Faculty of Business & Law

Newcastle Business School

DBA Dissertation

Research Topic: Exploring the Roles of Corporation Social Responsibility of Small and Medium-sized Enterprises in Hong Kong

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Statement of Originality

I hereby declare that this dissertation contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to this copy of my dissertation, when deposited in the University Library, being made available for loan and photocopying subject to the provisions of the Copyright Act 1968.

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Synopsis

Corporate social responsibility (CSR) has historically been associated with large corporations (Jenkins 2004). SMEs are generally believed to place heavier emphasis upon economic imperatives than social goals mainly because of the concern for survival and relatively limited financial resources (Jenkins 2004). However, CSR participation of SMEs is reflected in their willingness and financial capability to play a significant role in discharging their social responsibility (Jenkins 2004).

To this extent, small and medium-sized enterprises (SMEs) struggle to survive with limited knowledge, resources and finance to work on CSR and consider fewer stakeholders compared with MNEs. SMEs may have less formal culture and structure, different from MNEs (Jenkins 2004). In fact, firms rely on stakeholders to obtain the necessary resources for survival and development (Fontaine, Haarman et al. 2006).

As of December 2012, there were about 300,000 SMEs registered in Hong Kong, accounting for over 98% of all business establishments. According to the CSR Guidelines for SMEs in Hong Kong, SMEs are faced with a dilemma of being socially responsible while enhancing corporate financial performance because of limited financial resources, bargaining power and time to work on environmental and social issues concerning the well-being of employees, customers, suppliers and the communities. But the CSR Guidelines have not illustrated the whole picture of CSR in Hong Kong SMEs.

In this dissertation, the aim was to explore the relationship between CSR and competitiveness, factors affecting SMEs motivations for CSR in Hong Kong, and how to formulate effective CSR strategies for SMEs.

The three research questions are answered by developing a model based on multiple case studies, focus groups, interviews and the relevant literature. This model was then used to formulate an effective CSR strategy. The study has used qualitative research method for achieving the research objectives.

Qualitative data was collected through content analysis of CSR activities related documents provided by SMEs, as well as eight individual interviews and eight focus groups of the selected SMEs. The owners or managers of the SMEs were requested to sign organisational consent forms to state that participation was entirely voluntary and
the participants had the right to express any opinion during the interviews without censorship or restraint by their superiors or the company. Five participants of each focus group form a very homogeneous group of a SME. The contents of these two kinds of interviews were transcribed verbatim and categorized together with the contents of documents, including annual reports, company documents, marketing materials and employee handbooks.

Finally, the economic benefits such as risk reduction, cost saving, reputation and sales growth are the key factors encouraging Hong Kong SMEs to engage in CSR activities. The relationships between CSR and competitiveness are also identified. CSR is positively associated with enterprise competitiveness in the SME sector. The process for formulating an effective CSR strategy is also outlined.
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