


Chapter 3


Motives of Leaders of Small and Medium-Sized Companies to Adhere to CSR

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ABSTRACT

Today, many companies have embraced Corporate Social Responsibility (CSR) policies to enhance their relationships with society and various stakeholders. Therefore, it is essential for CSR research to pinpoint the factors that motivate companies to adopt CSR strategies. This study aims to explore the reasons behind SMEs' interest in implementing CSR policies. The research looks into how previous studies have highlighted the factors that draw SMEs towards CSR. This research uses a systematic literature review approach. First, we collected 175 articles from various sources and after reviewing 85 articles, we then categorized the drivers that these articles identified for CSR activities in SMEs based on internal and external drivers. The results show that the internal drivers of SMEs to adhere to CSR include Competitive advantage, Brand image and reputation, Managers' perceptions, Organization culture, Employees, and Size of a firm. The external drivers of SMEs' adhering to CSR include the government, customers, community, competitors, and suppliers.

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1. INTRODUCTION

Corporate Social Responsibility (CSR) has garnered significant interest from researchers, scholars, businesses, and institutions alike. Its understanding has evolved remarkably over the years. In the past, CSR was primarily viewed as a means to enhance profits for shareholders (Omidvar & Deen, 2024b). Today, however, various definitions of CSR exist, with many understanding it as a tool for social and organizational advancement. Han et al (2020) describe CSR as a collection of specific practices through which firms prioritize the common good over self-interest. The relationship between companies and society is reciprocal, with social responsibility serving as a catalyst for societal progress. In our rapidly changing, globalized world, businesses must act as responsible global citizens while also being good local neighbors (Shyam, 2016). The necessity for the worldwide adoption of sustainable practices arises from financial difficulties and the exhaustion of limited resources. Today, CSR is identified as one of the most effective means to address these challenges. Consequently, numerous sustainable strategies, including CSR, are now prominent in contemporary business settings (Govindan et al., 2014). Given that CSR tackles financial, social, and environmental challenges, it has attracted considerable attention in recent decades (Panait et al., 2023).

Howard Bowen was a groundbreaking researcher in CSR who released “The Social Responsibilities of the Businessman” in 1953. He contended that business executives should consider not only their shareholders but also the wider community, stressing the moral consequences of their decisions on diverse stakeholders (Li et al., 2020). His contributions ignited significant debates regarding ethics in business practices (Omidvar & Deen, 2024a).

Following the release of Bowen's influential book, researchers began to take a keen interest in the subject of CSR (Amin-Chaudhry, 2016). Over the past few decades, this initial interest has significantly intensified, leading to an influx of scholarly articles and studies focusing on various aspects of CSR (Omidvar & Palazzo, 2025). To illustrate this growing body of work, a comprehensive analysis was conducted using articles from the Web of Science database, which highlighted the breadth and depth of research dedicated to understanding the implications of CSR in today's business landscape.

An analysis of articles within the Web of Science database revealed that between 1996 and 2025, there were 5,211 publications in the field of CSR that included the term CSR in their titles. This indicates that the true number of articles in this area likely exceeds this figure. The study identified 9,741 authors who contributed to these publications, and it is notable that the annual production of articles has increased by 6.37 percent. Table 1 illustrates the yearly publication numbers, while Figure 1 depicts the rising trend in article production.

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