). For example, Lozano (2015) found that internally, some of the more important corporate sustainability drivers for large firms were leadership and shared values. Another recent study found that in family SMEs, the CEO or senior leader was largely responsible for shaping CSR practices in line with his or her own values (Laguir, Laguir, & Elbaz, 2016). This is consistent with findings from Abdullahi, Mohamed, Shamsudin, Sharifuddin, and Ali (2018), which shows that top leadership culture at SMEs is positively related to strategic sustainability orientation.

The idea of altruism is consistent with moral motivations or ethical obligations to engage in CSR (Graafland & van de Ven, 2006; Lozano, 2015). The moral standpoint asserts that businesses have a moral

obligation to society to behave in a socially responsible way. At the core of individual moral motives is the “need for meaningful existence” (Aguilera, Rupp, Williams, & Ganapathi, 2007, p. 842). Building on this idea, moral motives center on stewardship interests and higher order values at the organizational level (Aguilera et al., 2007). Both moral motivations and personal characteristics can in fact impact CSR, thus serving as potential drivers to its adoption and implementation.

2.2 | Institutional isomorphisms

The CSR literature often contains references to institutional isomorphisms as forces driving the adoption and legitimization of CSR (Athanasopoulou & Selsky, 2015; Campbell, 2007; Gardberg & Fombrun, 2006; Vashchenko, 2017). Institutional forces typically refer to the three institutional isomorphisms described by DiMaggio and Powell (1983): coercive, mimetic, and normative isomorphism. They are frequently used in organizational analysis to explain the process in which organizations are influenced by their institutional environment to adopt certain practices, structures, values, norms, and so on (Scott, 1987).

Coercive isomorphism is pressure sustained by forces outside the organizations that deal with the issue of legitimacy. Mimetic isomorphism occurs when organizations try to reduce uncertainty by adopting the behavior of successful organizations in their industry. Normative isomorphism includes pressures that influence social expectations of professional procedures and customs, often dealing with professional and trade associations (DiMaggio & Powell, 1983).

The research of Lepoutre and Heene (2006), Sine, Haveman, and Tolbert (2005), and Honig and Karlsson (2004) illustrate the effectiveness of institutional theory in explaining the adoption of certain practices by entrepreneurs and small businesses. For example, Sine et al. (2005) determined that the adoption of “green” technology by entrepreneurs in the new independent power sector was influenced by normative, cognitive, and regulative forces. Spence, Jeurissen, and Rutherford (2000) also applied institutional theory to SME CSR. They found that the institutional environment influenced the environmental behavior of Dutch and British SMEs.

2.3 | Stakeholder influence

The literature on SMEs also depicts stakeholder theory as a viable explanatory theory for some SME CSR activity (Athanasopoulou & Selsky, 2015; Jenkins, 2006; Lepoutre & Heene, 2006; Vashchenko, 2017; Vives, 2006) and a key dimension of many definitions of CSR (Dahlsrud, 2008). A number of scholars have illustrated the implications of stakeholders on CSR and sustainability adoption. Stakeholders influence management decisions through their expectations. Stakeholder groups include, but are not limited to unions, government contacts, workers, customers, suppliers, local community organizations, underrepresented groups, and skilled labor (Freeman & Reed, 1983; McWilliams & Siegel, 2001).

Like large firms, SMEs also must consider the needs of important internal and external stakeholders. The degree of stakeholder pressure varies. Internal stakeholders and the local community usually receive more attention from SMEs (Jenkins, 2004; Murillo & Lozano, 2006; Vives, 2006). Vives (2006) also reports that SMEs in Latin America do not experience extensive pressure from their immediate stakeholders such as suppliers, customers, and workers.

2.4 | Performance

According to Basu and Palazzo (2008), the main focus of performance driven CSR research is on the association between expectations and a firm's concrete CSR actions. Thus, efforts in this arena focus on measuring the effectiveness of such actions, as well as assessing which actions will lead to the desired performance outcomes. This area of research includes the debate on CSR and profitability (e.g., McWilliams & Siegel, 2000) and the link between CSR and strategy (Porter & Kramer, 2006). These streams of performance-oriented research often fall under the business case for corporate sustainability, which as Salzmann, Ionescu-Somers, and Steger (2005) explain, is often used to rationalize sustainability in organizations.

3 | METHODOLOGY

Semistructured interviews were the primary source of data. Open coding was used to develop categories, themes, and ultimately a framework of why CSR is adopted within Argentine SMEs in the context of this study. Sampling was based on the availability of SMEs willing to participate from the selected sectors. The boundaries set for this sample were SMEs conducting CSR initiatives with social development goals. Firms were drawn from the manufacturing, services, and construction sectors for comparison. Initiatives were identified within participating companies, and each CSR initiative served as a unit of analysis.

3.1 | Sample description

The sample consisted of six firms, of which three operate from their main offices in the vicinity of Buenos Aires and three others in Mendoza Province. The companies in the sample were representative of the following sectors: services, manufacturing, agriculture, and construction. However, several companies were vertically integrated falling under multiple industry classifications. Summary sample data are provided in Table 2. Aliases have been created for each firm, which will be carried throughout the rest of the paper.

3.2 | Background on CSR initiatives

Each firm engaged in CSR practices that were related in some way to education or training and emphasized social development. Details on each company's CSR initiative are provided below in Table 3.

TABLE 2 Summary descriptive statistics for participating SMEs

Description of participating firms					
Company	Business activity	No. of employees ^a	Company age	Headquarters location	Annual income ^b (Pesos)
Prime Real Estate Co.	Real estate development and investment	–	14	Tigre, Bs. As. Province	\$8,000,000
Culinary Institute of Buenos Aires	Education—Formation of professional careers	70	11	Capital Federal, Bs. As.	–
Galleta Foods	Production and commercialization of cookies and other foods	250	10	El Palomar, Bs. As.	\$30,000,000
Ristorante Italiano	Restaurant	73	13.75	Mendoza Province	\$7,000,000
Transportation and Logistics, Inc.	Transportation and logistics	160	23	Mendoza Province	\$60,000,000
Winery of Mendoza	Integrated viticulture	50–70	75	Mendoza Province	\$22,000,000

Abbreviation: SME, small and medium enterprise.

^aThe number of employees was not reported by Prime Real Estate Co.

^bAnnual income was not reported by the Culinary Institute of Buenos Aires.

TABLE 3 CSR initiative descriptions for participating SMEs

Argentine company	CSR initiative	Social development	Implementation
Prime Real Estate Co.	Foundation provides vocational training in construction trades to local community.	Skills gained by community members to access labor market.	The family run business instills Christian values and has established a company foundation.
Culinary Institute of Buenos Aires	Culinary Institute provided three scholarships to low income community members, and onsite support and classes at Community Center.	Scholarship recipients obtained access to an education they could not attain due to their socioeconomic status. Infrastructure was reinforced for newly established Community Center cooking school.	Collaboration between public and private sector to build capacity for community groups and community kitchens in low-income neighborhoods.
Galleta Foods	“All for the School” program was established to educate children at elementary school level about the value of proper nutrition through a food voucher system.	Health benefits were attained where nutrition of the target population had been substandard.	Galleta Foods's employees donated food and volunteered hours for “Healthy Kiosk.” It was designed as a model, for other SMEs to implement in their own communities.
Ristorante Italiano	Provided training for unemployed in Mendoza to find employment in growing tourism industry.	The outcome was graduates who possessed the skills needed to access the local labor market.	Public–private sector partnership, and Ristorante Italiano waiters personally volunteered to train students in the program.
Transportation and Logistics, Inc.	Developed an in-house commercial School for Drivers.	95% of graduates find employment upon successful completion of the program.	Through partnerships with suppliers, the School offers driver training free of charge. Transportation and Logistics, Inc. hires a percentage of its graduates.
Winery of Mendoza	Established a daycare program to prevent child labor and provide a basic scholastic program for children of vineyard workers.	Eliminated child labor and provided basic scholastic education and hygiene.	First in industry to adopt a daycare program to eliminate child labor by coordinating through CSR consultant.

Abbreviations: CSR, corporate social responsibility; SME, small and medium enterprise.

3.3 | Data collection

Specific initiatives in the areas of social development were identified at participating companies for inclusion in the study. Primary data were collected through a series of 23 face-to-face and videoconference format, semistructured interviews. The interviewees consisted of key individuals involved in the selected CSR initiatives. In most instances, the interviewees included the SME owner or CEO and managers. Additionally, interviewees included external collaborators from organizations involved in the projects, such as suppliers, government, and NGOs. Initial interview questions were derived from relevant CSR theory and research.

All interviews were conducted in Spanish, and each interview was digitally recorded and professionally transcribed for use in analysis. Secondary nontechnical literature, such as archival data (e.g., company newsletters, PowerPoint presentations, and websites) was also obtained and used to supplement interview data (Creswell & Miller, 2000; Huberman & Miles, 1994; Jick, 1979).

3.4 | Data analysis and verification

Qualitative data analysis consisted of writing memos and comments, open coding, tabulating data, diagramming, and developing a framework. Open coding was employed to analyze and interpret data, adopting the recommendations of Corbin and Strauss (2007) and Miles and Huberman (1984). The coding was used to develop categories and themes from the data through comparative analysis, akin to grounded theory. This required constant comparisons to evaluate similarities and differences across pieces of data (Corbin & Strauss, 2007). For all of these abovementioned tasks, Atlas.ti software was used.

Credibility includes sufficient detail and description, and sufficient evidence on how the data was collected and analyzed (Corbin & Strauss, 2007; Creswell & Miller, 2000). All research materials have been retained, and decisions and activities were tracked. Some degree of triangulation was achieved in this by calculating word and category occurrence, which provided a quantitative perspective on qualitative data (Jick, 1979). A second method involved supplemental data obtained from nontechnical literature, which were used to corroborate findings from the interviews (Jick, 1979).

4 | ANALYSIS AND RESULTS

Results are based on general patterns observed across the six CSR initiatives. They relate to the literature on CSR and SMEs, as well as concepts that were emergent. For the purposes of parsimony and telling the story of the SMEs in the sample, only the most prominent categories and codes related to CSR adoption are reported here.

4.1 | CSR drivers

Why do firms adopt CSR? Essentially, factors that influence the adoption of CSR by a firm are defined here as drivers of CSR. A variety of

factors were mentioned as potential drivers for adopting CSR practices within the firm. Some of these drivers can be described as internal, and others as external. Table 4 presents a summary of the main findings, which are derived from the content of interviews, coding results, and generalizability of findings across the CSR initiatives in the sample.

A detailed overview of the code frequencies for CSR drivers is provided in Figure 1 below. The literature on CSR drivers were considered during coding and theme analysis. These drivers are discussed in more depth in the following sections.

4.1.1 | Internal drivers: Personal, family, and religious values

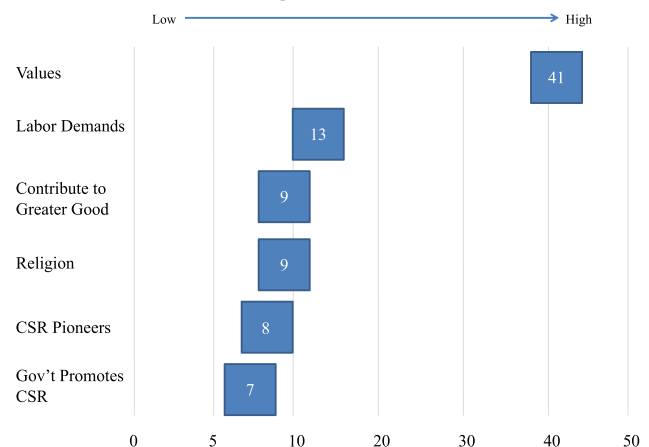
The most frequently mentioned factor influencing a firm's adoption of CSR was the personal values instilled within an organization by a firm's owners. Values were brought up in 41 passages during interviews and across a variety of interview questions. The influence and importance of values were also mentioned at all six firms. These data are

TABLE 4 CSR drivers main findings summary

CSR drivers	Main findings
Internal drivers	Personal values of owners dominant influence in adoption of CSR Religion, family, and altruism reflect values and influence CSR adoption
External drivers	Macroeconomic factors (e.g., poverty and labor demands) influence the type of CSR initiative adopted Some not for profit and governmental organizations encourage CSR adoption Other businesses often serve as role models for CSR best practices

Abbreviation: CSR, corporate social responsibility.

Most Frequent CSR Drivers Codes



Note. Several codes have been rephrased from original coding to accommodate figure size.

FIGURE 1 Corporate social responsibility (CSR) drivers code frequencies

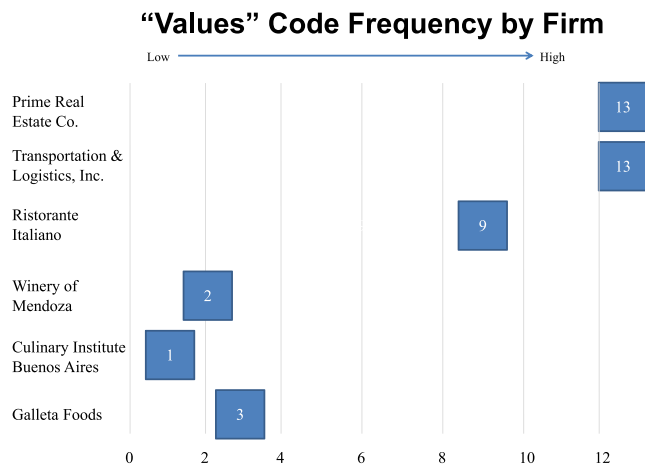


FIGURE 2 “Values” code frequency across firms

illustrated in Figure 2, which graphically illustrates the highest frequency codes for CSR drivers.

Morals or values are a complex driver that relates to other influences such as one's family upbringing and religion. The ensuing excerpts corroborate this notion. In one instance, the CEO of Mendoza Winery stated, “My grandfather, the founder of the company, always taught us to love what we do, and to be great social benefactors, always giving a lot of consideration to society.” In this excerpt, it is apparent that CSR has become a part of the way in which the CEO lives his life. Such personal values are passed down from generation to generation within his family. As a consequence, he manages his company in a socially responsible manner by giving back to society. Such a perspective was seen frequently at the family businesses in the sample.

Several other companies also demonstrated similar relationships between the influence of family and their values. In the case of Prime Real Estate Co., the director of the in-house foundation points out the importance of family, values, and religion within the organization from management to its employees:

Yes, they're Christians, they're Catholics ... Prime Real Estate is a family business, and as a family business it possesses certain values. Picture father, uncle, cousins, children all working together. So they have these values that the parents transmitted to their children, to their nieces and nephews, and to their friends' children. So it's a given at Prime Real Estate that there is a social conscience, social responsibility and mature religious values ...

Religion and moral values represent internal drivers that stem primarily from ownership and upper management.

4.1.2 | Internal drivers: Doing good for the sake of doing good

Interviewees consistently offered statements such as “give back to society,” “contribute to the common good,” and “desire to make a

difference.” Additionally, one collaborator described the CEO at one of the firms as “altruistic.” Phrases such as these are inherently linked to a person's morals or values, but during the interviews, such comments often manifested themselves as specific reasons for engaging in CSR without reference to personal values. Doing good, for the sake of doing good, represents a code consistent with a morals or values argument for CSR.

4.1.3 | External drivers: Macroeconomic factors

Drivers external to the firm also played an integral role in influencing the adoption of CSR within this sample of Argentine companies. The economic environment in Argentina has presented a variety of threats and opportunities for businesses during the past decades. Argentina experienced a devastating economic crisis that elevated unemployment and augmented poverty. This was followed by rapid economic growth during the years immediately after the crisis, which led to growth in a variety of industries that included both tourism and real estate. As a consequence of the crisis and subsequent recovery, demand for qualified labor increased.

Interviews with people from three of the firms in the sample mentioned labor demands as an external driver. The Foundation Director at Prime Real Estate Co. continues his discussion from above on CSR drivers, “... And on the other hand, there was the poverty brought about by the 2001 crisis, and a recovery in 2003-2006 that created demand for skilled workers, but the applicants we got just weren't qualified. So people see this situation ...” Other firms such as Transportation and Logistics, Inc. and Ristorante Italiano, both located in Mendoza, also identified the need for qualified labor as an important driver in establishing their CSR initiatives. This appears to have influenced the types of initiatives adopted. For example, the owner of Ristorante Italiano describes this relationship:

... Since the tourism sector in Mendoza was undergoing so much growth at that time, restaurants and hotels that were being open needed waiters and waitresses. It was a way of providing training for unemployed people who didn't have the necessary skills, making it possible for them to enter the labor market.

Although labor demands were not discussed by all companies (three out of six), firms from both Buenos Aires and Mendoza attributed labor demands as a factor in adopting their respective CSR initiatives.

4.1.4 | External drivers: CSR pioneers

The influence of other firms and in particular CSR pioneers appears to shape some firms' proactive CSR behavior. A CSR pioneer is the first in an industry or business community to adopt CSR. CSR pioneers served as exemplars for some of their business colleagues, which contributed to the adoption of CSR. For example, Transportation and Logistics, Inc. adopted its CSR initiative, modeling it after a successful program

begun by a CSR pioneer in the community, Ristorante Italiano. The following excerpt supports this mimetic behavior:

Well, the initiative came out of, or the idea was sort of copied from, another project. We got the original idea from a project that Ristorante Italiano was doing with its waiters, that trained unemployed people at the Cement Group, Inc. Foundation. So that's where we got the general idea, and then we adapted that general idea to make it our own.

Additionally, within the same business community, the Winery of Mendoza also served as a CSR pioneer with respect to reducing child labor practices. The CEO speaks to this effect:

Our winery was the first to create a daycare during the grape harvest, and I'm happy to say that now there are other wineries that are doing the same thing. And they've frequently consulted us to ask how we started it and everything. In that way, we could say we're pioneers in the Mendoza wine-producing region.

Nevertheless, the influence of other firms, particularly pioneers in CSR was not discussed across all firms, and it was only prevalent in Mendoza. All of the firms from Mendoza are members of the nonprofit organization, SOCIETY, which enables members to share and discuss ideas about CSR.

4.1.5 | External drivers: Government and nonprofits

Another external factor influencing the adoption of CSR in the sample is government and nonprofits. For example, the Culinary Institute of Buenos Aires's CSR program was the only initiative in the sample that resulted directly from the government's promotion of CSR. The firm's marketing director discusses how the CSR project came about:

... We get in touch with the government folks, especially those from the Department of Social Development. They're the ones who try to find a match between a situation that presents a specific need and businesses that can respond to that need. Then, they approach us with a proposal about working together to help the Southern Cross Community Center, where the woman in charge of the center had created a type of cooking school to train people in the neighborhood, which, needless to say, is in an impoverished area.

In fact, the marketing director said, had the government not approached her firm, they would not have taken on such an initiative. This implies that the values and resources to engage in CSR perhaps were already present; however, the firm was not predisposed to do so without the urging from an external entity.

The role of nonprofit organizations, such as SOCIETY, that promote CSR within the local business community represents an external driver too. Such organizations seem to play an

integral role in linking other organizations for sharing information and ideas. Nonprofits, particularly in Mendoza do influence firms in adopting CSR.

4.2 | Organizational performance is not a main CSR driver

Interviewees across all six initiatives also discussed how CSR can enhance the public image of the firm (27 passages). However, image enhancement did not appear to be the primary motive for CSR efforts. In fact, at three firms, it was explicitly stated that they do not publicize their CSR efforts. The CEO of the Culinary Institute was asked why CSR is important for his business:

I don't think it's important for my business. I think it's important for this company's values. It's not important for the business. It's important to feel good about sticking to the values this company was built on. It doesn't add anything to, or take anything away from, the business. We don't publicize the CSR activities we're engaged in ...

Several other firms have adopted a similar approach. For example, the director of the elementary school in the All for the School Program explained that it really surprised her when the CEO of Galleta Foods refused public recognition for the CSR initiative. The executives at Galleta Foods corroborated this fact; they had no intention to use their initiative as a publicity campaign. These findings also substantiate the importance of values in practicing CSR.

One might hope for a positive correlation between CSR and profits. However, there is no direct evidence from the study that would indicate that such a correlation exists. Of the six firms, four discussed economic benefits, and this concept was coded to 18 passages. Some interviewees expressed that CSR brings with it economic benefits, but oftentimes, they were vague in their responses regarding how. Commonly, an interviewee indicated that the economic benefits are not measured at the firm and cannot be easily measured. The owner of Ristorante Italiano explains this situation,

I can't measure exactly what effect it had on increased sales. What I can tell you is that my employees are more motivated and committed to giving better service, but as far as a direct impact, I really don't know how it affected sales.

There does appear to be some evidence of strategic alignment between CSR initiatives and potential organizational performance outcomes. In two CSR initiatives, Transportation and Logistics' School for Drivers and Ristorante Italiano's waiter training program, the SMEs clearly aligned their CSR initiatives with their own organizational know how and needs. By training community members in needed skill areas, each SME can recruit from this new pool of

skilled labor to meet organizational hiring needs. Thus, both organizations have selected some of the top graduates from their respective training programs. In theory, this not only reduces the cost of recruitment and hiring but also permits access to highly qualified talent. However, with this in mind, during interviews, participants from both organizations stressed the importance of values as a primary driver in adopting CSR (refer to Figure 2). They also limit the hiring of their program graduates to a small percentage (e.g., 5%) per cohort. Overall, however, we would argue that our results imply that the hopes of improved organizational performance do not serve as primary drivers of CSR adoption at least in the short term.

4.3 | Community is critical to SMEs

The community received mention in 59 passages and across all six firms. All appear to view the community as an important stakeholder dimension within the context of this study. From the data, it appears that at least four of the six firms have strongly embedded their organizations and initiatives in their respective local communities. The three firms in Mendoza, and in particular, Prime Real Estate Co., place a strong emphasis on their relationship with the community. The corresponding quote below from the owner of Ristorante Italiano illustrates why the community is viewed as an important dimension of CSR and stakeholder management:

Some people would say that they like our company because they see it's involved with the community, because they see that we care about these things, and that makes us a good neighbor. The people of Mendoza love this company because they see it as a good neighbor, as someone who is concerned about and takes care of the environment, someone who's concerned about social issues ... The neighbors take care of us; the people of Mendoza feel like this company belongs to them.

These firms view themselves as an important component of their respective communities and they seek to maintain a reciprocal relationship with their communities. This perspective is shared by other firms, including the Winery of Mendoza. The CEO states, "It's a manner of returning to the community everything the community's given to us—a way of reciprocating."

To the interviewees, "community" is also a significant component of CSR. When asked to define CSR, "community" was mentioned in 20 passages during their responses. This could be a potential reason that SMEs practicing CSR place significant weight on this stakeholder dimension. Additionally, in defining CSR and discussing community, the CEO of Prime Real Estate Co. pointed out that community represents those inhabitants that live close to the firm. This is not to say that broader definitions of community do not exist. However, it supports a contention that some SMEs become more embedded than others within their local communities.

5 | DISCUSSION

5.1 | Internal drivers

Why firms adopt CSR sets a foundation for a firm's CSR practices. In general, it appears that CSR is primarily motivation driven in the Argentine SME context. Results from interviews with CEOs, owners, executives, and CSR managers lend support for two lines of motivation for adopting CSR. First, the data imply that both internal and external factors influence SMEs to adopt CSR practices (see Figure 3). The primary internal, or intrinsic, motivators included the personal values of owners and managers. In fact, values were mentioned the most by interviewees, supporting previous research, and suggesting they could be the most pivotal factor in CSR adoption. In SMEs, the owner or manager often personifies both the driver and implementer of values (Hsu & Cheng, 2012; Jenkins, 2006). This strongly supports a morals argument for CSR and corroborates findings from previous research (e.g., Gabzdylva, Raffensperger, & Castka, 2009; Lozano & von Haartman, 2018)

Values also appear to be strongly linked to a person's religion, family, and even altruistic beliefs. This finding supports previous research on the role of owner characteristics at SMEs (Jenkins, 2006; Lepoutre & Heene, 2006; Vives, 2006). For example, in their study, Kusy and Lozano (2007) found that ethical values or morals were the greatest internal driver of CSR at SMEs. As Vives (2006) points out, in Latin American SMEs, religion and ethics often motivate firms to engage in CSR.

5.2 | External drivers and other explanations

A second set of drivers deals with external, or extrinsic, motivators for engaging in CSR. Although the results do not uniformly indicate that the same external drivers are present at each firm in the study, substantial evidence is provided to indicate that the macroeconomic

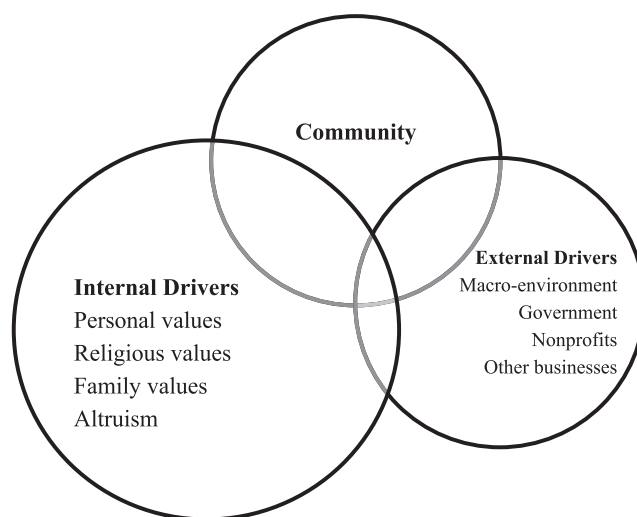


FIGURE 3 Small and medium enterprise corporate social responsibility drivers-adoption conceptual model

context in Argentina does play a substantial role in inducing SMEs to implement CSR, and also to a certain degree, it is likely to shape the choice of initiative. Firms did take into account some macroenvironment conditions such as unemployment, labor demands, and the general state of the economy when evaluating community needs and selecting initiatives.

To a certain extent, the results also reflect the context and experience in Argentina during the past few decades. As Newell and Muro (2006) point out, the 2001–2002 economic crisis and its aftermath constituted an important phase in the evolution of CSR in Argentina. In this new CSR paradigm, businesses have begun to make efficient use of their resources and knowledge to meet local needs, rather than simply adopt the global-best CSR practices (Newell & Muro, 2006).

In addition, the data suggest that institutional isomorphisms may shape CSR to a certain extent. First, in the likeness of institutional theory, some evidence supports mimetic isomorphism, which occurs when firms adopt the practices of other firms (Campbell, 2007; DiMaggio & Powell, 1983; Gardberg & Fombrun, 2006). This was evident in two of the cases in the sample. *Ristorante Italiano* served as a pioneer in CSR, and *Transportation and Logistics, Inc.* copied their waiter training program idea by establishing a *School for Drivers*.

Additionally, the *Winery of Mendoza* has become a pioneer in its own viticulture industry, and other wineries are beginning to establish daycare programs to combat child labor. We also see this occurring with *Galleta Foods*, where the firm has developed a blueprint for their CSR initiative and are actively seeking other SMEs to implement the *All for the School* program with other elementary schools. They realized that a single SME can only do so much; thus, other firms must advance the CSR cause. Institutional theory could perhaps also be extended to describe the role of the *City Government in the Culinary Institute of Buenos Aires's* initiative. Although the government plays an important role in the *Culinary Institute of Buenos Aires's* adoption of CSR, the data do not appear to fit within scope of traditional coercive isomorphism (DiMaggio & Powell, 1983; Sine et al., 2005).

Organizations such as *SOCIETY*, the *Mendoza-based* nonprofit, also display actions that are similar to what the institutional theory literature refers to as normative isomorphism, where professional and trade associations stimulate greater homogeneity in professional customs and practices (DiMaggio & Powell, 1983; Honig & Karlsson, 2004). At least with respect to the firms in *Mendoza*, *SOCIETY* plays a formal role in stimulating CSR practices with its members in the business community. Other such nonprofit business associations exist in other regions of *Argentina* and likely contribute to normative pressures as well. Although, we have centered this part of our presentation on institutional theory, it should be noted that the trend of institutional isomorphisms was not evident across all firms, and in general, the data do not reflect this a priori driver of CSR. Similarly, *Vashchenko (2017)* found mixed levels of evidence to support institutional theory as an underlying framework in her sample of *Danish* firms. Country context and industry are likely to play an important role related to CSR implementation choices (Epstein & Roy, 2001).

It should also be mentioned here that stakeholder and performance driven aspects of CSR adoption could also be incorporated into

this framework to offer further explanation (Basu & Palazzo, 2008; *Vashchenko, 2017*). Of these two perspectives, stakeholder theory is more likely to be congruent with the behavior of firms in the sample. The data show that SMEs manage their relationships with suppliers, and in particular, they pay close attention to their employees and the local community, which have been identified as priorities for SMEs in prior SME CSR research (e.g. *Lepoutre & Heene, 2006; Vives, 2006*). However, like other SME CSR studies, stakeholders do not appear to apply significant pressure on SMEs to adopt CSR (*Jenkins, 2006, Vives, 2006; Vashchenko, 2017*).

In addition, SMEs are often tightly embedded in their communities. Thus, sustaining long-term relationships with the local community is beneficial to the firm's continued success (*Perrini, 2006*). For example, firms recognize their stakeholders and engage in varying forms of stakeholder management. Hence, stakeholder theory does offer some explanation for the firms' behavior in the sample. The stakeholder perspective, coupled with moral motivations, afford complementary explanations as to why firms employ CSR.

On the other hand, there is no universal evidence in our sample to support the instrumental perspective of adopting CSR, which holds that a firm engages in CSR to achieve an organizational performance outcome or goal (*Basu & Palazzo, 2008; Garriga & Melé, 2004; Salzmann et al., 2005*). In general, the values implanted within an SME seem to be the strongest indicator of CSR adoption. Alternatively, however, we could argue that although owner values seem to drive the adoption of CSR, in several instances, the choice of CSR initiative was in fact somewhat strategic in nature. For example, both *Transportation and Logistics* and *Ristorante Italiano* have established CSR programs that enable each SME to hire newly trained talent. Conceptually, this should reduce the cost of recruitment and hiring. By hiring the best of the best from their training programs, these two SMEs also enhance their organizations' human capital. This perhaps supports *Porter and Kramer (2006)* who advocate that firms should align CSR practices in ways to achieve a competitive advantage. Other external variables such as the macroeconomic environment (e.g., labor demands), government, and NGOs also influence CSR adoption, perhaps serving as moderators. More research is needed to test these proposed relationships.

5.3 | Implications for practitioners

Much of the current CSR research still reflects the practices of large MNCs and takes on a European or North American viewpoint (*Jenkins, 2005; Newell & Muro, 2006*), although more attention has been paid to developing countries over the past decade (*Jamali et al., 2017; Jamali & Carroll, 2017*). According to *Jenkins (2005)*, perspectives on CSR from Europe and North America tended to focus more on issues that affect company reputation, such as environmental impacts, avoiding malpractices, safe work conditions, and eliminating child labor. In contrast, the SMEs in this sample implemented projects using limited resources and made a real difference in their communities. Their rationale for doing so was not to protect or enhance the

company's reputation, but rather primarily based on the values of the owners, and the initiatives reflected strong commitments to community development.

As Prieto-Carrón, Lund-Thomsen, Chan, Muro, and Bhushan (2006) point out; many large corporations simply lack the skills and knowledge to take on community development CSR initiatives. Although this assertion represents a valid point, it was clear from the businesses in this study that a lack of knowledge or resources does not have to be a deterrent to engage in meaningful community development efforts. CSR practices enabled these SMEs to build and strengthen relationships with the communities in which they operate, and this has the potential to reap long-term benefits. Thus, more broadly, SMEs in developing countries may serve as unexpected role models for large multinational businesses, particularly firms that have strained community relations.

5.4 | Implications for future research

A number of possible future research areas exist. This study only touches the surface on factors influencing CSR adoption, and it is confined to the context of SMEs in Argentina. Although we attempt to take a more holistic approach by investigating both internal and external drivers, Lozano and von Haartman (2018) and Lozano (2015) point out that little attention has been given to the drivers that "connect" an organization's internal and external sustainability drivers. Thus, such complementary drivers represent a pertinent avenue for future research.

5.5 | Limitations of this study

A number of limitations exist for this study. Qualitative methods lend themselves to some subjectivity and interpretation on the part of the researchers. Thus, it is up to the reader to decide the quality of the study (Corbin & Strauss, 2007). Due to the narrow scope of the study, external validity is also limited. Thus, it may be difficult to generalize beyond Argentine SMEs operating in those industries represented in the sample.

6 | CONCLUSIONS

In conclusion, results of this study suggest that the owner or manager's values, as well as the community, play integral roles in the process of CSR adoption and initiative choice. External factors (e.g., poverty and labor demands) also influence CSR adoption. Although stakeholder, institutional, and instrumental theories only offer partial explanation from a theoretical standpoint. Nevertheless, external organizations, such as other businesses, governments, and nonprofit organizations, should also be looked upon as allies in the cause to facilitate and expand the practice of CSR. This study also has implications for organizations in developing countries facing similar challenges like Argentina and could potentially inspire large corporations.

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