

Chapter 8

The Diffusion of Voluntary ISO 26000 among SMEs: Evidence from Taiwan

Yen-Chun Wu

National Taiwan Normal University, Taiwan

Chih-Hung Yuan

National Sun Yat-sen University, Taiwan

ABSTRACT

Businesses are under the increasing pressure to demonstrably engage in social responsibility (SR). Following the demand, the International Standard Organization developed ISO 26000 for SR. small and medium enterprises (SMEs) are dominant in contributing to GDP. The relationship between SMEs and SR is still elusive. The purpose of this paper will be aimed at how SMEs will adopt ISO 26000 under what circumstances. We determine a set of hypotheses about diffusion of ISO 26000 and examine it empirically. We provide a better understanding of the cognition-behavior gap while “doing good”. SMEs think that SR was Philanthropic responsibility, but strive for their subsistence as their top priority of strategy decisions. However, the impact of multinomial company and government are not decisive. Finally, SMEs take SR practices into consideration when evaluating stakeholder, they are more likely to adopt ISO 26000. Thus, SMEs must feed themselves with their own words and grow.

INTRODUCTION

Businesses are under the increasing pressure from their stakeholders to demonstrably engage in activities which are known as corporate social responsibility (CSR), social responsibility (SR), environment management and sustainability issue. In dealing with rapidly globalization, they have to increasingly face the challenge of doing more with less. Especially Small and medium-sized enterprises (SMEs) play a key role in the development of global economy (Morsing & Perrini, 2009), but lack of resource. Although there are several private and public organizations focus on improvement of social welfare of firm

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(Retolaza, Ruiz, & San-Jose, 2009). However, such initiatives are little, so indeed much thinking about SMEs and SR are based on a range of unsubstantiated hypotheses about SME behaviors (Jenkins, 2006).

There is an increasing appeal for businesses to become involved in SR practices (Fassin, 2008; Stoian & Gilman, 2016). Following this demand, the International Standard Organization (ISO) developed ISO 26000 international guidance standard for SR in 2004 (Castka & Balzarova, 2008a). The ISO 26000 has been built on the practical infrastructure of ISO 14000 and ISO 9000 (Castka & Balzarova, 2008a). This standard is suitable for all scales of organizations, no matter large or small (ISO/TMB/WG/SR, 2009). Castka, Balzarova, Bamer, and Sharp (2004) demonstrated how SMEs can implement the SR agenda and benefit from it. Furthermore, SMEs need to understand more about the details and conditions through more studies to adopt SR practices (Morsing & Perrini, 2009).

Large companies usually start from a small scale. Many a little makes a mickle. Most of all the businesses in Taiwan, including SMEs, are export-oriented or part of multinomial corporate (MNC) supply chain (Chen, Lin, & Chu, 2013). Taiwan has a very sound economy, and the best approach to mainland china's expanding market. For these reasons, the purpose of this paper will be aimed at how SMEs among Taiwan will adopt ISO 26000 under what circumstances.

The rest of this article is organized as follows. We start by reviewing the relevant literature about SMEs, social responsibility and ISO 26000. We then detail our methodology and investigate empirically. Next, we focus on the diffusions of ISO 26000. Finally, we conclude the key factors that push SMEs to engage in social responsible.

SMEs AND ISO 26000

SMEs and Social Responsibility

In this article, the term “social responsibility (SR)” is used rather than CSR, since many perspectives of the CSR agenda cannot perfectly fit organizations well (Hammann, Habisch, & Pechlaner, 2009; ISO/TMB/WG/SR, 2009). SR is regarded as “the managerial obligation to take action to protect and improve both the welfare of society as a whole and the interest of organizations” (Davis & Blomstrom, 1975, p. 6), as well as “on a voluntary basis” (Gilbert, Rasche, & Waddock, 2011; Stigzelius & Mark-Herbert, 2009).

Before studying the SR issues in SMEs, researchers should take an important assumption into consideration when they investigate the relationship between small business and SR. SMEs tend to change with their surroundings, multi-tasking, limited cash flows, personal relationships and informality (Madrid-Guijarro, García-Pérez-de-Lema, & Van Auker, 2013; Perrini, Russo, & Tencati, 2007). SMEs have specific characteristics that differentiate them from large enterprises, such as being directly managed by owners or being highly personalized (von Weltzien Høivik & Shankar, 2011), which means that the personal wills of the runner decide the distribution of the resources of the company (Jenkins, 2006).

On the other hand, multiple management objectives functions makes it more difficult for managers to develop focusing strategy (Jensen, 2002). Therefore, the managers of SMEs are less interested in things irrelevant to daily operations (Nielsen & Thomsen, 2009). Under the globalized competition, the profits of enterprises are comparatively decreasing, so are the resources devoted to charities (Stendardi Jr., 1992). Especially SMEs are facing great challenges. Besser and Miller (2001) indicated that for business managers, it is hard for them to value the investments whose profits do not appear quickly, such as supporting charities. Therefore, the owner-managers of small enterprises “never think about this issue”

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