

**Corporate Social Responsibility Programs in Small and Medium  
Enterprises – Food Industry in Taiwan**

by

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## ABSTRACT

In Taiwan, after numerous cases of food safety and environmental pollution scandals, corporate social responsibility (CSR) has become a high concern of the public. Although it appeared that CSR had mostly been implemented only by large enterprises in Taiwan, in fact, small and medium enterprises can also conduct their CSR programs. Moreover, food is an essential part of our daily life that has a fundamental impact on our health; therefore, the food industry specifically should pay extremely high regard to their social responsibility. This research applied the multiple-case-study approach and explored the above-mentioned CSR issues in three outstanding Taiwanese SMEs in the food industry. Observations, semi-structured interviews, and other triangulation techniques were conducted to support the credibility of the research. The findings of the research are as follows. First, the definition of CSR is unclear among the SMEs in Taiwan. In this research, for some SMEs, CSR is a sort of specific activities; some even considered CSR is only for the large companies and are mandated by the government. Second, the will of the top management forms the company's vision and mission and also influences the organizational culture. With a strong connection to the organizational culture, employees in the case companies possess high organizational identification which leads them to conduct CSR programs. Third, when implementing CSR program, the company's lack of resources and the governmental regulations can be the challenges; while on the positive side, the flexibility to solve problems and the deep business expertise are the strength of SMEs and can be the opportunities. Lastly, positive outcomes for SMEs from the CSR program are increased customer loyalty, better performance in the market, diversified business partners, and the sense of achievement from the employees.

*Keywords:* corporate social responsibility, small and medium enterprise, the food industry in Taiwan

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# CHAPTER I INTRODUCTION

This chapter provides the introduction of the research. The research background demonstrates the needs of SMEs to conduct CSR programs. The research purposes and questions are raised. Furthermore, the significance of the study is explained subsequently.

## Research Background

Corporate Social Responsibility (CSR) has become a growing social awareness in this century (De Clercq & Voronov, 2011) and also seems to be a kind of international private business self-regulation. Since the theory of Corporate Social Responsibility had appeared in the 1950s, a wide variety of definitions of CSR have been announced. The reason is that different kinds of organizations have their strategy and operations, therefore, CSR has been represented in different ways. As time passes, currently CSR practice has been considered as an essential part of corporate sustainability (CS). To follow the Triple Bottom Line Model (Elkington, 1998), maximizing the profit at the same time creating a balance between stakeholders and the environment is the responsibility of a business enterprise. Therefore, to improve their company image value and gain the most benefit for their stakeholders, business enterprises tend to conduct their own CSR strategy. Furthermore, the High-CSR firms had shown that they had better performance than the low-CSR firms during the 2008 Financial Crisis (Karl, Servaes & Tamayo, 2017).

In 2015, several social issues including food safety and environmental pollution had appeared in Taiwan. These social issues had been highly concerned by the public, especially food safety. The reason is food safety can influence people's health. As a result, CSR had become a token to judge whether a company is reliable or not. Besides, the Taiwanese Government had announced a series of regulations to promote the companies to implement their CSR practice.

Until now, CSR had mostly been implemented only for large enterprises. However, according to “2019 White Paper on Small and Medium Enterprises in Taiwan” published by SMEA (Small and Medium Enterprise Administration, Ministry of Economic Affairs R.O.C., 2019), the number of SMEs' enrollment constituted over 97% of the enterprises that had registered in Taiwan. Also, employees who worked in SME took up over 78% for the workforce in Taiwan, and they provided 30% of GDP in Taiwan. It shows that SMEs had a great contribution to economic development and creating job opportunities in Taiwan. On the other hand, a look at the food industry recently shows that, according to “2020 Status and Trends of Sustainability Report of Food Industry in Taiwan” published by CSRone (2020), about 6,000 companies registered in the food industry, but only 28 of them had published their sustainable report; additionally, only one of them is voluntary instead of being required by the regulation to publish the report. Even though it seems there are many steps for SMEs to go to consider their social responsibility, but there are still many opportunities for SMEs to integrate CSR into their core values and make CSR become a way they do things. Some of the SMEs in Taiwan had already built some contribution to their great CSR practice. This study tries to find the motives that make Taiwanese SMEs in the food industry to start to conduct their CSR practice and to give suggestions to other companies.

Researchers Murillo and Lozano (2006) used multiple case studies to find out the similar result from different companies and found that the promoter of the CSR practices is often the founder of the company. They concluded that it is still far for SMEs to go if they are willing to conduct CSR. Furthermore, Liu (2016) had also researched the CSR in Taiwanese SMEs. These studies served as important reference and inspiration to the present study. This research will focus on Taiwanese SMEs in the food industry and try to find if there is any difference between them.

## **Statement of Problem**

According to a reference from SMEA (Small and Medium Enterprise Administration, Ministry of Economic Affairs R.O.C., 2019), the Taiwanese government is currently practicing the transformation of SMEs. There are two purposes of this transformation: firstly, to improve the productivity and the competitiveness of SMEs, and secondly, to guide SMEs toward sustainable development. According to Lu and Xia (2009), in 2009, the Taiwan Environmental Information Association (TEIA) conducted a survey to explore the recognition of CSR among SMEs in Taiwan, and 388 SMEs participated in the survey. The result shows, among the participated SMEs, about 70 percent of them considered conducting CSR has positive influence on the company image; however, 50 percent of them did not have related knowledge about the implementation of CSR and would like to have some professional support.

In addition, according to CSRone (2020), for the food companies which published CSR reports, most of them were large enterprises that were required by the regulation, and only one of them published voluntarily. Therefore, there is a need to increase the awareness and knowledge of the CSR practices among small and medium enterprises in the food industry. This study attempted to address this need by conducting multiple case studies on three SMEs which were recognized for their outstanding CSR programs. Two of the case companies are social enterprises and the other a traditional company. This research reveals what motivation for SMEs to start a CSR program were, and how SMEs in the food industry developed their CSR program.

## **Research Purposes**

The main purpose of this research is figuring out the motivations of Taiwanese SMEs in the food industry to conduct their CSR program. In addition, during the process, what can they do for the implementation. At the same time, to give some suggestions to the SMEs which are willing to start their CSR practice. This research proposes to build a contribution to two groups of people.

First, for the companies that do not have the common knowledge of CSR, to help them build the common knowledge; furthermore, to enable them to consider the opportunity for their social responsibility. Second, for those companies that would like to conduct CSR practice but do not know how to start it, the research will provide the experiences of other successful companies and the suggestions from the research.

## **Research Questions**

This research attempts to answer the following questions based on the research purpose.

1. What motivates the SMEs to conduct CSR practices?
2. How do they manage the implementation and what are the challenges and the advantages for SMEs to conduct CSR programs?
3. What are the positive outcomes after the implementation of the CSR program?

## **Significance of the Study**

There are several issues that the research attempts to uncover. First, why should the SMEs implement CSR practices and what are the opportunities for them to adapt CSR into their business operation. Second, through the interview with the companies to find out the difficulties they may face in the beginning, also what can they do as the solutions. Third, what are the motivations for making them persist in their process?

To improve the validity of the research, the researcher found three Taiwanese companies and conducted interviews with their stakeholders. Through the in-depth interviews, this research uncovered the details about their opinions on CSR and the practices they have devoted to, also how the results were. This research focuses on the CSR strategy of SMEs in Taiwan, to find the difficulties when they first started, also during the process, and how they continued their passion for the implementation. Additionally, what benefits they had gained after the implementation and also what others can learn from their experience. This study can encourage other SMEs to

consider their corporate responsibility and make the Taiwanese food industry more reliable by providing the experiences of other successful companies and the suggestions from the research. Consequently, through CSR, it is hoped that people in Taiwan will no longer need to worry about whether the food they eat is safe or not.

## **Definition of Terms**

### **Corporate Sustainability (CS)**

Corporate sustainability (CS) can be defined as fulfilling the demands of a company's direct and indirect stakeholders including shareholders, employees, clients, pressure groups, communities, as well as without compromising its ability to fulfill the demands of future stakeholders (Dyllick & Hockerts, 2002).

### **Corporate Social Responsibility (CSR)**

In this study, CSR is how an organization concerns about all of its stakeholders, society, and the environment, and additionally, how they implement the concern of all the above into their culture and day-to-day operation. (Bowen, 1953; Carroll, 1979, 1991; Eells & Walton, 1974)

### **Small and Medium Size Enterprise (SME)**

According to the Small and Medium Enterprise Administration (2015), the definition of SME is present as follows. For the manufacturing, construction, mining, and quarry industry, the company has its investment capital less than NTD \$80 million or total employees are lower than 200. For other industries, the company's sales revenues are lower than NTD \$100 million from last year and has less than 100 employees.

### **Social Enterprises**

According to United Kingdom government's Department for Business, Energy and Industrial Strategy (2011), a social enterprise is a business with a social object and focus on the social purpose or the community rather than the maximum profit for shareholders.



## **CHAPTER II LITERATURE REVIEW**

This chapter aims to review the related literature of CSR. The research reviewed the literature including the definitions of CSR, the implementation of CSR, the relationship between CSR and Corporate Sustainability (CS), CSR implementation in SMEs and the food industry, and the CSR development in Taiwan.

### **Definitions of Corporate Social Responsibility**

The definition of Corporate Social Responsibility has a long and varied history, and is more related to the business community's concern for the society for centuries. The formal writings of CSR are an important product in the 20th century, especially in the past 50 years. Although there are a variety of definitions, generally the literature cited A. B. Carroll to be the one who had given the best definition of CSR. This study also agrees with his definition which pointed out that the corporation's sole responsibility was to provide a maximum financial return to shareholders (Carroll, 1991). Additionally, he mentioned that to characterize the company's CSR in different ways may be useful to those executives who wish to set shareholders' minds at rest about the obligations with those to other competing groups that claim legitimacy. He framed the discussion as a pyramid of CSR in his seminal article, "The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders". In the early writing of CSR, it is more related to Social Responsibility (SR) rather than discussing Corporate Social Responsibility (CSR), the reason might be that during those days the discussion of the Corporations in the business sector was not prominent. As a result, there were many different definitions of CSR in scholarly writing, which the researcher had collected and shown in Table 2.1.



Table 2.1.

*Definitions of Corporate Social Responsibility*

<b>Definition</b>	<b>Source</b>
That social responsibility refers to businesses' decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest.	Bowen, 1953, p.4
On its broadest sense, corporate social responsibility represents a concern with the needs and goals of society which goes beyond the merely economic.	Eells & Walton, 1974, p. 247
For a definition of social responsibility to fully address the entire range of obligations business has to society, it must embody the economic, legal, ethical, and discretionary categories of business performance.	Carroll. 1979, p. 499
CSR, to be accepted as legitimate, had to address the entire spectrum of obligations business has to society, including the most fundamental—economic.	Carroll, 1991, p. 43
A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.	European Communities, 2001, p.11
Context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance.	Aguinis, 2011, p.855

*Note.* This table was compiled by the researcher for the purpose of this study.

These scholars had provided the fundamental definitions of CSR. Bowen (1953) mentioned that social responsibility impacts the organization's decisions and is acted for a reason beyond the firm's economy. Additionally, Eells and Walton (1974) proposed that CSR represents the concern with the needs and goals of society which goes beyond merely the economic. Carroll (1979, 1991) explained that the essence of CSR is the entire range of obligations of a business, which includes four categories, economic, legal, ethical, and discretionary. Based on the definitions by scholars above, in this research, CSR is defined as how an organization concerns about all of its stakeholders, society, and the environment, and additionally, how they implement the concern of all the above into their culture and day-to-day operation.

### **Implementation of Corporate Social Responsibility**

In the early period, the researchers were more interested in Social Responsibility (SR) than Corporate Social Responsibility (CSR), Keith Davis' article titled "Understanding the social responsibility puzzle" (1967) stated that businesses by all kinds of groups in the system can influence each other; therefore, they must be socially responsible for their actions. Both society and social science were becoming interdependent, the business proposal is to make the profit as much as they can, at the same time, make the cost as low as they can. However, for the customer, they will hope to buy the products at the lowest price, therefore, determine the price is also the issue that businessmen should consider. Consequently, the balance between profit-making and quality maintenance is one of the social responsibilities. Yet, there are still many kinds of CSR. Carroll (1991) had distinguished CSR as the pyramid of Corporate Social Responsibility. He separated CSR into four different kinds of responsibility, including economic, legal, ethical, and philanthropic. Most of the following researches were based on this model.

The first is the economic responsibility; since business, organizations have been created to produce goods and services. it had become a basic economy of our society. Therefore, to provide the consumer with good quality also the affordable price of goods and services is the

responsibility of the organization. In addition, if without economic responsibility, all other business responsibilities will become moot consideration.

The second is a legal responsibility. Businesses are not only sanctioned to operate according to the profit motive, but also expected to follow the laws and the regulations and even the custom. The companies need to process their business with a framework abide by the laws. To find a balance between profitability and legality is what business organizations must do.

The third is an ethical responsibility. Ethical responsibilities embrace some practices that are not codified into law. To protect moral rights and make sure what consumers, employees, shareholders, and communities regard as fair.

Last but not the least, the philanthropic responsibility is a sense that firms respond to the society as a good citizen. Firms often devote themselves to some artworks, financial foundations, educational foundations, social serving foundations, or focus on dealing with some significant social issues. This sense is more about the moral and ethical aspects, and more related to sociologic activities rather than the business.

So far these are the fundamental dimensions of CSR; furthermore, researchers started to consider the importance of the environment and count it into one of the dimensions of CSR. Moir (2001) had mentioned the issues CSR had covered are plant closures, employee relations, human rights, corporate ethics, community relations, and the environment. CSR Europe, an organization in which the members are the large firms across Europe, provided the guideline of CSR which included the following aspects, workplace (employees), marketplace (customers, suppliers), environment, community, ethics, and human rights. Branco and Rodrigues (2006) had also mentioned that CSR is an issue that relates to environmental protection, human resources management, health and safety at work, relations with local communities, and relations with suppliers and consumers.

Dahlsrud (2008) analyzed 37 definitions of CSR in his literature and created a five-dimension model of CSR, which included the environmental dimension, social dimension,

economic dimension, stakeholder dimension, and voluntariness dimension. The environmental dimension includes all kinds of environment protection; social dimension deals with the relationship between the organization and the public, to integrate the social concern into their operation in order to contribute to a better society. The economic dimension refers to maximizing the profitability and the financial performance of the organization. The stakeholder dimension means the organization is responsible for all its stakeholders including employees, customers, suppliers, and the community. The voluntariness dimension includes all kinds of activities based on ethics and beyond the obligation.

### **Corporate Sustainability and Corporate Social Responsibility**

Corporate sustainability (CS) can be defined as fulfilling the demands of a company's direct and indirect stakeholders, as well as without compromising its ability to fulfill the demands of future stakeholders (Dyllick & Hockerts, 2002). Elkington (1997) proposed the bottom line model to state that if a company attempts to reach this goal of sustainability, it should maintain and keep improving its economic (Profit), social (People) and environment (Planet), also known as the 3P model. A company which is economically sustainable can always keep their cashflow adequate, and make sure the return to shareholders is constantly above the average. Additionally, a company that is ecologically sustainable will only use the natural resources in a way to ensure the rate of reproduction is faster than consumption. Therefore, they do not involve in any activity that might harm the environment. Last but not the least, a company with social sustainability contributes to the community and make themselves to be of value in the society.

Furthermore, some researchers started to differentiate CS and CSR. Linnanen and Panapanaan (2002) had proposed corporate sustainability as the ultimate goal, to keep the ability for the future at the same time reaching their needs. Kaptein and Wempe (2002) had also considered CS as the ultimate goal and placed CSR as the middle stage for the companies which

try to fulfill the Triple Bottom Line. In addition, European Commission (2001) also set a theme as CSR: a business contribution to Sustainable Development.

However, many doubts that the differentiation of CS and CSR is too vague, for example, Van Marrewijk (2003) had recommended that it is necessary to keep even though only a small difference between CS and CSR. He associated CSR in the aspect of people and organization and CS as agency and principle. As a result, CSR is more related to actions such as transparency, stakeholder interaction, and sustainability reporting. Besides, CS is more related to multi-level of management such as value creation, and environmental management.

Montiel (2008) had proposed that according to his analysis of the literature review of CS and CSR, although there is still a number of differences between CSR and CS, the conceptualizations and measures of CSR and CS tended to be converging. Therefore, we should consider if we need to distinguish more specifics of the difference between CSR and CS, or if we should combine them into a structure that includes all kinds of social and environmental issues in the management area. He suggested that if we combine some of the elements in CSR and CS, that might become a better direction for the firms to become a sustainable and socially responsible organization.

## **Corporate Social Responsibility in Business Enterprise**

The contemporary business enterprises often consider CSR as an important strategy of the company and will pay lots of effort into it. Aguinis and Cleves (2012) reported that more of the CSR literature originated from the fields of environmental issues, organization behavior, and human resource management. They focused more on how CSR is applied in organizational strategies. On the other hand, they also did the institutional level analysis according to Scott's (1995) three pillars of institutions, which is normative, cultural-cognitive, and regulative elements. For instance, articles about laws and standards are related to regulative elements and will be classified into CSR at the institutional level of analysis. Additionally, cultural-cognitive and

normative elements will include the construct shaped by externals to the firms such as the society and the consumers. In conclusion, the research of CSR in decades is more related to the business and the organization strategy, putting the theory into practice, and CSR as a major policy that has to be focused on, if the business enterprise or even any kind of organization wants to succeed.

### **Corporate Social Responsibility in Small and Medium Enterprises**

According to Standards for Identifying Small and Medium-sized Enterprises published by SMEA (Small and Medium Enterprise Administration, Ministry of Economic Affairs R.O.C., 2015), there are two categories to define SME in Taiwan. First is for the manufacturing, construction, mining, and quarry industry with investment capital from shareholders of NTD \$80 million or less, otherwise has fewer than 200 employees. Second is the industries not mentioned above, which sales revenues are lower than NTD \$100 million last year and have less than 100 employees.

In most cases, the management in SME is the owners at the same time, and they assume multiple positions in the organization. Therefore, they often put their own value into the business strategy of the companies. Therefore, the motivation of top management is the most important approach for SMEs to conduct CSR programs (Lepoutre & Heene, 2006; Longenecker et al., 1989; Vyakarnam et al., 1997)

Besides, Granovetter (1985) proposed that the business actions of SMEs were often embedded in social relations. The close interpersonal relationship helps to improve confidence and the relationship between stakeholders, to have a good reputation in the society, and finally to promote the importance of the company in the market. As a result, social network and the interpersonal relationship could be the factors that force SMEs to consider CSR (Lepoutre & Heene, 2006; Murillo, 2006).

## **Corporate Social Responsibility in Food Industry**

The supply chain in the food industry is a quite complex network from agriculture to food processing, food retailers, and ultimately to the consumers. Throughout the supply chain, there are many complicated procedures when food is delivered to a consumer from the time it was produced. By the time researchers started to discuss CSR in the food industry, various issues have bloomed, which include animal welfare and food suppliers' sustainable practices such as animal treatment (Ordonez, 2000), slaughter process being humane (Garber, 2005) also the use of antibiotics (Leung, 2003). Maloni and Brown (2006) developed a framework of CSR applications in the supply chain in the food industry. There are totally eight categories in their model, including animal welfare, biotechnology, community, environment, fair trade, health and safety, labor, and procurement.

### **Animal welfare**

The main propose of this category is that animals should not experience any unnecessary suffering, which includes humane approaches to handling, housing, transporting, and slaughtering.

### **Biotechnology**

Maloni and Brown (2006) stated that biotechnology is a rapidly emerging category of CSR food supply chains, and it includes recombining DNA, tissue growing outside the body, cloning, and growth stimulation. The attitude of consumers and the boycott of industry practices had made the retailers be threatened and set a more comprehensive standard.

### **Community**

The community aspect represents all kinds of supporting activities for the local community.

## **Environment**

There are many environmental issues that influence the food industry, such as global warming and water pollution. Therefore, the supply chain needs to not only provide environmentally friendly products but also develop practices for protecting the environment.

## **Fair trade**

Fair trade is the idea that retailers should support the price for suppliers to keep them from poverty and keep the business sustainably developed.

## **Health and safety**

These are big challenges in the food industry that should be overcome, such as mad cow disease, foot and mouth disease, the safety of the biological products, and the famine in some countries.

## **Labor and human rights**

This aspect had already been discussed since the “sweatshop” issue had been exposed, the labor conditions of foreign manufacturers supplying US retailers such as NIKE and Wal-Mart (Emmelhainz & Adams, 1999). Therefore, companies are obligated to follow international labor standards.

## **Procurement**

Carter (2000) offered a review of examples about the ethical issues that should be avoided during the process of procurement such as favoritism, preferential treatment, bribery, gifts, obscure contract terms, and rebidding past deadlines.

## **Development of Corporate Social Responsibility in Taiwan**

According to the Corporate Social Responsibility Overview presented by Corporate Governance Center, Taiwan Stock Exchange (2019), Financial Supervisory Commission has launched the “Corporate Social Responsibility Best Practice Principles for Listed Companies” and the “Ethical Corporate Management Best Practice Principles for Listed Companies” in 2010,



in order to promote and guide the listed companies to implement CSR practices and to ensure integrity in corporate management for sustainable development. Besides, Financial Supervisory Commission (2014) also demanded the companies whose registered capitals are above ten billion NTD to publish their CSR report starting from 2014, and in 2017 the amount of registered capital was reduced to five billion NTD to include more companies into this reporting requirement. Nowadays, the operation of companies is under constant monitoring by the public, in order to fulfill the environment, social, and governance dimensions of CSR. (Liu, 2016)

Not only the government is facilitating the CSR development in Taiwan, but some NGOs also devote themselves to promoting CSR in Taiwan. CommonWealth magazine and Global Views Monthly are two well-known social media companies in Taiwan. Both of them grant the CSR awards annually. The award can be seen as an honor to the company. According to CommonWealth (2019), the criteria of the competition are company governance, company commitment, social participation, and environmental protection. On the other hand, the standards of Global Views Monthly are environmental protection, company governance, and social participation. (Global Views Monthly, 2019)

Furthermore, as requirements of the government and the clients, most of the large enterprises have their CSR reports and are willing to apply for the award by the resources they had disbursed. These awards seem like the competitions for the large enterprises; however, since 2015, CommonWealth magazine added a division called “little giant” which allowed companies with revenue below five billion to join the competition. This can be seen as the initial opportunity for SMEs, in order to recognize the SMEs which, contribute to the society even though the contributions are not comparable to the large enterprises. This is a way to prove that SMEs do indeed have sufficient ability to implement CSR and, in their words, build a contribution to the society. At the same time, this also encourages the rest of the SMEs who still have not started their CSR practices to begin considering their social responsibility.

## **CHAPTER III METHODOLOGY**

This chapter explains how the research was conducted and provides the details of the process. This chapter includes the research approach, research framework, research quality, research procedure, research participants and criteria, data collection, and data analysis

### **Research Approach**

This research adopted the qualitative research method with a multiple case study approach. Merriam (2009, p.23) mentioned “when the overall purpose is to understand how people make sense of their lives and experiences”, qualitative research is suggested. In order to go deep into the company’s practice and learned the experience from them, the case study is the research approach that was adopted in this study. Stake (2005) explained the case study drew attention to what we can learn through the cases. In addition, according to Yin (2003), when the focus of the study is to answer “how” and “why”, the case study should be used as the approach. Therefore, the case study approach was adopted in this research. In addition, multiple case studies can be compared to find the similarities between the cases. Semi-structured interviews and document reviews were the sources of data for each of the cases.

### **Research Framework**

The framework of this research is presented in Figure 3.1. Since the research purpose is to figure out the motivations for SMEs to conduct CSR programs, what they should do and what can be the results for them after the implementation, these questions were asked: (a) what are the motivations for SMEs to conduct CSR program? (b) during the implementation process, what do they do for the implementation? How do they develop their own strategy? In addition, what are the reasons and how do they implement? Last, (c) what are the positive outcomes after the implementation?

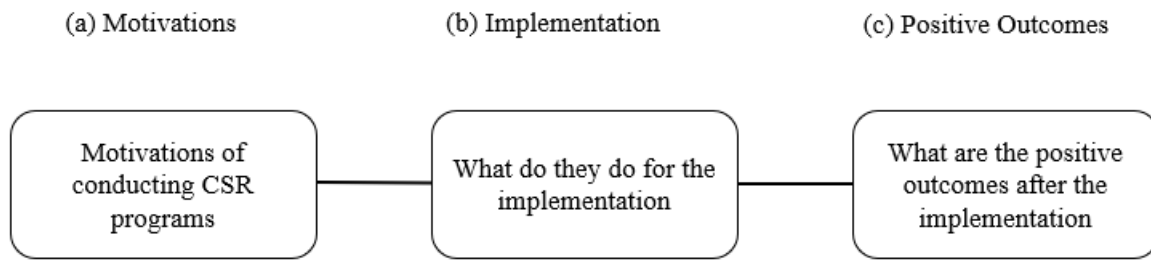


Figure 3.1. Research framework

## Research Quality

The quality of a study is usually assessed by its validity and reliability. Lincoln and Guba (1985) had proposed a set of basic criteria to examine the trustworthiness of a study, which are credibility (internal validity), transferability (external validity), and dependability (reliability). In addition, Gibbert, Ruigrok, and Wicki (2008) brought forth four common criteria used to assess a case study, which are internal validity, construct validity, external validity, and reliability.

### Internal Validity (Credibility)

Internal validity means how the findings and the research purpose are related. There were a few steps adopted to ensure internal validity in this study. Firstly, the researcher formulated a clear research framework. Secondly, the research questions were developed from the research framework. Thirdly, the researcher ensured that the data collected were closely related to the research questions. Lastly, the data were analyzed according to the research framework.

### Construct Validity

Construct validity refers to the quality of the conceptualization or operationalization of the relevant concept (Gibbert, et al., 2008). Construct validity should be considered through the data collection phase, in order to extend the investigations of the study and with procedures that lead to accurate observation. According to Yin (1994), there are two steps to enhance construct validity. First, to establish a clear chain of evidence for the readers to have a full

understanding from the initial research questions to the conclusion. Second, to adopt different angles to interpret the same phenomenon. In this study, the researcher provided a clear chain of evidence by presenting the research framework, research questions, data collection methods, sources of data, and the verbatim quotes to support the findings. Second, to adopt different angles to interpret the same phenomenon, the data was collected through interviews with different stakeholders, and from relevant documents such as the case company's CSR report.

### **External Validity (Transferability)**

External validity means how the findings of the study can be applied or measured on other occasions. According to Mertens (2005), transferability was determined by the readers instead of the researcher in qualitative research. In order to increase the transferability of the research, this study provided abundant details for the readers to judge whether the research findings can be applied to different situations.

### **Reliability (Dependability)**

According to Kimberlin and Winterstein (2008), "reliability is used to evaluate the stability of the research repeated at different times with the same researcher or different researcher using the same method" (p.2). Transparency and replication can be used to assess reliability. To enhance transparency and replication in this study, how the case study was conducted was written in detail with all the data been used in the case study.

## **Research Procedure**

The following will describe the ten steps which were included in this study.

### **Identify the Research Topic**

The researcher had an interest to focus on CSR, and also reviewed the literature and the news reports about CSR in Taiwan. The researcher ultimately decided to focus on CSR in Taiwanese SMEs, specifically the food industry.

## **Define Research Purpose and Questions**

Due to a lack of research in CSR in Taiwanese SMEs in the food industry, the research purpose is to focus on this topic and attempts to increase CSR awareness in the SMEs in Taiwan and examine how they implement it into their business operation. Research questions were developed based on the research purpose.

## **Decide the Research Method**

As the research purpose is to identify how to motivate Taiwanese SMEs in the food industry to conduct CSR practice and how can they implement their practice. In order to get deep into the CSR practices of Taiwanese SMEs, knowing what they do and how they do it, qualitative research with the multiple case study approach was adopted in this research.

## **Conduct a Literature Review**

This study reviewed the literature about CSR, the relationship between CSR and CS, CSR in SMEs, and CSR development in Taiwan.

## **Establish a Research Framework**

After conducting the literature review, the researcher developed the research framework based on the research purpose and the research questions.

## **Identify Case Companies**

As the research targets were the SMEs in the food industry who have conducted their own CSR practices, therefore, the SMEs which had been awarded by the social media for their CSR program were targeted as the case companies.

## **Design Interview Questions**

Interview questions were developed according to the research purpose and research questions, in order to fully recognize the value and the experience of the case companies.

## **Conduct Interviews**

The interviews were used to obtain in-depth knowledge according to the research questions. The interviewees were the stakeholders of the selected companies including the management level, operational level, and the customers.

## **Analyze the Data**

Interview verbatim and the CSR reports from companies were all used for analysis. The interview verbatim was coded by the researcher in order to systematically analyze.

## **Comparative analysis of multiple cases**

This study compared the similarities between the cases in order to find a benchmark of the CSR practices in the food industry.

## **Conclude Research Findings**

According to the analysis, the researcher concluded the research and gave suggestions to other SMEs and for future research.

## **Research Participants and Criteria**

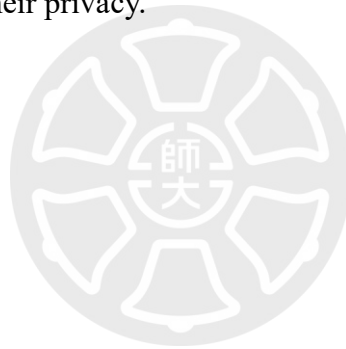
Since this research focuses on Taiwanese SMEs in the food industry; therefore, the case companies are three Taiwanese SMEs in the food industry. In addition, the interviews were conducted with multiple stakeholders of the companies.

## **Selection Criteria for Case Company**

Three Taiwanese SMEs in the food industry had been targeted as the case companies. There were two criteria for selecting the case companies. First, the case company should meet the definition of SMEs by the Taiwanese Government and should be in the food industry. Second, since the research attempted to provide experiences of successful CSR implementations from SMEs, the researcher targeted at the SMEs which had been awarded as the outstanding CSR companies by the two well-known Taiwanese magazines, CommonWealth and Global Views. Three companies fulfilled the sampling criteria.

## **Selection Criteria for Research Participants**

For the purpose of triangulation, the research participants were primarily stakeholders of each company above. They were separated into two groups, the first group was the stakeholders within the company, including employees at the management and operational level; the second group was the stakeholders outside the company, which were the customers. Management level employees were those who lead the CSR program, while operational level employees were the employees participating in the CSR program, and the customers were those who had bought their products and were willing to repurchase. The researcher first contacted the case companies through email and asked for a permission to interview. After the case companies accepted the interview, they provided the list of the stakeholders including the customers after confirming with their customers to protect their privacy.



## Introduction of Case Companies

### A Company

A Company is a social enterprise that is founded by a veterinarian who is devoted to purchasing the milk at a reasonable price from the small-holding farmers. A Company also provides support for the small-holding farmers to encourage them to improve the quality of the products and the ranch environment. They provide the milk which has been strictly checked by veterinarians and use the certificate of origin for the customers to recognize where this milk is from. A Company has two purposes. First, they want to become a fair-trade platform for the cattle ranchers in Taiwan. Second, they attempt to increase the number of veterinarians to make the cattle to veterinarian ratio more balanced in Taiwan. In this way A Company improves not only the animal health but also the quality of milk. Table 3.1 shows the interviewees of A Company.

Table 3.1.  
*Interviewees of A Company*

<b>Participant</b>	<b>Connection with the company</b>	<b>Gender</b>	<b>Seniority</b>
Sandy	Sales Director	Female	5 years
Ella	Customer Service	Female	3 years
Daisy	Customer	Female	N/A
Lee	Customer	Female	N/A



## B Company

B Company is a traditional Chinese pastry company that was founded in 1890. Over one century, they have devoted themselves to provide exquisite handmade Chinese pastry. However, after a crisis of food safety in 2009, they reorganized the procedure of making their products in order to ensure the quality of the products and considered what they can do to improve not only themselves but also the community. The vision of B Company is to provide high-quality products for their customers to eat with ease and ensure the products are trustworthy. In addition, they also intend to pass down the traditional Han Bing (Chinese pastry) culture. They published their CSR report and participated in the competition of outstanding CSR performance companies; they got the award the first time they joined in the competition. Table 3.2 shows the interviewees of B Company.

Table 3.2.

*Interviewees of B Company*

<b>Participant</b>	<b>Connection with the company</b>	<b>Gender</b>	<b>Seniority</b>
Jennifer	Executive Assistant	Female	6 years
Joey	Digital Marketing	Female	1 year
Gillian	Customer	Female	N/A
Natalie	Customer	Female	N/A

## C Company

C Company devotes to promoting the river basin recovery in the upstream of the river in Pinglin, New Taipei city. Pinglin is the location of the Feitsui Reservoir that provides the water resource for the Taipei Metro Area. In addition, it is also famous for Taiwanese tea products all around the world. They encourage the tea farmers in Pinglin to transform into a more environmental-friendly operation. In this case, they can improve the sustainability of both the industry and the environment. Moreover, C Company and the farmers maintain the diversity of the ecosystem in Pinglin, in order to protect the endangered animals. They hope people can remain living with all the animals and plants in the next ten or twenty years. The ultimate goal of them is to build an eco-village, providing a place for everyone to enjoy not only admiring the biodiversity but also protecting the environment in Taiwan. Table 3.3 shows the interviewees of C Company.

Table 3.3.

*Interviewees of C Company*

<b>Participant</b>	<b>Connection with the company</b>	<b>Gender</b>	<b>Seniority</b>
Ann	Chief Operational Officer	Female	5 years
Bill	Production Manager	male	3 years
Damon	Assessment Specialist	male	2 years
Emily	Customer	Female	N/A
Annie	Customer	Female	N/A

## **Data Collection**

Most of the data in this study was primary data collected through the face-to-face interviews and the secondary data were used to supplement the interview data. According to Jamshed (2014), when the respondents have to answer pre-set and open-ended questions, semi-structured interviews will be applied. Secondary data was the CSR reports which had been published by the companies and the news reports on social media. The data were compared and analyzed during the analysis process.

### **Semi-Structured Interview**

A semi-structured interview is an in-depth interview with open-ended questions. According to Miles and Gilbert (2005), semi-structured interviews are useful to find out “Why” due to the flexibility. As the research purpose of this study was to find out why CSR is important to SMEs in the food industry, semi-structured interviews were suitable for this research. The case companies were Taiwanese SMEs; therefore, the interviews were conducted in Chinese. Before the interview, the interview questions were sent to the interviewees for their review. Under the permission of the interviewees, the interviews were recorded and then the researcher transcribed the recording verbatim. The questions were designed based on the research purposes and research questions, to figure out the motivation of SMEs in the food industry to conduct their CSR practices and the experience from the processes. The interview questions were designed from the research questions and included three parts, each of them was related to a specific research question. The interview questions were also separated into two versions, the first version was for the stakeholders in the company, and the second version was for the stakeholders outside the company.

Table 3.4.

*Research Questions and Interview Questions*

Research Question	Interview Question
1. What motivates the SMEs to conduct CSR practices?	<b>Stakeholders in the Company</b>
	1. What does CSR mean to you?
	2. Do you think CSR is important to the companies, and Why?
	3. What are your motivations to conduct the CSR program?
	4. During the process, what are the changes compared to the initial thought of the program?
	<b>Stakeholders outside the Company</b>
	1. What does CSR mean to you?
	2. Do you think CSR is important to the companies, and Why?
	3. What do you think is the case company's motivation to conduct the CSR program?

(continued)

Table 3.4. (continued)

Research Question	Interview Question
<p>2. How do they manage the implementation and what are the challenges and the advantages for SMEs to conduct CSR programs?</p>	<p><b>Stakeholders in the Company</b></p> <p>1. Which will be more appropriate when considering CSR programs in SMEs, a long-term program, or a short-term program?</p> <p>2. At the beginning of the process, what are the concerns about the budget or the resources that influence the program?</p> <p>3. During the process, what are the issues or concerns you have faced? And how do you overcome them?</p> <p>4. What are the advantages for SMEs to conduct their CSR programs?</p>
	<p><b>Stakeholders outside the Company</b></p> <p>1. Which will be suitable when considering CSR programs in SMEs, a long-term program, or a short-term program?</p> <p>2. What are the challenges for SMEs to conduct their CSR programs?</p>

(continued)

Table 3.4. (continued)

Research Question	Interview Question
	3. What are the advantages for SMEs to conduct their CSR programs?
3. What are the positive outcomes after the implementation of the CSR program?	<p><b>Stakeholders in the Company</b></p> <p>1. How do you review the results of the program?</p> <p>2. What are the positive outcomes for the companies after the implementation?</p> <p>3. Based on the current progress, what are your future plans for the CSR program of your company?</p>
	<p><b>Stakeholders outside the Company</b></p> <p>1. What are the reasons that you will repurchase their products?</p> <p>2. What are the positive outcomes for the companies?</p> <p>3. From a customer's perspective, do you think a company with a CSR program will be your first option? Why?</p> <p>4. What are the differences when an SME has a CSR program?</p>

## **Data Analysis**

In order to analyze the data of the research, every interview had been recorded and transcribed into verbatim by the researcher. After the verbatim was finished, the coding process was conducted. Open coding and axial coding (or analytic coding) were the two analysis techniques employed in the coding process. According to Merriam (2009), open coding is the process to identify every potential key term into notations from the data. After collecting the open codes from the data, the process to group them into categories is called analytic coding.

Open coding was conducted at the beginning of the analysis process, to tag every potentially useful data into units. After finishing the open coding process, axial coding was conducted by grouping the coded units into categories according to the interpretation and reflection of the data from the open coding process. The data analysis phase was supported by the qualitative data analysis software MAXQDA. Table 3.5 showed an example of the coding process. The information collected from the coding process was reviewed with the CSR reports published by the companies and the news posted on social media. The analysis was organized into the research findings to draw the conclusions of the study.

Table 3.5.

*Example of the Coding Process*

Original Data	Open Coding	Category	Theme
<p>The previous farming style of the farmers might cause damage to the environment. Therefore, we promote the transformation of the farming style to protect the environment. There are things that we would like to do together because it is the right thing.</p>	<p>Organizational Culture</p>		
<p>We are working for the environment since we founded the company. And I don't think the purpose will change in the future.</p>		<p>Organizational Identification</p>	<p>Motivation</p>
<p>I was seeking an organization that is more sustainable and more directly conducting the protection. This company provides an opportunity for me to work for the environment.</p>	<p>Connection with Organizational Culture</p>		
<p>I think we are doing the right things and should keep promoting it. <b>Furthermore, it can also link to our core values.</b></p>			





## CHAPTER IV FINDINGS & DISCUSSIONS

The aim of this chapter is to present the findings of the research following the research framework, in order to answer the research questions. Last, the discussion of the connection between the findings and formal literature is also presented.

Table 4.1.

*Outlines for Research Questions and Findings*

Research Questions	Finding
1. What motivates the SMEs to conduct CSR practices?	<p><u>Definitions of CSR</u></p> <p>A. Return the profit to public</p> <p>B. Represent core values in operations</p> <p><u>Motivations</u></p> <p>A. The intention of top management</p> <p>B. Organization identification of employees</p> <p>C. Make society better</p>
2. How do they manage the implementation and what are the challenges and the advantages for SMEs to conduct CSR programs?	<p><u>Implementation</u></p> <p>A. Developed through the business operation</p> <p><u>Challenges</u></p> <p>A. Resource restrictions</p> <p>B. Specific regulations</p> <p><u>Advantages</u></p> <p>A. Flexibility to solve problems</p> <p>B. Business expertise</p>
3. What are the positive outcomes after the implementation of the CSR program?	<p>A. Increase of customer loyalty</p> <p>B. Better performance in the market</p> <p>C. Diversified business partners</p> <p>D. Sense of achievement from the employees</p> <p>E. Promotion of industrial development</p>

Table 4.1 presents the outlines of the main findings for each research question. The findings of the first research question are the definitions of CSR and the motivation of conducting CSR. The definitions of CSR are returning the profit to the public and representing core values in operation. Besides, the motivations of conducting CSR are the intention of top management, organization identification of employees, and making society better. The findings of the second research question include three parts which are the implementation of CSR programs, the challenges of conducting CSR programs, and the advantages of conducting CSR programs. The implementation of CSR programs is developed through the business operation, the challenges are resource restrictions and specific regulations, the advantages are the flexibility and business expertise. Last but not the least, the findings of the third research question are the positive outcomes after the implementation of CSR programs which include an increase of customer loyalty, better performance in the market, diversifying business partners, sense of achievement from the employees, and promotion of industrial development.

The following sections present the explanations of the research findings in detail, which are supported by the data analysis.

## **The Definition of CSR among SMEs in Taiwan**

During the invitation process of the interviews, the researcher found that the definition of CSR is unclear among SMEs in Taiwan. Therefore, before discussing the motivations of conducting the CSR program, the definition of CSR to SMEs in Taiwan should be identified first. According to the replies from some targeted companies who are social enterprises, which means they were founded to solve a specific social issue, they thought CSR is a sort of specific activity. The other SMEs even considered CSR is only for large companies and is mandated by the government.

An outstanding social enterprise that devotes to promoting fair-trade and environmental

protection had refused the interview with the reason that their operation did not include CSR; however, their vision and mission presented on their website show concerns to the environment and society. After the discussion about the definition of CSR, the customer service person of the company explained:

Since our company is a social enterprise, every operation of our company is also based on the concepts of social enterprise. Therefore, we think that there are some differences between our operations and your research topic.

Furthermore, during the communications with another company, the customer service person of the company also raised suspicion about the relevance between social enterprise and CSR, the customer service person of the company mentioned:

We are a social enterprise, so there are some differences between the topic of CSR. When we talk about CSR, we often suggest contacting some large companies such as listed or over-the-counter (OTC) companies. Because they would supposedly have implemented the so-called CSR.

However, there is still a similarity between the definitions of CSR between two of the three case companies. A Company and B Company thought under the premise that the company has profit and the operation of the company is stable, the company should return the profit to wherever they received the revenue, it could be the customers, employees, suppliers, environment, and even the society. On the other hand, C Company considered CSR is to represent its core values on all of the operations. The interpretations of the CSR of three case companies are as follows:

### **A Company**

The concept of CSR to A Company is very simple. For any business sector, the profit should return to where they gain it, the sales director of A Company mentioned:

In our opinion, there is no doubt that if a company is seeking profit, and the revenue of the company is from the society, then we should do something as a return to the society. For us, the concept is quite simple, where we received the profit is also where we should use the profit.

## **B Company**

B Company also considered that return the profit to the society is the concept of CSR. The executive assistant Jennifer stated:

We have been receiving lots of supports from our customers and the society for a long time; therefore, we determined that once we got the ability we should also support the society. That is the reason why one of our CSR practices is to keep supporting different charitable foundations.

## **C Company**

C Company considered that CSR seems like the self-regulation of the company. To ensure the company has fulfilled its core values in every business operation. The Chief Operation Officer (COO) of C Company, Ann, explained:

We think the most important thing is whether the initial core values that we're promoting has been implementing in the operations and our customer service. Or we can say to ensure we have integrated our core values in every process of producing and selling, is our corporate social responsibility.

C Company considered that the CSR concerns at the same time are also the fundamentals of the social enterprises running their business. Bill (production management manager) also explained:

We considered to reach sustainable agriculture and retain the biodiversity in Pinglin is our company CSR concerns. Additionally, we have integrated the concerns into the corporate DNA. Our operation is as well the representative of our CSR concerns. Or you can say it has further become one of our core values. In my opinion, for a social enterprise like our company, the concerns I had mentioned above are the fundamentals of us.

## The Motivations of Conducting CSR Program

Although the business operations and the CSR programs are different among three case companies, there is still one goal in common among three case companies in implementing CSR: they want to make our society better. This stems mostly from the will of the top management which forms the company's vision and mission and also influences the organizational culture. With a strong connection to the organizational culture, employees in the case companies possess high organizational identification. Therefore, each of the three case companies determined its own mission for making a better society. Overall, the high organizational identification of employees is the motive that drives SMEs to conduct CSR programs and further integrates this concept in business operations. The motivation for conducting CSR programs in three case companies are presented as follows:

### A Company

#### **Company mission formed through the will of top management.**

The initial purposes of the founder were very simple, he wants to give cattle ranchers a better treat and make the domestic dairy products more reliable to customers by providing clear information of the source. In the beginning, the employees of A Company concentrated on applying their expertise of veterinary into the support to the cattle ranchers. As time passes, they recognized these behaviors are so-called CSR, in addition, these kinds of operations are making good contributions to society; therefore, they should carry on these operations. It was formed as the culture of A Company. The sales director Sandy explained:

The intention of the founder was very simple, he thinks we should not have any doubt about the food we ate. At the same time, he was also a veterinarian for big animals, so he knew how serious the cattle ranchers treat the cattle and how high the quality of their products they had provided; however, the consumer did not have the opportunity to realize how much effort the ranchers have

paid for producing the dairy products. Therefore, he considers our company as a bridge between the cattle ranchers and the customers. We make the whole production process transparent, in the case, the customers can purchase products that they have the detail information of the source, besides, the ranchers can receive the affirmation from the customers and the deserved rewards. Later on, we realized the thing we are doing is CSR and it was making good contributions to our society; therefore, we should continue these behaviors.

### **Organizational identification.**

With the approval of the founder's purposes, the employees of A Company consider treating cattle ranchers better, and improving the dairy industry in Taiwan is their company mission. Furthermore, their culture is to collaborate with all company members and complete these company missions. It has formed a strong organizational identification, it's also become a motivation for them to carry on their CSR program. The customer service of A Company, Ella, explained:

We think treating cattle ranchers better and make the industry improved is very important to our company. And our culture is to cooperate with each member of our company. Therefore, the relationship between the employees in our company is very connected. We also think that it is very meaningful for us to support someone who needs help with our extra revenue.

The sales director Sandy also mentioned:

In fact, we just wanted to treat cattle ranchers better, treat our employees better, and treat our society better. Later on, we realized that this is the CSR of our company. We think we should continue these behaviors because we are doing the right things and we are doing good things. Fortunately, our company members all give a lot of supports to this vision.

## **B Company**

### **Company mission formed through the will of top management.**

As previously reported by Yeh and Chiu (2020), to promote the traditional Chinese pastry culture has been seen as the responsibility of B Company. It is also considered as the mission of B Company. In order to accomplish this mission, sustainable development is necessary for B Company to maintain competitiveness and influence in both customers and the community. The top management of B Company also considers implementing CSR into the business operation is one of its strategies to reach their corporate sustainability. Therefore, they formulated a complete CSR program based on the intention mentioned above. Simultaneously, the employees of B Company intensively identify the vision and mission of the company. It is the reason why B Company can persist in the implementation of its CSR program. Jennifer further explained:

Since we have been making Han Bing (traditional Chinese pastry) for over a hundred years, we consider promoting the aesthetics and Han Bing culture is the goal of our company. To accomplish this goal, the sustainable development of our company is necessary. Conducting the CSR program is one of our strategies to reach our corporate sustainability (CS). In addition, the strong intention of promoting the Han Bing culture is also supporting us to insist on the implementation of the CSR program.

### **Organizational identification.**

Passing down the traditional Chinese pastry culture has been seen as the fundamental of B Company's CSR program by the owner of B Company. In fact, the CSR activity of B Company can be traced back to more than ten years ago, they were trying to teach children about the Chinese culture through the collocation with the traditional pastry and the Chinese legendary story. This was also the prototype of B Company's CSR program. also, increase the identification of the employees. Jennifer mentioned:

Actually, we have been doing CSR for more than ten years. We have held the storytelling activity



for children at the Chinese festival such as New year, Mid-autumn, and the dragon boat festival. We would prepare so related desserts for them to let them know the connection between the Han-Bing and each specific festival. We are trying to pass down these cultures. These activities also increase the determination of our employees in participating in CSR issues.

## **C Company**

### **Company mission formed through the will of top management.**

The motive that drives C Company to conduct CSR program is very clear, which is also the initial purposes of the founder to establish the company, to facilitate an alternative farming style in Pinglin, called intensive and under-contract farming. They expect to reach sustainable agriculture and retain the biodiversity in Pinglin. Ann mentioned:

The reason we established the company is to solve the issue about the restriction of tea farming caused by the construction of the Feitsui Reservoir. If we wish our water resource is reliable for drinking, we should pay attention to the water usage upstream of the river, and the farming style of the farmers should exclude chemical fertilizer and pesticides. Therefore, the core values of our company are to promote a non-chemical fertilizer and non-pesticide watershed, in order to ensure the environment is not been polluted. It is also our responsibility.

### **Organizational identification.**

A strong connection with the core values of the organization is the factor that keeps the high motivation for conducting CSR programs. Bill (production management manager) mentioned:

I used to be interested in the issues related to environmental protection, my last job was more related to environmental education. However, I was seeking an organization that is more sustainable and more directly conducting the protection. This company provides an opportunity for me to work for the environment.

Damon (access management specialist) also mentioned:

In fact, environmental pollution might have existed for years. However, we are concentrating on the issues which are not focused on by others, and I think we are doing the right things and should keep promoting. Furthermore, it can also link to our core values.

## **The Implementation of CSR Program**

The decision-making phase and the implementation of the CSR program of three case companies are presented as follows.

### **A Company**

All of the CSR practices of A Company are decided base on the capacity of the company. Adapting its capacity for promoting the industry sustainability, fulfilling the needs of stakeholders, and reaching the common good for the society are the three keys to A Company's CSR program implementation. They cannot do everything, but they can do what they are expert in. Sandy mentioned:

We will only do the things that we are good at, For the cattle ranchers, we can ensure their revenue and provide the support that they may need. These can make the industry sustainable; therefore, these are the things that we are conducting. Besides, the employees' benefit is also what we have focused on. Last, the common good of society is also what we are able to do, we have the ability to provide our products for someone who needs them.

#### **Promote the sustainable industry.**

The sustainability of the dairy industry in Taiwan is the issue that A Company has been striving for since the company was established. There are two strategies to reach the goal: facilitating the fair-trade in the dairy industry and cultivating the talents of big animal veterinary in Taiwan? A Company purchases the raw milk from cattle ranchers who devote to optimize the pasture management with a higher price comparing to the market. The company intends to encourage other ranchers to improve their pasture management. Besides, A Company

also applies its expertise in veterinary, supporting the cooperating ranchers with veterinary knowledge in order to produce high-quality dairy products and assure animal welfare. In addition, the company also provides an internship for students studying in big animal veterinary with an allowance. The company hopes the shortage of big animal veterinarians can be minimized. Sandy explained:

We should guarantee that they receive what they deserve. In fact, the milk source in Taiwan is not sufficient as other countries, and because of the cost considerations, the purchasing price of the large company might not be so high. Therefore, we provide the purchased price which is higher than the market to ensure the cooperating ranchers have higher revenue. Additionally, we also encourage them to upgrade the ranch management with our support. In addition, we apply our veterinarian knowledge to assist the ranchers to make sure the cattle are healthy in order to maintain the quality of the products; at the same time, we also guide the talents of big animal veterinary by providing the internships with an allowance in our cooperating ranches. We consider that once the students have more understanding of the industry, the opportunity for their retention is higher.

#### **Fulfill the needs of stakeholders.**

The direct stakeholders of A Company are cattle ranchers, employees, and customers. As the treatment to the ranchers above, A Company also has the responsibility to treat employees and customers well. To employees, A Company is A Company that respects every employee's opinions, employees in the company have many opportunities to fulfill their ideas. Most of the charitable activities are proposed by the employees periodically, and the management level gives a lot of support for the employees. In addition, employee welfare is one of the terms of the CSR program of A Company. The company attempts to build an amicable environment for employees. Ella explained:

We call our company members as partners. Whenever any of our partners have discovered charitable activity that we are able to help, the partner will propose the idea to the management

level. Although it is not related to our operation; however, most of the time the managers will approve it. The company empowers us to do many things that we think are meaningful. We have most of the benefits that other companies had, and we even have something more special. For instance, our partners also take turns cooking lunch for all of our members in our kitchen. In addition, we will hold a common-good meeting, to praise the favorable behavior of our partners and have fun together. It's unique and makes our relationship become more connected.

To customers, A Company produces high-quality products with a transparent source so that customers need not worry about food safety issues. In addition, the company always listens to the feedback from customers in order to ensure their demands have been satisfied. Ella further explained:

Providing the best products is an essential part of our company. We make all the process transparent so that customers can purchase our products without any worry. We also keep in touch with our customers through social media, in this way, we make sure we have satisfied every need of our customers.

**Reach the common good for the society.**

Last, the common good of society is also what A Company is working on. The company has been providing dairy products for some orphanages and some rural baseball teams, hoping they can get the nutrition they need. They are trying to help the people who temporarily need support, and hope they can continue this behavior when they have the ability. Sandy explained:

We are selling dairy products, and this is what we can provide for society. We have been supporting several orphanages and rural baseball teams for a while. Although our employees had voluntarily funded them, actually we do not have that much money to fulfill all their needs. However, we have milk, we hope they can gain enough nutrition they need. Most importantly, we do not consider this as a donation. Because they are not vulnerable groups, they are just the kids who temporarily need support. We hope they can also choose to help others one day in the future.

## **B Company**

As previously reported by Yeh and Chiu (2020), at the beginning of their CSR activity, B Company has held some cultural storytelling activities for children and these are very meaningful for them that they keep the activity until now. Meanwhile, B Company also founded every foundation that seeks for its sponsor. However, later on, the company decided to have a well-organized implementation, after finished several case studies about other successful companies and consulted with experts from the college. B Company has formulated the four principles of its CSR program based on the capacity of the company. According to CSR reports from B company, the four principles of their CSR program included food safety, environment protection, community promotion, and cultural heritage. Jennifer (executive assistant of B Company) mentioned:

At first, our CSR practices are quite complex. We held the culture storytelling activities and we founded every foundation that seeks for our sponsor. However, this made us quite difficult to manage. Therefore, we decided to have a clear strategy for conducting CSR programs. First, we studied some outstanding companies such as Starbucks, to learn how the company applies the strategy in operation. Second, we also consulted with experts in college for formulating our own program. Finally, we set up our four principles of CSR program, which are food safety, environment protection, community promotion, and cultural heritage.

### **Food safety.**

As B Company is a pastry shop, food safety is always the first issue of the company. B Company ensures the ingredients are a hundred percent local purchased and also supports its suppliers to improve their factory for the guarantee of the quality. B Company not only makes sure the quality of the ingredients but also helps its suppliers to increase their own value. Jennifer mentioned:

Food safety is what we always self-disciplined, we have reached the level that our ingredients are a hundred percent locally purchased and also demand our suppliers to pass the certifications such as ISO2002. We support our suppliers for upgrading their factories because the quality they produce also means our quality of ingredients. Our requirement for food safety will only become stricter in the future.

### **Environment protection.**

B Company constructed a new green building as the headquarter, cooperated with other groups for a thirty-year tree planting project, and also decreased the waste in packaging to make products more environmentally friendly. These represented how B Company paid attention to its environmental responsibility. Ella (digital marketing) further explained:

In our opinion, the environment is important to every individual, everyone has the responsibility to protect it. Our new headquarter had been certificated as the golden-green building, we also cooperated with NTU for a thirty-year tree planting project in Nantou. Last, we replaced the package with an eco-friendlier material.

### **Community promotion.**

The headquarters of B Company is located at Daliao Dist., Kaohsiung City. B Company hopes to use its influence for promoting the development of Daliao Dist. B Company expects to cooperate with local farmers holding the agricultural market. The intention of B Company is to stimulate tourism in Daliao and attract the young generations to return to their hometown for entrepreneurship. Jennifer explained:

We plan to hold an agricultural market in Dailiao, the market will design in a fashion style like some foreign countries that will attract the young generation to come for tourism. In addition, we will provide an opportunity for young people to start up their own business. Overall, to brisk the development in Dailiao and encourage the young generation to return to hometown starting up their business are our strategies for the community promotion.

### **Cultural heritage.**

Passing down the traditional culture of Hand Bing is also attached as the company mission of B Company. With the long history of producing Hand Bing, B Company gradually recognized what is the outflow of the Han Bing culture. They promised to make this beautiful culture spread forever. Jennifer further explained:

The culture of Han Bing represents the Han Chinese. We have been servicing in this industry for so many years. It is our responsibility to remain the culture and spread it. We think we should make Han Bing no longer appear only in special occasions. We attended a competition in France and won a prize. We also cooperate with high school and colleges, not only teaching them the production process of Han Bing but hold a competition for some innovation about Han Bing.

### **C Company**

The CSR program of C Company is also its business operation. There are two main points of its CSR program. First, to protect the environment by transforming to a cultivation farming operation. Second, to lead the sustainable development of local farmers. Although they cannot take every aspect of operation into account as a large company, C Company determined that they should focus on protecting the value of the environment and leading to the sustainable development of local farmers. Ann said:

Large companies have lots of budgets and resources, they can investigate different kinds of tea products or even their own chain stores. These are things that we are unable to do. However, what we can do is to protect the value of the environment and sustainable development of the local farmers.

#### **Transforming to cultivation farming operation.**

In the beginning, the founder of C Company gathered the farmers, proposed the concept of river basin recovery. At the same time, he also provided farmers the support for

transformation. He connected the farmers to cooperate for the recovery and environmental sustainability. Ann explained:

Our founder held several workshops for the farmers to introduce the benefits of new cultivate operations. He also convinced them for collaborating to reach environmental sustainability. Later on, it formed a partnership between our company and each farmer.

For the supports of the farmers, some employees spend three to four days a week in the mountain with the farmers. They devote themselves to share the knowledge of eco-friendly and to ensure the process of their products. Bill explained:

Take me for example, I will spend at least three or four days a week to join the farmers in the mountain. Not only to ensure the product quality but to support the farmers for some problems that they might have faced.

#### **Sustainable development of local farmers.**

When the usage of the environment become sustainable, the local formers can also develop sustainably. C Company treats every farmer as one of its brand members. In addition, the purchased price of tea from C Company is much higher than the market. The reason is applying the new cultivation operation should pay more effort comparing with the fertilizer and pesticide planting style. Therefore, the cooperation of the farmer is extremely important for them. Ann mentioned:

We try to make the farmers as the member of our brand, instead of only the supplier. Their participation is extremely important for us. In order to reach environmental sustainability, their cooperation is necessary

Damon also mentioned:

Maybe we cannot fulfill every criterion of fair trade. However, at least we set the purchased price higher than the average of the market, although it may also increase our costs. Because of the farmers are also our company members.



## **Challenges of Conducting CSR Program**

The company's resources and governmental regulations can be the challenges for SMEs to overcome during the process of conducting CSR programs. The company's limited financial resources and human resources can be the restriction for the SMEs to determine the size of their projects. Because of the size of the business, SMEs can only allocate a limited budget to each project. Therefore, how to manage the budget and apply them to support the projects is a challenge for SMEs in Taiwan. In addition, some government regulations are enforced in all industries, regardless of company size. It means that SMEs and large companies follow some specific regulations in an identical way. However, due to the size of the companies, some SMEs might have to pay extra efforts to comply to the regulations. Therefore, during their business operation, SMEs have to constantly maintain adaptability to some unfriendly regulations.

### **A Company**

The CSR program of A Company is based on the operation of the company, and the employees give lots of supports to CSR issues. Therefore, they did not find any difficulty in conducting CSR. However, the resource of the company can be the factor that limited the scale of their CSR program. Sandy explained.

We do not consider that the CSR program adds any loading to our employees, because we have integrated the CSR concepts into our daily operation. Therefore, it does not cause any difficulty for us; further, during the days our company is operating, we will have been doing our CSR practices on the matter. On the other hand, we do not have too much budget, so we should have a great allocation of our resources for each operation. To obtain the largest outcome with the limited resources.

The budget of the company is the main challenge for A Company, due to the size of the company they do not have too much budget for each project. However, management will still

accept proposals from the employees with suggestions of a feasible execution with a limited budget. Ella explained:

Basically, the project proposals of our partners will all be accepted by the managers. However, due to the budget restrictions, we will further discuss the usage of the budgets and figure out the best execution.

## **B Company**

There are two main challenges that B Company faced during the implementation phase of its CSR program, which are the budget restriction and some specific regulations. The description of the two challenges that B Company has faced is presented as follows.

### **Resource restriction.**

Due to the size of the company and the scale of the operation, the first consideration of B Company executing the project is the budgets. Therefore, the planning phase is significant in the process, every budget should be cautiously assigned to the application, in order to ensure there is no squandering of the company. Jennifer mentioned:

We will still have some limitations on the budget, and I think it is also the limitation for other SMEs. Owing to the size of our company, it is hard for us to spend a big amount of money to do our CSR program like some large companies. Fortunately, all of our promotions are quite successful after cautious planning.

### **Specific regulations.**

For B Company, adapting to some specific regulations is also a challenge for the company. Some regulations are applied in different situations and different sizes of the companies. Sometimes there is some unfairness of SMEs or the small county. For instance, B company received only the second place in the certification of the green building due to the limited area of their company location. Therefore, how do the company adapt the regulation and minimize the unfairness are the challenges that B Company should resolve. Ella explained:

The challenge I recognize is to adapt to the regulations. Take our green building, for example, we got the second place of the green building certification. There are nine categories of the certification, and we had reached eight of them. The one we did not accomplish is ecological diversity, and the reason is related to the area of the location. Despite we had done everything for the green building, we cannot do anything about the limited area of Dailiao.

## **C Company**

As a result of the CSR program of C Company is also the business operation of the company, therefore, the challenges of them are the factors that influence their company performance. How to receive the best outcomes through limited resources is one of their challenges. Besides, how to deal with the regulation that is unfair for the tea farmers is also the challenge for C Company.

### **Resource restriction.**

Due to the type of the company, C Company does not have lots of resources to apply to each operation. Therefore, how they should maximize the beneficial result is a huge challenge for C Company. Bill mentioned:

We are a social enterprise; we do not have such abundant capital as a large company. We have to make limited resources to return the maximum benefit. Therefore, we should figure out some solutions to this issue. Taking the integration of farmers, for example, we do not have the capacity to involve them by paying a great amount of money, so, what we can do is to build a relationship with the farmers and deliver our core values and the contribution they can build after our cooperation.

Besides, popularity in the community is also what C Company wants to increase. Promoting the transformation of the environmentally friendly cultivation style will be easier if they have higher popularity among the community. Damon said.

If more people know our vision and approve it, we can have more implementation of other

environmentally friendly products. We will be close to our goal of environmental sustainability. Therefore, the resource of our social network is the part we are still improving.

### **Specific regulation.**

For the suppliers of C Company, the location of their tea farm is near the Feitsui Reservoir and it is a national water protection area. As a result, agriculture activities are under strict control in the area. Therefore, it becomes a source of a challenge for C Company to implement CSR programs. Besides, recently, the awareness of environmental protection has increased; it induces the government to amend the regulation of organic farming and products. The regulation clearly classifies the definition of organic farming. However, for some small-holding farmers who are in the process of moving into organic farming, they cannot afford the rapid transformation. As a result of the regulation, they are not considered as the organic farmer either. C Company considers these kinds of regulations as unfair to those collocated farmers. It's also what they are working on to help the farmers. Ann mentioned:

Owing to the increase of social awareness of environmental issues, the promotion of environmentally friendly products tends to use the means of legalization. The restrictions from the regulations are also increasing so that some of the small-holding farmers are difficult to fulfill the requirement. On the same token, some startup company that is willing to invest in an environmentally friendly business will also face some restriction. That will make some young talents refuse to participate in such business.

Bill also mentioned:

Before the government defines the regulation of environmentally friendly product, we can claim that the farmers who are transforming to a better cultivation style also environmentally-friendly farmers. However, it is not the case after environmentally friendly was defined by the regulation. The regulation is fixed, which means there is no median space for the small-holding farmers who are investing in the transformation phase. It causes some unfairness to those small-holding farmers.

## **Advantages of Conducting CSR Program**

The research found that the flexibility to solve problems and the deep business expertise are the strength of SMEs and can be the opportunity for them to design unique CSR programs. Due to the smaller size of SMEs compared to large companies, SMEs do not have to go through too many administrative layers to communicate with top management; this allows them to rapidly identify problems and figure out solutions. Typically, the business that SMEs are running becomes the key to identify their own specific social responsibility, and then they will use their unique business expertise to conduct CSR programs.

### **A Company**

Streamlined organization structure and the great relationship between employees and the management provide the flexibility of problem-solving for A Company. The expertise in the animal husbandry is the key point for them maintaining the high-quality of their dairy products. These are also the opportunities for A Company to develop its own CSR program.

#### **Flexibility.**

With a clear and streamlined organization structure and a great relationship with managers, it helps them identify the problems quickly and follow up on the solution. Whenever the employees come up with some new ideas or discover any problem they can rapidly report to the related managers. Ella mentioned:

Comparing to a large company, I think we have better flexibility, we can easily communicate with the managers. In addition, the relationship between employees and our managers is great, we can directly inform the problems that we might face in the situation. We can receive the response right after the meeting.

#### **Expertise in the dairy industry.**

The CSR program of A Company is all related to their profession of the industry, for cattle ranchers, they provide their expertise in veterinary in order to ensure the animal welfare and the sustainable development of the industry. For society, they provide some milk for some orphanages and some rural baseball teams, intending to help them during the growth period. These behaviors enrich their operations and motivate them to keep the contribution carrying on. Sandy mentioned.

I believe there are many people conducting public welfare activities through milk. We contribute to society via our professional skills or expertise in the specific industry, it makes our business more meaningful and also motivates us to keep working on our operation. Our contribution to society will grow with the scale of our company.

## **B Company**

### **Expertise in the Han Bing culture.**

Han Bing and traditional culture are the essential parts of B Company's CSR program. As a member of the food industry, the products of B Company are very close to the customers. Providing exquisite handmade Chinese pastry for customers without worrying about the issue of food safety is their business operation. On the other hand, passing down the traditional culture of Han Bing is one of their core values. The integration of the business operation and core values develops to form their CSR program. In addition, it makes B Company's products more valuable. Jennifer had explained.

I think the strength of conduction our CSR program is our culture and expertise in the food industry. The integration of our operation and core values make our product more significance when our customers eat our pastry, they are not only tasting its flavor but also feeling our culture. Therefore, focusing on our expertise is the key factor of our CSR program.

## **C Company**

Taking advantage of the size, C Company has a great performance in the resilience of problem-solving, and they also more focus on the core values. Besides, C Company possesses the expertise of the profession, and they can provide the skills and knowledge about environmental protection. Above are the advantages for C Company conducting CSR programs.

### **Flexibility.**

Size advantage is one of the features of SMEs, C Company has a simple organization structure, it offers the company an easy but clear communication channel to lead for the rapid problem-solving ability. In addition, it is easier to reach an agreement in the company and the core values are also easier to implement. Ann mentioned.

Due to the small size of our company, we have the flexibility facing the problem, also we can conduct an easy but clear communication. It leads us to reach an agreement shortly, and implement it completely, because we involve every member in the discussion. These are what the small size company can achieve.

Bill also explained:

The advantage of being small is flexibility, and the organizational change can be conducted rapidly. For large companies, if they find some problems they should go through many procedures to deliver the message to top management, it makes the process lengthy and ineffective. Therefore, I think in this aspect, a small company has a better performance than the large company.

### **Expertise in the eco-friendliness.**

With the expertise of the environmental issue, C Company supports the farmers with their professional knowledge about the ecosystem and environmental protection. Besides, the CSR program is based on their operation, they should go deep into the farm and recognize the real situation. It is the unique ability that other large companies can barely achieve it. Strong connection with the core values of the organization is the factor that sustains the high motivation for conducting the CSR program. Bill mentioned:

Cause I spend three or four days a week to the mountain to directly interact with the farmers; therefore, I have the opportunity to grasp the actual situation of the farmers and recognize the difficulty they are facing. It allows us to figure out the appropriate solution for each situation.

Damon had also mentioned:

Some large companies might have numerous budgets conducting CSR programs; however, due to the type of business they are operating, they do not have such knowledge about the environment. To compare to them, our business operations are close to the environment, and it is also an advantage for us to integrate CSR into our operations.

## **The Positive Outcomes of Conducting CSR Program**

There are several positive outcomes found in this research for those SMEs who have devoted themselves to conducting CSR program, which includes the increase of customer loyalty, better performance in the market, diversified business partners, the sense of achievement from the employees, and the promotion of industrial development. The positive outcomes of the case companies are presented as follows.

### **A Company**

The positive outcomes of A Company after conducting CSR programs can be discussed in several aspects: increase of financial performance, better customer loyalty, and different business partners. The following is the extension of each aspect.



### **Increase in financial performance.**

After conducting the CSR programs, more and more people start to follow the information of A Company, the increase of popularity also brings more revenue to the company. They received the higher revenue and the growth in company scale, which allowed them to have more ability to improve the strategy of the CSR program. Ella mentioned.

After the news reports and social media had promoted our CSR program, more and more people have known us. In addition, with the popularity of our company has increased, meanwhile, the sales of our products have followed up. It gives us the capability to improve our strategies and operations.

### **Higher customer loyalty.**

The products of A Company have remained quality since the brand started up. Also, the company integrates its core values into their products. The customers can easily obtain the concepts that A Company wanted to deliver. Besides, they have also built up a connective relationship with their customers by listening to the needs of the customers through social media. As a result, the customers are willing to repurchase the products if affordable. Daisy (customer of A Company) explained:

The customers like me will keep repurchasing their products and also promoting the products to others. The reason is that we think they not only provide high-quality products but also have done something meaningful to society. It's like I have high recognition of this brand, and also consider myself as one of their members. Therefore, I hope there are more people who can try their products.

Lee (customer of A Company) also mentioned:

I have never seen a company pay such efforts at customer relationships like A Company. We often chat through social media, and I can directly provide my opinion to them. The relationship between us is more like friends instead of customers. I think this is also a reason why I have been buying their products for about six years, in addition to their high-quality.

### **Obtaining different business partners.**

There are some companies that contacted A Company for working on a cooperative project with them. Those companies are willing to provide the funds for supporting more children, or even other types of commercial projects. Ella explained:

There are some large companies in different industries contacting us for cooperation after they knew that we have been providing milk for some children. They are willing to fund us with more donations. However, we are still negotiating with them due to the consideration of our capacity.

## **B Company**

The positive outcomes of B Company's CSR program are the sense of the achievement of employees and better customer loyalty. The following are the explanation in detail.

### **The sense of the achievement of employees.**

B Company received positive feedback from parents who participated in the activities, further, these feedbacks included the appreciation of the value that B Company delivered and gave B Company's employees a lot of inspiration. This sense of achievement also inspires B Company to carry on its CSR program. Ella explained.

We have received some feedback from the parents who participated in our cultural events with their children, they had mentioned that it was very meaningful for them to have the opportunity to learn the traditional culture. That means all of our efforts are worthy and it motivates us to keep working on our CSR program.

### **Higher customer loyalty.**

Customers of B Company considered that B Company's product quality and culture are the main reasons that they will repurchase its products. Also, the CSR program B Company has conducted enriches the value of its product. That makes the customers willing to recommend B Company to their friends and family members. Natalie (the customer of B Company) explained:

I used to be a person that does not like to eat Han Bing, I thought it was obsolete and only for elder people. However, I had once received the Taiwanese bride cakes from my friend, and it is a product from B Company. I was surprised by its package and its taste, and I started to be a fan of B Company. I also purchased B Company's products as my bride cakes. In addition, after I heard about the CSR activities of them, I thought their culture and core values are really meaningful. That is the reason why I will recommend this brand to others.

### **Promotion of industrial development.**

In fact, in Taiwan, there are many traditional pastry shops that have a long history. Since B Company had got the award from social media, it had also become a role model of similar companies. To increase their competitiveness, some of them also started to consider CSR issues. This kind of competition is seen as the promotion of industrial development by B Company. Jennifer explained.

In Taiwan, there are many local pastry shops like us, and since we had conducted our CSR programs, in order to maintain competitiveness, they will follow on us for CSR issues. We consider it is a benign competition; in other words, it is also the promotion of industrial development.

## **C Company**

The positive outcomes of C Company are the achievement of the company goal, diversified business partners, and customer loyalty. The details are presented as follows.

### **The sense of achievement of employees.**

As the number of contracted farmers has increased in recent years, this signal showed that C Company is in a positive way to reach its goals. In addition, it is also a strong motive that pushes the employees to move forward to involve more local farmers to join their environmental protection. Bill said.

In 2015, we had only four contracted farmers; however, we have fifteen now. The growth of the contracted farmers is the best return of our efforts, and it really encourages us to carry on our operations.

### **The increase of business partners.**

After the growing popularity of C Company, several large enterprises had collaborated with C Company for adopting the tea farms. This is also one of the main incomes of the company. In addition, C Company also participated in some groups for small companies to share their resources. Ann explained.

We are now having several large companies as our partners, they adopted the farms and support the farmers by holding the volunteer activities for the employees. It is a part of their CSR program.

We provide the expertise of ecology and they support with the resources.

Damon had also mentioned:

We do not have too many resources as large companies, therefore, some small companies will gather each other and share the information and the social networks they have. This is the cooperation for small companies. It is also one of the sources for us to get assistance.

### **Higher customer loyalty.**

The working effort and the company value of C Company have been approved by their customers. Since the awareness of environmental protection has increased recently, there more people consider that if affordable they are willing to purchase eco-friendly products. The high-quality and eco-friendly products enrich the value of C Company among their customers. Annie (customer of C Company) mentioned:

I am a person who is very concerned about the environment, and C Company is really working on environmental protection. This is the reason why I admire C Company and hope that its value can spread out.

Emily (customer of C Company) also mentioned:

The core values of C Company are very visionary and should be supported. I consider that whenever I buy the products from C Company, at the same time I am also protecting our environment. In addition, I can support this company to carry on their vision.

## **Discussions**

### **The motive for Conducting CSR Program**

#### **The will of top management as the initial driver.**

According to the literature, the motivation of top management is the most important approach for SME conducting CSR program (Lepoutre & Heene, 2006; Longenecker et al., 1989; 2006; Spence 2000; Vyakarnam et al., 1997), the top management of the small business usually put their value into the business strategy. For the three case companies, the wills of top management such as building contribution to society and reaching its corporate sustainability are the initial driver to conduct CSR programs. However, the employees agreeing with the value of the top management and forming strong organization identification, are the main motives for the CSR program.

#### **CSR and sustainable development.**

According to Kaptein and Wempe (2002), CS is proposed as the ultimate goal and placed CSR as the middle stage for the companies which try to fulfill The Triple Bottom Line. In addition, the EU communication also considered CSR as a business contribution to reach sustainable development. Seeking for sustainable development is also the key reason for the three case companies conducting CSR programs. All three companies considered that the CSR program is one of their strategies to reach the sustainable development of both corporate and the industry.

## **Implementation of Conducting CSR Program**

### **Developing based on the expertise of the companies.**

This study suggests the Taiwanese SMEs in the food industry can develop their CSR programs base on their expertise in the industry. The CSR programs of the three case companies are all developed by following company's business operation which is also their expertise in the specific field. For the food industry, Maloni and Brown (2006) developed a framework with eight categories of CSR applications in the supply chain in the food industry. Three case companies have fulfilled the categories that their businesses are not related to. For example, the business of B Company and C Company is not directly related to animal welfare; therefore, they are more focused on the environment instead of animal welfare. The framework can be seen as the guideline for the CSR implementation for companies in the food industry.

## **Positive Outcomes after Conducting CSR Program**

### **The connection between CSR and the social network.**

Spence et al. (2003) had indicated that due to the network of SMEs are different from the large firm; therefore, they should be interested in investigating their social network. In addition, Granovetter (1985) had proposed that the business actions of SME are often embedded into structures of social relations. As the size of the business, the relationship between the companies and stakeholders are inseparable. The finding of this study showed that CSR programs had a positive influence on the social network of the case companies. Not only customer loyalty had increased but the connection between suppliers and the business partners had improved after the CSR program. According to the findings, the research suggests that the close interpersonal relationship helps to improve confidence and the relationship between supplier and even competitor, to have a good reputation in the society, and finally promote the importance of the company in the market.



## CHAPTER V CONCLUSIONS & RECOMMENDATIONS

This chapter consists of four parts, which are the conclusion, implications, limitations, and recommendations. The conclusion part concludes the research through a summary of the findings. The implications are presented for SMEs to conduct CSR programs. Lastly, the recommendation for future research is offered.

### Conclusion

Figure 5.1 presents the conclusion framework of the research developed through the research framework in Chapter Three, the following is the detailed descriptions of each category.

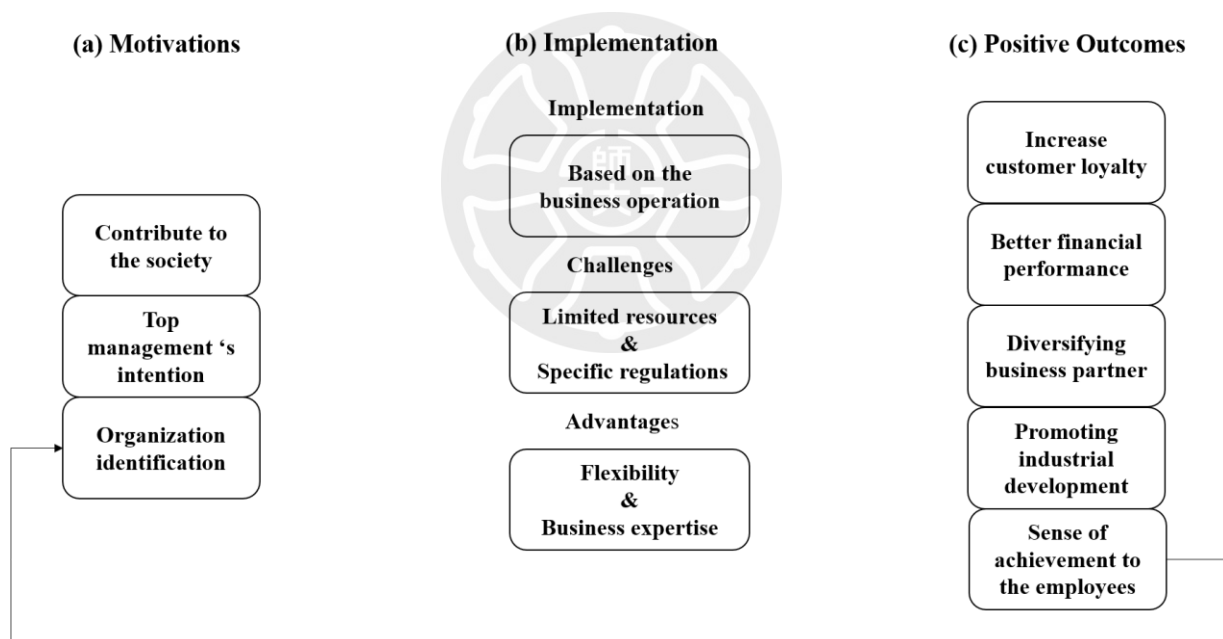


Figure 5.1. Research conclusion framework

### Motivations for Conducting CSR Program

The first research question explored the motives for Taiwanese SMEs in the food industry to conduct CSR programs. However, the research found that the definition of CSR among SMEs is unclear, and the motives are relative to the concepts of CSR. For example, some



companies had great strategies for the fulfillment of benefits for the society and the environment, which is the concept of CSR; however, the company did not consider this is something related to CSR. The reason that leads to a lack of knowledge about the concepts of CSR among SMEs may be governmental regulation, which forces only the listed or over-the-counter (OTC) companies to conduct CSR programs. Therefore, it is important for SMEs to recognize that CSR is not only related to large enterprises but for any kind of organization. The interpretation of CSR of the case companies are: (1) the profit should pay back to the society and the environment, and (2) it is like self-regulation of the company to ensure that the company has fulfilled its core values in every business operation.

The will of the top management is the initial driver for SMEs to start the CSR program, and the high organizational identification of the employees is the key factor to sustain the CSR program. There is one goal in common for the three case companies which is making a good contribution to society. In addition, the value of the top management intensely impacts the companies' visions and missions among the SMEs. It forms the company's culture, which is also the initial driver of the CSR program. Besides, employees are the people who operate the CSR program. Employees of the case companies possess high organizational identification. With the approval of the organizational culture and the value of the top management, employees are willing to implement the CSR program. At the same time, high organizational identification is also a motive for the employees to continue the CSR program.

### **Implementation of CSR Program**

The second research question intended to discover the implementation phase of the SMEs conducting CSR program. The research found that compare to the large enterprises, CSR programs in SMEs are more related to the specific sectors which they are in as their business operations. For example, the CSR program of A Company is extended from dairy products, the CSR program of B Company is extended from Han Bing, and the CSR program of C Company is extended from the tea products. The reason is that the size and the available resources from

SMEs are not as adequate as large enterprises, therefore they cannot invest a great number of funds to establish a program that covers all other aspects of CSR. However, SMEs have the expertise in their profession, and this is what they can apply to their CSR programs.

The challenges that SMEs may face during the implementation phase are the limited resources and governmental regulations. Because of the size of the companies, SMEs do not have much extra budget to sponsor the CSR program. In addition, some regulations from the government had clearly set the criteria in specific sectors such as the ecology products and environmental protection. These regulations somehow restrict the development of SMEs. However, SMEs can overcome the challenges through the following advantages. The flexibility of problem-solving and the expertise in their profession are the advantages that SMEs have in conducting CSR program, and the sources for them to overcome the challenges. Comparing to large companies, SMEs do not have to go through too many administrative layers to communicate with top management; this allows them to rapidly identify problems and figure out solutions. Typically, the business that SMEs are running becomes the key to identify their specific social responsibility, and then they will use their unique business expertise to conduct CSR programs.

### **Positive Outcomes after Conducting CSR Program**

The third research question focuses on the positive outcomes that the case companies have gained from their CSR policies. There are a variety of benefits that SMEs can gain after implementing the CSR program. From the business aspect, implementing CSR programs leads to an increase in customer loyalty, better performance in the market, diversified business partners, and the promotion of industrial development. From the psychological aspect, implementing CSR program bring a sense of achievement to the employees.

From the business aspect, through the CSR program of the case companies, not only the products maintain a high-quality, but also the value of both the products and the companies are enriched. The customers present more confidence and loyalty after the CSR implementation of

the case company. The results of higher customer loyalty and the good reputation in the society also lead to a better financial performance of the case companies. The well-run CSR program and the expertise of each specific profession also provide opportunities for the case companies to cooperate with different business partners and also promote the development of the industry by exerting the new concepts into the industry.

From the psychological aspect, the employees who have experienced from the beginning of implementing CSR programs to witnessing the outcomes that the implementation has brought, gain a sense of achievement. The achievement also links back to the high organization identification and makes them want to continue the CSR programs.

## **Implications**

This section informs several implications for SMEs to conduct CSR programs as follows.

### **Strong organizational identification of employees motivates CSR program**

The research discovers one of the motivations not been discussed in the literature, which is the strong organizational identification of employees, and it is a key factor that motivates the company to continue CSR program. All of the three case companies possess a common goal of their own company that is consented by all employees in the company. Every employee strives for reaching the goal which also forms the strong organizational identification of the employees. Strong organizational identification motivates the effort on the implementation of the CSR programs.

### **The top management has a significant influence on the initiation of CSR program**

The motivation of top management is the most important approach (Lepoutre & Heene, 2006; Longenecker et al., 1989; Vyakarnam et al., 1997). The research also found that the intentions of the top management are the initial drivers for the case companies to conduct CSR programs. That also shows the value of the top management has a great impact on the company culture and the core values among SMEs. Furthermore, strong core values can be an activator that involves employees. The value of top management of three case companies plays an important role to promote the implementation

of the CSR programs. Therefore, top management as the leader to lead the integration of CSR concepts and the company operations can be more effective and sustainable.

### **To define CSR based on the core values**

The research found that the definition of CSR is quite different among SMEs. Each company may have a different interpretation of CSR. Therefore, it is important to define its meaning of CSR, while establishing a structure to follow during the implementation phase. According to the research findings, the CSR program of case companies is developed through the core values of the company. Furthermore, the CSR program has been attached as the core values in the case companies. Therefore, this research suggests that SMEs should define the concepts of CSR in their own words. In addition, the definition can base on the core values of the company.

### **CSR integration leads to sustainable development**

Due to the size of the business, SMEs do not have unlimited resources and budgets for implementing CSR programs. How to allocate the budgets is an important issue for SMEs. According to the research findings, the case companies had integrated the CSR concepts into the business operations of the company. In this case, the investment of the CSR program can also bring two main advantages for SMEs. First, the company can apply the expertise of its profession in the CSR program, which means the company does not have to invest in something they are not familiar with, and this avoids the failure. Second, the implementation of CSR also improves business operations. For example, the case companies are serving in the food industry and they attach the CSR concepts in their business operation; therefore, the products they provide are able to remain high quality and ecofriendly.

### **The government should provide essential supports for SMEs while promoting CSR**

As the research discovered, a part of the regulations launched by the Taiwanese government seems to cause some difficulties for SMEs' operation or the CSR implementation. Therefore, the suggestion from the research is that the government could hold some forums for SMEs, in order to create opportunities of direct communication with SMEs and to know more about the needs of SMEs.

The government should provide essential supports for SMEs while promoting CSR among SMEs in Taiwan.

### **Limitations**

The findings of this study have to be seen in the light of some limitations as follows.

First, the research findings have stated that the intentions of the top management have a significant impact on the core values of the companies, however, during the data collection phase, the researcher did not have the opportunity to directly interview the owner of the case companies. Therefore, the opinions and the value of the owners were collected from three different sources, which are the participants of the interview, the official documents of the case companies, and the news reports about the companies. This limits the research from obtaining a full comprehension of the opinions from the owners of the case companies.

Second, although all three case companies are Taiwanese SMEs in the food industry, however, there are some differences in the types of companies. Two of the case companies (A Company and C Company) are both social enterprises and startup companies, on the other hand, B Company is a traditional pastry shop with a long history. There are many different types of SMEs in Taiwan, therefore, the research findings may only speak for similar types of SMEs like the case companies.

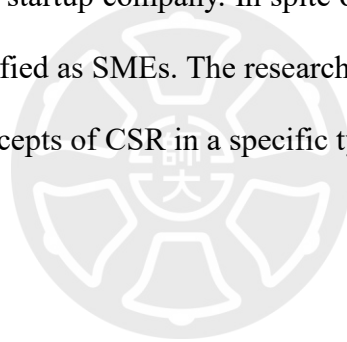
Third, there are only three case studies conducted in this research, and each of them only includes a small number of interviewees, the sample of the research might be too small for generalizing the findings. Moreover, the list of customers was provided by the case companies after they confirmed the aspirations from the customers; therefore, the data from the customers might have some biases. In order to ensure the quality of the finding, the researcher had referred to the secondary data such as CSR reports and the news reports from the social media for support during the data analysis phase.

## **Recommendations for Future Research**

There are two main recommendations for future research which are presented as follows.

First, future studies are advised to focus on a more specific sector in the food industry. Although the three case companies all belong to the food industry, the operations, products, and management styles are all different among them. Therefore, the researcher suggests that future studies should examine whether there are different patterns in the general CSR implementation in a specific sector of the food industry.

Second, future studies are advised to focus on the CSR implementation in a specific type of SME, since there are more and more business types appearing in recent years, such as social enterprise, micro-enterprise, and startup company. In spite of some differences between these companies, all of them are classified as SMEs. The researcher suggests that future studies can explore if there are common concepts of CSR in a specific type of SMEs.





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## APPENDIX A: INTERVIEW QUESTIONS

### 訪談邀約與授權同意書

我是台灣師範大學國際人力資源發展所的學生邱禹宣，指導教授為台師大葉倬禎教授。目前正在進行我的碩士論文研究題目為「台灣食品業中小企業的企業社會責任執行(Corporate Social Responsibility Programs in Small and Medium Enterprises – Food Industry in Taiwan.)」。

主旨希望能透過訪談的方式來了解食品業中小企業如何執行屬於自己的企業社會責任。因為貴公司在企業社會責任的實行上非常卓越，並且獲「2019 遠見雜誌社企之星肯定」。在此想詢問貴公司是否能接受我的論文訪談，訪談對象希望為執行企業社會責任的團隊。訪談時間約為 30 至 50 分鐘，內容皆與貴公司企業社會責任相關，並僅供學術研究使用。期待您的回覆，若有任何問題和建議請不吝與我聯繫，非常謝謝您花費時間閱讀此信！

敬祝 順 心

臺灣師範大學國際人力資源發展研究所  
研究生 邱禹宣  
敬上

### 訪談授權同意書

1. 本計畫執行將維護受訪者在研究過程中應得之權益。
2. 錄音內容僅作為研究者分析資料、編碼及歸類統整之用。您的姓名及個人資料一律隱匿不公開，改以代號稱之。
3. 受訪者於訪談過程中，對於訪談內容如有任何不適與疑問，隨時可以提出，我們將據以修正。再次誠摯的歡迎您參與本研究。

受訪者簽名:

## 企業社會責任研究訪談大綱

1. 請問對貴公司來說，何謂企業社會責任？
2. 請問您覺得對公司而言，企業社會責任的重要性為何？
3. 請問您認為有那些因素會是促使執行企業社會責任的動機？
4. 請問在執行的過程中，您對企業社會責任的想法和最初有何不同？
5. 請問對中小企業來說，在執行企業社會責任上和大公司有何相異之處？應以長期或是短期來做考量？
6. 請問在規劃階段是如何決定專案內的執行內容？
7. 請問在規劃的階段，有哪些限制可能會影響到執行？
8. 請問在執行的階段，您曾遭遇過任何困難嗎？您如何去應對？
9. 請問您認為在執行企業社會責任上，貴公司具備何種優勢？
10. 請問在執行過後是如何去檢視成效？
11. 請問在執行過後對公司什麼正向的回饋嗎？
12. 請問您認為在企業社會責任執行上能成功的因素為何？
13. 請問在未來公司想持續發展的目標為何？原因是什麼？

## **Corporate Social Responsibility Programs in Small and Medium Enterprises**

### **– Food Industry in Taiwan – Tentative Interview Questions**

1. What does CSR mean for your company?
2. Do you think CSR is important to the Companies, and Why?
3. What can be the motivations for you to conduct the CSR program?
4. During the process, what are the changes compared to the initial thought of the program?
5. Which will be suitable when considering CSR programs in SMEs, a long-term program, or a short-term program?
6. At the beginning of the process, what are the concerns about the budget or the resources that influence the program?
7. During the process, what are the issues or concerns you have faced? And how do you overcome it?
8. What are the advantages for SMEs to conduct their CSR program?
9. How do you review the results of the Program?
10. What are the positive outcomes for the companies after the implementation?
11. What are the factors that lead the CSR program to succeed in your company?
12. Based on the current progress, what are your future plans for the CSR program of your company?



## 企業社會責任研究訪談大綱-顧客

1. 請問對您來說，何謂企業社會責任?
2. 請問您覺得對公司而言，企業社會責任的重要性為何?
3. 請問您認為有那些因素會是促使執行企業社會責任的動機?
4. 請問對中小企業來說，您認為在執行企業社會責任上和大公司有何相異之處? 應以長期或是短期來做考量?
5. 請問您認為有哪些限制可能會影響到執行?
6. 請問您是否知道該公司的企業社會責任的專案內容? 對此有什麼看法?
7. 請問您認為在執行企業社會責任上，該公司具備何種優勢?
8. 請問您認為企業社會責任對食品業的重要性為何?
9. 請問對您而言為什麼會持續購買鮮乳坊的產品?
10. 請問您認為執行企業社會責任對該公司有什麼正向的回饋嗎?
11. 請問站在顧客的角度，企業是否執行企業社會責任會是您選擇該公司產品的原因之一嗎?
12. 請問您對一間重視企業社會責任的中小企業有什麼特別的看法?

## **Corporate Social Responsibility Programs in Small and Medium Enterprises**

### **– Food Industry in Taiwan – Tentative Interview Questions for Customers**

1. What does CSR mean to you?
2. Do you think CSR is important to the Companies, and Why?
3. What can be the motivations for companies to conduct the CSR program?
4. Which will be suitable when considering CSR programs in SMEs, a long-term program, or a short-term program?
5. What are the challenges for SMEs to Conduct the CSR program?
6. What are the advantages for SMEs to conduct their CSR program?
7. What is the importance of CSR in the food industry?
8. What are the reasons that you will repurchase their product?
9. What are the positive outcomes for the companies?
10. From the customer's perspective, do you think a company with a CSR program will be your first choice? Why?
11. What are the differences when an SME has a CSR program?



## APPENDIX B: EXAMPLE OF OPEN CODING BY MAXQDA

### 1. Documents

No.	Document	Created by
1	Jennifer	USER

### 2. Definition of CSR

#### 2.1. Definition of CSR

1.

"Our company has a bit of revenue and want to give back to this society, I just want to say is to give back to this society"

*[Jennifer ; Position: 8 - 8; Created by: USER; 2020/4/19 10:43; Weight score: 1]*

### 3. Motivation

#### 3.1. Owner's intention

1.

" So, the reason we're doing CSR is that we're going to have a sustainable legacy of the business."

*[Jennifer ; Position: 2 - 2; Created by: USER; 2020/4/19 10:39; Weight score: 1]*

2.

" The main purpose of implementing CS is to promote the aesthetics and culture of Han Bing (traditional Chinese pastry), it is also the belief that supports us to carry on the whole process as well. If our generation does not pass down this charming culture, it could disappear in the near future. Since we have been serving in this industry for over a hundred years, and this is what we are running for business. Therefore, we consider promoting the aesthetics and culture

of Han Bing as our responsibility. As a result, we conduct all of our strategies based on this faith."

*[Jennifer ; Position: 4 - 4; Created by: USER; 2020/4/19 10:40; Weight score: 1]*

3.

" We conducted the CSR program is because we wanted to reach corporate sustainability (CS)."

*Jennifer Position: 18 - 18; Created by: USER; 2020/5/6 13:53; Weight score: 1]*

### **3.2. Promoting culture**

1.

"it is a cultural heritage that gradually interests us in the CSR issues. If our generation does not pass down this charming culture, it could disappear in the near future. The following generation will not willing to eat Han Big anymore."

*[Jennifer ; Position: 2 - 2; Created by: USER; 2020/4/19 10:33; Weight score: 1]*

2.

"Since we have been serving in this industry over a hundred years, and this is what we are running for business, Therefore, we consider promoting the aesthetics and culture of Han Bing as our responsibility "

*[Jennifer ; Position: 2 - 2; Created by: USER; 2020/4/19 10:39; Weight score: 1]*

3.

"Actually, we have been doing CSR for more than ten years. We have held the storytelling activity for children at the Chinese festival such as New year, Mid-autumn, and the dragon boat festival. We would prepare so related desserts for them to let them know the connection between the Han-Bing (Chinese Pastry) and each specific festival. We are trying to pass down these cultures. These activities also increase the determination of our employees in participating in CSR issues"

*[Jennifer ; Position: 6 - 6; Created by: USER; 2020/4/19 10:42; Weight score: 1]*

## 4. Implementation

### 4.1. CSR Activity

1.

"We have held the storytelling activity for children on the Chinese festival such as New year, Mid-autumn, and the dragon boat festival. We would prepare so related desserts for them to let them know the connection between the Han-Bing (Chinese Pastry) and each specific festival."

*[Jennifer ; Position: 2 - 2; Created by: USER; 2020/4/19 10:32; Weight score: 1]*

2.

" In 2016, we set up this corporate headquarters, that was not only for building a green building but also for environmental protection part, also happens to be one of the responsibilities of the enterprise" "

*[Jennifer ; Position: 2 - 2; Created by: USER; 2020/4/19 10:33; Weight score: 1]*

### 4.2. Implementation of CSR program

1.

" We set up our four principles of CSR program, each of them is food safety, environment protection, community promotion, and cultural heritage.

Food safety is what we always self-required, we have reached our ingredients a hundred percent local purchased and also demand our suppliers to pass the certifications such as ISO2002. We support our suppliers for upgrading their factory, the quality they produced also represent our quality of ingredients. Our requirement for food safety will only become more restricted in the future.

*[Jennifer ; Position: 28 - 28; Created by: USER; 2020/7/7 11:20; Weight score: 1]*

2.

In our opinion, the environment important to every individual, everyone had the responsibility to protect it. Our new headquarter had been certificated as the golden-green building, we also cooperate with NTU for a thirty-year tree building project in Nantou. Last, we replaced the package to an eco-friendlier material.

*[Jennifer ; Position: 28 - 28; Created by: USER; 2020/7/7 11:20; Weight score: 1]*

3.

We plan to hold an agricultural market in Dailiao, the market will design in a fashion style like some foreign countries that will attract the young generation to come for tourists. In addition, we will provide an opportunity for young people to start up their own business. Overall, to brisk the development in Dailiao and encourage the young generation to return to hometown starting up their business are our strategies for the community promotion.

*[Jennifer ; Position: 28 - 28; Created by: USER; 2020/7/7 11:20; Weight score: 1]*

4.

The culture of Han Bing represents the Han Chinese. We have been servicing in this industry for so many years. It is our responsibility to remain the culture and spread it. We considered we should make Han Bing no longer appear only in a special situation. We attended a competition in France and won a prize. We also cooperate with high school and college, not only teaching them the production process of Han Bing but hold a competition for some innovation about Han Bing."

*[Jennifer ; Position: 28 - 28; Created by: USER; 2020/7/7 11:20; Weight score: 1]*

## 5. Challenges

### 5.1. Resource restriction

1.

" We will still have some limitation of the budget, and I think it is also the limitation for other SMEs. Owing to the size of our company, it hard for us to spend a big amount of money to do our CSR program like some large companies. Fortunately, all of our promotions are quite a success after cautious planning. "

*[Jennifer ; Position: 12 - 12; Created by: USER; 2020/4/19 10:43; Weight score: 1]*

### 5.2. Specific regulation

1.

" The challenge I can recognize is to adapt the regulation. Take our green building, for example, we got the second place of the green building certification. There are nine categories of the certification, and we had reached eight of them. The one we did not accomplish is ecological diversity, and the reason is related to the hinterland of the location. However,

despite we had done everything for the green building, we had nothing to do with the hinterland of Dailiao. "

*[Jennifer ; Position: 14 - 14; Created by: USER; 2020/7/7 11:28; Weight score: 1]*

## 6. Advantages

### 6.1. Expertise in the industry

1.

" I think the strength of conduction our CSR program is our culture and the expertise in the food industry. The integration of our operation and core values makes our product more significant when our customers eat out pastry, they are not only tasting its flavor but also feeling our culture. Therefore, focusing on our expertise is the key factor of our CSR program. ° "

*[Jennifer ; Position: 18 - 18; Created by: USER; 2020/4/19 10:45; Weight score: 1]*

## 7. Positive outcomes

### 7.1. Sense of achievement

1.

" We have received some feedback from the parents who participated in our cultural events with their children, they had mentioned that it was very meaningful for them to have the opportunity to learn the traditional culture. That means all of our efforts are worthy and motivate us to keep working on the tur CSR program. "

*[Jennifer ; Position: 24 - 24; Created by: USER; 2020/4/19 10:47; Weight score: 1]*

### 7.2. intended outcomes

1.

" In Taiwan, there are many local pastry shops like us, and since we had conducted our CSR programs, in order to maintain competitiveness, they will follow up on us for CSR issues. We consider it is a benign competition; in other words, it is also the promotion of industrial development."

*[Jennifer ; Position: 22 - 22; Created by: USER; 2020/4/19 10:47; Weight score: 1]*