The relationship between corporate social responsibility and stakeholder prioritisation in terms of SMEs' financial performance in a crisis period

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Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Abstract

The major notion that was tested in this study was to determine if CSR activities have any impact on SMEs' financial performance during a crisis period. The learnings from stakeholder theory provided the base for what to look for, to assure that the maximum possible rewards are extracted from these CSR activities as SMEs' resources are generally limited during crisis periods. The study focused on CSR activities, attending to different stakeholders to determine which would provide financial benefits, as well as the owner-managers' focus on stakeholders during crisis periods. The claims that long-term relationships with stakeholders and satisfying the most salient stakeholders would produce the biggest rewards, were also tested. This explanatory quantitative study involved 161 owner-managers and tested the claims made in stakeholder theory, to find the sought-after link to financial performance. Electronic surveys were used to collect data, targeting owner-managers of SMEs. A combination of descriptive statistics and linear regressions was used to analyse the data. Descriptive statistics provided results that indicated that SMEs were indeed involved in CSR activities during the COVID-19 crisis period, but attention to different stakeholders differed depending on of the longevity of the relationship. Linear regression could not produce evidence of a relationship between SMEs' CSR activities and their financial performance, neither could a moderating effect of the salience of stakeholders on the relationship between CSR and financial performance be confirmed. Therefore, even though CSR activities were undertaken, the associated benefits seem of an informal nature, and more geared towards satisfying the owner-manager.

Keywords:
CSR, Financial performance, SMEs, Crisis periods

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Chapter 1

Introduction to the research problem

1.1 Introduction

A crisis can be defined as an event that will lead to unstable, and even dangerous situations that will affect all of the society involved (Bundy, Pfarrer, Short, & Coombs, 2016). Crises result in negative changes to the environment affected, especially when it occurs without warning and when society has no time to plan or react (Albuquerque, Koskinen, Yang, & Zhang, 2020). The COVID-19 pandemic was first detected in December 2019 and with a high transmission rate, it spread quickly to neighbouring counties. Subsequently, in 2020, it was declared a global pandemic (United Nations, 2020). This event occurred abruptly and without much warning. Most of the globe was not ready for this type of crisis and neither have countries experienced this sort of crisis in recent decades. The COVID-19 pandemic can thus be seen as a global crisis impacting all of society and leading to negative changes (United Nations, 2020).

In responding to the global crisis, governments around the world closed their borders and incorporated lockdowns on most businesses to protect society and curb the transmission rate to assist the medical profession in combating this virus (Discovery, 2020). These lockdowns came without warning and businesses had minimal time to plan and hence had to react urgently. These lockdowns restricted businesses from operating, leading to substantial financial losses and cash flow problems. Related financial problems impacted Small-Medium size Enterprises (SMEs), including South African businesses, the hardest in that smaller businesses have smaller customer bases that increased their vulnerability in crisis environments (Magrizos, Apospori, Carrigan, & Jones, 2021). Unavoidably, SMEs will prioritise survivability during an economic crisis due to the shortcomings in technological, managerial, and human capabilities that could reduce their capacity to eventually overcome these economic crises (Bourletidis & Triantafyllopoulos, 2014). At the time, in South Africa, SMEs already had to contend with a contracting economy and an abundance of social issues (Kalidas, Magwentshu, & Rajagopaul, 2020).

In that SMEs make up 98% of companies in the South African environment and employ 50 to 60% of the country's workforce, they would best showcase the impact this crisis environment would have on the business environment (Kalidas et al., 2020). It has also been reported that between 40 to 60% of SMEs would expect to make a nett loss of more than five percent as a result of the crisis, forcing them to reduce spending by laying off workers, reducing non-core spending, and reducing their operating hours (Kalidas et al., 2020). Stakeholders affected by these extreme measures, were customers, suppliers, employees, society, and the government, further aggravating prevailing social issues and the economic downturn as a result of the crisis (Albuquerque et al., 2020).

Because the social crisis would have impacted all stakeholders, it elevated the need for Corporate Social Responsibility (CSR), which implies balancing economic responsibility with those of society and the environment (Yuan, Lu, Tian, & Yu, 2020). CSR would also help mitigate social issues (He & Harris, 2020). The South-African environment, being one of the global leaders in inequality and unemployment, is already dealing with numerous societal issues (The World Bank, 2022). Crisis environments therefore further highlight social issues in countries such as South Africa and act as a catalyst (Bundy et al., 2016). The need for increased CSR is therefore important to address prevailing societal issues. CSR requires SMEs to look beyond shareholder responsibilities, hence the need to attend to all stakeholder claims, requiring SMEs to look beyond core financial components and to address the urgent need for increased CSR among all stakeholders (Magrizos et al., 2021).

Inevitably, SMEs would seek to extract any benefits from their CSR activities that could assist them in navigating a crisis environment. To extract benefits out of CSR, stakeholder theory implies that management should focus on their primary stakeholders (Freeman, Dmytriyev, & Phillips, 2021).

The main benefits that SMEs would seek, would be benefits that would have a positive impact on financial performance as it is the main area where the negative impact of the crisis looms. Thus, the link between CSR and financial performance would be key if SMEs are to incorporate CSR into their business strategy.

With resources being scarce in crisis environments, and claims flowing in from all stakeholders, it will become key that the management of companies correctly identifies

and prioritises stakeholder claims to satisfy their primary stakeholders and to achieve maximum benefits (Neville, Bell & Whitwell, 2011).

1.2 Problem statement

The COVID-19 pandemic has presented a crisis environment, described by the United Nations (2020) as a crisis with severe health, economic and social significance, hence affecting businesses as well as social environments. The COVID-19 crisis has also been seen as the worst financial crisis the globe has seen since the Great Depression in 1929 (Gumede, 2020). Due to the severity and substantial impact the crisis has had on companies and global economies, it would serve as a burning platform where change occurs (He & Harris, 2020). Generally, these changes are negative in a crisis environment and would provide for a harsh business environment plagued by uncertainty and creating panic among all stakeholders (He & Harris, 2020). It would also negatively impact businesses, especially SMEs that have reported an increase in closures during an economic crisis due to limited access to resources and expertise in navigating a crisis environment (Magrizos et al., 2021).

Several studies have attempted to provide a link between social and economic finance, although these studies have mostly focused on big corporate companies and the benefits derived from being good corporate citizens, devoting little attention to SMEs (Bartolacci, Caputo, & Soverchia, 2020).

In a crisis environment, it is not unusual for SMEs to suffer financial losses and with the lockdown restrictions imposed, failure of businesses became inevitable. In the South-African environment, SMEs are integral to the economy that is usually controlled by big oligopolies, contributing 39% to GDP (Kalidas et al., 2020). The business environment for SMEs, however, remains dismal even before the pandemic whereby they had to deal with several rating downgrades and a slowing economy (Kalidas et al., 2020). A crisis event such as COVID-19 pandemic exacerbated these trends and created challenging environments that SMEs had to deal with. SMEs are highly sensitive to economic crisis environments as witnessed during the global financial crisis of 2008 during which they suffered the bulk of job and economic losses. Analysts predict that it could be much worse this time (Kalidas et al., 2020). These losses are bound to impact the relationship with stakeholders due to the reduction in available

resources that are needed to satisfy the demand for social claims (Bae, Ghoul, Gong, & Guedhami, 2021).

The South-African environment has a considerable need for social finance to address the complex societal issues the country is dealing with. South Africa has the highest Gini Coefficient percentage, at 63%, and has one of the highest unemployment percentages in the world, at 35.3% (IMF, 2020). These problems drive prevailing social issues in that not all of the country's citizens are incorporated in the economy and will hence not necessarily prioritise a stable business environment. This was evident in the unrest the country had to deal with in July 2021 where rioting and looting further damaged the already dreadful, struggling business environment (Harding, 2021). As indicated before, many companies have, due to the limitations of governments, taken it upon themselves to address sustainable development challenges in local environments to promote a prosperous business community (Johannes, 2016). This is, however, very challenging: during the COVID-19 pandemic, 70% of SMEs resorted to laying off workers and a reduction in non-core business expenses that would usually entail CSR activities (Kalidas et al., 2020). Also, 49% of SMEs reported that they reduced spending due to the unpredictability of the crisis and 51% did so due to financial constraints via lockdown restrictions (Kalidas et al., 2020). Some of the worst affected areas that will be the focus of this study, were the service sector, tourism, hospitality, and retail, as they were impacted the most by lockdown restrictions which impacted them as well as the whole supply chain of local stakeholders around them (Kalidas et al., 2020). Due to the close relationships between SMEs and their local stakeholders, they are unfortunately more susceptible to reputational damage if a need for CSR arises to which they don't respond (Madueno, Jorge, Conesa, & Martinez-Martinez, 2016).

This increases the need for SMEs to be attentive to stakeholder demands as it would have a material business risk for the company and impact their survivability. The crisis environment will increase the need for CSR to strengthen businesses' relationships with stakeholders to safely navigate this crisis environment (Theodoulidis, Diaz, Crotto, & Rancati, 2017).

As a business is an entity that is, in essence, permitted by society to conduct business, society will impact the business survival rate. Hence, the relationship between business and stakeholders is very important to navigate a crisis environment (Magness, 2008).

Further evidence indicates that there is a need for companies to integrate CSR into their business strategies to extract the maximum possible benefits that could assist management in addressing the uncertainty in stakeholders (Vo, Delchet - Cochet, & Akeb, 2015). Recent studies, conducted on some of the world's largest companies, revealed that managers will explicitly link CSR to potential economic benefits if a company can create a win-win scenario such that CSR activities will be good for society and financial performance (Panwar, Nybakk, Hansen, & Pinkse, 2017). Win-win scenarios would drive more voluntary CSR actions, whereby management could justify the expenditure on these programs (Schreck, 2011). Despite evidence of these links to businesses' financial performance, related evidence is still only apparent in large corporate companies where resources and expertise are in good supply.

Admitting that economic motives play a crucial role in driving CSR investments and that financial losses are usually present in crisis periods, it is necessary to investigate the relationship between companies' CSR activities and their financial performance during times of a crisis (Perrini, Russo, Tencati, & Vurro, 2011). It is understood that, as the demand for CSR increases in a crisis environment, supply decreases, which should increase the value of CSR activities in a crisis environment (Magrizos et al., 2021). Studies have, however, reported conflicting results in linking CSR activities to financial performance. Indications are, that companies with low CSR, have increased performance over companies with moderate CSR, while companies with the highest CSR outperformed others financially (Barnett & Salomon, 2006). This will further provide the need to test which CSR activities provide economic benefits, and if CSR drives financial performance or represents the outcome (Bae et al., 2021). In addition, when companies' resources are reduced and risks increase, SMEs would need to make a trade-off to balance the need for social finance and available economic finance. It is therefore important for companies to identify the stakeholders that potentially provide the most benefits to them (Lähdesmäki, Siltaoja, & Spence, 2019).

1.3 Research questions

Financial performance is key for SMEs' survival and growth, particularly in times of crisis, amid other challenges that are complicating matters, such as an increased need for CSR (Magrizos et al., 2021). With an increased need for SMEs to respond to CSR

claims, they would seek to extract benefits from their CSR activities. Stakeholder theory reminds that long run relationships are needed across all stakeholders to accrue possible benefits from CSR activities (Freeman, 2017).

Four research questions were extracted from the research problem for investigation in this research:

1) With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment, what is their response to society's increased need for CSR in the same period?

2) With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment, how relevant is the longevity of the different stakeholder relationships in terms of SMEs' CSR?

3) What is the relationship between CSR-related activities of SMEs during the crisis emerging from the COVID-19 pandemic and their financial performance in this crisis period?

4) What is the relationship between the salience of stakeholders that companies have been involved with during the crisis period (in terms of the longevity of their relationship), and SMEs' financial performance?

1.4 Purpose of the study

With SMEs having a reputation to focus on profit maximising activities that are bound to come under threat in a crisis environment, companies' focus would shift to survivability (Magrizos et al., 2021). The uniqueness of the recent crisis environment increased the need for social finance despite economic finance being under threat, and SMEs focusing on survival, implying that they attended to the social needs of their stakeholders (Bae et al., 2021). However, to motivate SMEs to accommodate these social issues into their strategies, some sort of financial benefits is needed to offset their economic losses (Magrizos et al., 2021). Inoue and Lee (2011) suggested that the specification of CSR activities to separate stakeholders could provide better insights to determine which activities do provide the financial benefits that SMEs seek

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to achieve. This study will explore that connection by focusing on CSR activities relating to the main stakeholders.

A positive association between CSR and financial performance also exists if a company operates in an environment that demands better sustainability (Griffin, Guedhami, Li, & Lu, 2020). The COVID-19 environment would provide such an environment with increased demand for CSR.

Although benefits exist, literature reminds not all CSR activities lead to increased economic benefits (Freeman et al., 2021). It is therefore integral to identify CSR activities with potential benefits to the company (Stoian & Gilman, 2017). Stakeholder theory indicates that to extract benefits out of CSR activities, the primary stakeholder has to be satisfied (Iturrioz, Aragón, Narbaiza, & Ibañez, 2009). The selection and identification of stakeholders, particularly long-term relationships versus new short-term connections, will therefore be key for SMEs, especially in a crisis period where resources are scarce and financial performance is critical (Magrizos et al., 2021).

1.5 Theoretical anchor: Stakeholder theory

To incorporate the culture of the South-African society, one needs to acknowledge the moral attribute in the African culture of Ubuntu, which can be simply put as "I am because you are, you are because we are" (Johannes, 2016, p.5). This highlights principles of common purpose and service to society whereby collective work and mutual support are necessary (Freeman, Phillips, & Sisodia, 2020). Accordingly, stakeholder management is key, and therefore, management should include stakeholder theory into their strategy to balance core economic motives. The link between CSR and stakeholder theory will hold the key on how to satisfy and rebuild relationships with stakeholders (Perrini et al., 2011).

Stakeholder theory proposes that a company must include all stakeholders and their claims in their business decisions. Stakeholder claims are demands that they make towards the company, and these demands would be any interest the stakeholder may have in a company's business decision (He & Harris, 2020). These claims are satisfied by companies through CSR activities that address stakeholders' demands (Theodoulidis et al., 2017).

Stakeholder theory also alludes to possible benefits that could be extracted from proper stakeholder management that would be useful to SMEs to get some sort of return on their CSR investment (Jenkins, 2009). These business benefits are however difficult to illustrate due to the informal nature of the benefits.

1.6 The business need of the study

This study will contribute in the sense that companies will, in future, continue to experience crisis environments in some form, be it more pandemics, wars, or the possibility of stagflation. As discussed, the South-African environment has a dire need for all citizens to address the social issues the country is dealing with, and businesses will need to incorporate CSR into their strategy if they want a prosperous business environment. The global business environment is also going through another crisis in dealing with sanctions on Russian goods and the uncertainty of a possible world war (Tharoor, 2022).

Crisis environments will therefore be present for the foreseeable future and businesses, especially SMEs must come to terms with these challenging new business environments. Stakeholder management can be useful to SMEs in navigating crises by looking for support from their stakeholders and including them in their strategies (Bae et al., 2021). To build relationships with these stakeholders, CSR will be a means to extract possible benefits from them (He & Harris, 2020). The identification and selection of these stakeholders in crisis environments will be key to management, especially for SMEs whose resources are scarce (Magrizos et al., 2021).

1.7 The academic need for the study

The academic contribution of this research lies in evidence concerning the moderating effect of a crisis environment on SMEs' operations, particularly CSR related activities, considering financial challenges and the need to protect companies' financial performance in crisis periods (Magrizos et al., 2021).

CSR studies have identified the devastating impact that the COVID-19 pandemic has had on business and have recommended a re-testing of CSR concepts under these

conditions. This is evident in the study of Magrizos et al (2021, p.301) on CSR in crisis periods suggesting that "it is important to test for any economic crisis but potentially even more so for crises such as the COVID-19 pandemic".

Although numerous studies on social finance have been done before, the current crisis environment provided an ideal setting to investigate a possible link between social- and economic finance due to the urgent need to address social issues following the consequences of the COVID-19 pandemic (Nagarajan, 2022), where the economic impacts of the pandemic were accompanied by psychological and emotional pain that increased uncertainty and social vulnerability (Bae et al., 2021).

The research incorporated stakeholder theory to identify primary stakeholders and to showcase the effect of correctly identifying primary stakeholders on businesses' financial performance (Freeman et al., 2021). Another contribution to stakeholder theory, was to ascertain if the longevity of the relationship with stakeholders provides any additional benefits to a company that could impact its financial performance (Choi & Shepard, 2005).

1.8 Conclusion

The business and theoretical needs for the research were identified amid a prevailing global crisis period, namely the COVID-19 pandemic that exerted a material impact on the global business and social environment, changing business environments, and increasing the need for companies' social involvement/activities. SMEs often have a close personal relationship with stakeholders that become very vulnerable during periods of crisis, which presented a unique opportunity to explore the relationship between companies' CSR and their financial performance. The South-African environment and the increased demand for CSR activities provided a good setting to explore SMEs' response to social claims during times of crisis. This study explored a possible relationship between SMEs' CSR involvement and their financial performance at periods when demands outweighed the supply, exploring factors that would influence the said relationship. The following section will provide a review of related literature to explicate the relevant constructs and related theory.

Chapter 2

Literature review

2.1 Introduction

The literature review addresses the main issues and constructs of the study, namely the operations of SMEs in crisis periods, the connection between CSR and financial performance, and how management could use stakeholder salience and their relationship with stakeholders to establish primary stakeholders. Reasons are provided as to why SMEs are unique amid the current economic climate, how crisis periods would impact these companies, and why SMEs need stakeholder support in times of crisis. In that SMEs have a closer, more personal link to their local stakeholders, the perception of these stakeholders will be key to owner-managers of SMEs if they are to safely navigate the crisis environment and provide value across the network to all stakeholders (Panwar et al., 2017).

Then the researcher will provide CSR's connection to stakeholder theory and how you can't have one without the other (Neville et al., 2011). The theory also provides details as to what is expected of companies in stakeholder management and how companies could use CSR as a tool for effective stakeholder management that could protect in crisis environments.

Literature on the ongoing search for a relationship between CSR and financial performance is presented, focusing on substantial benefits that companies can derive (Bae et al., 2021). The last section provides literature on how the stakeholder salience model could be useful in helping management select stakeholders and attend to claims, and how a long-standing relationship with stakeholders could provide additional benefits from CSR activities (Nguyen, Kecskes, & Mansi, 2020). The theoretical anchor for the research is stakeholder theory, which is introduced first.

2.2 CSR and stakeholder theory

A firm is based on a complex network system and how they survive is to interact with all its stakeholders and to sustain congruence between the claims of society and the

firm's objectives (Neville et al., 2011). This indicates the close long-run relationships that companies should have with their stakeholders to aptly connect this complex system. Stakeholder theory is a key aspect that a company should incorporate in their strategic decision-making to extract possible stakeholder benefits (Nejati, Quazi, Amran, & Ahmad, 2017). Stakeholder theory asserts that "companies have a social responsibility to consider the interest of all actors affected by their business decisions" (Avetisyan & Ferrary, 2013, p.119). Therefore, companies should use CSR activities to satisfy those claims (Griffin et al., 2020). CSR endeavours cannot exclude stakeholder theory, as one follows the other (Neville et al., 2011). CSR encompasses activities that "suggest that a company's responsibilities extend beyond the shareholders to include other stakeholders" (Magrizos et al., 2021, p.293). Both definitions include all stakeholders in decision-making and ensure that all stakeholder claims are addressed in the value network.

A business can be seen as a vehicle for human cooperation with its roots in humanistic conceptions and the long-term impact it has on society (Yuan et al., 2020). A company needs resources to create value, and stakeholders will provide those resources if they perceive the company as having a positive impact on society. All resources that a company utilises will have some sort of human attachment, and thus relationships with these actors will be key for companies (Freeman, 2017).

As discussed previously, panic is present in society at times of uncertainty, and the unknown impact of a crisis environment and human concern would undoubtedly impact resources due to the human attachments (He & Harris, 2020). As society becomes risk-averse, prevailing panic is bound to reduce societies and companies' appetite to distribute resources and they would become more specific about where resources are going (Bundy et al., 2016). Because SMEs would suffer from reduced resources and would need stakeholder support to survive, it would be highly beneficial for SMEs to include stakeholder management in their response to a crisis environment.

To benefit from stakeholder management, a systems analysis of the components that create value is needed (Freeman et al., 2020). Stakeholder theory alludes to including all human actors and their interactions in the process of value creation (Freeman et al., 2021). Companies should move away from value chain thinking to value network thinking that entails shared purpose and shared value across all actors in the system (Freeman et al., 2021). In an interconnected system, stakeholders influence one

another and provide benefits to the system to create shared value across the entire network (Freeman et al., 2021).

Similarly, all stakeholders provide benefits to the system that they need to benefit from, to assure sustainable continuous relationships (Freeman et al., 2021; Freeman et al., 2020). Therefore, if companies are to enjoy a continuously prosperous business environment, they need to apply what stakeholder theory suggests, and ensure that all parties are part of the overall aim of value creation: a company cannot create value on its own, especially not in crisis environments. It should be noted that stakeholders would focus on profit maximising activities to suit their own needs, which could result in competing claims (Theodoulidis et al., 2017). Stakeholder theory requires one to look beyond profit maximising activities, to accommodate cooperative and competing claims, and how they could create value for all (Freeman et al., 2021). To combat conflicting claims, and to assure a greater likelihood that relationships between stakeholders remain productive, alignment is needed on how value is created and could be shared across the network (Jones, Harrison, & Felps, 2018). These shared values will neutralise competing claims and reduce stakeholder risk (Jones et al., 2018). Shared value creation and long-term relationships within systems would serve as moderators that would increase value creation for companies (Jones et al., 2018; Freeman et al., 2021). This could be difficult for SMEs to share value across all stakeholders in that resources and expertise are scares and mostly only focussed on certain stakeholders.

Possible benefits that companies could enjoy from stakeholder management and shared value creation, include "increased reputational coordination, knowledge sharing, attracting high-quality stakeholders, lower transaction costs, and greater moral motivation" (Jones et al., 2018, p.377). These benefits are very useful for SMEs that have a reputation for lacking expertise and vulnerability to reputational risks, especially in crisis periods. However, stakeholder theory indicates that these sources of value require that companies' behaviours are aligned with those of their stakeholders, otherwise they will not provide the sought-after benefits for SMEs (Jones et al., 2018; Griffin et al., 2020). When their resources are reduced and risks increase, SMEs would need to make a trade-off to balance the need for social finance and the availability of economic finance, which is why it is important to identify which stakeholders provide the most benefits (Lähdesmäki et al., 2019).

Perrini et al. (2011) suggest that to find a link between CSR and company performance, one should focus on stakeholders separately to ascertain possible benefits, for example, cost reductions, increased recruitment and retention of employees, increased customer loyalty, and reputation. As it has become evident that not all CSR activities maximise profits and not all stakeholders provide equal benefits and therefore the question arises of which stakeholders deserve companies' focus (Theodoulidis et al., 2017). Therefore, a separate focus on each of the main stakeholders would be key if any relationship to company performance is to be found (Inoue & Lee, 2011).

Assisting in the identification of stakeholders, the researcher identified employees, customers, suppliers, environment, and society as stakeholders that is mostly used in CSR studies (Magrizos et al., 2021). To justify these selections the study of Giannarakis, Litinas, and Theotokas (2009) can be used where indicators from eleven CSR agencies and authors were used to accurately identify the five stakeholder groups that are most widely used to assess CSR activities.

There are risks involved in not responding to stakeholder demands that could materially impact a company's performance and the environment in which they operate. When a claim for CSR is submitted, and if the demand is not met, it can lead to substantial reputational damage that would impact the company's performance (Panwar et al., 2017). CSR can therefore be both an asset in a crisis, or it could increase the crisis risk if stakeholders view a company's activities as irresponsible (Coombs & Holladay, 2015).

Other issues that companies may experience with stakeholder management, would be being overly generous to certain stakeholders that do not possess the power to impact benefits, as well as unprofitable loyalty to certain stakeholders which would waste much-needed resources and take away focus from stakeholders that do possess the power to provide benefits (Jones et al., 2018). The identification of stakeholders that possess power will thus be key for managers when resources are under threat as they can assist companies to increase CSR spending where needed (Magrizos et al., 2021).

Literature indicates that CSR spending is a tool to satisfy stakeholder demands and that stakeholders' demands change as the environment or business activities change. Changes in the environment due to the COVID-19 pandemic have changed stakeholders' demands substantially (Bae et al., 2021). Stakeholder theory also

suggests that to successfully implement stakeholder management, managers should prioritise CSR activities for primary stakeholders strategically (Alvarez, Afuah, & Gibson, 2018).

Primary stakeholders are those stakeholders that possess power over a firm's decision or have the ability to negatively impact resources and the business environment (Alvarez et al., 2018). Unfortunately, not all CSR activities would lead to economic benefits, and therefore, SMEs should critically evaluate stakeholders amid a reduction in resources to clarify which CSR activities would lead to profit-maximising activities (Stoian & Gilman, 2017). Although economic transactions would be the most common unit of analysis for company performance, stakeholder relationships would be the most useful analysis for sustainable company performance (Jones et al., 2018). For SMEs to have any chance of surviving a crisis environment, they would need to focus on shared value creation and all participants in the network would need to be contributors and beneficiaries of benefits (Freeman et al., 2021). The identification of a company's primary stakeholders would therefore be crucial for SMEs that are highly vulnerable in crisis environments when resources are scarce (He & Harris, 2020).

Numerous studies have attempted to link good stakeholder management to an increase in financial performance, but mixed results have indicated that other moderating factors should be included to explore their effect on these relationships (Panwar et al., 2017). These studies do confirm that good stakeholder management would lead to a positive impact on competitiveness and reputation, although it is not clear whether those benefits would be financially beneficial to SMEs in a crisis environment (Magrizos et al., 2021). Some studies have however found that CSR is a waste of resources, and even reduces companies' competitiveness (Schreck, 2011; Carroll & Shabana, 2010). Mixed results of this nature would deter SMEs from actively incorporating CSR into their strategies in a crisis period, urging them to seek other means to protect their financial performance (Lähdesmäki et al., 2019).

2.3 SMEs, CSR, and crisis environments

2.3.1 SMEs and CSR

SMEs can be defined as separate and distinct business entities, together with their branches or subsidiaries, including cooperative enterprises, managed by one owner

(Soundararajan, Jamali, & Spence, 2018). These will be companies with a turnover of less than R500 million per annum. In the South-African environment, SMEs represent more than 98% of the businesses and employ between 50 to 60% of the country's workforce (Kalidas et al., 2020). This sector will thus be critical for the economy and any aspect that impacts them deserves attention. SMEs can also be seen as companies where there is minimal difference between management and ownership as most SMEs are owner-manager run (Schlierer, Werner, Signori, Garriga, Von Weltzien Hoivik, & van Rossem, 2012). This can be a great asset in establishing cultures and values, but it can take away the owner's time to deal with more strategic issues at hand.

Evidence exists that owner-managers often lack strategic focus, in that they will focus more on core economic activities than satisfying all stakeholder claims (Panwar et al., 2017). This may be due to the lack of education and expertise found in SMEs and their short-term focus on stakeholders (Soundararajan et al., 2018). Due to the size of SMEs and the financial constraints they face, they often resort to shorter-term contracts to employees, customers, societal issues, and any other non-core claims received from stakeholders (Madueno et al., 2016). These short-term outlooks inevitably hinder management's ability to actively incorporate CSR into their strategy. Due to SMEs ' high mortality rates in crisis environments and prioritising economic survival, they would shift focus away from all stakeholders and usually only focus on customers to optimise potential financial benefits (Stoian & Gilman, 2017). This makes them vulnerable to stakeholder risks and reduces the possibility to extract stakeholder benefits that would be useful during crisis periods when financial resources are scarce (He & Harris, 2020).

SMEs usually struggle to incorporate CSR into their strategy due to their lack of long-term strategic focus and them being more operational in focus (Panwar et al., 2017). SMEs also suffer from a lack of attracting expert personnel and rely heavily on owner-managers' expertise in these areas (Panwar et al., 2017). SMEs also tend to look to bigger companies and the government to address CSR claims in society, due to their size and doubt about their impact (Hoogendoorn, Guerra, & Van der Zwan, 2015). Evidence however exists that SMEs are increasing their environmental awareness to contribute to a more prosperous business environment (Lähdesmäki et al., 2019). SMEs could be seen as prime companies to incorporate CSR into their strategy as they are more flexible to adapt to changing environments and require less change

management because of the size of the companies (Soundararajan et al., 2018). They also have smaller stakeholder bases where they can better reach their stakeholders and better address critical stakeholder claims due to the more personal relationships (Lähdesmäki et al., 2019).

While time and focus could be key constraints that SMEs face, their main concern will undoubtedly be that of financial resources (Stoian & Gilman, 2017). The stakeholder benefits received from being a good corporate citizen will usually be non-financial in the short term, whereby SMEs will seek those financial benefits that could better assist them, especially in crisis environments (Panwar et al., 2017).

Difficulties encountered in SMEs' marketing of CSR activities could result in SMEs not optimally receiving economic benefits, thus reducing their motivation of including CSR in their longer-term strategies (Panwar et al., 2017). SMEs may also lack funds and rather direct available funds to day-to-day operational activities (Gorgievski, Ascalon, & Stephan, 2011). The South-African Broad-Based Black Economic Empowerment (BBBEE) codes do provide requirements for companies to be active, good corporate citizens and provide guidelines as to what and where to focus their CSR activities (Arya & Bassi, 2011). However, companies with a turnover of less than R5 million per annum are exempted from having to draw up a BBBEE scorecard and this would exclude many SMEs (Arya & Bassi, 2011). Subsequently, as BBBEE codes are not forced upon them, SMEs will likely not engage in CSR activities when experiencing lack of resources and time.

Some studies suggest that SMEs are more invested in their local communities because the nature of business with SMEs is mainly personal, often implying direct contact with the owner-manager (Schlierer et al., 2012). These owner-managers will view their social interactions with local communities as a matter of personal pride due to the overlapping of business and personal relationships (Panwar et al., 2017). Owner-managers will also have some sort of local embeddedness in that they usually live in the society that they operate in (Lähdesmäki et al., 2019). Social engagements of SMEs will thus be more personalised, informal, and highly influenced by the owner's values and beliefs (Panwar et al., 2017). This will further drive the need for owner-manager to be cognisant of any environmental occurrence that may have an impact on their society in that it would also affect the company (Lähdesmäki et al., 2019).

Any concern that the local society has, will influence the owner-manager and the company (Lähdesmäki et al., 2019; Panwar et al., 2017). In essence, a company is awarded the right to conduct business by society and any changes in claims by society - either positive or negative - will have a direct impact on the company (Martínez-Martínez, Madueno, Jorge, & Sancho, 2017). A company's moral reputation will become key if SMEs want a stable prosperous business environment (Martínez-Martínez et al., 2017). Thus, being a good corporate citizen in their local community will become important if SMEs are to protect their moral reputation. This will drive the need for SMEs to look at total stakeholder management and incorporate all stakeholders in their decision-making to help them navigate difficult times and extract the benefits available (Li, Toppinen, & Lantta, 2016).

2.3.2 SMEs and crisis environments

It is difficult for SMEs to include all stakeholders in times of crisis when resources are reduced, and the focus is rather on economic survival than satisfying stakeholder claims (Magrizos et al., 2021). There is also evidence that when financial resources are in abundance, a firm would be more likely to pursue social engagements but that a lack of financial resources will serve as a barrier to social engagement (Panwar et al., 2017). Available financial resources would thus be crucial for CSR activities. Should environments occur that jeopardise the availability of financial resources, like crisis environments, it would directly impact CSR engagements (Okafor, Adeleye, & Adusei, 2021).

A crisis period is characterised as an event with uncertainties and disruptive changes that threaten stakeholders due to social and behavioural impacts (Bundy et al., 2016). These events give rise to uncertainty in decision-making (Nunamaker, Weber & Chen, 1989). What complicates matters, is that SMEs will find it difficult to react when they have not faced such a crisis before (Alvarez et al., 2018). The uniqueness of a crisis environment makes it difficult for owner-managers to respond due to extensive uncertainties, contributing to owner-managers' ignorance (Ansell & Boin, 2019), making it difficult to make optimal decisions on stakeholder management and how to prioritise claims in uncertain times (He & Harris, 2020).

In dealing with an unstable business environment and the deep uncertainty of what to expect from the crisis, companies tend to resort to chasing short-term profits instead

of longer-term CSR programs (He & Harris, 2020). Often, companies tend to neglect CSR in crisis periods to have a stronger internal focus (Bae et al., 2021).

Evidence exists that CSR activities do provide material benefits to a firm if the company operates in an environment where a substantial need exists to address social issues (Griffin et al., 2020). The current COVID-19 pandemic has increased economic, social, and health risks across all societies, increasing the need for CSR (Magrizos et al., 2021).

Regulation authorities specifically state the need for companies to acknowledge stakeholders and to adopt a triple bottom line approach. Although these regulations are not always forced on SMEs, they are important for them to successfully operate in this country (Trialogue, 2020). The King IV report focuses on social, environmental, and economic concerns in the country and emphasises making an active difference by changing its principles to "apply and explain" rather than "comply or explain" (Trialogue, 2020). The BBBEE codes, provide a more detailed demand for CSR in that they require companies to invest one percent of their earnings before tax to CSR programs, also providing focus areas for companies to contribute to (Arya & Bassi, 2011).

South Africa already has a reputation for being a global leader in inequality, with unemployment being a key contributor to societal issues that further enhances the need for CSR activities. Studies have suggested that countries with high levels of inequality, such as South Africa, are bound to create more opportunities for CSR programs and that society in these countries will place a bigger emphasis and possible rewards on CSR programs (Booth, 2020). As SMEs are much more involved with their local communities and have a closer personal relationship with these stakeholders, they should be attentive to how the crisis environment impacts them (Panwar et al., 2017). Owner-managers are also obliged to incorporate stakeholder claims into their companies' strategies (Yuan et al., 2020). Crisis events tend to threaten competing stakeholder claims and the accurate identification of stakeholders will become key to these owner-managers (Coombs & Holladay, 2015).

It is key that owner-managers of SMEs stabilise and minimise possible losses during crisis periods and be cognisant of social claims they receive during this trying time when all are vulnerable (He & Harris, 2020). Hence, requiring of them to focus more on strategic- than operational issues and to look for longer-term solutions (Coombs & Holladay, 2015). SMEs often have a reputation for lacking expertise in longer-term

strategic thinking, demonstrating a short-term outlook in decision making, which further complicates matters for them (Lähdesmäki et al., 2019).

As discussed previously, SMEs have high mortality rates and will rather aim for survival in the first couple of years than to address any CSR claims although a crisis environment will require more CSR activities to mitigate the social and health issues explained. A trade-off is therefore needed if SMEs are to respond to increased CSR claims, or the need exists to prioritise economic survivability.

2.4 The link between CSR and financial performance

2.4.1 The concept of scarcity and related perceptions

During crisis periods when resources are scarce and uncertainties prevail, companies will be on the search for connections to protect and improve their financial performance (Bartolacci et al., 2020). Previous studies have confirmed that various business benefits could be derived from successful stakeholder management, for example, improved reputation, enhanced innovation, increased customer satisfaction, more motivated employees with increased job satisfaction, as well creating of a positive link with suppliers to attract better credit terms (Grewatsch & Kleindienst, 2017). These benefits are key for companies that try to navigate the crisis environment, but it is complicated due to the informal nature of some of these benefits, and because financial benefits can often only be extracted under certain circumstances (Stoian & Gilman, 2017; Magrizos et al., 2021).

Evidence shows that SMEs will receive financial benefits from CSR programs if they implement sustainable supply chain management and seek collaborations across networks (Freeman et al., 2021). Stakeholder theory also indicates that companies are required to attempt to create shared value and processes among all stakeholders in their network (Freeman et al., 2021). Okafor et al. (2021) have recently found that financial performance would be improved through strategies that allow companies to focus on all shareholders, including all their broader stakeholders.

Studies aiming to link CSR to financial performance have found that relationships with stakeholders can be seen as intangible assets that companies could use, for example, relational capacities that will positively mediate the link between CSR and financial performance (Bartolacci et al., 2020; Panwar et al., 2017). Okafor et al. (2021)

confirmed that the generation of intangible benefits such as an increase in personnel motivation, and an increase in relationships, enhance the relationship between CSR and financial performance. Relationships with stakeholders can thus be seen as an asset that should be protected if SMEs seek to derive any financial benefits from stakeholders (Panwar et al., 2017).

To do so, effective human resource (HR) management would be required to positively moderate the relationship between financial performance and stakeholders (Torugsa, O'Donohue, & Hecker, 2013). These causal relationships would be intensified by firm size (Torugsa et al., 2013). Because SMEs rely heavily on owner-managers' expertise and seldom have big HR departments as is the case with established corporations, it is difficult to establish if these concepts would provide the same benefit to SMEs.

Studies that have focused on SMEs, found that some positive effect on financial performance is achieved if a socially responsible owner-manager implements the relevant social practices on employees and customers, although to a lesser extent towards society (Stoian & Gilman, 2017). Studies have also found that SMEs that sell directly to consumers will achieve better financial results if they focus their CSR initiatives on primary stakeholders such as clients, suppliers, and customers which further complicates the link between CSR and financial performance in that not all stakeholders imply financial benefits (Bartolacci et al., 2020).

Being highly circumstantial, stakeholders would subsequently need to view these activities as moral and in the best interest of society to reap possible financial benefits (Raveendra, Singh, Singh, & Kumar, 2018). SMEs can attempt to extract financial benefits by incorporating CSR into longer-term strategies and mission statements (Chen, Huang, Yang, & Dube, 2018), focusing on their primary stakeholders (Iturrioz et al., 2009), ensuring that CSR activities are effectively communicated (Rhou, Singal, & Koh, 2016), and that they are proactive in their response to CSR requirements (Torugsa et al., 2013).

However, Han, Kim, and Yu (2016) could not confirm a statistically significant relationship between CSR performance and financial performance, indicating that CSR would be a waste of resources that companies should rather redirect towards profit-maximising activities. Not many of these studies have been done in a crisis environment, and therefore they have not included the increase in the need for CSR as a factor that would increase the value of such activities (Bae et al., 2021). In that

those benefits are received only under certain circumstances, there is a miss-match as to whether CSR has any relationship with financial performance. Hence the call to explore the influence of moderators is crucial (Grewatsch & Kleindienst, 2017).

Peloza (2009) describes the attempts at establishing a connection between CSR and financial performance as the holy grail in CSR research. If such a connection is found, it would provide increased motivation for companies to revisit their strategies toward CSR, and become good corporate citizens (Panwar et al., 2017). Previous studies concerning stakeholder benefits have seldom been done in a crisis environment, and therefore they have not included an increase in the need for CSR as a factor that would increase the value of such activities (Bae et al., 2021).

Of importance in the link between CSR and financial performance, is the idea of scarcity and the availability of a product as that would determine the value of products and services (Valentinov & Thompson, 2018). Brock (1968) stated that the scarcer a commodity is, and the more effort a person needs to obtain this commodity, the more value is placed on the commodity. The perception of scarcity, therefore, influences not just how much of a commodity is available at a specific point in time, but also how much exists in relation to the past (Worchel, Lee, & Adewole, 1975). Society will take the reduction in the availability of a commodity as a possible scarcity of the commodity and will thus place more value on the commodity (Valentinov & Thompson, 2018). This became evident in the early stages of the global lockdown when scarcity of a low-cost products such as toilet paper developed. While this commodity was never previously considered as having a particular value, the scarcity of the commodity increased its value, to the extent that it was referred to as "white gold". This principle is confirmed in an established study by Brock (1968) who indicated that scarcity that originated from social demand is more value-enhancing than scarcity due to coincidental circumstances. Bottom line is, that if more people desire a product, its perceived value increases. Other studies have opposing views, arguing that the reason for scarcity makes no difference as it is only a perception that could be corrected (Brock, 1968).

The value of a commodity can be explained as its ability to satisfy consumer needs irrespective of the cost incurred (Valentinov & Thompson, 2018). Stakeholder theory suggests the inclusion of value to all stakeholders in the network with no reference to costs (Freeman et al., 2021). Should all companies' abilities be reduced to not being able to satisfy the preferences of stakeholders those with the ability to do so, will receive more value for their actions due to the scarcity of such abilities (Nguyen et al.,

2020). It can therefore be argued that with the increase in social demands for CSR in a crisis environment, and the visible reduction in available resources to address these demands, society would perceive the CSR actions as a scarcity in this environment in relation to the past, hence placing more value on it, with possible formal financial benefits gained by companies.

The former supports the following hypotheses that propose a *positive relationship between*:

*H1a: SMEs' **Employee-based CSR investments** and SMEs' financial performance during the COVID-19 crisis period.*

*H1b: SMEs' **Customer-based CSR investments** and SMEs' financial performance during the COVID-19 crisis period.*

*H1c: SMEs' **Supplier-based CSR investments** and SMEs' financial performance during the COVID-19 crisis period.*

*H1d: SMEs' **Society-based CSR investments** and SMEs' financial performance during the COVID-19 crisis period.*

*H1e: SMEs' **Environment-based CSR investments** and SMEs' financial performance during the COVID-19 crisis period.*

*H1f: SMEs' **total CSR investments** and SMEs' financial performance during the COVID-19 crisis period.*

Despite the possibility of financial benefits, stakeholder theory reminds that not all CSR activities necessarily lead to economic benefits. Therefore, SMEs should critically evaluate their contributions in the light of a reduction in resources to decide which CSR activities would lead to profit-maximising activities (Nejati et al., 2017). The theory also provides evidence that for companies to enjoy these benefits, they should look for their primary stakeholders and those with power and prioritise CSR activities for them (Barnett & Salomon, 2006). This identification and prioritisation of stakeholders are crucial, and when SMEs lack expertise, they should look for tools and methods to assist them (Lähdesmäki et al., 2019). Literature suggests that companies should seek to correctly identify and establish long-term relationships with stakeholders that could serve as intangible assets (Panwar et al., 2017).

These two constructs will next be explained and how they could be used.

2.4.2 The selection and prioritisation criteria of stakeholder claims

Stakeholder theory asserts that companies should identify and prioritise their primary stakeholders and direct available CSR resources to them (Freeman et al., 2021).

Management cannot attend to all stakeholder claims and thus have to prioritise stakeholder claims based on their salience to the firm (Lähdesmäki et al., 2019). There are, however, risks involved in allocating CSR resources to selected causes with possibly damaging effects on companies' financial performance, and dire effects on society (Okafor et al., 2021). It is hence crucial for management to correctly identify stakeholders that assert power over the company to minimise the stakeholder risks and maximise possible financial benefits. An assessment of available resources and the increase in claims in a crisis period are influenced by the salience of the stakeholders (He & Harris, 2020).

The stakeholder salience model of Mitchell, Agle, and Wood (1997) is a tool that management could use to assist them in correctly identifying and prioritising competing stakeholder claims. This model is divided into three areas being stakeholders with *Power, Legitimacy*, and *Urgency*.

Power stakeholders are those that can or are affected when an organisation achieves its objective (Stieb, 2009). Because a stakeholder has the ability to disrupt the operations or objectives of a company, subsequently has power over their claims and should be prioritised (Mitchell et al., 1997). This would culminate in the biggest reward by satisfying these stakeholder claims but would also increase the risks if those stakeholders are ignored (Mitchell et al., 1997). These are referred to as primary stakeholders that companies should prioritise when considering stakeholder claims (Khurram & Charreire-Petit, 2017).

Legitimate stakeholder claims are more moral in nature and reflect on the moral or legal aspects of the firm and stakeholder (Mitchell et al., 1997). This is important in assessing how the company will react when these moral or legal claims (usually from society) are raised that do not necessarily come from stakeholders with power but rather indicates a more ethical claim (Khurram & Charreire-Petit, 2017). These sort of claims, although legitimate, is not forced on companies and will most likely not be prioritised, representing claims from customers and employees rather than society (Lähdesmäki et al., 2019). These types of claims will force societal claims down the prioritisation ladder. The urgency brought forward by a crisis period, would, however, highlight societal issues within the business environment and would attract the attention of society if ignored (Soundararajan et al., 2018).

Urgency refers to those claims that are time-sensitive and calls for immediate action (Khurram & Charreire-Petit, 2017). Urgency will not be used to identify stakeholders but rather how to prioritise competing claims (Lähdesmäki et al., 2019). Urgent claims have the ability to move stakeholders and their claims on the priority list and to indicate which claims are critical to the firm (Mitchell et al., 1997).

The salience of stakeholders is inconsistent and will change if the attributes vary and the environment changes (Ali, 2017). Thus, the environment has a substantial effect on how management perceives the salience of stakeholders and how they prioritise their claims. The effectiveness of salience will depend on the circumstances that managers find themselves in, for example, the COVID-19 pandemic (Bae et al., 2021). Stakeholder theory is a reminder that not all stakeholders provide equal benefits, and the identification of primary stakeholders will provide the most benefits in the changing crisis environment. The former provides support for the following hypotheses:

*H2a: **Employees-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period*

*H2b: **Customer-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period*

*H2c: **Supplier-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period*

*H2d: **Society-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period*

*H2e: **Environmental-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period.*

Also relevant, is the longevity of the relationships with stakeholders and how it may improve financial performance when sustained. Stakeholder theory suggests that to protect financial performance, long-term stakeholder support is crucial (Khurram & Charreire-Petit, 2017; Preston & Donaldson, 1999). Considering that SMEs have high mortality rates, especially in crisis environments, the need for stakeholder support to navigate the crisis environments will be crucial (Magrizos et al., 2021).

Probably, new organisations will be perceived by stakeholders as more uncertain investments than bigger established companies, therefore, reducing stakeholder support (Choi & Shepard, 2005). As people are typically risk and uncertainty averse, they tend to value known longer-term relationships more (Nagy & Kacmar, 2013). Stakeholder theory accentuates that relational wealth with stakeholders is built on long-

term relationships and that companies should look at their long-term impact on society (Preston & Donaldson, 1999). Any meaningful relationship would thus require trust to be built and that comes with time (Preston & Donaldson, 1999). The following hypothesis is therefore proposed:

H2f: CSR actions related to SMEs financial performance is positively moderated by the longevity of the relationship with stakeholders

2.5 Conclusion

This literature review was done to create an understanding of how the COVID-19 pandemic has impacted SMEs and the unpredictability that companies have had to endure concerning their role in society amid an increase in societal issues in South Africa and an increased need for businesses concerning their CSR. In that SMEs are highly vulnerable to unstable business environments, the pandemic would have created the need for SMEs to address these issues if they are to return to a prosperous business environment. The key constructs were explained.

The need for stakeholder management was explained, indicating how SMEs would need to go about satisfying all stakeholder claims in their network and assure that value is created across the whole network, not being limited to profit maximising activities. Due to the financial losses suffered by SMEs, the link between CSR and financial performance was again seen as important if SMEs are to look beyond their core profit-making activities and include other stakeholder claims in their decision-making. The contradiction in previous studies on this subject was explained and why this pandemic could serve as a key moderator to finding a possible relationship.

For companies to survive crisis environments, they will have to pay close attention to their stakeholders and their claims during this period (Bae et al., 2021). They will have to constantly evaluate who their stakeholders with power and legitimacy are, to see where attention is needed as management cannot satisfy all stakeholder claims (Lähdesmäki et al., 2019). The crisis environment will have a substantial impact on the urgency lever and the time-sensitivity of the stakeholders' claims.

The next chapter presents the research questions, summarises the hypotheses for the research, as well as the conceptual model for the study.

Chapter 3

Research questions, hypotheses, and conceptual model

3.1 Introduction

Chapter two has set the context as to what impact the Covid-19 pandemic would bring to CSR activities in SMEs. The sudden pace that this pandemic had spread, had created urgency in owner-managers to address the problems that companies faced. Urgency and uncertainty had forced management to make trade-offs between protecting company interests and assisting society and other stakeholders to navigate this pandemic.

How SMEs reacted in this unique environment will be investigated and described in this study to address gaps in the literature concerning CSR strategies that SMEs follow during crisis periods.

The research questions were formulated to express the need to explore how SMEs reacted to the increased demand for CSR during the pandemic and if it had any relationship with their financial performance. Also, in that not all stakeholders will provide the same benefits, and resources become scarce in crisis periods, the identification and selection of stakeholders were considered key to owner-managers.

3.2 Research Questions

Financial performance is key for SMEs' survival and growth, particularly in times of crisis, amid other challenges that are complicating matters, such as an increased need for CSR (Magrizos et al., 2021). With the increased need for SMEs to respond to CSR claims, they would seek to extract benefits from their CSR activities, stakeholder theory reminds that long run relationships are needed across all stakeholders to enable the flow of possible benefits from CSR activities (Freeman, 2017). This study deduced four research questions for investigation to address the research problem:

1) With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment, what is their response to society's increased need for CSR in the same period?

2) With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment, how relevant is the longevity of the different stakeholder relationships in terms of SMEs' CSR?

3) What is the relationship between CSR-related activities of SMEs during the crisis emerging from the COVID-19 pandemic and their financial performance in crisis periods?

4) What is the relationship between the salience of stakeholders that companies have been involved with during the crisis period and in terms of the longevity of their relationship, and SMEs' financial performance?

3.3 Hypotheses

The following hypotheses were deduced from the literature:

*H1a: There is a positive relationship between SMEs' **employee**-based CSR investments and their financial performance during the COVID-19 crisis period.*

*H1b: There is a positive relationship between SMEs' **customer-based** CSR investments and their financial performance during the COVID-19 crisis period.*

*H1c: There is a positive relationship between SMEs' **supplier-based** CSR investments and their financial performance during the COVID-19 crisis period.*

*H1d: There is a positive relationship between SMEs' **society-based** CSR investments and their financial performance during the COVID-19 crisis period.*

*H1e: There is a positive relationship between SMEs' **environment-based** CSR investments and their financial performance during the COVID-19 crisis period.*

*H1f: There is a positive relationship between SMEs' **total CSR investments** and their financial performance during the COVID-19 crisis period.*

Concerning companies' relationship and salience with stakeholders, the following are proposed:

*H2a: **Employee-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period.*

*H2b: **Customer-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period*

*H2c: **Supplier-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period*

*H2d: **Society-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period*

*H2e: **Environmental-based CSR actions** related to SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period.*

H2f: CSR actions related to SMEs financial performance is positively moderated by the longevity of the relationship with stakeholders

3.4 Purpose of the study

With SMEs having a reputation for having a single-minded focus on profit maximising activities that would inevitably come under threat in a crisis environment such as the recent COVID-19 pandemic, their focus would shift to a survival mode to cope (Magrizos et al., 2021). The uniqueness of the aforementioned crisis environment increased the need for CSR initiatives despite companies' finance being under threat, and with a shift in focus to survival, SMEs' response to the social needs of stakeholders became complicated (Bae et al., 2021). To provide any motivation for SMEs to acknowledge and accommodate these social issues into their company strategies would require some sort of financial benefit for companies to offset their economic losses (Okafor et al., 2021).

Inoue and Lee (2011) however suggested that the specification of CSR activities related to different stakeholders could provide better insight to understand which activities provide the financial benefits that SMEs seek to achieve. This study will explore that connection by focusing on CSR activities relating to SMEs' main stakeholders. It is understood that a positive association exists between CSR and companies' financial performance if the company operates in an environment where sustainability is prioritised (Griffin et al., 2020). The COVID-19 environment would provide such an environment with increased demand for CSR.

Despite evidence of related benefits, literature reminds that not all CSR activities lead to increased economic benefits for companies (Freeman et al., 2021). It is therefore integral to identify those CSR activities that may produce potential benefits to the company (Stoian & Gilman, 2017). Stakeholder theory indicates that to extract benefits from CSR, the primary stakeholder must be satisfied (Iturrioz et al., 2009). The selection and identification of stakeholders, particularly long-term versus short-term

connections, is therefore key for SMEs, especially in a crisis period amid a scarcity of resources when financial performance is critical (Magrizos et al., 2021).

3.5 Conclusion

This chapter has provided the four research questions with the literature to support the need for these questions. These questions would assist the researcher to draw conclusions as to the impact the Covid-19 pandemic had on CSR activities in SMEs and if any relationship exists to financial performance.

The following chapter presents the research methodology and the design envisaged for the research. The conceptual model for the study is presented in Figure1.

Figure 1: Conceptual model
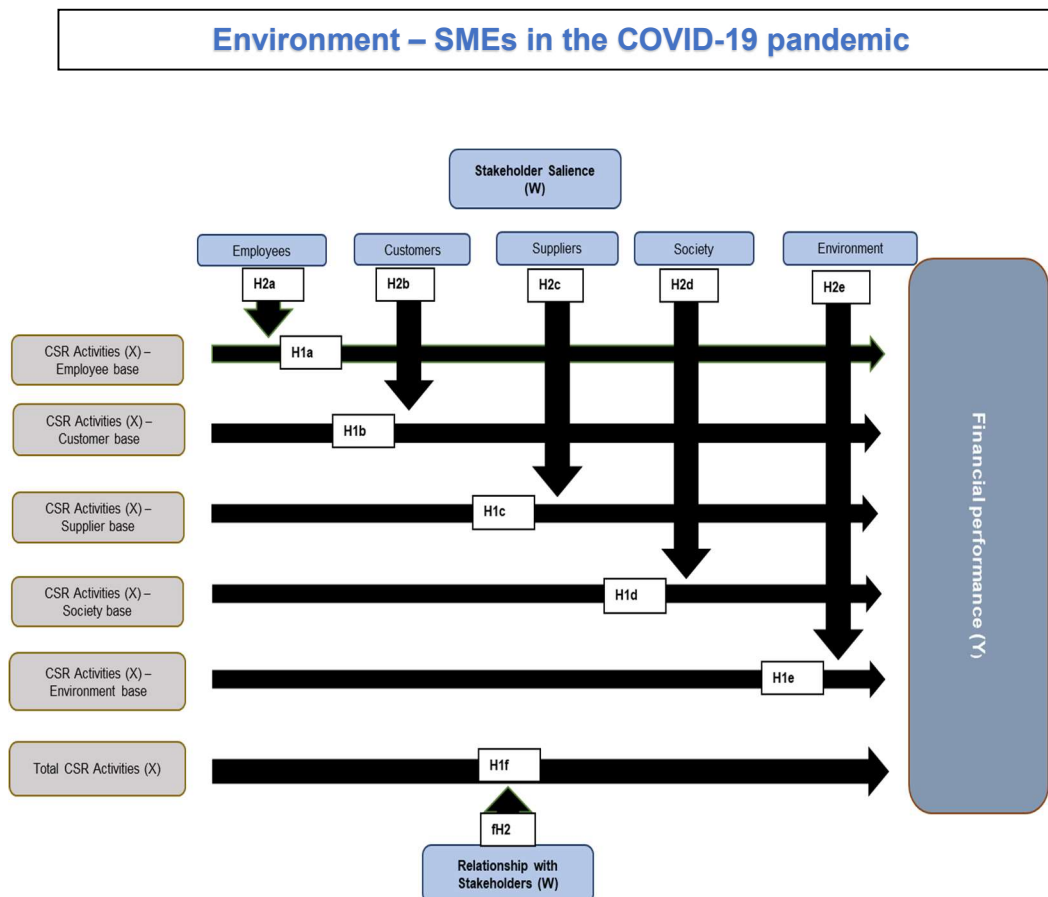
Source: Author

Chapter 4

Research design and methodology

4.1 Introduction

This chapter presents the methodology that was used in this research, defending the methods chosen to answer the research questions. Details concerning the population, sample, and data collection were guided by the literature, and research objectives and what was possible amid the restrictions posed by the COVID-19 pandemic. Data analysis is discussed, also attending to the limitations of the study, quality assurance, mitigation of concerns, as well as measures to ensure ethical conduct.

4.2 Research methodology and design

This study implemented a quantitative strategy to statistically test the relationship between SMEs' CSR activities and their financial performance in a crisis environment when the need for social finance was at its highest.

4.2.1 Research philosophy, approach, and methodological choices

The research philosophy chosen for this study was that of positivism which promises accurate knowledge that is unambiguous and relies on pure data and facts, is unbiased, and facilitates replication of measurements (Bell, Bryman, & Harley, 2022). Positivist philosophies require existing theories to develop hypotheses and then use quantifiable data that can be statistically analysed (Park, Konge, & Artino, 2020). The hypotheses for this study were derived from theory as presented in the preceding literature chapter.

A deductive approach was used to test the theoretical propositions using appropriate quantitative data for statistical analyses, specifically to explore causal relationships between selected variables (Park et al., 2020; Bell et al., 2022). The study explored the relationships between CSR and SMEs' financial performance, using explanatory study methods to explain the relationships between selected variables (Bell et al.,

2022; Mann, 2013). This aligned with the research questions and hypotheses presented in Chapter 3. Thus, the study used a descripto-explanatory research design.

A mono-method approach was used, in that only single-phase survey data was used. A quantitative survey allowed the researcher to collect data from many people in a cost-effective manner, after which the data was statistically tested and analysed (Creswell, 2012; Zikmund, Babin, Carr, & Griffin, 2010). This was the most effective strategy to investigate causal relationships to answer the research questions and has been used in many CSR studies. It is similar to a recent study on the impact of CSR on financial performance, where Magrizos et al. (2021) collected data from 140 SMEs in Greece after the 2008 financial crisis. This study's context represented the same constraints with social distancing and SMEs' time constraints that would have made personal interviews as part of a mixed-method approach difficult to implement.

A single method such as a survey allows for consistency and distribution across a big sample frame (Sue & Ritter, 2012). This is similar to the study of Panwar et al. (2017) on the relationship between social engagement and businesses' financial performance in that they collected data from 120 small US manufacturing firms, confirming the suitability of using survey data in CSR studies. Considering existing COVID-19 constraints, the researcher, therefore, opted to collect data using a single, quantitative survey method.

The benefits of the survey strategy chosen for this study are, that it is cost-effective and can reach large numbers of geographically dispersed individuals in a short time (Sue & Ritter, 2012). Surveys do have some drawbacks that the researcher looked to eradicate in that response rates and coverage areas would provide problems with a large sample frame (Sue & Ritter, 2012). However, survey data remain superior to other methods in collecting data and would eradicate possible interviewer bias and the tendency to provide socially desirable answers that would threaten the validity of the data (Sue & Ritter, 2012). Due to social morals playing a role if owner-managers responded to social claims, open interviews would increase responses, and thus the privacy provided by surveys was best suited.

The cross-sectional time horizon implemented, can be explained as the collection of data over one period of time (Bell et al., 2022). It will provide a snapshot of the timeframe whereby data will be collected over that one period (Rindfleisch, Malter, Ganesan, & Moorman, 2008). The cross-sectional approached aligned with what was

required in CSR studies that aim to evaluate the moderating impact of changing environments on businesses' financial performance during a specific period (Magrizos et al., 2021). The COVID-19 pandemic is considered a crisis event with substantial economic, health, and social issues that would materially moderate business environments (United Nations, 2020). The impact of the crisis environment was still relevant in 2022 and enabled the researcher to collect data that would still accurately reflect a snapshot of the impact of the crisis environment.

4.3 Proposed research methodology

4.3.1 Population

A population is the complete set of members or groups that has the same characteristics that you want to study (Zikmund et al., 2010). The study focused on SMEs in the South African environment and thus the population identified was the owner-managers in these companies that influenced CSR activities. These members all had the knowledge and exposure to the same constructs and environmental impacts of the crisis environment (Zikmund et al., 2010). To narrow down the population, the researcher focused on SMEs in the retail and food sectors as they have direct consumer interactions that best showcased the impact of social engagements and the effect of the lockdown restrictions (Kalidas et al., 2020).

Due to the broad range of customers and high competition in this sector, the impact of stakeholder risks was best represented here. Collecting data from owner-managers in these sectors allowed the researcher to establish the perspectives of owner-managers towards social issues in the local community and best-showcased changes in financial performance due to their size which generally allows limited room for prolonged financial disruptions. The researcher focused on the Gauteng and the Cape provinces, specifically Cape Town, that represent the business hubs of the country with numerous local SMEs that the researcher reached out to (StatsSA, 2019).

4.3.2 Unit of analysis

A unit of analysis refers to the level of aggregation of the data that is being collected for analysis (Zikmund et al., 2010). The responses of owner-managers of SMEs in Gauteng and Cape Town in the retail and food sectors formed the unit of analysis.

4.3.3 Sampling method and size

A sampling frame is a list of elements from within the population that a sample may be drawn from (Firth & Bennett, 1998). Considering that the entire population cannot be analysed, the researcher drew conclusions based on an analysis of a portion of the population that still represents the population (Firth & Bennett, 1998; Zikmund et al., 2010).

Non-probability sampling was used in that there is no complete list of SMEs in the specific sector for the researcher to use at random, without cost implications (Firth & Bennett, 1998). Volunteer sampling, specifically convenience and snowball sampling was used to identify and reach members of the target population (Creswell & Creswell, 2017). Convenience sampling implies that members are selected based on convenience and ease of access (Firth & Bennett, 1998). It is a low-cost method but implies some disadvantages in that unrepresentative samples are likely and some random sampling errors could be made (Zikmund et al., 2010). The convenience of the abundance of SMEs in the local environment had, however, assisted the researcher to gain entry to a larger number of owner-managers to overcome related issues. These respondents were visited and phoned where possible, to explain the purpose of the study and that participation is voluntary. Thereafter, the surveys were sent via e-mail to willing respondents and followed up via phone calls or personal visits to increase response rates.

Snowball sampling was used when subsequent members were identified and volunteered by previous sample members (Bryman, Bell, Mills, & Yue, 2007). It is also a low-cost method that assisted the researcher in locating members of the same target population (Zikmund et al., 2010). Snowball sampling was used to increase the number of respondents identified through convenience sampling and was asked to volunteer other respondents based on the sample criteria. A risk with this method is that members may volunteer others based on similar beliefs, which could lead to member bias and sample units not being independent (Bryman et al., 2007). The researcher was cautious to limit the referrals from a single person.

In using nonprobability sampling, the estimation of sample size is difficult as the researcher did not know the likelihood that a particular participant was selected (Alreck & Settle, 1995). This will also be the reason that no statistical formula could be used to direct non-probability sampling (Alreck & Settle, 1995). Focusing on SMEs in the retail and food sector, and with the use of snowball and convenience sampling, the researcher did not have an accurate sample population with a margin of error. Some of the recommendations to ensure a big enough sample when using non-probability techniques is that it depends on what your budget allows for (Alreck & Settle, 1995). Due to the informal nature of these estimations, the researcher used the rules of thumb from Alreck and Settle (1995), and Hill (1998), who recommend that sample sizes of between 30 to 500 can be justified and in multivariate research, the sample size should be 10 times larger than the number of variables (Hill, 1998). Also, for correlation-type research, at least 30 subjects are required to establish a relationship (Sue & Ritter, 2012).

To help determine more accurate sample estimations in correlation analysis the correlation coefficient is needed (Bujang & Baharum, 2016). Cohen (1992) proposed correlation coefficients of 0.3 for correlation analysis. This guided the researcher in using Bujang and Baharum's (2016) scales in determining sample sizes for correlation-type research, whereby a maximum of 1209, and a minimum of 54 respondents would assure a big enough sample frame.

In assisting with the final sample size, the researcher looked at previous papers on CSR studies and found that Giannarakis et al. (2009) used 104 US companies, Okafor et al. (2021) studied 97 companies, Theodoulidis et al. (2017) studied 114 companies and Magrizos et al. (2021) studied 140 companies. This provided a more accurate indication that a minimum of 54 respondents was needed from Bujang and Baharum's (2016) scales and a more adequate number of 140 respondents taken from Magrizos et al. (2021) study of CSR in SMEs.

4.3.4 Measurement instrument

Structured questionnaires were used to collect data and therefore, each respondent was asked the same set of questions in the same order (Creswell, 2012; Zikmund et al., 2010). The type of questionnaire used was survey data, which is typical in explanatory studies (Creswell, 2012). Survey data had a low cost and would provide

information that is accurate and quick, and that could be applied across all the constructs (Bryman et al., 2007).

The questionnaire implemented Likert-type scale instruments featuring seven anchors. A seven-point Likert-type scale was chosen as it worked better with moderating variables than those of fewer scales (Memon, Cheah, Ramayah, Ting, Chuah, & Cham, 2019). Likert-scale data is data that has equal intervals that could be used for statistical analysis and this study looked for relationships between variables and moderators (Memon et al., 2019).

The questionnaire was split into three sections for data collection in dependent, independent, and moderating variables. The respondents reported on a 7-point Likert-type scale whereby 1-3 represented a decrease, 4 represented no change, and 5-7 represented an increase/growth (Panwar et al., 2017).

- The dependent variables were the financial performance of the companies. The financial performance of the companies was measured using commonly used accounting measures to compare companies to competitors (Magrizos et al., 2021). The accounting measures were deduced to only those measures that are influenced by stakeholders where change can be observed. Measures such as working capital, turnover growth rate, and profitability will be used similar to Fasci and Valdez (1998). Due to the difficulty in gaining access to financial reports of SMEs, the researcher used the 7-point Likert-type scale whereby the respondent self-reported the changes in financial performance. The dependent variables of financial performance are presented in section C of the survey questionnaire.

- Independent variables were CSR activities toward the main stakeholder groups. The measure of CSR activities was based upon a combination of Turkers's (2009), Magrizos et al., (2021), and Yasemin's (2010) scales and then adapted in terms of language on the terminology of CSR activities, also including suppliers instead of the government in stakeholder groups that would assist the purpose of the study. Five stakeholder groups were identified, namely Customers, Suppliers, Society, Environment, and Employees. The independent variables were measured using the same 7-point Likert-type scale data to allow for statistical testing and look for a relationship to the dependent variable. The independent variable was represented in section B of the survey questionnaire

and distinguished the five stakeholder groups mentioned. Respondents had a clear indication as to which stakeholder groups were referred to in the questionnaire.

- The moderating variables were the salience of stakeholders and the longevity of the relationship with stakeholders. The moderating variables were used to assess if there were changes in the relationships with the presence of these variables. Stakeholder salience was measured by using the Mitchell et al. (1997) scale. The scale measured the stakeholder's Power, Legitimacy, and Urgency and how CSR activities were prioritised based on measures similar to the study of Magrizos et al. (2021). The other moderating variable of the longevity of the relationship of stakeholders, was based on Choi and Shepard's (2005) study that provided scales from when the relationship started with stakeholders and how it changed to better represent longevity in stakeholders. These variables were measured using the same 7-point Likert-type. The moderating variables were presented in section D and E of the questionnaire. Respondents had a clear indication as to which moderating variables were referred to and guided the respondents to answer questions in the two subsections.

All the statements used for the data collection on the variables were verified for validity and reliability by Pearson's correlations measures, Cronbach alpha measures and exploratory factor analysis (EFA).

4.3.5 Data gathering process

4.3.5.1 Pilot study

Ethical clearance was obtained for the research methods and the survey questionnaire (Appendix 1). After ethical clearance, the questionnaire was pre-tested: it was sent out to 15 SME owner/managers, producing nine completed questionnaires. To increase the respondents of the pre-test to 11 the questionnaire was reviewed by three MBA students that are owner/managers of SMEs themselves.

The following concerns from the eleven respondents were noted and corrected:

- Grammar concerns were corrected in Section B of the questionnaire

- An indication of the number of questions and time taken to complete the questionnaire were specified in the introduction.
- To reduce the length of the questionnaire, the number of questions were reduced in section E with indications to only mark answers per stakeholder.
- Rating scales were fixed to ensure that the rating scales were consistent throughout the questionnaire, hence increasing face validity.
- The Survey Monkey did not work, and the questionnaire was converted to Google Forms that improved its accessibility.

4.3.5.2 Main study

The questionnaire was officially distributed to the sample population on 17 July 2022 after the pre-test and having made minor corrections. Invitations were sent to the small business institute of South Africa and the South Africa finance association (SASFA) with a personalised email explaining the purpose of the study and the reason for data collection. The aim was to get access to the SMEs on their database that would be able to complete the questionnaire, and to get additional referrals. The researcher also used his own networks in the SME sector to increase the sample size.

The response rate and referrals were very low in the beginning due to mainly sending out the questionnaire via emails and other electronic formats. The researcher changed strategy and personally dropped off the questionnaire to selected companies and managers with a follow up call. The researcher also later gained access to SMEs in Cape Town that substantially increased responses to the questionnaire. A mixture of electronic and physical surveys was gathered and coded onto an excel spreadsheet for analysis. In total, 165 responses were gathered.

4.3.6 Data analysis

Quantitative research methods usually take the form of explanatory research that is more associated with correlation-type research (Creswell, 2012). In correlation-type research, the aim is to test the relationship of one variable to another (Creswell, 2012). This study used survey data to statistically test the relationships between the dependent and independent variables as indicated in sections B and C and then test the moderating variables in section D to ascertain if there are any changes in the

relationship with the presence of the moderating variable. The statistical testing was done using the statistical software SPSS.

4.3.6.1 Preliminary analysis and data preparation

Data that was collected for this study implemented Likert-type scales that represents quantitative numeric data that is suitable for statistical analysis (Zikmund et al., 2010). The data was captured in Microsoft Excel and coded numerically for statistical analysis. Pre-requisites filtered respondents to restrict the sample to persons who meet the sample criteria. These questions comprised of nominal data that was string text that had to be coded into numerical values to allow for descriptive analysis. The yes/no questions were coded as per code book presented in Appendix 3.

Demographic data in Section A was reported numerically and only required some coding for responses that were reported in text strings. The rest of the sections (B to E) produced Likert-scale data whereby 1 represented strongly disagree and 7 strongly agree, and these responses were presented as numerical values 1-7.

Any responses that did not meet the qualifying criteria was removed from that data set before analysis.

4.3.6.2 Quality controls

In designing the survey questions, it is of utmost importance that validity and reliability are assured to ascertain that the data measures what it is supposed to measure and that findings that can be replicated if needed (Sue & Ritter, 2012; Zikmund et al., 2010).

4.3.6.2.1 Validity measures

Validity is the extent to which the data accurately measures what needs to be measured to answer the research questions and address the hypotheses (Bell et al., 2022). The researcher made the sample frame big enough to combat the problem of limiting the focus to certain organisations, with a big enough sample frame to sensible draw conclusions (Zikmund et al., 2010).

Theoretical validity was assured in that the research aims and objectives were formulated following a thorough literature review that was built on sources from good quality, in recently published journals. Main authors in the field of stakeholder theory, CSR, and salience of stakeholders were identified and used in the formulation of the questionnaire to enhance the validity of the sources.

Face validity can be described as the researcher's subjective assessment of the degree to which the measures appear to be related to specific constructs from the judgment of non-experts (Taherdoost, 2016), so that the questionnaire appears relevant, reasonable, unambiguous, and clear to the respondents (Aithal & Aithal, 2020). The Likert-type scales and instructions were well defined in the questionnaire, and clear indications were provided as to what was expected. The same 7-point Likert-type was used in all the sections to allow for uniformity and ease of understanding.

Content validity is used to evaluate if the questions related to the specific construct measure what it intends to measure and eliminate non-essential questions from the questionnaire (Taherdoost, 2016). Content validity was achieved by consulting expert authors in the literature and using a combination of questions that they have used in their studies of CSR effects on financial performance before. The researcher also consulted the work of experts in the field of CSR to ascertain the adequateness of the questions to measure the different constructs (Aithal & Aithal, 2020).

Construct validity will evaluate that the questionnaire is developed to measure the constructs identified and how well the researcher had transformed the constructs into a functioning operating reality (Taherdoost, 2016). Surveys are one of the most dominant approaches used in CSR data collection as confirmed by Wang, Dou, and Jia's (2015) meta-analytic review on CSR and corporate financial performance. Their results indicated that surveys have an advantage over others in terms of construct validity, although common method bias could create problems. Questions related to CSR activities, salience and longevity of relationships with stakeholders were adapted from current literature to reflect its impact on SMEs' financial performance to assure that the data collected was representative of the constructs. Since a combination of existing measures and scores was used in designing the questionnaire, construct validity still had to be statistically assured (Aithal & Aithal, 2020), using commonly used procedures such as looking for correlations between two questionnaires/questions that measure the same construct (Aithal & Aithal, 2020).

Criterion validity refers to the extent that which a measure is related to an outcome (Taherdoost, 2016). This type of validity is particularly useful in predicting performance or behaviours (Taherdoost, 2016). This coincided with the study in looking for indicators of CSR to specific stakeholders and how it will influence/predict the financial performance of SMEs.

Concurrent validity was most appropriate for this study whereby evidence is gathered for predicting outcomes between the constructs (Aithal & Aithal, 2020). The distinction between the constructs of CSR to stakeholders' groups, financial performance, salience and longevity of stakeholders was made in the questionnaire to assure that the theoretical constructs were adequately distinguished between the groups.

Exploratory Factor Analysis (EFA) was used to statistically validate the relationships between the variable groups and to ascertain that the variables indeed measured the selected constructs (Beavers, Lounsbury, Richards, Huck, Skolits, & Esquivel, 2013). Specifically, **Principal Factor Analysis** (PAF) was used to produce smaller number of linear combinations that also captured the most variability in a pattern of correlations (Pallant, 2007). The EFA on the variables was conducted by following the three-step approach recommended by Pallant (2007) that comprises data suitability, factor extraction and factor rotation.

(i)   Data suitability

The first requirement of the EFA was that the data set had to be suitable for factor analysis, recommending a sample size of more than 150 as suitable for factor extraction. The sample size of this study (N = 165) that satisfied this requirement. The second criterium was to analyse the strength of the intercorrelations among the questionnaire items (Pallant, 2007). This was done by analysing the correlation matrix, Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity. Beforehand, the researcher looked at the Anti-Image correlation and analysed the Measure of Sampling Adequacy (MSA). Any items with an MSA <0.6 was omitted as weak items (Beavers et al., 2013). When analysing the correlation matrix, it is recommended that the coefficients need to be >0.3 (Beavers et al., 2013). Next, Bartlett's test for sphericity was evaluated, which is significant at $p < 0.05$, to be suitable for factor extraction (Pett, Lackey, & Sullivan, 2003). The KMO index would range from 0 to 1 with 0.5 being viewed as minimum for good factor extraction (Pett et al., 2003)

(ii)   Factor extraction

Factor extraction is used to look for the interrelations among the variables and then determining the smallest number of factors that would best represent those factors (Pallant, 2007). Numerous factor extraction methods can be used, with their assumptions. This study implemented principal axis factoring

(PAF), due to Likert-scale data being used that is usually not normally distributed, being either on the agree or disagree side (Tabachnick & Fidell, & Ullman, 2007). PAF does not make any distributional assumptions and therefore, distributions do not have to be tested, and is also commonly used in Likert-type scale data (Beavers et al., 2013). Techniques used to assist in best determining the number of factors to be extracted, was Kaiser's criterion of Eigenvalue-greater-than-one rule, and Scree plot test (Pallant, 2007).

(iii)   Factor rotation

The final step was to interpret the factors, using rotation to present the patterns of loadings in a way that is easily interpreted (Tabachnick et al., 2007), per one of the main approaches, namely orthogonal and oblique rotation (Tabachnick et al., 2007). This study made use of the orthogonal approach, specifically the Varimax method that produces simplified factor structures and distinctive factors that were more suitable for this study (Beavers et al., 2013).

The results of the EFA are presented in Chapter 5 of the study.

The use of non-probability sampling has been criticized due to the high levels of self-selection and non-response bias (Brick, 2014). The researcher mitigated self-selection bias by sending out electronic surveys to SMEs at random without any influence by the researcher. The help of the small business institute of South Africa, SASFA, and SME South Africa also assisted the researcher to gain access to the directory of SMEs on their databases and surveys were sent at random to these companies. This was done to assist in self-selection bias mitigation.

In addressing non-response bias, the researcher structured the questionnaire in a short simple format and explained the purpose of the study in the introduction of the questionnaire where confidentiality and privacy were also explained to assure that no sensitive information would be shared in any way. The researcher also used physical visits and phone calls to SMEs to increase response rates.

To assure address response bias, the questionnaire did not ask for sensitive personal information and it was kept simple and quick to complete to reduce fatigue in completing the questionnaire (Phung, Hardeweg, Praneetvatakul, & Waibel, 2015).

4.3.6.2.2 Reliability measures

Reliability is the process of data collection method and analysis that will produce consistent findings (Bell et al., 2022) in repeated observations of the same constructs (Zikmund et al., 2010). The Cronbach alpha test was conducted on the variables to assure that questions measure what they are intended to measure and align with the research objectives set out.

To assure construct reliability in this study, the Cronbach Alpha coefficient, if-item-deleted, and inter-item correlation mean were tested on the constructs. The accepted principle is that Cronbach alpha values of above 0.7 are accepted as indicating a good level of internal consistency and reliability (Bryman et al., 2007). For questions that did not meet this requirement, the inter-item-correlations mean was evaluated whereby the correlation should be >0.2 (Bryman et al., 2007). Items that did not meet the criteria were excluded from the study. The Cronbach Alpha test was conducted on the empirical factors extracted from the EFA as well as the theoretical factors to ascertain what will work best for the statistical analysis.

Common method bias is commonly used in self-reported cross-sectional surveys and is significant in CSR studies (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). To help reduce common method bias and increase confidence in causal inferences in CSR studies it is proposed that the researcher asked respondents to only indicate changes that had happened in their firm rather than their perception of the industry (Podsakoff et al., 2003). This was done by conducting the study in a different crisis environment from that of previous studies. The COVID-19 pandemic was a unique crisis environment that provided for different factors to be tested. Cronbach Alpha results are presented in Chapter 5.

4.3.6.3 Descriptive statistics

Descriptive statistics were used to gain insights into how the variables captured in sections B and E of the survey behaved and if any conclusion could be drawn to answer research questions 1 and 2. The use of tables, frequencies and graphs were used to establish if CSR activities had increased during the crisis period, and who were the long-term stakeholders during this period. Means and standard deviations for the constructs were calculated and presented.

Respondents' demographic characteristics were summarised in terms of frequencies, for the age, experience, age of SME, and employment term with the company.

4.3.6.4 Assumption testing

The following assumptions on the data for regression analysis were tested before the analysis:

- **Sample size –** This assumption assures that the sample frame is big enough to perform the regression analysis. The sample assumption was satisfied in that the final sample size was 165 which is above the requirement set out previously of a minimum of 53 and targeted aim of 140 respondents.
- **Correlation between independent and dependent variables –** Before regression analysis can be done, there should be a linear relationship between the independent and dependent variables (Pallant, 2007).
- **Normality –** An assumption for regression analysis is that the data is normally distributed, in that the data is normally spread around the mean (Cramer & Howitt, 2004). The extraction method chosen did not require normality to be tested.
- **Outliers –** To test for outliers, the researcher used trimming as is commonly used with large sample sizes to trim outlying data from the dataset.
- **Multicollinearity –** This assumption is that there is no multicollinearity between the dependent and independent variables (Pallant, 2007). Hence, a variance inflation factor (VIF) test was done through linear regression.

4.3.6.5 Hypothesis testing

The most appropriate statistical analysis used to test the relationship between CSR activities per stakeholder group and financial performance was multiple linear regression. A linear regression model predicts the strength of the relationship on a straight line between the dependent and independent variables (Zikmund et al., 2010). This assisted in analysing the strength of the relationship between the predictor variable (being CSR activities per stakeholder group) and the outcome variable (being the financial performance of SMEs), allowing for the testing of **H1a – H1f**.

A Pearson's r correlation analysis was used to determine if there was a relationship between the CSR activities and financial performance of SMEs and to determine the

change in impact in one variable as a consequence of another. Correlation coefficient r will be in the range of -1 for a strong negative correlation and +1 for a strong positive correlation (de Winter, Gosling, & Potter, 2016).

The results from the regression analysis were analysed by reviewing the R-squared (R^2), p-value and the co-efficient Beta (B). The R^2 indicates that the regression model fits the data points better than others. An important measurement will be that of the p-value that tests the significance of the results from the hypothesis whereby a p-value of less than 0.05 would show that the results are statistically significant, and the hypothesis can be accepted. The Beta measure indicates the degree of change between the dependent and independent variables (de Winter et al., 2016).

4.3.6.6 Moderator multiple regression analysis

To incorporate the moderating variables, which are the salience per stakeholder and the longevity of the relationships with stakeholders, it was tested if these variables had any impact on the relationship between the dependent and independent variables. This was used in answering **H2a – H2f**.

Moderation implies that a causal relationship between two variables changes as a function of the moderator (Baron & Kenny, 1986). The statistical analysis then measured the difference that the independent variable (CSR activities per stakeholder group) exerts on the dependent variable (financial performance) as a function of the moderators (salience and longevity of stakeholders) (Baron & Kenny, 1986). The moderation model (Fig.2) shows that the independent variable (X) tested the relationship with the dependent variable (Y) (Memon et al., 2019). The results were re-tested to include the moderator variable (W), to determine if the moderator affected the relationship between the independent and dependent variables (Memon et al., 2019). The statistical model (Fig.3) will differ in that it has to include the interaction term (Z), that measured the interaction between the independent variable and moderator (X*W = Z). Thereafter, the impact (increase/decrease) of X on Y was assessed in the presence of W.

For this analysis, a two-stage approach was used (Memon et al., 2019). Firstly, the construct scores on the dependent and independent variables were calculated and saved (Memon et al., 2019). The interaction term (Z) was built via the construct scores of X and W (Memon et al., 2019). The interaction term (Z) then formed part of the

independent variables with X and W to conduct a multiple regression analysis on Y (Memon et al., 2019). The same analysis from the multiple regression analysis mentioned above was used in reviewing the R^2, p-value and co-efficient Beta. This enabled the researcher to evaluate if the moderating variables had any impact on the relationships between the independent and dependent variables, enabling the researcher to reject or accept the hypothesis and address the research objectives.

The regression terms used for these models are as follows:

X – CSR per stakeholder

Y – Financial performance

W – Salience per stakeholder, Longevity of relationship with stakeholders X*W (Z):

    a) Employees CSR * Employees Salience

    b) Customer CSR * Customer Salience

    c) Supplier CSR * Supplier Salience

    d) Society CSR * Society Salience

    e) Environment CSR * Environment Salience

    f) Total CSR * Longevity of relationship with stakeholders

Figure 2: Conceptual Framework
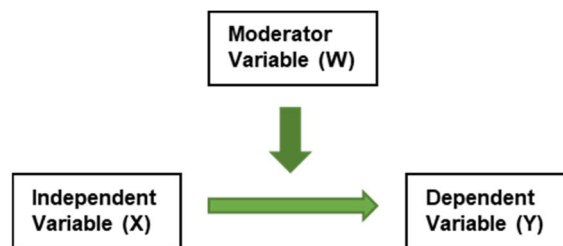
(Source: Memon et al., 2019)

Figure 3: Statistical Model
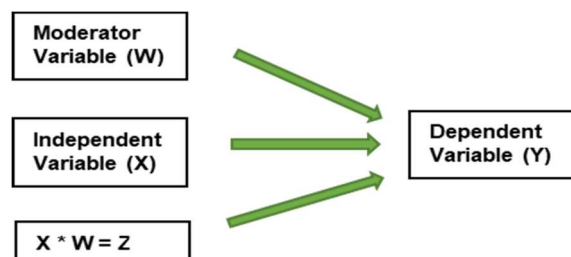
(Source: Memon et al., 2019)

4.3.7 Ethical considerations

To address any ethical concerns in this study the researcher was cognisant to ensure ethical conduct throughout the research and looked to address related concerns (Zikmund et al., 2010). In that data was gathered via surveys actual human respondents were used, and in doing so, their anonymity and confidentiality were protected. There was also an informed consent section in place before the survey commenced whereby respondents were reminded that their participation would be voluntary, and no negative consequences would result from not participating. Confidentiality of the respondents was retained, and personal information was safely stored and handled to honour and protect respondents' privacy throughout the study to ensure that data cannot be traced to individuals (Roberts & Allen, 2015).

With the social narrative of this study, it becomes key that responses are kept private to assure accurate answers without bias (Roberts & Allen, 2015). The anonymity of respondents was assured in that the survey did not ask for the name of companies or respondents. To assure that the mail request sent to respondents were not seen as intrusive, any mail accounts viewed as private were excluded (Roberts & Allen, 2015). The IP addresses of respondents were not stored and were stripped from the datasets (Roberts & Allen, 2015).

The researcher gained informed consent from respondents to use their responses anonymously in an aggregated format, assuring that respondents fully understood the purpose of the research and how their responses would be used (Zikmund et al., 2010). The respondents were not pressured to participate in the surveys in any way. No incentives were offered to respondents (Roberts & Allen, 2015). Respondents were informed that they may withdraw at any time during the data collection process, without penalty, if they wished to do so.

The researcher also indicated that the study formed part of research for a Master's thesis at Gibs, UP, and that no sponsors were involved in collecting data for any other reason for this research project.

The researcher only used aggregated data and did not single out specific respondents.

The author properly cited all the journals used, and these will be referenced in the reference list.

The data will be safely stored for a period of up to ten years in a code-protected folder if no re-analysis is needed and will be backed up with the use of cloud storage services that have user-specific access control.

4.3.8 Limitations

The cross-sectional timeframe of the study is a limitation in that it could limit the generalisability of the findings. The true effect of the crisis period and the CSR strategy would be better reflected in a longitudinal study whereby it would allow for broader generalisation of the findings (Spence, 2007).

Different cultures and geographical locations would influence CSR activities and stakeholder selection and would be confirmed by literature in that CSR activities have a better impact in environments that places more emphasis on CSR efforts. Although the South African environment has a dire need for the social engagement of companies, the provinces in the country may differ in their emphasis on social issues. There would be more need for social activities in some provinces over others and thus will likely change stakeholders' emphasis on social activities.

The study was done in Gauteng and Cape Town and can thus be seen as a limitation in that it will only showcase the emphasis of stakeholders in these areas on social activities and is not a true reflection of the entire country.

Due to the ongoing impact of COVID-19 and the crisis environment, it could lead to non-response bias, and with the use of online surveys, there could be issues around sample validity and unverified respondents (Duda & Nobile, 2010).

There is also the risk of author bias to drive the writer's opinion, which means that the researcher had to remain neutral on the topic, especially on social issues (Bryman et al., 2007).

Further research could assist this topic in looking into how different stakeholder attributes and management styles interact with one another during crisis periods.

4.4 Conclusion

This chapter explained the research design and chosen methods for this quantitative study that implemented a descripto-explanatory research design. The study made use of survey data gathered from the sample population in Gauteng and Cape Town with a focus on retail and food sector SMEs. The choice of data satisfied the validity and reliability of the survey in that internal consistency were tested with the appropriate statistical methods.

It was explained that this study was conducted amid the COVID-19 pandemic. The cross-sectional time frame of 2022 was still applicable in that the pandemic was still prevailing.

Statistical analysis was explained in terms of the research questions.

The limitations of the study were indicated, and author bias was acknowledged to assure the reliability of the study.

Chapter 5 presents the results of the research.

Chapter 5

Results

5.1 Introduction

The previous chapter explained how the quantitative methodology was employed and used to allow for statistical analysis of the research questions and hypothesis. The next chapter will present the results from the preceding chapter centred around the data analysis section. This chapter presents the results of the study and will include phases of preliminary analysis, data validation methods, descriptive statistics and hypotheses testing. The assumptions of the statistical methods chosen are presented attending to the research questions and hypotheses.

5.2 Data collection

Data was collected on the target population, namely SMEs in the retail and food sectors. In total from the first wave of data collection, the researcher received 52 responses. In the second wave of data collection, the researcher gained access to SMEs in Cape Town which increased the sample size to 165.

The raw data was then preliminary analysed to assure that responses met the qualifying criteria. Responses from the pre-requisite questions were analysed to remove responses that did not meet the qualifying criteria. Four responses were removed because respondents were not owners/managers of SMEs, which produced a final sample size of N = 161.

5.3 Data analysis

The platform used to collect data consolidated the raw data onto Excel according to the questions and answer ratings. Answers to the pre-requisite questions were yes/no answers and had to be coded according to the codebook to transform responses to numerical values.

Upon analysis of the demographic questions in section A, it was observed that some of the responses included the word "years" in their answers as opposed to just the numerical values asked. Another response also from age of respondents was "late 60s" instead of actual age when completing the survey. A judgement was made that the text "years" was to be removed and only the numerical value presented and that the response of "late 60s" was changed to 68. This was also added to the code book. The rest of the questions were based on 7-increment Likert-type scales coded from 1 = Strongly Disagree, to 7 = Strongly Agree. No missing values were detected in the data set.

5.4 Statistical analysis

5.4.1 Descriptive statistics

5.4.1.1 Demographics

Section A presented four questions that were used for the sample profile. The questions gathered data on years of experience in the industry, years working at the company, the duration of operation of the SME and the respondent's current age. Results are presented below.

Table 1: Sample profile

	Mean	SD
A1 Years of experience in the industry (in complete years)	10.24	5.13
A2 Years working at the company (in complete years)	5.10	2.28
A3 Age (in complete years)	33.48	7.59
A4 Company's years in operation (in complete years)	10.29	3.22

Figure 4: **Years of experience in the industry**
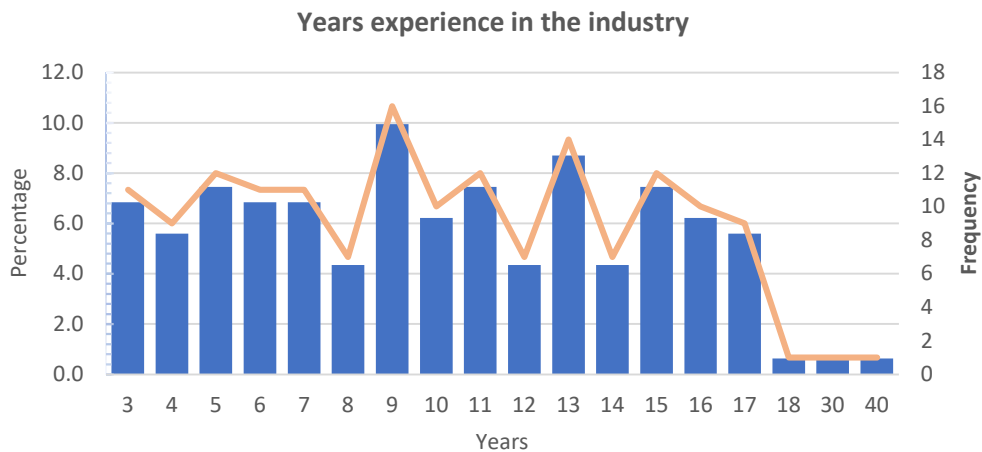
Source: Author

Years of experience in their respective industries was indicated to ensure that respondents had adequate experience and knowledge to provide useful data: their average years of experience was 10.24 years (N = 161); with a minimum experience of 3 a maximum of 40 years' experience (see Figure 4).

Figure 5: Years working at the company
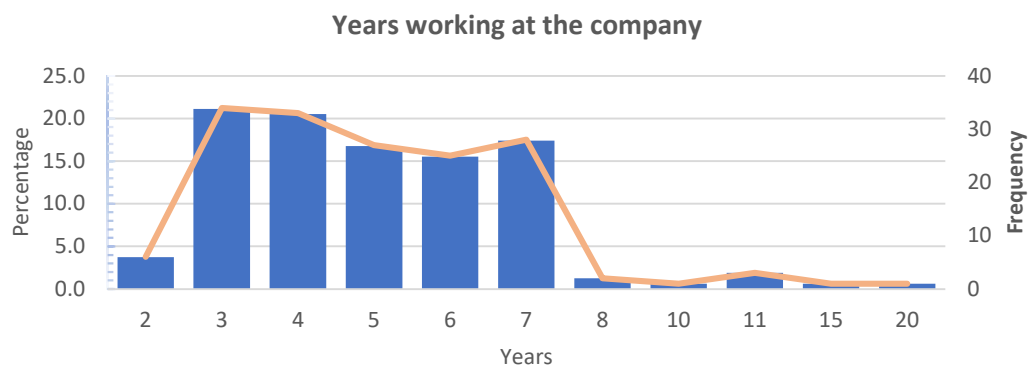
Source: Author

Respondents' years of working at their current company served to assure that owner/managers who answered the questions had a decent track record to base their responses on. The sample (N =161) indicated an average of 5.10 of years, ensuring that most of the respondents were employed at the company during the COVID-19

pandemic; the minimum time of employment at the current company was 2 years, and the maximum was 20 years (see Figure 5).

Figure 6: Respondents' age
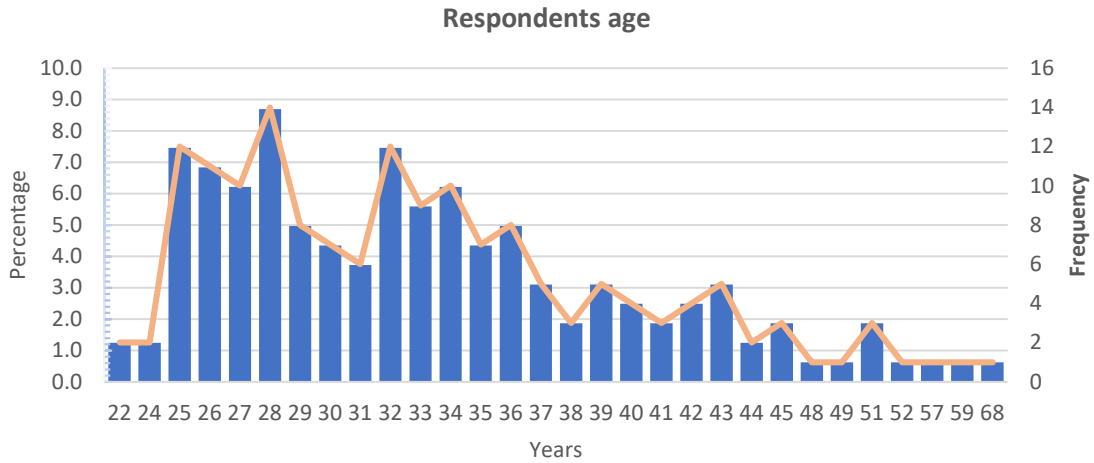
Source: Author

Respondents' average age was 33.48 years (N =161); the youngest was 22 years and the oldest was 68 years old (see Figure 6).

Figure 7: SME' years in operation
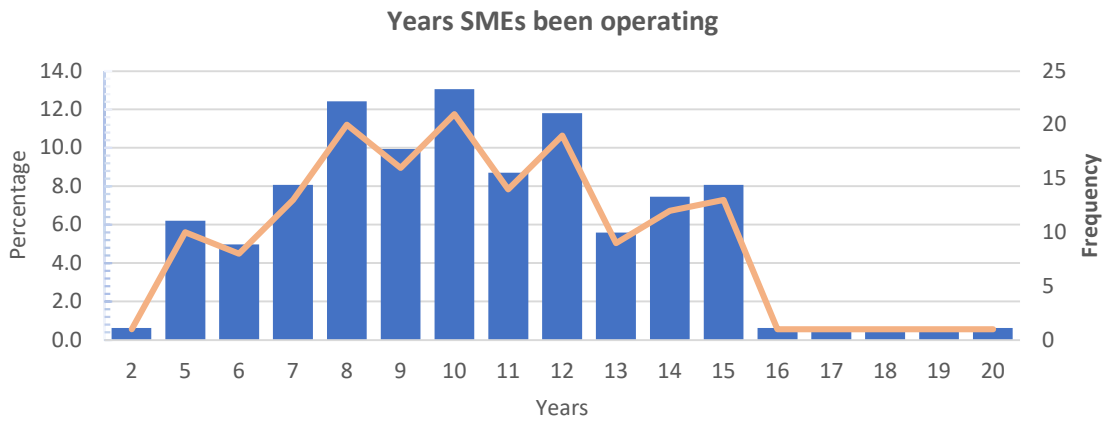
Source: Author

The average time of operation of the SMEs was 10.29 years, with a minimum of 2 years and a maximum of 20 years in operation (see Figure 7). Therefore, all the companies had experienced the COVID-19 pandemic.

5.4.1.2 Likert scale data

Likert scale data pertaining to CSR per stakeholder group, financial performance, salience per stakeholder group, and longevity of the relationship were all captured using seven-point Likert-type scales. These are presented in Appendix 4.

CSR activities per stakeholder group was captured in Section B of the questionnaire. Item means (M), and standard deviations (SD) are presented in table 18 (Appendix 4), ranking the means from largest to smallest. The average maximum response concerned **customers** (M = 5.76) and the minimum response (M = 2.25) concerned the **environment**. Details are presented in Table 18 and Figure 10 in Appendix 4.

Financial performance as captured in Section C, was analysed, again ranking the means in descending order (Table 19, Appendix 4), which ranged from M = 3.18 for C38, to M = 2.60 for C36.
Table 19, and Figure 11, also presented in Appendix 4, shows that most of the responses indicated hesitance and disagreement.

Salience per stakeholders is presented in table 20 and figure 12 in Appendix 4. This section refers the questions in section D of the questionnaire. The figures reveal a maximum (M = 5.89) for **customers**, and the minimum (M = 2.12) for the **environment**.

Longevity of relationship is detailed in table 21 in Appendix 4. All the means ranged between M = 4 and M = 5, with the highest being M = 4.96 for D89, and the lowest being M = 4.60 for D91.

Long-term stakeholder details are presented in table 22 and figure 13 in Appendix 4 and refers to section E in the questionnaire, showing that customers and suppliers were longer term stakeholders (M>5) than society and the environment (M<4).

Data validation is reported next.

5.4.2 Data validation

5.4.2.1 Exploratory factor analysis (EFA)

The questionnaire consisted of a combination of scales used in previous studies, of which some were slightly amended by the researcher, and therefore, EFA used to explore the validity of the scales in this research. As discussed in Chapter 4, PAF was used due to its suitability on Likert scale data, making no distributional assumptions. Varimax rotation was used as the rotation method, following Pallant's (2007) three-step procession to each of the constructs. Concerning the **salience of stakeholders**, the EFA was done per stakeholder group due to the sample size being less than 200. Requirements for data suitability were, that the sample size needed to be bigger than 150, and the final N= 161 satisfied that requirement for EFA.

5.4.2.1.1 CSR activities per stakeholder

Data suitability for EFA: Nine items were removed for the construct CSR activities because their Measures of Sampling Adequacy (MSA) were less than 0.60. The Anti-image Matrices were analysed for the omission. Details are provided in table 23 in Appendix 5.

Correlation matrix: The correlation matrix presented in table 24 in Appendix 5. This shows that many of the correlations between items were bigger than 0.30, indicating suitability for EFA.

KMO and Bartlett's test: Both of these measures revealed that the data was suitable for EFA. Bartlett's test of sphericity (*X^2 = 1593.242, df=171)* was significant at $p<0.05$ and the KMO measure was 0.798, which can be viewed as "middling". Details (Table 25) are presented in Appendix 5.

Communalities on the extraction should be above 0.30, and indeed ranged between 0.357 and 0.901 (see table 26, Appendix 5). Two items' (B12 and B27) commonalities were lower than 0.30 but were retained as their MSA values exceeded 0.60.

Factor extraction involved the calculation of Kaiser's criterion to identify factors with an Eigenvalue >1. This process produced five factors that were consistent with the hypothesised theoretical model of five factors, explaining 68.17% of the variance in the data before rotation, and 57.57% after rotation (see table 27, Appendix 5).

Factor rotation involved the Varimax method that revealed every item's contribution towards a factor where it loaded the highest. All loadings were above the minimum of 0.3, indicating strong loadings on the five respective factors as shown in table 2.

Table 2: Rotated Factor Matrix[a]

	Factors				
	1	2	3	4	5
B6	**0.904**	0.059	0.109	-0.131	0.075
B8	**0.891**	0.072	0.048	-0.037	-0.003
B10	**0.876**	0.031	0.015	0.031	0.004
B9	**0.836**	0.074	0.135	-0.185	0.009
B5	**0.775**	0.048	0.130	0.034	0.129
B20	0.063	**0.939**	0.105	0.061	0.020
B17	0.074	**0.810**	0.100	0.284	0.051
B23	0.112	**0.637**	0.104	-0.050	0.249
B18	0.028	**0.509**	0.128	0.348	0.302
B15	0.114	0.070	**0.788**	0.076	-0.060
B14	0.107	0.056	**0.594**	0.168	-0.043
B11	0.049	0.147	**0.535**	0.099	0.192
B7	0.380	0.147	**0.383**	0.164	0.252
B19	0.027	0.312	0.105	**0.604**	0.146
B13	-0.082	0.016	0.093	**0.585**	0.135
B27	-0.094	0.050	0.061	**0.426**	0.094
B12	0.023	0.043	0.292	**0.413**	0.123
B21	0.075	0.214	0.052	0.290	**0.746**
B22	0.100	0.152	0.044	0.276	**0.718**

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 6 iterations.

The EFA produced five empirical factors and were named below:

1- **CSR employees** with indicators B5, B6, B8, B9, B10
2- **Financial support to stakeholders** with indicators B20, B17, B23, B18
3- **Safety measures** towards stakeholders with indicators B15, B14, B11, B7
4- **COVID-19-related communication** with indicators B19, B13, B27, B12
5- **CSR suppliers** with indicators B21, B22.

5.4.2.1.2   Financial performance

Data suitability for EFA: One item (C35) was omitted from the scales on the construct due to their Measures of Sampling Adequacy (MSA) being less than 0.60. The Anti-image Matrices were analysed for the omission: C35, Communality = 0.154.

Correlation matrix: Correlations were higher than 0.30, indicating suitability for EFA. (See table 28, Appendix 6).

KMO and Bartlett's test: Bartlett's test of sphericity and KMO revealed that the data was suitable for factor extraction through EFA. Bartlett's test of sphericity ($X^2 = 300.723, df=10$) was significant at $p<0.05$ and the KMO measure was 0.796 which can be viewed as "middling" (see table 29, Appendix 6), and adequate to proceed with EFA.

Communalities: The communalities ranged between 0.434 and 0.588, and being above 0.30, the data was considered suitable for factor extraction (see table 30, Appendix 6).

Factor extraction: Kaiser's criterion was used to identify factors with an Eigenvalue >1, which produced only one factor which coincided with the hypothesised model. The factor explained 60.06% of the variance in the data before rotation, and 50.18% after rotation. See table 31 in Appendix 6.

Factor rotation: The rotation method used, was Varimax. All the loadings exceeded the minimum of 0.3, and loaded on a single factor, labelled: **Financial performance**. See table 32, Appendix 6.

5.4.2.1.3   *Salience per stakeholder group*

The results of the EFA are presented below for the salience of employees, customers, suppliers, society, and the environment.

Data suitability for EFA: Between two and four items were deleted from the scales for the various constructs (salience of employees, customers, suppliers, society, and environment) based on MSA being less than 0.60, and/or commonalities >1. The Anti-image Matrices were analysed for the omission. Details are presented in table 33 in Appendix 7.

Correlation matrix: The communalities per stakeholder were analysed and indicated that many of the correlations were above 0.30 for all the stakeholders, which was considered adequate to proceed with EFA. See tables 34 to 38 in Appendix 7.

KMO and Bartlett's test: Bartlett's test of sphericity and KMO revealed that the data was suitable for factor extraction using EFA as Bartlett's test of sphericity was significant at $p<0.05$ for all five constructs. The KMO measures indicated as "middling" for employees, customers, society, and the environment, while suppliers were seen as "meritorious" based on a measure >0.80. Details are presented in Table 39 in Appendix 7.

Communalities were analysed on the extraction column, being above 0.30. On Customers, it ranges between 0.390 and 0.901 where D53 was below 0.30 but was retained based on the MSA measure that was above 0.60 for that item. Employees ranged between 0.518 and 0.799; Suppliers ranged between 0.312 and 0.827 with D68 being below 0.30, but it was retained as the MSA measure exceeded 0.60. Society ranged between 0.342 and 0.943; and Environment between 0.327 and 0.830, with B85 being below 0.30, although the MSA measure exceeded 0.60. Details are presented in tables 40 to 44 in Appendix 7.

Factor extraction was done, using Kaiser's criterion to identify factors with an Eigenvalue >1. This process produced five stakeholders. For Employees, the factor explained 77.50% of the variance in the data before rotation, and 66.60% after rotation. The respective figures for Customers, were 68.21% and 54.98%; Suppliers, were 59.63% and 54.54%; Society's were 64.82% and 52.09%; and details for Environment were 58.72% and 47.07%. See tables 45 to 49 in Appendix 7.

Factor rotation entailed Varimax rotation, which indicated that all loadings were above the minimum of 0.30 for all the stakeholders.

For Employees, the empirical factors were labelled: F1: The salience of strategic employees; F2: The salience of concerned employees. Details are presented in Table 3.

Table 3: Rotated Factor Matrix: - Employees

	Factor 1	Factor 2
D40	0.868	0.157
D47	0.795	0.096
D42	0.779	0.139
D48	0.181	0.866
D43	0.078	0.803
D45	0.126	0.709

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.a

a. Rotation converged in 3 iterations.

For Customers, the empirical factors were labelled: F1: The salience of concerned customers; F2: The salience of strategic customers; F3: The salience of COVID-19 affected customer. Details are presented in Table 4.

Table 4: Rotated Factor Matrix[a] - Customers

	Factor 1	Factor 2	Factor 3
D51	**0.852**	0.093	0.175
D56	**0.628**	0.042	0.369
D50	**0.524**	0.453	0.155
D53	**0.340**	0.337	0.165
D52	0.229	**0.727**	0.134
D55	-0.037	**0.614**	0.105
D49	0.533	**0.546**	0.007
D57	0.111	0.258	**0.907**
D58	0.265	0.059	**0.588**

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization, 6 iterations[a]

For Suppliers, there was one empirical factor and were labelled: F1: The salience of COVID-19 affected supplier. Details are presented in Table 5.

Table 5: Rotated Factor Matrixᵃ - Suppliers

	Factor 1
D60	0.909
D59	0.837
D63	0.809
D62	0.743
D66	0.721
D65	0.710
D61	0.559
D68	0.543

Extraction Method: Principal Axis Factoring.

a 1 factor extracted. 5 iterations required.

For Society, the empirical factors were labelled: F1: The salience of strategic society; F2: The salience of concerned society. Details are presented in Table 6.

Table 6: Rotated Factor Matrixa - Society

	Factor 1	Factor 2
D70	**0.903**	0.357
D69	**0.734**	0.343
D73	**0.561**	0.166
D78	0.143	**0.704**
D77	0.252	**0.580**
D71	0.378	**0.543**
D75	0.337	**0.486**

Extraction Method: Principal Axis Factoring.

a. Rotation converged in 3 iterations.

For Environment, the empirical factors were labelled: F1: The salience of strategic environment; F2: The salience of COVID-19 affected environment. Details are presented in Table 7.

Table 7: Rotated Factor Matrix a - Environment

	Factor 1	Factor 2
D79	**0.776**	0.224
D82	**0.774**	-0.021
D83	**0.602**	0.211
D80	**0.556**	-0.131
D85	**0.435**	0.141
D86	0.017	**0.911**
D87	0.122	**0.629**
D88	0.071	**0.572**

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 3 iterations.

The last EFA procedure was done on the longevity of stakeholder relationships.

5.4.2.1.4   Longevity of stakeholder relationships

Data suitability for EFA: Items were deleted from the scales on the construct Longevity of stakeholder relationships based on (MSA) being less than 0.60. The Anti-image Matrices were analysed for the omission. Details presented in table 50 in Appendix 8.

Correlation matrix: Many of the correlations on the items were above 0.30 which was considered adequate to proceed with EFA. See table 51 in Appendix 8.

KMO and Bartlett's test: Bartlett's test of sphericity and KMO revealed that the data was suitable for factor extraction using EFA. Bartlett's test of sphericity ($X^2 = 331.78$, $df=3$) was significant at $p<0.05$ and the KMO measure was 0.755 which can be viewed as "middling". Details presented in table 52 in Appendix 8.

The data can thus be proven to be adequate for EFA.

Communalities: The communalities ranged between 0.745 and 0.584 and being above 0.30, the data was considered suitable for factor extraction. See table 53 in Appendix 8.

Factor extraction: Kaiser's criterion was used to identify factors with an Eigenvalue >1, which produced only one factor which coincided with the hypothesised model. The

factor explained 85.25% of the variance before rotation and 77.91% after rotation. See table 54 in Appendix 8.

Factor rotation: The rotation method used was Varimax rotation. All the loadings exceeded the minimum of 0.3 and loaded onto a single factor labelled: **Longevity of stakeholder relationship** (See table 8).

Table 8: Rotated Factor Matrix[a]

	Factor 1
D92	0.916
D93	0.869
D91	0.863

5.4.3   Data reliability

Cronbach Alpha tests were done on two sectors namely the empirical factors that were extracted in the EFA and the theoretical factors that were shown in the hypothesised model. The Cronbach Alpha results are presented below for each of the factors extracted per the EFA. The factor content would be reliable with Cronbach Alpha scores >0.70. Otherwise, with less than 10 items in the factor, the Inter-Item Correlations Mean should be $\geq$0.2. These factors are highlighted in yellow in table 55, presented in Appendix 9.

The reliability coefficients for all the empirical factors were above 0.70, except for COVID-19-related communication and the Salience of strategic customers. These two factors had an inter-item correlation mean of 0.293 and 0.450 and could thus be viewed as acceptable

Next, the Cronbach Alpha test was conducted on the theoretical factors. The same principles were followed as for the empirical factors. Results are presented in table 56, in appendix 9.

All the theoretical factors achieved Cronbach Alpha scores >0.70 except for CSR activities Customers, CSR activities – Society, and Salience – Environment. However, their inter-item correlation means were above 0.20, hence acceptable to be retained.

After analysis on both the empirical and theoretical factors, finding that the factors of both were internally consistent, it was decided to rather use the theoretical factors as it provided a better fit to the hypotheses and conceptual model that was based on the

research questions and hypotheses. The theoretical factors indicated in table 56 (Appendix 9) - with weak items deleted - hence used for further analysis. Overall scores used for statistical analysis and are presented in table 57, Appendix 10.

5.5 Research Questions testing

5.5.1 Research Question 1 – *With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment what is their response to society's increased need for CSR in the same period?*

To answer the question, data captured in section B in the questionnaire that speaks to the CSR activities per stakeholder group during the COVID-19 pandemic was analysed.

Table 9: CSR activities in terms of SME's perceived vulnerability *(*N = 161)

	Mean	Med	SD	Min	Max
(CSR) customers	5.58	5.66	0.70	3.83	6.83
(CSR) suppliers	5.26	5.25	0.90	2.50	7.00
(CSR) employees	4.97	5.16	1.21	2.00	6.83
(CSR) society	2.78	2.50	0.97	1.00	5.50
(CSR) environment	2.65	2.50	1.09	1.00	6.50
(CSR) Total stakeholder groups	4.76	4.90	0.59	3.10	5.95

Results presented in table 9 and figure 8, indicate that the means for customers and suppliers were the highest (M>5) implying that respondents agreed that they devoted the most attention to during the pandemic, with slightly less attention to employees (M<5) while society and the environment were devoted the least attention in terms of CSR related activities (M<3).

Overall, M = 4.76 indicates respondents' rather strong commitment towards CSR activities during the COVID-19 pandemic.

Figure 8: CSR activities per stakeholder including overall activities
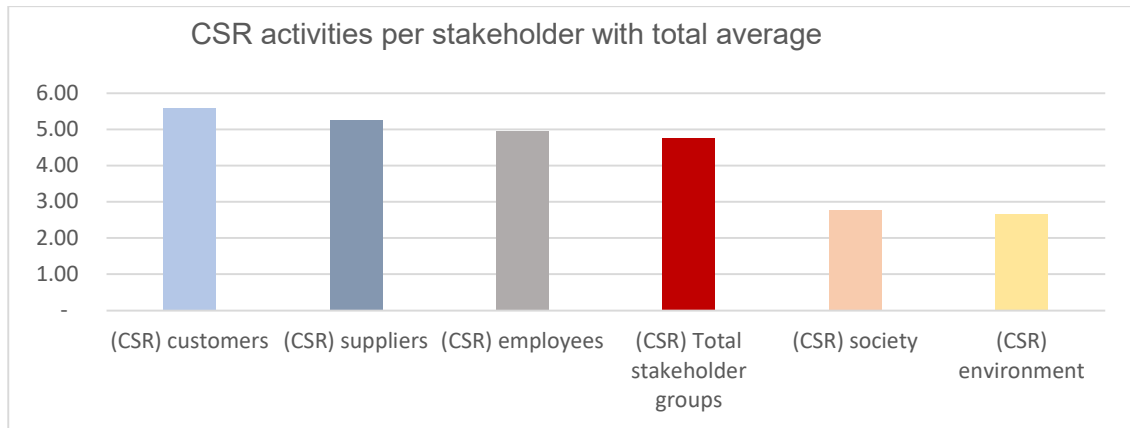
Source: Author

5.5.2 Research Question 2: With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment how does the longevity of the different stakeholder relationships during this period compare?

Section E of the questionnaire applies. For the parametric test, the data needed to be normally distributed. The Kolmogorov-Smirnov test was done, and results showed that all the p-values were <0.05, which indicated that the scores were not normally distributed (see table 58, Appendix 11). However, a parametric test was performed because the sample size was large enough to be robust against deviations from normality, and there were no outliers present.

The One-Way Repeated Measures ANOVA was hence conducted (see table 10) presenting the mean and SD that indicate differences in the longevity of the stakeholders.

Table 10: Longevity of stakeholders (N = 161)

	Mean	SD
Employees	5.23	1.38
Customers	5.61	1.14
Suppliers	5.48	1.28
Society	3.98	1.53
Environment	3.50	1.57

The Mauchly's test of sphericity revealed p<0.01, which indicates that there is no sphericity and therefore, the multivariate Wilks' Lambda test was conducted (see table 59, Appendix 11)

Based on p<0.05, there is a significant difference in respondents' CSR based on the longevity of the stakeholders. The partial eta squared is 0.665, and because a score of 0.14 indicates a large effect, the score of 0.665 suggests a very large difference among stakeholders in terms of the longevity of relationships with the businesses.

Pairwise comparisons were done to compare the stakeholders: for a difference to be significant the p value should be less than 0.05 (table 11). A Bonferroni adjustment was done for the multiple comparisons.

Table 11: Pairwise comparison of stakeholders in terms of their longevity

(I) Stakeholder		Mean Difference (I-J)	Std. Error	Sig.[b]	95% Confidence Interval for Difference[b]	
					Lower Bound	Upper Bound
Employees	Customers	-.379[*]	0.120	**0.019**	-0.721	-0.037
	Suppliers	-0.248	0.125	0.490	-0.605	0.108
	Society	1.255[*]	0.121	**0.000**	0.910	1.600
	Environment	1.727[*]	0.120	**0.000**	1.385	2.069
Customers	Employees	.379[*]	0.120	**0.019**	0.037	0.721
	Suppliers	0.130	0.060	0.326	-0.042	0.303
	Society	1.634[*]	0.145	**0.000**	1.220	2.047
	Environment	2.106[*]	0.149	**0.000**	1.680	2.531
Suppliers	Employees	0.248	0.125	0.490	-0.108	0.605
	Customers	-0.130	0.060	0.326	-0.303	0.042
	Society	1.503[*]	0.154	**0.000**	1.064	1.943
	Environment	1.975[*]	0.158	**0.000**	1.524	2.426

The pairwise comparison indicated a significant difference in the longevity of relationships (p<0.05) between employees, compared to society, environment, and customers, and no significant difference in companies' longevity of relationships related to suppliers. Longevity of the relationship related to customers and suppliers differed significantly (p<0.05) from relationships related to society and environment.

5.6 Hypotheses testing

5.6.1 Hypotheses H1a – f

Two models were used in conducting the regression analysis.

Model 1: *Independent variables*: CSR activities for a) employees b) customers c) suppliers d) society and e) environment. *Dependent variable:* Financial performance

Model 2: *Independent variables:* Total CSR activities. *Dependent variable:* Financial performance.

Before regression analysis could be done to test the hypotheses, the assumptions explained in chapter 4 needed to be satisfied.

The first assumption is that an adequate sample size was not violated. The final sample of 161 responses is above the 140 set out as sample recommendation, and hence acceptable.

Correlation tests were then conducted between the independent and dependent variables for model 1, concerning the following hypotheses:

*H1a: There is a positive relationship between SMEs' **employee**-based CSR investments and their financial performance during the COVID-19 crisis period.*

*H1b: There is a positive relationship between SMEs' **customer-based** CSR investments and their financial performance during the COVID-19 crisis period.*

*H1c: There is a positive relationship between SMEs' **supplier-based** CSR investments and their financial performance during the COVID-19 crisis period.*

*H1d: There is a positive relationship between SMEs' **society-based** CSR investments and their financial performance during the COVID-19 crisis period.*

*H1e: There is a positive relationship between SMEs' **environment-based** CSR investments and their financial performance during the COVID-19 crisis period.*

*H1f: There is a positive relationship between SMEs' **total CSR investments** and their financial performance during the COVID-19 crisis period.*

Results indicate that there is not a significant correlation between financial performance and the independent variables employees, customers, suppliers and society ($p > 0.05$), but a significant relationship between CSR activities towards the environment and financial performance was evident ($p < 0.05$). Pearson's correlation (-

0.195) indicated a weak negative correlation between environment and companies' financial performance (table 12).

Table 12: Correlation between financial performance and stakeholder CSR

		FinPerform	CSR_Empl	CSR_Cust	CSR_Supp	CSR_Soc	CSR_Env
Pearson Correlation	FinPerform	1.000	-0.057	-0.029	0.020	-0.014	-0.195
	CSR_Empl	-0.057	1.000	0.165	0.221	-0.039	0.011
	CSR_Cust	-0.029	0.165	1.000	0.567	0.271	0.190
	CSR_Supp	0.020	0.221	0.567	1.000	0.143	0.110
	CSR_Soc	-0.014	-0.039	0.271	0.143	1.000	0.042
	CSR_Env	**-0.195**	0.011	0.190	0.110	0.042	1.000
Sig. (1-tailed)	FinPerform		0.236	0.358	0.401	0.429	0.007
	CSR_Empl	0.236		0.018	0.002	0.309	0.446
	CSR_Cust	0.358	0.018		0.000	0.000	0.008
	CSR_Supp	0.401	0.002	0.000		0.035	0.082
	CSR_Soc	0.429	0.309	0.000	0.035		0.298
	CSR_Env	**0.007**	0.446	0.008	0.082	0.298	

As the assumption for regression analysis requires a correlation between variables, only the relationship between financial performance and CSR activities towards environment was further analysed. The results from the bivariate linear regression test (see table 60, Appendix 12) indicates that the R-Square, which attempts to correct R value for bias, is 0.038, indicating that CSR activities towards the environment explains 3.8% of the variance in financial performance.

The model fit was then assessed with an ANOVA test (see table 61, Appendix 12).

The p-value ($p = 0.013$) indicates that CSR activities towards the environment is significant in predicting companies' financial performance, and the model is a good fit of the data (see table 61, Appendix 12). Because the p-value is significant, and the unstandardized coefficient beta was interpreted (-0.174), which indicates that for every

one-unit CSR activity increase towards the environment, financial performance decreases by 0.174 (see table 62, Appendix 12)

There was no test for multicollinearity as only one independent variable was used. The variables were all mean centred which assisted with multicollinearity. The standardized residuals were however tested, showing that the mean centred variables were roughly between -3 and 3 and resembled a normal distribution (see figure 14, Appendix 12).

The next analysis was for model 2, that refers to H1f: *There is a positive relationship between SMEs' **total CSR investments** and their financial performance during the COVID-19 crisis period.*

The same assumptions for regression analysis applied. Firstly, there should be correlation between the independent variable that is total CSR activities and dependent variable financial performance (see table 63, Appendix 12).

No correlation was found between the variables ($p > 0.05$), and therefore, no regression analysis was done, as the assumption was not met. It can then be concluded that there is no significant relationship between companies' total CSR activities and their financial performance.

5.6.2 Hypotheses H2a – f

The following statistical test concerned the moderation effect of salience per stakeholder group, on the CSR activities per stakeholder group in relation to financial performance. All of the variables were mean centred. The independent variables, being CSR activities towards a) employees; b) customers; c) suppliers; d) society; and e) environment; f) total CSR; plus, the other independent variables of salience of a) employees; b) customers; c) suppliers; d) society; e) environment; and f) longevity of relationship.

This was followed by the interaction effects of a) Employees CSR * Employees Salience; b) Customer CSR * Customer Salience; c) Supplier CSR * Supplier Salience; d) Society CSR * Society Salience; e) Environment CSR * Environment Salience; and f) Total CSR *. Longevity of relationship with stakeholders to analyse if the interactions moderated the relationship with financial performance. Two models were run for each of the stakeholder groups and the longevity of the stakeholder relationship, one being the independent variables of CSR activities per stakeholder and salience per

stakeholder, and the second one with the inclusion of the interaction terms. The correlations were first tested on both models per hypothesis.

The hypotheses are dealt with in sequence.

H2a: Employees-based CSR actions on SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period.

Table 64 (see Appendix 12) indicates no significant relationship between both the independent variable (CSR activities towards employees) and their salience, and the interaction was not significant ($p > 0.05$).

The model summary results for two models with one being the independent variables of CSR employees and salience of employees, in terms of the dependent variable financial performance, while the second model explored the moderation effect.

The results for model 1 were: as $p = 0.666$; $R^2 = 0.005$, and for model 2: as $p = 0.998$; $R^2 = 0.005$. Hence the models are not significant ($p > 0.05$), indicating that the salience of employees do not moderate the relationship between CSR towards employees and companies' financial performance. See table 65 Appendix 12.

H2b: Customer-based CSR actions on SMEs financial performance is positively moderated by the salience of the stakeholder in a crisis period

The correlations of stakeholder group customers revealed no correlation on both models between the independent and dependent variables as $p > 0.05$ (see tables 66 and 67, Appendix 12).

The results for model 1 as $p = 0.930$, $R^2 = 0.001$; and model 2 as $p = 0.875$, $R^2 = 0.001$ indicate that the models are not significant ($p > 0.05$), and that salience of customers do not moderate the relationship between CSR to customers and financial performance.

H2c: Supplier-based CSR actions on SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period

The correlations of stakeholder group suppliers were next interpreted and again could not detect a correlation in any of the models between the independent and dependent variables ($p > 0.05$) (see tables 68 and 69, Appendix 12).

The results for model 1 ($p = 0.962$, $R^2 = 0.000$) and model 2 ($p = 0.270$, $R^2 = 0.008$) indicate that the models are not significant ($p > 0.05$), and that salience of suppliers do not moderate the relationship between CSR to suppliers and financial performance.

H2d: Society-based CSR actions on SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period

The correlations of stakeholder group society were next interpreted and again showed no correlation on any of the two models between the independent and dependent variables(p>0.05). (See tables 70 and 71, Appendix 12).

The results for model 1 (p = 0.878, R^2 = 0.002), and model 2 (p = 0.309, R^2 = 0.008) indicate that the models are not significant (p>0.05), and that salience of society do not moderate the relationship between CSR to society and financial performance.

H2e: Environmental-based CSR actions on SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period.

The correlation between CSR environment and financial performance (p = 0.007) is significant, however the salience of the environment and the interaction term is not significant (p>0.05). (See tables 72 and 73, Appendix 12).

The results for model 1 (p = 0.017, R^2 = 0.050) and model 2 (p = 0.881, R^2 = 0.050), indicate that model 1 is significant and can explain 5% of the variance concerning financial performance. Model 2 that includes the interaction is however not significant (p>0.05). Due to the indication that one of the independent variables had a significant relationship the ANOVA and model summary tests was done and presented in table 74 and 75 in Appendix 12. The p values for both models are below 0.05 (p = 0.017, and p =0.043) which indicates that there is a significant relationship on both models (table 74).

The coefficients indicated that only CSR towards environment is significant at p= 0.015 (model 1), and p = 0. 016 (model 2) (table 75). Therefore, the interaction term has not a significant effect on the relationship as p>0.05. This concludes that the moderation effect of salience of environment did not significantly moderate the relationship between CSR activity towards environment and companies' financial performance.

Multicollinearity was tested on this model as there a significant relationship was found. The VIF results being between 1.001 and 1.003 are less than 10 and the tolerance being close to 1, being 0.997 to 0.999, indicating that there are no multicollinearity problems (table 75, Appendix 12). The standardized residuals were also evaluated on the mean centred variables, and was between -3 and 3, showing that the data is normally distributed.

H2f: CSR actions on SMEs' financial performance is positively moderated by the longevity of the relationship with stakeholders

The moderation effect of the longevity of relationship with stakeholders concerning companies' CSR activities indicated no correlation on both models between the independent and dependent variables as all the p-values is above 0.05 (table 76, Appendix 12).

The model summary was then interpreted, and the R-square change showed a slight difference with interaction term but the Sig. F change of 0.550 and 0.678 shows no significant relationship towards financial performance considering the interaction with the longevity of stakeholders (table 77, Appendix 12). Therefore, longevity of stakeholder does not significantly affect ($p>0.05$) the relationship between total CSR and financial performance.

For the hypotheses that showed no significant correlation between the independent and dependent variables, no tests were done for multicollinearity or normality as the first assumption of correlation was not met

5.6 Conclusion

Chapter 5 presented the descriptive statistical analyses in preparation for the analysis of the hypotheses posed in this research. Demographic information, EFA outcomes and reliability tests were presented. Regression analysis was done per the research questions and hypotheses, and the results were presented for analysis that will follow in the next chapter.

Chapter 6

Discussion of results

6.1 Introduction

This chapter presents a summary of the results and a discussion of those results to enable answering the research questions and hypotheses of this study. Additionally, it will also include a discussion on the statistical analysis of the data gathered that assured validity and reliability.

6.2 Summary of Results

The results presented in chapter 5 are summarised in table 13 below.

Table 13: Summary of Results

Section	Sub-Section	Results summary
Statistical Analysis	Validity (EFA)	Validity was satisfied with the use of EFA. The Bartlett's and KMO tests indicated the suitability of the data for factor extraction on all the constructs while the Varimax rotation method produced the empirical factor structures. Data was considered valid for further analysis.
	Reliability	Reliability was confirmed through Cronbach Alpha tests on the empirical and theoretical factors and satisfied on both
Descriptive statistics	Research Question 1	Analysis of CSR activities per stakeholder group was used to descriptively present each stakeholder's CSR activities for the COVID-19 period. The results confirmed that SMEs did actively engage in CSR activities but did not devote equal attention to all stakeholder groups.
	Research Question 2	Parametric tests were conducted on the longevity of relationships with stakeholders and indicated that there are significant differences between stakeholder groups in terms of the longevity of their relationships with SMEs.
Hypothesis testing	H1 a - f	No correlation was found between CSR activities per stakeholder group and financial performance except for the environment, which was a weak negative relationship. Long-term stakeholders also did not correlate with financial performance.
	H2 a - f	No correlation was found with the inclusion of the salience of stakeholder groups to financial performance and the moderation effect on all the variables was non-significant.

Source: Author

6.3 Statistical Analysis

The statistical analysis was done to determine the validity and reliability of the scales used in the study as it was built on a combination of scales from previous studies. The tests evaluated the scales to look for items that did not measure the constructs it was supposed to, thus these items were removed to provide factors with the least amounts of items to be used for hypothesis testing. The weak items were removed from the questionnaire where the MSAs were <0.60. This resulted in nine items being removed from CSR activities per stakeholder groups, one item from financial performance and twelve items from salience per stakeholder group. This coincided with Taherdoost (2016) whereby content validity is assured if non-essential questions were removed from the questionnaire. As a combination of measures was used correlations were conducted between the questions that measured the same construct (Aithal & Aithal, 2020).

The results indicated that correlations on all the constructs were above 0.30 and that the EFA test could be done (Beavers et al., 2013). Discriminant validity was satisfied indicating that all dimensions correlate although there are differences between the constructs. Bartlett's test for sphericity was done and all the constructs were significant at p<0.05, the KMO test indicated that all the constructs had values of <0.80 but >0.70 that viewed the data as "middling" except for the salience of suppliers that were seen as "meritorious" based on the measure >0.80. These tests satisfied the criteria for suitability for EFA (Pallant, 2007).

Factor extraction was done on the constructs following Kaiser's criterion in identifying the factors with Eigenvalues of >1. The results produced empirical factors that were in line with the theoretical factors except for salience per stakeholder groups that produced between two and three factors per construct. This assured that only the smallest number of factors were used to present the constructs and that these items measured the constructs the best (Pallant, 2007). The Varimax rotation method showcased the empirical factors that could be used where items loaded the highest to their corresponding factor. The EFA results on the constructs assured the validity of all the constructs.

Reliability was established with the use of the Cronbach Alpha test in analysing the coefficients to be >0.70 (Bryman et al., 2007). All the empirical and theoretical factors had coefficients >0.70 except for two factors on the empirical side and three on the theoretical side. The inter-item correlation means were analysed for these factors and were >0.2 which satisfied reliability. As both empirical and theoretical factors were internally consistent the choice was made to use theoretical factors as they provided a better fit to the conceptual model and hypothesis. These results indicated that even though the scales were developed from a combination of existing scales they were both valid and reliable for this study (Zikmund et al., 2010).

6.4 Descriptive Analysis

Descriptive statistics were analysed per research questions 1 and 2, to draw conclusions and to answer the research questions.

6.4.1 Research Question 1:

With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment, what is their response to society's increased need for CSR in the same period?

The increased need for CSR activities in crisis periods can be confirmed by looking at studies by Magrizos et al. (2021) who advocate that increased economic, social, and health risks during crisis periods would increase the need for CSR activities. This concurs with Booth (2020) who indicates that countries with high levels of inequality are bound to place a bigger emphasis on CSR activities. This suggests the same for South Africa during the COVID-19 pandemic, thereby advocating an increased need for CSR activities. However, financial resources would be crucial in determining if SMEs could indeed satisfy those increased CSR claims (Okafor et al., 2021). In analysing the data in table 9, the results indicate that on average SMEs responded well (M = 4.76) concerning CSR activities during the COVID-19 pandemic. This indicates a strong commitment towards CSR activities during the pandemic.

This will stipulate that SMEs seem to follow what stakeholder theory asks of in including all human actors in their value creation and focusing on shared value creation among all participants in the network (Freeman et al., 2021; Griffin et al., 2020). This can be due to the local embeddedness that SMEs have in their local communities and

protecting their moral reputation would be a key aspect for owner-managers during the crisis period (Lähdesmäki et al., 2019; Martínez-Martínez et al., 2017; Schlierer et al., 2012).

Panwar et al. (2017) claimed that when financial resources are in abundance a company pursues social engagements, but a lack thereof would hinder it. Panwar et al. (2017) also suggest that owner-managers would rather focus on core economic activities than satisfying all stakeholder claims. As it can be confirmed that SMEs have had financial challenges during the COVID-19 pandemic whereby 49% reduced spending on non-core business expenses, it is uncertain whether non-core stakeholders are influenced by the reduction in financial resources (Kalidas et al., 2020). A separate focus on each stakeholder is hence needed to ascertain if certain stakeholders were seen as non-core during the pandemic (Inoue & Lee, 2011).

In this study, CSR activities per stakeholder group resulted in customers receiving the highest allocation (M = 5.58) followed closely by suppliers (M = 5.26). Employees received less attention (M = 4.97), but society and environment received the least attention (M= 2.78; M = 2.65 respectively) (See table 9). This supports Stoian and Gilman's (2017) claim that SMEs, in crisis environments, prioritise economic survival and will usually only focus on core operational stakeholders instead of all. Bae et al. (2021) also suggested that companies would neglect most CSR activities and would rather have stronger internal focus.

Customers, suppliers and employees can thus be seen as core internal stakeholders that SMEs respond to during crisis environments. This is due to SMEs focusing only on core stakeholders that would influence economic activities (Panwar et al., 2017). This can also be that SMEs view society and the environment as stakeholders that do not possess the power to provide benefits to them during the crisis period (Jones et al., 2018).

In that regard, it can be confirmed that SMEs have competing CSR claims from stakeholders, and they do not give equal attention to them. Jones et al. (2018) recommended that alignment on how value is created and shared across the network is needed to combat conflicting claims, as customers and suppliers can be viewed as creating the most value, they should also share the most attention. Unprofitable loyalty to certain stakeholders should also be avoided in that it would waste crucial resources and possibly take away focus from stakeholders that can provide benefits (Jones et

al., 2018). This notion can be interpreted from the results of CSR activities that society and the environment would be those stakeholders where unprofitable loyalty was avoided by SMEs during the crisis period.

In answering the research question, SMEs have responded to the increased need for CSR activities during the COVID-19 pandemic (M = 4.76) but not in equal amounts to all stakeholders (See figure 8). The uniqueness and deep uncertainties caused by the COVID-19 pandemic threatened competing claims and the accurate identification of stakeholders that could provide benefits had to be prioritised (Ansell & Boin, 2019; Coombs & Holladay, 2015). Results indicate that customers, suppliers, and employees were prioritised during this period with society and the environment receiving the least attention. This showed that those three stakeholders are viewed as priority during crisis periods and that they could provide the sought-after benefits to SMEs needed to navigate the COVID-19 pandemic. Society and the environment would thus be viewed as stakeholders that would only be satisfied when resources are in abundance but not during crisis periods (Panwar et al., 2017).

6.4.2 Research Question 2:
With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment, how relevant is the longevity of the different stakeholder relationships in terms of SMEs' CSR?

Stakeholder theory indicates that a company is a complex system and long-run relationships with all stakeholders are needed to aptly connect this system and to provide value for all (Neville et al., 2011; Freeman, 2017). This shared value creation requires long-term relationships and would act as moderators for companies to acquire value (Jones et al., 2018; Freeman et al., 2021). This study was done in the COVID-19 environment, amid considerable uncertainty as to what to expect or how long it will last. As people are usually risk and uncertainty averse, they value and trust longer-term relationships more during times of crisis (Nagy & Kacmar, 2013). As stakeholder theory alludes to the creation of relational wealth with stakeholders it needs trust and that comes with long-term relationships (Preston & Donaldson, 1999).

SMEs however have a reputation for having a short-term focus on stakeholders and would rather prioritise short-term profits during crisis environments (Soundararajan et al., 2018; Magrizos et al., 2021). This study asked owner-managers to indicate the

extent of their relationship with each stakeholder based on a 7-point scale during the COVID-19 pandemic. The analysis of the data looked for significant differences (p<0.05) between the longevity of stakeholder relationships from the view of owner-managers during a crisis environment. The results indicated that SMEs value the longevity of the relationship with customers the highest (M = 5.61), followed by suppliers (M = 5.48), and employees (M = 5.23) (See table 10). Society and environment were viewed as less important in terms of the longevity of their relationship (Society: M = 3.98; Environment: M = 3.50). This is in accordance with Panwar et al. (2017) claim that SMEs would be more operational in focus rather than strategic in crisis periods and would thus value relationships with operational stakeholders more than with those that are seen as non-core.

To drive a distinction between stakeholders and their relationship with SMEs there needs to be a significant difference between those stakeholders. To test for significands, a pairwise comparison was done between the stakeholder and the longevity of their relationship with SMEs from the view of owner-managers. The results indicate that customers differed significantly (p<0.05) compared to the longevity of relationships with employees (p = 0.019), society (p = 0.000) and environment (p=0.000) but were not significantly different to suppliers (p = 0.326). Suppliers were not significantly different to customers and employees (p = 0.490) but differed significantly from society (p = 0.000) and the environment (p = 0.000), while employees differed significantly from society (p = 0.000), the environment (p = 0.000) and customers, but not suppliers (See table 11). This indicates that there are significant differences between stakeholders and the longevity of their relationship with SMEs during crisis periods, and that relational wealth is built with customers, suppliers, and employees (Preston & Donaldson, 1999).

This does not acknowledge the claim that when SMEs suffer financial constraints they resort to short-term contracts with employees and customers (Madueno et al., 2016), but that they do have a shorter-term focus on non-core claims from stakeholders that would be society and environment during a crisis period (Soundararajan et al., 2018).

With the notable drop from customers, suppliers and employees (M > 5) to society and environment (M < 4) there is a clear, significant distinction between these stakeholders in terms of the longevity of their relationship with SMEs.

To answer the research question, the relevance of the longevity of the relationship between a stakeholder and an SME is confirmed with the indication that significant differences between stakeholders exist and that certain stakeholders are prioritised in terms of the longevity of their relationship with SMEs. More value is placed on the relationships with customers, suppliers, and employees during crisis than on society and environments to build meaningful trust. This can also be witnessed in research question 1 where these stakeholders were also prioritised in terms of CSR activities. These results follow what stakeholder theory asks for in building long-term relationships with primary stakeholders (Jones et al., 2018; Freeman et al., 2021).

6.5 Hypothesis testing

6.5.1 Hypothesis 1a – f

These hypotheses aimed to examine possible relationships between SMEs' CSR activities and their financial performance. The CSR activities were tested separately for each stakeholder group (H1a – e) as well as for the relationship between overall CSR activities and SMEs' financial performance.

These hypotheses were tested based on claims in stakeholder theory that companies need to look beyond profit-maximising activities and create value for all stakeholders in the system and that active stakeholder management indeed provides benefits to companies (Freeman et al., 2021). These benefits are not always economic benefits and thus a link towards financial performance is key if SMEs are to actively engage in CSR activities (Magrizos et al., 2021). Studies have shown mixed results in determining a link to financial performance and would again be tested in this study during the COVID-19 pandemic. A summary of the results is presented in table 14.

Table 14: Summary of hypotheses 1

Hypothesis	Pearson's correlation		Regression analysis	
	Correlation coefficient	Sig.	R²	Sig.
H1a	-0.057	0.236	X	X
H1b	-0.029	0.358	X	X
H1c	0.020	0.401	X	X
H1d	-0.014	0.429	X	X
H1e	**-0.195**	**0.007**	**0.038**	**0.013**
H1f	-0.077	0.166	X	X

Source: Author

The results from the testing of H1a – f indicated that there is not a significant correlation (p>0.05) between SMEs' CSR activities towards employees (H1a), customers (H1b), suppliers (H1c), society (H1d) and financial performance (See table 14). In testing H1f on total CSR activities to financial performance, there was also no significant correlation found (p = 0.166), indicating that total CSR activities did not improve financial performance.

However, a significant correlation was found between CSR activities towards the environment (p = 0.007) and financial performance. The Pearson's correlations coefficient indicated a weak negative correlation (-0.195) between CSR activities towards the environment and financial performance, implying that increasing CSR activities towards the environment would reduce financial performance in SMEs. The bivariate linear regression results for CSR towards the environment showed that these activities significantly (p = 0.013) predict financial performance and the R² = 0.038 indicated that 3.8% of the variance in financial performance can be explained by CSR activities towards the environment. The results stipulated that although a significant relationship was found, it is a weak relationship in predicting financial performance. The unstandardized coefficient beta of -0.174 specified that for every unit of CSR activity that is directed towards the environment the financial performance decreases by 0.174 confirming a weak negative relationship between the two variables.

These results suggest that benefits from CSR activities are more informal in nature (Stoian & Gilman, 2017; Theodoulidis et al., 2017). The COVID-19 pandemic would thus not be a circumstance under which financial benefits were visible.

Grewatsch and Kleindienst (2017) found that successful stakeholder management provides informal benefits such as improved reputation, enhanced innovation, increased customer and job satisfaction, more motivated employees as well as better trading terms with suppliers. Okafor et al. (2021) also found that benefits from stakeholder management generate intangible benefits such as increased relational capacities and increased motivation. Although these benefits could be evident, results indicate that those benefits did not improve the financial performance of SMEs during the COVID-19 pandemic.

Stoian and Gilman (2017) suggested that CSR activities could positively impact financial performance if the owner-manager directs activities towards employees, customers, and lesser extent society, while Bartolacci et al. (2020) found that SMEs that sell directly to consumers will achieve increased financial performance if they direct CSR activities towards customers and suppliers.

To answer research question 1, this study indicates that SMEs did indeed actively engage in CSR activities during the COVID-19 period, towards customers, suppliers and employees, although it had no impact on their financial performance disproving the claims made by Stoian and Gilman (2017), as well as Bartolacci et al. (2020).

Valentinov and Thompson (2018) suggested that for a link to exist between CSR and financial performance the idea of scarcity needs to be present which would increase the value of CSR-related activities towards stakeholders requesting that. The idea of scarcity was also suggested by Nguyen et al. (2020), claiming that should a company's abilities to satisfy stakeholder claims be reduced, those with the ability to continue would receive more value for their actions. There was a big drive from the oligopolies in South Africa during the COVID-19 pandemic to market their CSR activities, and they did not indicate a reduction in CSR activities compared to the past, therefore not suggesting scarcity of CSR (Worchel et al., 1975).

Magrizos et al. (2021) conducted a similar study on CSR activities' relationship with SMEs' financial performance during a crisis period, focussing on companies in Greece during the 2008 financial crisis. That study found that CSR activities significantly and positively influenced financial performance during a crisis period (Magrizos et al., 2021). Although the studies are somewhat similar, the difference in results could be drawn from the uniqueness of COVID-19 pandemic and its impact on SMEs in South Africa. Different crisis periods could produce different results. Caims that CSR

strategies are an important lifeline to SMEs in navigating crisis periods, did not apply to the South African market during the COVID-19 pandemic. The impacts of lockdowns and total market shutdowns of SMEs were not evident in the 2008 financial crisis, indicating the uniqueness of the results in different crisis periods.

Hypotheses H1a – f that suggested a significant positive relationship between the different stakeholders, namely a) employees, b) customers, c) suppliers d) environment and f) total CSR activities and financial performance during the COVID-19 crisis period could not be found, and thus rejecting hypotheses H1a – f. Rather, claims from Han et al. (2016) that CSR would be a waste of critical resources that should rather be directed towards profit-maximising activities for SMEs during a crisis periods, make sense in the context of this study.

6.5.2 Hypothesis 2a – f

6.5.2.1 Hypothesis 2a - e

Stakeholder theory reminds that although all human actors should be included in your business decisions the primary stakeholders in a business are those that need to be prioritised, and CSR activities directed to them (Freeman et al., 2021). These primary stakeholders would provide the most benefits to companies as they have the power to influence the operations, and usually take up most of the management's time and focus (Barnett & Salomon, 2006). During crisis periods, it is especially difficult to satisfy all stakeholder claims, resulting in competing, and often conflicting claims between stakeholders (He & Harris, 2020). It is therefore critical that stakeholder strategies by SMEs need to deliberately prioritise CSR activities to prioritise those that possess the most power/salience for SMEs to extract the maximum possible benefits during a crisis period.

The objective of the following hypotheses was to establish who SMEs' primary stakeholders are, and if those stakeholders were prioritised during the recent crisis period in SA in terms of CSR actions. Also, if those stakeholders were prioritised, did the prioritisation moderate the relationship between CSR actions and those stakeholders and financial performance. Two models were run for testing the hypothesis, where the second model included the moderating effect of the salience of the subsequent stakeholder to compare if the salience influenced the relationship between CSR actions and financial performance.

Hypothesis 2a: Employees-based CSR actions on SMEs' financial performance are positively moderated by the salience of the stakeholder in a crisis period.

The results from both models indicated that there was not a significant correlation between CSR activities towards employees ($p = 0.236$) and their salience ($p = 0.448$) in terms of SMEs' financial performance. There was also not a significant relationship between CSR actions and salience of employees concerning financial performance (Model 1 (CSR actions): $p = 0.666$, $R^2 = 0.005$; Model 2 (CSR * salience of employees): $p = 0.998$, $R^2 = 0.005$). The R^2 change was also analysed and found that the interaction of CSR action * Salience of employees does not explain any variability concerning financial performance ($R^2 = 0.005$) (see table 65 in Appendix 12).

Hypothesis H2a is hence rejected, and therefore it can be concluded that, in this study, the salience of employees did not moderate the relationship between CSR actions towards employees and SMEs' financial performance during the COVID-19 pandemic.

Hypothesis 2b: Customer-based CSR actions on SMEs' financial performance are positively moderated by the salience of the stakeholder in a crisis period

The results from the two models again showed no correlation between the CSR actions ($p = 0.358$) and the moderating variable (CSR – Salience) of customers ($p = 0.450$) towards financial performance (Model 1: $p = 0.930$, $R^2 = 0.001$; Model 2: $p = 0.875$, $R^2 = 0.001$), indicating that the models are not significant. The R^2 change value was also analysed and again showed that when the salience of customer is included it does not explain any variance in financial performance (R^2 change $= 0.001$) (see table 67, Appendix 12).

H2b is therefore rejected, concluding that the salience of customers does not moderate the relationship between CSR actions towards customers and SMEs' financial performance in the context of this study.

Hypothesis 2c: Supplier-based CSR actions on SMEs' financial performance are positively moderated by the salience of the stakeholder in a crisis period.

The results from the two models again showed no correlation between the CSR actions ($p = 0.401$) and the moderating variable (CSR – Salience) of suppliers ($p = 0.139$)

towards financial performance (Model 1: p = 0.962, R^2 = 0.000; Model 2: p = 0.270, R^2 = 0.008), indicating that the models are not significant. The R^2 change value was also analysed and again showed that when the salience of suppliers is included it does not explain any variance in financial performance (R^2 change = 0.008) (see table 68 and table 69, Appendix 12).

H2c was rejected indicating that the salience of suppliers has no moderating effect on the relationship with SMEs' CSR actions towards suppliers and SMEs' financial performance.

Hypothesis 2d: Society-based CSR actions on SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period

No correlation was found with the inclusion of salience of society (p = 0.144) to CSR actions to society (p = 0.429) on SMEs' financial performance (see table 70, Appendix 12). The results from the model summary also showed that with the inclusion of the salience of society (p= 0.309) on CSR actions to society (p = 0.878) no significant relationship was found with SMEs' financial performance. The R^2 change (Model 1; 0.002; Model 2: 0.007) show that with the inclusion of the moderation effect of salience towards society it could only explain 0.7% of the variance in financial performance (see table 71, Appendix 12).

Results were not statistically significant, and therefore H2d was rejected, suggesting that the salience of society does not impact the relationship between CSR activities towards society and SMEs' financial performance.

Hypothesis 2e: Environment-based CSR actions on SMEs' financial performance is positively moderated by the salience of the stakeholder in a crisis period.

A correlation was found between CSR actions towards the environment and SMEs' financial performance (p = 0.007), but no correlation was found on the interaction term that included the salience of environment (p = 0.393) (see table 72, Appendix 12). Analyses of the bivariate linear regression indicated that in both models only CSR actions towards the environment had a significant relationship with financial performance (Model1 p = 0.015; Model 2 = 0.016). However, inclusion of salience of environment showed no significant relationship with financial performance (p = 0.881) (see table 75, Appendix 12). The salience of the environment, therefore, had no

significant impact on the CSR actions of SMEs toward the environment, and neither was there a significant relationship with SMEs' financial performance, rejecting H2e.

The inclusion of salience of the environment, therefore, did not have a statistically significant impact on the relationship between CSR actions towards the environment and SMEs' financial performance.

The results from H2a – e indicated that acknowledgement of the salience of the different stakeholders does not exert a significant influence on the relationships of CSR actions and their financial performance. This coincides with the claims of Meiseberg and Ehrmann (2012), that prioritisation of stakeholders does not have a significant impact as SMEs are already focusing on a limited number of stakeholders due to limited resources available.

The prioritisation of stakeholders was addressed in research question 1, indicating that SMEs' CSR actions are prioritised in terms of customers and suppliers and to some extent employees (table 9). These stakeholders would thus be seen as power stakeholders in terms of Mitchell et al. (1997) definition. These stakeholders would be those stakeholders that SMEs in the retail and food sector see as agents that can affect or are affected the most by the company when they are achieving their objectives (Stieb, 2009). However, claims from Mitchell et al. (1997) that satisfying these stakeholders would culminate in the biggest financial reward for SMEs could not be confirmed as there was no significant impact found on the relationship between the CSR actions to customers, suppliers and employees and SMEs' financial performance when the salience of these stakeholders was included.

The remaining stakeholders, namely society and environment can thus be seen as more legitimate stakeholders per the definition of Mitchell et al. (1997) that have more moral claims associated with them that would not necessarily be forced upon companies (Lähdesmäki et al., 2019). Although Mitchell et al. (1997) include urgency as an aspect that could shift legitimate stakeholders to power stakeholders it could not be found in the results of this study as no impact was found with the inclusion of salience on both these stakeholders' relationship with CSR actions concerning SMEs' financial performance. The urgency lever was thus not activated by the COVID-19 crisis period on these two stakeholders, and they maintained their status as legitimate stakeholders from the perspective of SMEs thereby, having limited stakeholder benefits SMEs could extract.

Results from H1a – f indicated that CSR actions had no significant positive relationship on the financial performance in SMEs during the COVID-19 pandemic, and the inclusion of the salience per stakeholder to ascertain that primary stakeholders were satisfied had no impact and remained non-significant in terms of SMEs' financial performance. The suggestions by Magrizos et al. (2021) that economic benefits would be available to SMEs if they satisfy those stakeholders that possess the most power or those whose demands are the most urgent, could not be found in this study.

During the COVID-19 pandemic, SMEs experienced a unique crisis environment that had substantial negative financial impacts. Results of this study show that possible benefits from active stakeholder management remained informal and were not of a financial nature. SMEs did engage in CSR activities during the pandemic, but no economic benefits were extracted from it, even when the salience of each stakeholder was acknowledged.

Scholars' recommendation that SMEs and their CSR actions should divert from a narrow focus on financial benefits is confirmed in this study (Soundararajan et al., 2018). Therefore, not all owner-managers of SMEs' care about benefiting financially from CSR actions and would rather extract personal benefits like enhanced satisfaction, emotional satisfaction, creation of better jobs for employees and alignment with their morals (Magrizos et al., 2021). These statements concur with the claims that owner-managers are more closely involved with the local community in which they operate and those relational aspects with stakeholders would be more crucial for owner-managers that ultimately decide whether CSR activities are undertaken, and where these activities are focused (Madueno et al., 2016).

6.5.2.2 Hypothesis 2f:
CSR actions on SMEs' financial performance are positively moderated by the longevity of the relationship with stakeholders.

This hypothesis is tested based on the claims from stakeholder theory that to protect financial performance, long-term stakeholder support is needed, and companies should have a longer-term focus on their CSR strategies to optimally extract available benefits out of stakeholder management (Khurram & Charreire-Petit, 2017; Preston & Donaldson, 1999). In testing if the longevity of the relationship with stakeholders had any impact on the relationship between CSR action and financial performance,

respondents were asked to indicate their prioritisation of long-term relationships with stakeholders. The statistical testing was done on two models where the second model included the interaction term of total CSR actions * Longevity of relationship.

The results indicated that there was no correlation in any of the models with financial performance (Model 1: $p = 0.166$; Model 2: $p = 0.329$) (see table 76, Appendix 12). The model summary showed results as non-significant (Model 1: $p = 0.550$, $R^2 = 0.008$; Model 2: $p = 0.678$, $R^2 = 0.009$) (see table 77, Appendix 12). It, therefore, indicates that there is no significant relationship found in model 2, the moderation model, thus rejecting H2f and concluding that longevity of the relationship with a stakeholder does not moderate the relationship between CSR actions and financial performance.

SMEs have high mortality rates in crisis environments, and therefore, stakeholder support is crucial. New businesses could be perceived by stakeholders as more uncertain, and that could reduce stakeholder support (Choi & Shepard, 2005; Magrizos et al., 2021). It has been found that people value long-term relationships more during times of uncertainty, and that the longevity of the relationships with stakeholders would hence be crucial in crisis environments (Nagy & Kacmar, 2013). In this study, however, the longevity of the relationships with stakeholders had no impact on the relationship with SMEs' CSR and their financial performance, and this claim could not be confirmed.

Results from research question 2 indicate that SMEs did focus on the relationships with stakeholders and that there was a significant difference in the attention given to each stakeholder in terms of the longevity of the relationship. However, the impact of those relationships did not affect the economic benefits received by SMEs from CSR activities. Rather, the benefits associated with long-term relationships could again be seen as informal and related to the moral obligations felt by owner-managers instead of affecting SMEs' financial performance. As stakeholder theory claims that companies should look at the long-term impact of their CSR strategies, the benefits received from those activities could also rather be seen in the long term (Preston & Donaldson, 1999). There is thus no evidence found in the results of this study that indicate that the longevity of the relationship with stakeholders impacts the relationship between the CSR actions and the financial benefits they receive during a crisis period and would thus not be financially beneficial for SMEs. Rather, the benefits of long-term relationships would be used to build trust with stakeholders that could provide the sought-after benefits in the longer term (Preston & Donaldson, 1999).

6.6 Summary of results from Hypothesis testing

In summary, the results from hypotheses testing indicated that H1a – d and H1f were not supported, while H1f was supported through a significant relationship (green) (see figure 9). The moderating variables H2a – f were all non-significant and hypotheses were not supported as indicated in red below.

Figure 9:**Conceptual model (Author's own)**
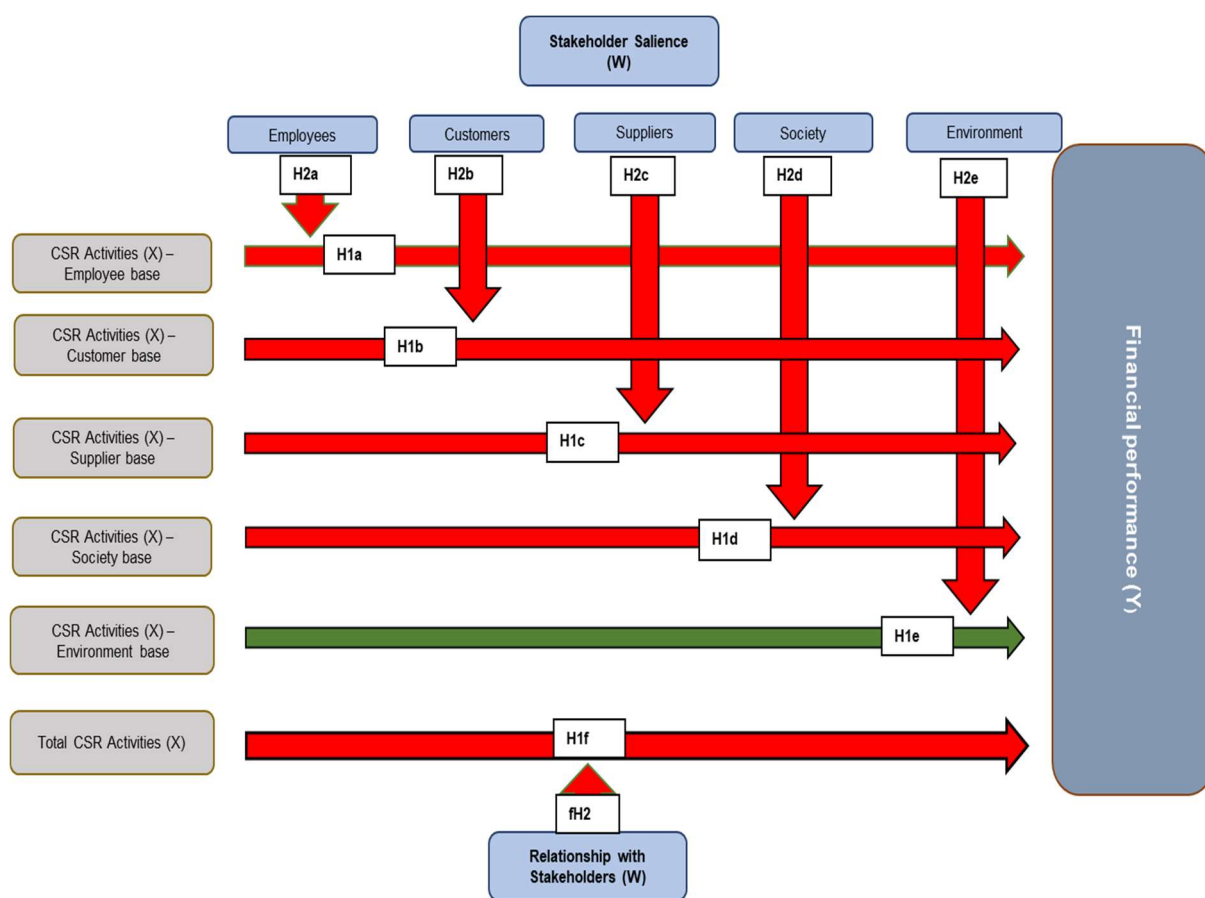
6.7 Conclusion

Chapter 6 presented a summary and the discussion of the results. The research questions were answered, and hypotheses were addressed, providing possible

explanations based on the literature provided in chapter 2. Conclusions were drawn. Next follows the conclusion and recommendations for future research.

Chapter 7

Conclusions and Recommendations

7.1 Introduction

This chapter provides conclusions and recommendations based on the findings of the research that were presented in the previous chapters. The principal conclusions are aligned with the research questions and hypotheses presented in Chapter 3 providing insights into how the COVID-19 pandemic had impacted the SMEs' CSR activities in South Africa. Additionally, implications of the findings for management, as well as the theoretical contributions of the research are discussed. The limitations of the research are acknowledged, also presenting recommendations for future research on this subject.

7.2 Principal conclusions

The purpose of the study was to test the relationship between social finance and economic finance in a South African context to contribute to the mixed results reported in previous studies concerning the relationship between SMEs' CSR and financial performance (Lähdesmäki et al., 2019). Peloza (2009) also indicated that if studies could find a connection between CSR and financial performance it would be similar to finding the holy grail in CSR research. This study focused on SMEs in South Africa in the retail and food sector as they were impacted severely by the COVID-19 pandemic and restrictions imposed on them. The study used stakeholder theory to deduce how CSR strategies should be incorporated and tested their claims in terms of the predicament experienced during the COVID-19 pandemic.

The measurement instruments that were used to measure these constructs were adapted from previous research, were tested, and accepted as valid and reliable.

The first research question concerned SMEs' response to the need for social finance in terms of CSR-related activities and the prioritisation of stakeholders in this regard, namely:

RQ1: With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment, what is their response to society's increased need for CSR in the same period?

The results of the study indicated that SMEs have indeed responded to stakeholders' need for social finance during the COVID-19 pandemic despite a reduction in businesses 'financial performance.

Although CSR activities were honoured by SMEs during COVID-19 pandemic, their attention differed for the five stakeholder groups. This is in alignment with the stakeholder theory that indicate that all human actors that are relevant to the company need to be included in their decision-making, although primary stakeholders need to be prioritised (Iturrioz et al., 2009; Freeman et al., 2021).

In that SMEs were under financial pressure during the COVID-19 pandemic, the purpose of the study was to test if benefits could be extracted by SMEs from CSR activities, and hence, satisfying their primary stakeholders was key. The results showed that SMEs prioritised customers, suppliers and employees, while society and the environment were devoted less attention during the crisis period. The indication was that customers, suppliers and employees were seen as primary stakeholders that SMEs focused on in terms of their CSR actions during the COVID-19 pandemic. SMEs thus viewed these stakeholders as important enough to direct constrained resources to them during a period when their survival was under threat. It can then be assumed that these stakeholders' claims were incorporated into SMEs' survival strategies despite deep uncertainties. This was the first indication that stakeholder management was used by SMEs during a crisis period but that the focus away was on certain stakeholders that could provide the most benefits to them (He & Harris, 2020).

The second claim by stakeholder theory, was that long-term relationships with stakeholders would be key, especially in crisis periods if benefits were to be extracted by SMEs from CSR activities (Magrizos et al., 2021). The second research question was:

RQ2: With SMEs' perceived vulnerability during the prevailing COVID-19 crisis environment, how relevant is the longevity of the different stakeholder relationships in terms of SMEs' CSR?

Results showed that customers, suppliers and employees were seen as primary stakeholders where the longevity of the relationships was valued more by SMEs during

crisis periods. This indicates that SMEs were following recommendations from stakeholder theory that relational wealth should be prioritised when attending to primary stakeholders if benefits are to be extracted from CSR activities (Preston & Donaldson, 1999; Soundararajan et al., 2018).

Whilst SMEs indicated that long-term relationships were key to them during the crisis period, it was again only focused on stakeholders that some studies refer to as operational stakeholders (Panwar et al., 2017). Despite the fact that SMEs seem to follow recommendations from stakeholder theory, it was confirmed that owner-managers of SMEs lack strategic focus and would rather focus on stakeholders that have an impact on their immediate operational activities than to apply total stakeholder management. This might be an error in judgement, in that owner-managers do not value long-term relationships with society and the environment, while these stakeholders could impact the long-term business environment in which SMEs operate.

This study indicated that, during the COVID-19 pandemic, SMEs limited their focus to relationships with stakeholders that could have an immediate impact on their financial performance, probably with survival in mind, rather than considering a longer-term impact.

The following question concerned the relationship between CSR activities and SMEs' financial performance:

RQ3: What is the relationship between the CSR-related activities of SMEs during the crisis emerging from the COVID-19 pandemic and their financial performance in this crisis period?

This research question relates to hypotheses H1a – f that were statistically tested. The results indicated that there is not a positive statistically significant relationship between SMEs' total CSR activities and their financial performance; and neither is there a significant positive relationship between CSR activities and the individual stakeholder groups and SMEs' financial performance. This contradicts the findings from the study of Magrizos et al. (2021) that reports that CSR would serve as an important lifeline to SMEs in crisis periods, and that CSR actions do positively influence financial performance.

Whilst the previous research questions confirmed that SMEs did engage in CSR activities during the COVID-19 pandemic, no economic benefits were gained from

those actions. This contributes to the mixed results of studies trying to link CSR activities to companies' financial performance (Panwar et al., 2017). The uniqueness of the COVID-19 crisis period is one aspect that may have contributed to the mixed results, due to the unique constraints that SMEs experienced, such as lockdowns, that were not previously experienced during other crisis periods (He & Harris, 2020).

The benefits received from CSR activities seemed more informal, and more geared towards owner-mangers' moral contribution towards primary stakeholders than extracting economic benefits in return. The informal benefit of better job creation for employees, emotional satisfaction, and increased reputational relationships with customers and suppliers would seem to be the benefits extracted, if any, from CSR activities during this crisis period (Magrizos et al., 2021).

Claims by Han et al. (2016) and Carroll and Shabana (2010), that CSR activities are a waste of critical resources, and that SMEs should focus on core profit-maximising activities are debatable and are only true when increased financial performance is the only desired outcome associated with CSR activities.

The last research question tested the concept that if CSR activities are directed to the stakeholder that possesses the most power, they would provide to most benefits to companies. The salience model from Mitchell et al. (1997) was used to determine the stakeholders that possess the most power over SMEs, and thereby to test if the salience of stakeholders had any impact on the CSR activities of SMEs, and if it influenced SMEs' financial performance. Also in question, was the relevance of the longevity of the relationships of SMEs with stakeholders in terms of CSR activities and SMEs' financial performance:

RQ4: What is the relationship between the salience of stakeholders that companies have been involved with during the crisis period (in terms of the longevity of their relationship), and SMEs' financial performance?

Related hypotheses H2a – f that were statistically tested. The results indicated that even if CSR activities were directed to those stakeholders that were the most salient to SMEs, it did not have a significant impact on the relationship between CSR actions and SMEs' financial performance. Again, claims from Magrizos et al. (2021) that satisfying the most salient stakeholders will produce financial benefits for SMEs in crisis periods, were not supported in this study. There was also no significant relationship concerning the longevity of the relationship with stakeholders, CSR

actions, and SMEs' financial performance. The two claims made by stakeholder theory that satisfying primary stakeholders and those stakeholders that have a long-term relationship with the company would produce the biggest financial rewards (Soundararajan et al., 2018; Freeman et al., 2021) were not supported in this study as these two constructs did not have any impact on the relationship between CSR actions and increased financial performance.

The findings in this study show that SMEs' CSR actions do not significantly impact (boost) their financial performance, despite claims made in stakeholder theory. The benefits derived by SMEs, if any, would therefore be more informal and more personal rather than shown in their financial statements. Due to the close personal relationship that owner-managers of SMEs have with their stakeholders, the benefits received from CSR activities are probably more personal (Soundararajan et al., 2018). In alignment with literature, SMEs hence focused on stakeholders that could impact their immediate operations, while those that would impact the longer-term business environments would be left to be attended to by other parties like governments and big corporate companies (Hoogendoorn et al., 2015).

7.3 Theoretical contributions

The theoretical contribution of this study is in re-testing the notion that CSR activities would produce financial benefits to SMEs during crisis periods (Magrizos et al., 2021). This statement could not be confirmed as the uniqueness of the COVID-19 pandemic impacted SMEs in South Africa differently and no evidence was found that financial resources were affected (boosted) by involvement in CSR activities in any way.

Contributions to stakeholder theory were made to explore if SMEs applied stakeholder management principles in crisis periods, where they usually have reputations of only focusing on profit-maximising activities (Freeman et al., 2021; Soundararajan et al., 2018). As calls were made in stakeholder theory that management should proactively address stakeholder claims, indications as to which stakeholders should be prioritised in crisis environments remained unanswered (He & Harris, 2020). Therefore, this study focused on stakeholders separately to identify where CSR activities were prioritised when SMEs' financial resources were threatened, and when uncertain business environments prevailed.

The results showed that customers, suppliers and employees were prioritised in terms of emphasis placed on the longevity of the relationships and CSR activities. This will help us to understand how SMEs make decisions under deep uncertainty and where they prioritise their focus during crisis periods.

The next contribution concerns the use of the salience model from Mitchell et al. (1997) to determine if this model is useful for SMEs in identifying primary stakeholders and if those decisions would culminate into increased financial benefits received out of CSR activities. The results showed that this model did not apply to SMEs as it would be to bigger corporate companies. This is in alignment with the claims that SMEs are already focusing on a limited number of stakeholders and that the salience model would not provide many befits to SMEs (Meiseberg & Ehrmann, 2012). The close personal relationship that owner-managers have with their stakeholders would provide more detail as to how SMEs identify primary stakeholders and is confirmed by results pertaining to research question 2 (Lähdesmäki et al., 2019).

7.4 Business contributions

The business contribution made in this study would be to test business concepts under crisis conditions. The business environment in South Africa was already seen as dire even before the COVID-19 crisis period and how companies, especially SMEs, would survive these environments would be crucial to understand.

The study tried to find a relationship between SMEs' CSR actions and their financial performance to assist owner-managers in understanding how possible business opportunities could arise from being socially responsible, which goes against the logic of how to survive crisis environments. Although CSR studies ask companies to consider a wider range of aspects other than only profit-maximising activities, the notion of financial benefits would provide the biggest motivation to SMEs (Okafor et al., 2021). This research, however, could not find any financial benefits from CSR activities and thus concludes that the benefits from SMEs' CSR strategies, if any, are rather informal and more personal to the owner-managers of small companies.

This study also indicated that if CSR strategies were used by SMEs, the choice of specific actions for specific stakeholders would be crucial when resources are scarce during crisis periods (Magrizos et al., 2021). The research shows that the close

personal relationship SMEs have with their stakeholders would provide indications as to where CSR activities were prioritised and that relational value with primary stakeholders are protected during times of crisis (Theodoulidis et al., 2017).

With business environments not improving after the COVID-19 pandemic, the need for SMEs to understand how to survive these environments would be key, and stakeholder management could provide value during these uncertain times (He & Harris, 2020). The need for SMEs to look beyond operational stakeholders could unlock value that might create business opportunities for the future. SMEs hence need to focus on the long-term benefits that society and the environment may provide. Figuratively speaking, "planting trees early could provide shade during difficult times in the future". The findings in the research indicate that SMEs are not yet focused on long term social investments.

7.5 Limitations of the research

The limitations of the study and the factors that could have impacted the results are now acknowledged.

Firstly, the risk of author bias has to be mentioned, as the opinions of the author can always influence the interpretations of the results, and the recommendations (Bryman et al., 2007). However, in this study, the researcher tried to rely on facts and figures produced through statistical analysis of the data only and was guided by a qualified statistician so as to only report wat was statistically proven.

CSR and stakeholder evaluations would also differ across cultures and locations and the focus on big metropolitan areas in South Africa may impact the results. In smaller communities where businesses have closed down during the pandemic, the contributions expected from SMEs could have been much larger and therefore also the benefits derived from SMEs' social contributions.

The study was cross-sectional, and the possible long-term effects of CSR activities could not be measured. Indications that some stakeholders would only provide value in the long term were therefore not optimised. Collecting data over a longer period would possibly provide more accurate data that could be generalised, contributing to

better conclusions on SMEs' social responsibility towards all stakeholders (Spence, 2007).

The questions on financial performance asked respondents to indicate financial performance from their point of view on the Likert-type seven increment "Agreement" scale. This informal measurement of financial performance could have impacted the results when investigating companies' financial performance: the actual analysis of financial reports could have produced different results (Magrizos et al., 2021), but this was not possible in the time frame of the study and with limited resources available.

7.6 Future research

The objective of this study was to determine whether there are financial benefits for SMEs in being socially responsible. The COVID-19 pandemic provided a unique setting to test SMEs' CSR during times of a crisis. While the results confirmed SMEs' engagement in CSR activities, the associated benefits could not be confirmed, particularly financial benefits.

This identified a gap in the sense that one can only make assumptions as to why owner-managers of SMEs conducted CSR activities while their financial resources were under threat. Future research on SMEs' owner-managers motivation to support CSR initiatives could provide insights into the benefits they receive and expect from their CSR activities. This would contribute to the search for motivations for SMEs to incorporate CSR strategies into their day-to-day activities that would provide a substantial difference to society should a sector that makes up 98% of businesses in South Africa respond to social needs (Kalidas et al., 2020).

This study also produced results indicating that attention was not evenly distributed among all stakeholders in terms of CSR activities, and the longevity of the relationship of SMEs with stakeholders. As owner-managers are responsible for decisions made in businesses concerning the management styles and demonstrate their moral obligations and values in the way businesses are run, more evidence is needed to explicate differences in attention to different stakeholders.

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Appendices

Appendix 1: Ethical clearance

Gordon Institute of Business Science University of Pretoria	Ethical Clearance Approved

Dear Gerhardus Potgieter,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Ethical Clearance Form

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

Appendix 2: Questionnaire

INTRODUCTION TO THE RESEARCH QUESTIONNAIRE

Dear respondent

Thank you for your willingness to participate in this research survey. I am a current MBA student at the Gordon Institute of Business Science (GIBS) for which successful completion of this research is a curriculum requirement.

My research focuses on the impact of the COVID-19 pandemic on SMEs and their relationship with their stakeholders during this crisis period, attending to social issues that may affect businesses. The outcomes of this study would be useful in terms of SMEs' management strategies, particularly concerning corporate social responsibility claims and possible financial value that could be derived from those efforts.

Your participation is needed in the form of completing this survey questionnaire that will not take more than 15 minutes to complete. Your participation is anonymous and only aggregated data will be reported. By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact my supervisor or me, our details are provided below. You may withdraw at any time during the completion of the survey, without any penalty.

Pre-requisites for participation:

In order to participate in this survey, willing individuals have to meet the following criteria. Please tick every item with an ✗ to indicate that you indeed qualify for participation:

SQ1. I am an owner and/manager of an SME that employs no more than 50 people	Yes / No
SQ2. My company do engage in CSR activities	Yes / No
SQ3. My business is located in Gauteng	Yes / No
SQ4. I am 18 years or older	Yes / No
SQ5. I am willingly contributing to this research endeavour	Yes / No

Informed consent

Dear respondent your participation in this study is voluntary and your contribution is highly valued. You may withdraw any time, for whatever reason, without penalty. The details of respondents will be kept confidential and won't be shared with anyone outside of this study. The data will be kept confidential and stored for a minimum of ten years in a protected file. **Please complete all the questions and all the sections of the questionnaire.** There are no right or wrong answers.

Researcher details:

Name: Gerhard Potgieter

Email: 28255420@mygibs.co.za

Cell: 072 767 1168

Supervisor details:

Name: Prof Alet Erasmus

Email: ErasmusA@gibs.co.za

Cell: 082 784 2467

QUESTIONNAIRE: PLEASE COMPLETE EVERY SECTION

SECTION A

Background Information:

This section of the questionnaire refers to background or biographical information. Although we are aware of the sensitivity of the questions, we assure you that your response will remain anonymous. Your co-operation is appreciated.

	Specify in completed years	
1. How many years' experiences do you have in the industry (in complete years)		**years**
2. How many years have you been working at the company (in complete years)		**years**
3. Your age (in complete years)		**years**
4. How many years has the company been operating (in complete years)		**years**

SECTION B

Corporate Social Responsibility (CSR) activities towards stakeholder groups during the COVID-19 period

CSR activities refer to activities where the company demonstrates care and concern about stakeholders, through actions to reduce the challenges encountered.

Please now indicate the extent to which you AGREE/ DISAGREE with every statement by selecting the relevant number, ranging from 1 =Strongly disagree to 7 = Strongly agree

When completing the questions, the following applies: **During the COVID-19 pandemic your company's CSR towards EMPLOYEES….**	Strongly disagree	Disagree	Somewhat disagree	Hesitant	Somewhat agree	Agree	Strongly agree
5. has improved its policies to provide for an adequate work-life balance for its employees	1	2	3	4	5	6	7
6. has demonstrated concern about employees' mental well-being	1	2	3	4	5	6	7

		1	2	3	4	5	6	7
7.	has increased the opportunity for further education of employees	1	2	3	4	5	6	7
8.	has increased its health *benefits* to employees	1	2	3	4	5	6	7
9.	has increased its health and safety *policies* to increase the safety of employees	1	2	3	4	5	6	7
10.	has put programs in place to assist employees in dealing with death and uncertainty	1	2	3	4	5	6	7
11.	has not implemented retrenchment packages to employees	1	2	3	4	5	6	7
12.	has increased non-work-related communication with employees concerning the impact of the COVID-19 pandemic	1	2	3	4	5	6	7
During the COVID-19 pandemic your company's CSR towards CUSTOMERS….								
13.	has resulted in effective communication with customers your COVID-19 policies and procedures	1	2	3	4	5	6	7
14.	has resulted in increased safety measures concerning your products and services to adhere to COVID-19 policies	1	2	3	4	5	6	7
15.	has resulted in adjustments in your trade environment to adhere to COVID-19 policies and safety of customers	1	2	3	4	5	6	7
16.	has resulted in increased customer loyalty programs	1	2	3	4	5	6	7
17.	has resulted in increased support to customers on any outstanding balances	1	2	3	4	5	6	7
18.	has resulted in a demonstration of concern about issues surrounding your customers during the COVID-19 pandemic	1	2	3	4	5	6	7
19.	has resulted in efforts to not inflate prices due to the COVID-19 pandemic	1	2	3	4	5	6	7
During the COVID-19 pandemic your company's CSR towards SUPPLIERS……								
20.	ensured that payment to suppliers was done in a timely fashion	1	2	3	4	5	6	7
21.	increased its procurement from ethical local suppliers	1	2	3	4	5	6	7
22.	increased its support to suppliers impacted by the COVID-19 pandemic	1	2	3	4	5	6	7
23.	did not cancel any procurement contracts with suppliers	1	2	3	4	5	6	7
24.	was aware of your suppliers' policies and procedures	1	2	3	4	5	6	7
During the COVID-19 pandemic your company's CSR towards SOCIETY……								
25.	has resulted in increased involvement in charitable projects and donations in your local community.	1	2	3	4	5	6	7
26.	has resulted in the gaining of information about the well-being of its community during the COVID-19 pandemic in order to be of assistance	1	2	3	4	5	6	7

27. has resulted in intentionally budgeting for contributions to the community.	1	2	3	4	5	6	7
During the COVID-19 pandemic your company's CSR towards the ENVIRONMENT….							
28. has resulted in improvement of its policies to address sustainable practices	1	2	3	4	5	6	7
29. has resulted in increased investments in projects that would create a better life for future generations	1	2	3	4	5	6	7
30. has resulted in the creation of programs to help minimise its negative impact on the natural environment	1	2	3	4	5	6	7
31. has resulted in the implementation of sustainable recycling programs	1	2	3	4	5	6	7
32. has resulted in investment in sustainable green products for the future	1	2	3	4	5	6	7

SECTION C

Financial performance of your company during the COVID-19 period

Please indicate the extent to which you AGREE/ DISAGREE with every statement by selecting the relevant number, ranging from 1 = Strongly disagree to 7 = Strongly agree

When completing the questions, the following applies: **During the COVID-19 pandemic your company's financial performance….**	Strongly disagree	Disagree	Somewhat	Hesitant	Somewhat agree	Agree	Strongly agree
33. has shown an increase in revenue	1	2	3	4	5	6	7
34. has shown an increase in nett profit	1	2	3	4	5	6	7
35. has shown an increase in the return on assets	1	2	3	4	5	6	7
36. has not revealed an increase in unsold inventories	1	2	3	4	5	6	7
37. has not revealed an increase in debtors	1	2	3	4	5	6	7
38. has revealed a decrease in creditors	1	2	3	4	5	6	7

SECTION D

Concerning the salience (prominence) and the longevity of your relationship with stakeholders during the COVID-19 period….

Please indicate the extent to which you AGREE/ DISAGREE with every statement by selecting the relevant number, ranging from 1 = Strongly disagree to 7 = Strongly agree.

When completing the questions, the following applies:	Strongly disagree	Disagree	Somewhat disagree	Hesitant	Somewhat agree	Agree	Strongly agree
When thinking about the salience (prominence) of the EMPLOYEES of your company….							
39. Employees have the power to disrupt the operations of your company if they are neglected	1	2	3	4	5	6	7
40. Employees have the ability to direct rewards to your company if relationships are well	1	2	3	4	5	6	7
41. Employees have the ability to enforce (implement) claims on your company if they are dissatisfied	1	2	3	4	5	6	7
42. Employees affect the strategies of your company	1	2	3	4	5	6	7
43. Compared to other stakeholders, employees take up most of the management's time and focus within your company	1	2	3	4	5	6	7
44. Your company has a moral obligation to care about the well-being of employees	1	2	3	4	5	6	7
45. Claims and special requests for assistance from employees are included in your budgets	1	2	3	4	5	6	7
46. Compared to other stakeholders, employees' potential claims and special requests for assistance were prioritised by your company during the COVID-19 pandemic	1	2	3	4	5	6	7
47. Compared to other stakeholders, employees received the most support from your company during the COVID-19 pandemic	1	2	3	4	5	6	7
48. Compared to other stakeholders, employees requested the most assistance from your company during the COVID-19 pandemic.	1	2	3	4	5	6	7
When thinking about the salience (prominence) of the CUSTOMERS of your company….							
49. Customers have the power to disrupt the operations of your company if they are neglected	1	2	3	4	5	6	7
50. Customers have the ability to direct rewards to your company if relationships are well	1	2	3	4	5	6	7
51. Customers have the ability to enforce (implement) their claims on your company if they are dissatisfied	1	2	3	4	5	6	7

		1	2	3	4	5	6	7
52.	Customers affect the strategies of your company	1	2	3	4	5	6	7
53.	Compared to other stakeholders, customers take up most of the management's time and focus within your company	1	2	3	4	5	6	7
54.	Your company has a moral obligation to care about the well-being of customers	1	2	3	4	5	6	7
55.	Claims and special requests for assistance from customers are included in your budgets	1	2	3	4	5	6	7
56.	Compared to other stakeholders, customers' potential claims and special requests for assistance were prioritised by your company during the COVID-19 pandemic	1	2	3	4	5	6	7
57.	Compared to other stakeholders, customers received the most support from your company during the COVID-19 pandemic	1	2	3	4	5	6	7
58.	Compared to other stakeholders, customers requested the most assistance from your company during the COVID-19 pandemic	1	2	3	4	5	6	7
When thinking about the salience (prominence) of the SUPPLIERS of your company….								
59.	Suppliers have the power to disrupt the operations of your company if they are neglected	1	2	3	4	5	6	7
60.	Suppliers have the ability to direct rewards to your company if relationships are well	1	2	3	4	5	6	7
61.	Suppliers have the ability to enforce their claims on your company if they are dissatisfied	1	2	3	4	5	6	7
62.	Suppliers affect the strategies of your company	1	2	3	4	5	6	7
63.	Compared to other stakeholders, suppliers take up most of the management's time and focus within your company	1	2	3	4	5	6	7
64.	Your company has a moral obligation to care about the well-being of suppliers	1	2	3	4	5	6	7
65.	Claims and special requests for assistance from suppliers are included in your budgets	1	2	3	4	5	6	7
66.	Compared to other stakeholders, suppliers' potential claims and special requests for assistance were prioritised by your company during the COVID-19 pandemic	1	2	3	4	5	6	7
67.	Compared to other stakeholders, suppliers received the most support from your company during the COVID-19 pandemic	1	2	3	4	5	6	7
68.	Compared to other stakeholders, suppliers requested the most assistance from your company during the COVID-19 pandemic	1	2	3	4	5	6	7
When thinking about the salience (prominence) of SOCIETY for your company….								
69.	Society has the power to disrupt the operations of your company if they are neglected	1	2	3	4	5	6	7

	1	2	3	4	5	6	7
70. Society has the ability to direct rewards to your company if relationships are well	1	2	3	4	5	6	7
71. Society has the ability to enforce their claims on your company if they are dissatisfied	1	2	3	4	5	6	7
72. Society affects the strategies of your company	1	2	3	4	5	6	7
73. Compared to other stakeholders, society takes up most of the management's time and focuses on your company	1	2	3	4	5	6	7
74. Your company has a moral obligation to care about the well-being of society	1	2	3	4	5	6	7
75. Claims and special requests for assistance from society are included in your budgets	1	2	3	4	5	6	7
76. Compared to other stakeholders, society's potential claims and special requests for assistance were prioritised by your company during the COVID-19 pandemic	1	2	3	4	5	6	7
77. Compared to other stakeholders, the society received the most support from your company during the COVID-19 pandemic	1	2	3	4	5	6	7
78. Compared to other stakeholders, society requested the most assistance from your company during the COVID-19 pandemic	1	2	3	4	5	6	7
When thinking about the salience (prominence) of the ENVIRONMENT for your company….							
79. Environmental issues have the power to disrupt the operations of your company if they are neglected	1	2	3	4	5	6	7
80. Environmental issues have the ability to direct rewards to your company if handled well	1	2	3	4	5	6	7
81. Environmental issues have the ability to enforce claims on your company if neglected	1	2	3	4	5	6	7
82. Environmental issues affect the strategies of your company	1	2	3	4	5	6	7
83. Environmental issues take up most of the management's time and focus within your company	1	2	3	4	5	6	7
84. Your company has a moral obligation to care about the well-being of the environment	1	2	3	4	5	6	7
85. Claims and special requests concerning the well-being of the environment are included in your budgets	1	2	3	4	5	6	7
86. Compared to other stakeholders, claims and special requests concerning environmental issues were prioritised by your company during the COVID-19 pandemic	1	2	3	4	5	6	7
87. Compared to other stakeholders, environmental claims received the most support from your company during the COVID-19 pandemic	1	2	3	4	5	6	7
88. Compared to other stakeholders, environmental issues required the most assistance from your company during the COVID-19 pandemic	1	2	3	4	5	6	7

Longevity of stakeholder relationship: When completing the following questions, the following scale applies:	Strongly disagree	Disagree	Somewhat disagree	Hesitant	Somewhat agree	Agree	Strongly agree
	1	2	3	4	5	6	7
89. There is a small staff turnover in your company	1	2	3	4	5	6	7
90. Your company does not provide short-term contracts to employees.	1	2	3	4	5	6	7
91. The majority of your customers are long-term customers	1	2	3	4	5	6	7
92. The majority of your suppliers are long-term suppliers	1	2	3	4	5	6	7
93. You have better trading terms with long-term suppliers	1	2	3	4	5	6	7

SECTION E

Concerning LONG-TERM STAKEHOLDERS in your company

Please indicate the extent to which you AGREE/ DISAGREE with every statement by selecting the relevant number, ranging from 1 = Strongly disagree to 7 = Strongly Agree. Answers to the questions should be marked according to the subsequent stakeholder specified.

When completing the following questions, the following scale applies:	Strongly disagree	Disagree	Somewhat disagree	Hesitant	Somewhat agree	Agree	Strongly agree
	1	2	3	4	5	6	7
94. This stakeholder has a long-term relationship with your company							
- Employees	1	2	3	4	5	6	7
- Customers	1	2	3	4	5	6	7
- Suppliers	1	2	3	4	5	6	7
- Society	1	2	3	4	5	6	7
- Environment	1	2	3	4	5	6	7

Thank you for your contribution to my research project!

It is highly appreciated.

Appendix 3: Code book

Table 15: Re-categorised data

ID	Raw data	New label
14	"Late 60s"	68
75	"25 years"	25
78	"39 years"	39
81	"29 years"	29

Source: Author

Table 16: Screening questions coded to numeric data

Screening questions	Code
Yes	1
No	0

Source: Author

Table 17: Likert scales coded to numeric data

Likert scales	Code
Strongly disagree	1
Disagree	2
Somewhat disagree	3
Hesitant	4
Somewhat agree	5
Agree	6
Strongly agree	7

Source: Author

Appendix 4: Likert scale data

Table 18: CSR per stakeholder group

Stakeholder	Question	N	Mean	SD
Customers	B18	161	5.76	1.16
Customers	B14	161	5.73	0.96
Customers	B17	161	5.61	1.06
Customers	B15	161	5.58	1.20
Suppliers	B20	161	5.55	1.24
Customers	B19	161	5.43	1.28
Customers	B13	161	5.40	1.02
Suppliers	B23	161	5.25	1.28
Suppliers	B21	161	5.21	1.12
Employees	B11	161	5.16	1.15
Employees	B7	161	5.12	1.10
Suppliers	B22	161	5.04	1.25
Suppliers	B24	161	5.02	1.16
Employees	B12	161	5.01	1.05
Employees	B6	161	4.99	1.46
Employees	B8	161	4.99	1.57
Customers	B16	161	4.98	1.19
Employees	B5	161	4.94	1.36
Employees	B9	161	4.90	1.62
Employees	B10	161	4.88	1.58
Environment	B31	161	3.20	1.22
Society	B27	161	2.97	1.22
Environment	B32	161	2.89	1.17
Society	B26	161	2.74	1.07
Society	B25	161	2.59	1.04
Environment	B29	161	2.48	1.17
Environment	B28	161	2.40	1.06
Environment	B30	161	2.25	0.94

Figure 10: CSR per stakeholder group

Average response of CSR activities per stakeholder
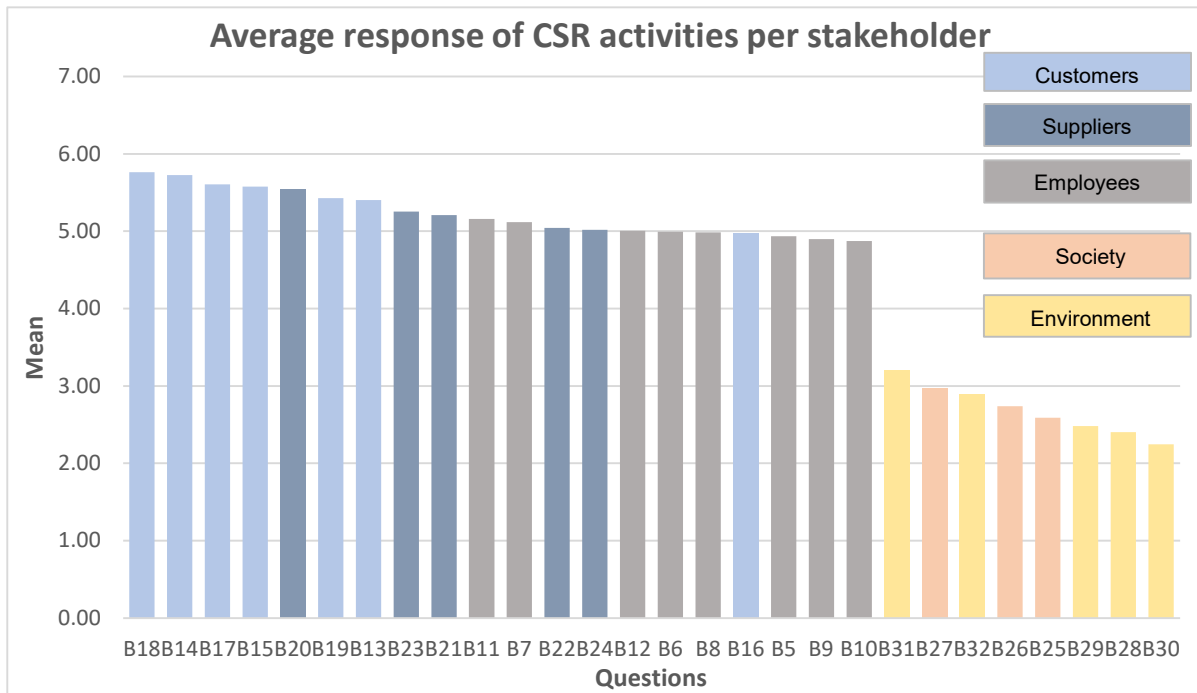
Source: Author

Table 19: Financial performance

Question	Mean	SD
C38	3.18	1.36
C33	3.07	1.22
C34	3.04	1.19
C37	3.01	1.30
C35	2.77	1.11
C36	2.60	1.19

Figure 11: **Financial performance**
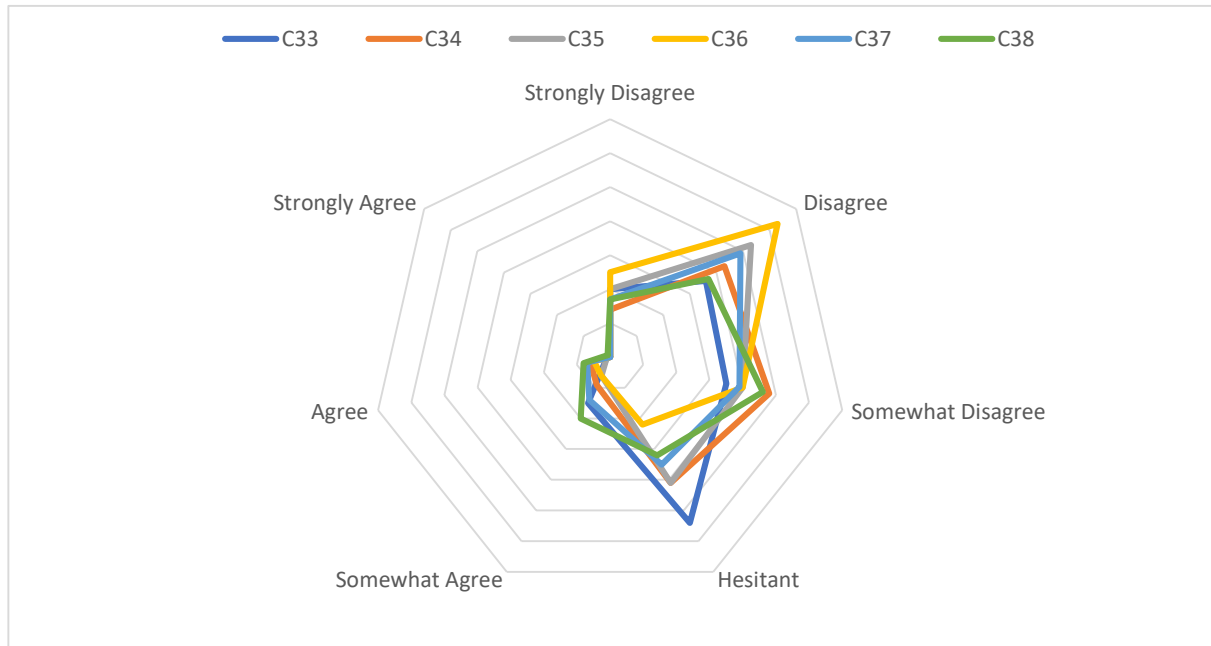
Source: Author

Table 20: Salience per stakeholder group

Stakeholder	Question	Mean	Std. Deviation
Customers	D49	5.89	0.81
Customers	D50	5.79	0.92
Customers	D52	5.76	0.97
Suppliers	D64	5.75	1.10
Customers	D54	5.71	0.85
Customers	D56	5.68	1.14
Employees	D44	5.66	1.07
Customers	D51	5.63	1.18
Customers	D57	5.56	1.17
Suppliers	D59	5.51	1.15
Customers	D58	5.48	1.23
Environment	D84	5.37	1.10
Society	D74	5.34	1.10
Suppliers	D62	5.32	1.18
Customers	D55	5.29	1.25
Suppliers	D61	5.28	1.27

Suppliers	D65	5.27	1.34
Suppliers	D68	5.24	1.41
Suppliers	D60	5.19	1.26
Employees	D41	5.06	1.30
Suppliers	D66	5.04	1.53
Customers	D53	5.00	1.33
Employees	D48	4.91	1.07
Employees	D39	4.90	0.92
Suppliers	D67	4.83	1.60
Employees	D40	4.82	0.88
Suppliers	D63	4.48	1.55
Employees	D43	4.45	0.92
Employees	D47	4.44	1.23
Employees	D42	4.41	0.89
Employees	D46	4.37	1.34
Employees	D45	4.33	1.23
Society	D72	3.39	1.60
Society	D71	3.29	1.19
Society	D75	3.02	1.32
Environment	D88	3.01	1.27
Society	D78	2.94	1.25
Society	D76	2.89	1.53
Society	D77	2.81	1.48
Environment	D86	2.81	1.31
Society	D70	2.76	1.33
Environment	D80	2.65	1.14
Society	D69	2.63	1.13
Environment	D87	2.61	1.01
Environment	D85	2.58	1.18
Society	D73	2.58	1.25
Environment	D83	2.50	1.19
Environment	D82	2.30	1.15
Environment	D79	2.14	0.97
Environment	D81	2.12	1.03

Source: Author

Figure 12: Average response of salience per stakeholders
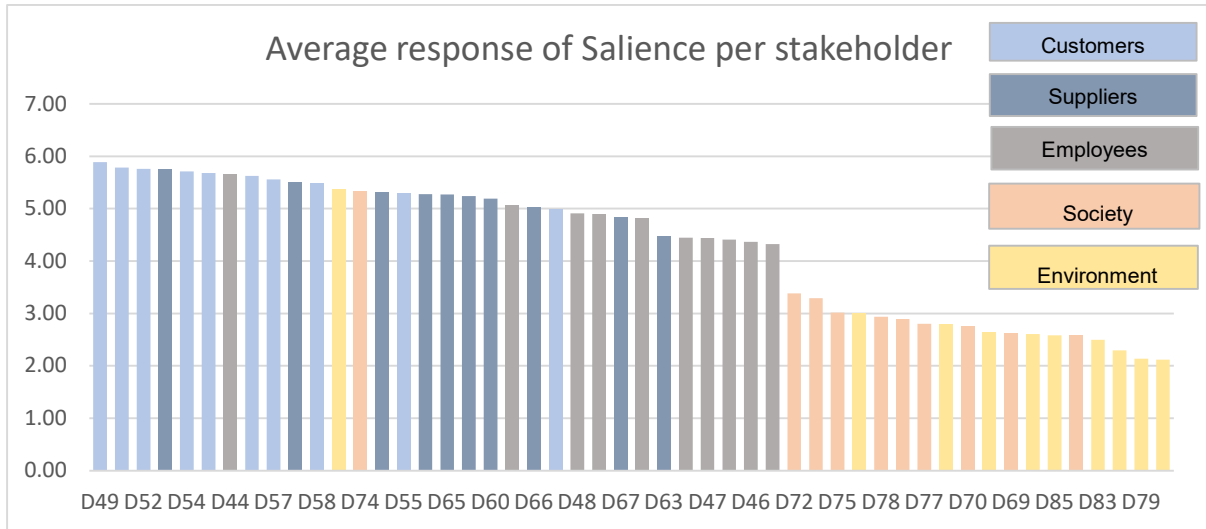
Source: Author

Table 21: Longevity of the relationship

Question	Mean	Std. Deviation
D89	4.96	1.36
D90	4.83	1.51
D91	4.60	1.47
D92	4.67	1.29
D93	4.90	1.37

Source: Author

Table 22: Long-term stakeholders

Stakeholder	Question	Mean	Std. Deviation
Customers	E94.2	5.61	1.14
Suppliers	E94.3	5.48	1.28
Employees	E94.1	5.23	1.38
Society	E94.4	3.98	1.53
Environment	E94.5	3.50	1.57

Source: Author

Figure 13: Average response indicating Long-term stakeholders

Average response indicating Long-term stakeholders

Legend: Employees, Customers, Suppliers, Society, Environment
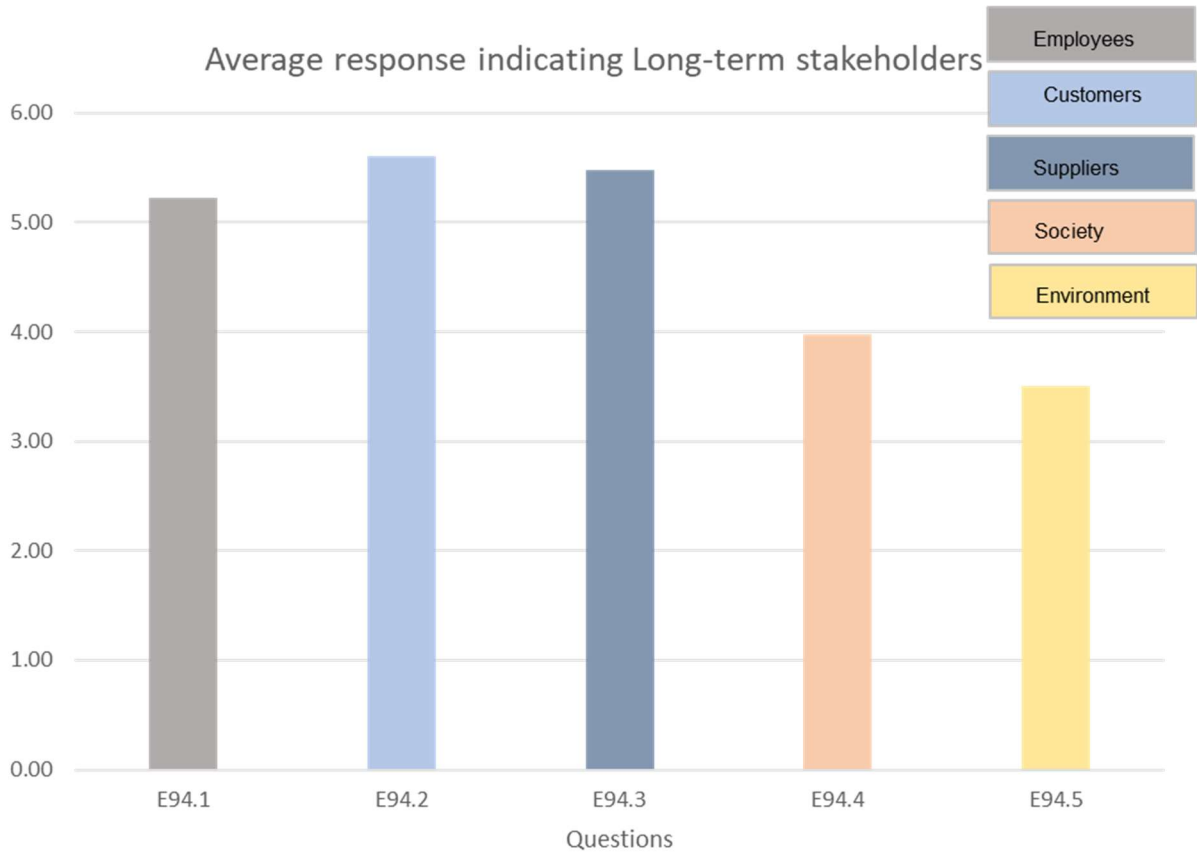
Source: Author

Appendix 5: Exploratory factor analysis for CSR activities per stakeholder

Table 23: Omitted items for CSR activities per stakeholder:

Omitted B31 (MSA = 0.374)
Omitted B16 (MSA = 0.424)
Omitted B26 (MSA = 0.498)
Omitted B29 (MSA = 0.535)
Omitted B32 (MSA = 0.533)
Omitted B28 (MSA = 0.397)
Omitted B24 (MSA = 0.558)
Omitted B25 (MSA = 0.572)
Omitted B30 (MSA = 0.542)

Source: Author

Table 24: Correlation Matrix

Correlation Matrix

	B5	B6	B7	B8	B9	B10	B11	B13	B14	B15	B17	B18	B19	B20	B21	B22	B23
B5	1.000	0.801	0.433	0.655	0.660	0.640	0.102	-0.009	0.153	0.208	0.138	0.117	0.080	0.124	0.172	0.199	0.131
B6	0.801	1.000	0.427	0.792	0.793	0.750	0.071	-0.128	0.123	0.204	0.095	0.047	-0.029	0.126	0.070	0.147	0.171
B7	0.433	0.427	1.000	0.325	0.338	0.338	0.411	0.157	0.218	0.310	0.188	0.314	0.242	0.204	0.278	0.245	0.293
B8	0.655	0.792	0.325	1.000	0.762	0.859	0.101	-0.110	0.141	0.132	0.120	0.046	0.018	0.141	0.087	0.102	0.135
B9	0.660	0.793	0.338	0.762	1.000	0.738	0.078	-0.153	0.169	0.198	0.093	0.011	-0.018	0.089	0.056	0.042	0.207
B10	0.640	0.750	0.338	0.859	0.738	1.000	0.103	-0.058	0.112	0.090	0.097	0.045	0.051	0.092	0.103	0.091	0.115
B11	0.102	0.071	0.411	0.101	0.078	0.103	1.000	0.082	0.313	0.389	0.209	0.228	0.138	0.213	0.200	0.215	0.221
B12	0.057	-0.020	0.279	0.045	-0.011	0.064	0.338	0.329	0.186	0.214	0.208	0.251	0.262	0.112	0.200	0.228	0.031
B13	-0.009	-0.128	0.157	-0.110	-0.153	-0.058	0.082	1.000	0.131	0.114	0.169	0.181	0.416	0.057	0.286	0.241	0.098
B14	0.153	0.123	0.218	0.141	0.169	0.112	0.313	0.131	1.000	0.574	0.186	0.087	0.221	0.156	0.111	0.103	0.041
B15	0.208	0.204	0.310	0.132	0.198	0.090	0.389	0.114	0.574	1.000	0.162	0.186	0.154	0.143	0.062	0.029	0.122
B17	0.138	0.095	0.188	0.120	0.093	0.097	0.209	0.169	0.186	0.162	1.000	0.584	0.429	0.795	0.289	0.279	0.512
B18	0.117	0.047	0.314	0.046	0.011	0.045	0.228	0.181	0.087	0.186	0.584	1.000	0.478	0.488	0.460	0.380	0.363
B19	0.080	-0.029	0.242	0.018	-0.018	0.051	0.138	0.416	0.221	0.154	0.429	0.478	1.000	0.335	0.371	0.315	0.222
B20	0.124	0.126	0.204	0.141	0.089	0.092	0.213	0.057	0.156	0.143	0.795	0.488	0.335	1.000	0.249	0.182	0.648
B21	0.172	0.070	0.278	0.087	0.056	0.103	0.200	0.286	0.111	0.062	0.289	0.460	0.371	0.249	1.000	0.689	0.319
B22	0.199	0.147	0.245	0.102	0.042	0.091	0.215	0.241	0.103	0.029	0.279	0.380	0.315	0.182	0.689	1.000	0.262
B23	0.131	0.171	0.293	0.135	0.207	0.115	0.221	0.098	0.041	0.122	0.512	0.363	0.222	0.648	0.319	0.262	1.000
B27	0.003	-0.084	0.082	-0.101	-0.200	-0.076	0.123	0.291	0.104	0.050	0.168	0.214	0.268	0.094	0.174	0.205	0.005

Table 25: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.798
Bartlett's Test of Sphericity	Approx. Chi-Square	1593.242
	df	171
	Sig.	<0.01

Table 26: Communalities

	Initial	Extraction
B5	0.674	0.637
B6	0.829	0.856
B7	0.445	0.403
B8	0.801	0.803
B9	0.734	0.757
B10	0.772	0.769
B11	0.351	0.357
B12	0.278	0.274
B13	0.324	0.377
B14	0.407	0.398
B15	0.454	0.648
B17	0.713	0.755
B18	0.514	0.489
B19	0.412	0.496
B20	0.741	0.901
B21	0.564	0.694
B22	0.548	0.627
B23	0.534	0.493
B27	0.189	0.205

Extraction Method: Principal Axis Factoring.

Table 27: Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% Var	Cum %	Total	% Var	Cum %	Total	% Var	Cum %
1	**5.058**	26.622	26.622	4.719	24.837	24.837	3.905	20.551	20.551
2	**3.568**	18.778	45.400	3.220	16.948	41.785	2.443	12.856	33.406
3	**1.768**	9.305	54.705	1.329	6.992	48.778	1.619	8.520	41.927
4	**1.518**	7.987	62.693	1.133	5.963	54.740	1.554	8.177	50.104
5	**1.041**	5.480	**68.173**	0.538	2.833	57.573	1.419	7.469	**57.573**
6	0.893	4.701	72.874						
7	0.796	4.191	77.064						
8	0.711	3.740	80.805						
9	0.658	3.462	84.267						
10	0.536	2.822	87.089						
11	0.445	2.344	89.433						
12	0.408	2.147	91.580						
13	0.378	1.990	93.570						
14	0.295	1.555	95.124						
15	0.283	1.487	96.611						
16	0.235	1.235	97.846						
17	0.165	0.869	98.715						
18	0.127	0.667	99.382						
19	0.117	0.618	100						

Extraction Method: Principal Axis Factoring.

Appendix 6: Exploratory factor analysis for Financial performance

Table 28: Correlation Matrix

C33	C34	C36	C37	C38
1.000	0.627	0.422	0.460	0.457
0.627	1.000	0.438	0.473	0.369
0.422	0.438	1.000	0.584	0.571
0.460	0.473	0.584	1.000	0.603
0.457	0.369	0.571	0.603	1.000

Table 29: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.796
Bartlett's Test of Sphericity	Approx. Chi-Square	300.723
	df	10
	Sig.	< 0.01

Table 30: Communalities

	Initial	Extraction
C33	0.457	0.465
C34	0.449	0.434
C36	0.441	0.515
C37	0.488	0.588
C38	0.460	0.508

Extraction Method: Principal Axis Factoring.

Table 31: Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Factor	Total	% of Var	Cumulative %	Total	% Var	Cum %
1	3.003	60.067	60.067	2.509	50.188	50.188
2	0.801	16.016	76.083			
3	0.458	9.169	85.252			
4	0.408	8.163	93.415			
5	0.329	6.585	100.000			

Extraction Method: Principal Axis Factoring.

Table 32: Factor Matrixa

Items	Factor 1
C37	0.767
C36	0.717
C38	0.713
C33	0.682
C34	0.659

Extraction Method: Principal Axis Factoringa; 1 factor; 6 iterations

Appendix 7: Exploratory factor analysis for Salience per stakeholder group

Table 33: Omitted items for the salience per stakeholder group

Employees	Customers	Suppliers	Society	Environment
D46 (MSA = 0.463)	D54 (Communality = 0.057)	D67 (MSA = 0.589)	D74 (MSA = 0.388)	D81 (Communality >1)
D39 (Communality >1)		D64 (Communality = 0.044)	D76 (MSA = 0.444)	D84 (Communality = 0.061)
D44 (Communality = 0.138)			D72 (Communality = 0.067)	
D41 (Communality = 0.158)				

Source: Author

Tables 34 – 38 : Correlation matrices

Table 34: Correlation Matrix: Employees

	D40	D42	D43	D45	D47	D48
D40	1.000	0.698	0.152	0.231	0.701	0.325
D42	0.698	1.000	0.214	0.193	0.637	0.225
D43	0.152	0.214	1.000	0.578	0.143	0.710
D45	0.231	0.193	0.578	1.000	0.162	0.637
D47	0.701	0.637	0.143	0.162	1.000	0.227
D48	0.325	0.225	0.710	0.637	0.227	1.000

Table 35: Correlation Matrix: Customers

	D49	D50	D51	D52	D53	D55	D56	D58
D49	1.000	0.558	0.480	0.540	0.346	0.283	0.372	0.172
D50	0.558	1.000	0.486	0.394	0.573	0.232	0.309	0.308
D51	0.480	0.486	1.000	0.311	0.312	0.078	0.682	0.288
D52	0.540	0.394	0.311	1.000	0.283	0.526	0.268	0.208
D53	0.346	0.573	0.312	0.283	1.000	0.146	0.189	0.213
D55	0.283	0.232	0.078	0.526	0.146	1.000	0.091	0.030
D56	0.372	0.309	0.682	0.268	0.189	0.091	1.000	0.396
D57	0.209	0.304	0.280	0.311	0.299	0.270	0.416	0.576
D58	0.172	0.308	0.288	0.208	0.213	0.030	0.396	1.000

Table 36: Correlation Matrix: Suppliers

	D59	D60	D61	D62	D63	D65	D66
D59	1.000	0.749	0.383	0.684	0.682	0.696	0.534
D60	0.749	1.000	0.510	0.647	0.799	0.623	0.652
D61	0.383	0.510	1.000	0.353	0.444	0.341	0.605
D62	0.684	0.647	0.353	1.000	0.565	0.704	0.433
D63	0.682	0.799	0.444	0.565	1.000	0.503	0.587
D65	0.696	0.623	0.341	0.704	0.503	1.000	0.449
D66	0.534	0.652	0.605	0.433	0.587	0.449	1.000
D68	0.425	0.491	0.332	0.381	0.468	0.273	0.508

Table 37: Correlation Matrix: Society

	D69	D70	D71	D73	D75	D77	D78
D69	1.000	0.795	0.404	0.432	0.506	0.426	0.300
D70	0.795	1.000	0.533	0.588	0.412	0.426	0.425
D71	0.404	0.533	1.000	0.368	0.445	0.367	0.450
D73	0.432	0.588	0.368	1.000	0.231	0.221	0.193
D75	0.506	0.412	0.445	0.231	1.000	0.362	0.351
D77	0.426	0.426	0.367	0.221	0.362	1.000	0.468
D78	0.300	0.425	0.450	0.193	0.351	0.468	1.000

Table 38: Correlation Matrix: Environment

	D79	D80	D82	D83	D85	D86	D87
D79	1.000	0.379	0.601	0.512	0.375	0.163	0.283
D80	0.379	1.000	0.420	0.337	0.260	-0.066	-0.043
D82	0.601	0.420	1.000	0.469	0.334	0.001	0.058
D83	0.512	0.337	0.469	1.000	0.244	0.213	0.182
D85	0.375	0.260	0.334	0.244	1.000	0.141	0.176
D86	0.163	-0.066	0.001	0.213	0.141	1.000	0.587
D87	0.283	-0.043	0.058	0.182	0.176	0.587	1.000
D88	0.211	-0.087	0.049	0.193	0.090	0.536	0.323

Table 39: KMO and Bartlett's test outcomes

	KMO	Sig.
Employees	0.720	0.000
Customers	0.747	0.000
Suppliers	0.887	0.000
Society	0.764	0.000
Environment	0.729	0.000

Source: Author

Tables 40 – 44: Communalities

Table 40: Communalities: Employees

	Initial	Extraction
D40	0.635	0.779
D42	0.550	0.626
D43	0.559	0.651
D45	0.440	0.518
D47	0.535	0.641
D48	0.619	0.782

Extraction Method: Principal Axis Factoring.

Table 41: Communalities: Customers

	Initial	Extraction
D49	0.480	0.581
D50	0.532	0.504
D51	0.571	0.765
D52	0.466	0.599
D53	0.354	0.257
D55	0.333	0.390
D56	0.544	0.532
D57	0.452	0.901
D58	0.400	0.419

Extraction Method: Principal Axis Factoring.

Table 42: Communalities: Suppliers

	Initial	Extraction
D59	0.682	0.700
D60	0.765	0.827
D61	0.392	0.312
D62	0.597	0.552
D63	0.668	0.654
D65	0.602	0.505
D66	0.569	0.519
D68	0.331	0.295

Extraction Method: Principal Axis Factoring.

Table 43: Communalities: Society

	Initial	Extraction
D69	0.692	0.657
D70	0.755	0.943
D71	0.402	0.438
D73	0.361	0.342
D75	0.358	0.350
D77	0.321	0.400
D78	0.354	0.517

Extraction Method: Principal Axis Factoring.

Table 44: Communalities: Environment

	Initial	Extraction
D79	0.510	0.652
D80	0.260	0.327
D82	0.450	0.599
D83	0.345	0.407
D85	0.184	0.209
D86	0.494	0.830
D87	0.395	0.410
D88	0.319	0.333

Extraction Method: Principal Axis Factoring.

Tables 45 – 49 : Total Variance Explained

Table 45: Total Variance Explained: Employees

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	**2.951**	49.185	49.185	2.629	43.817	43.817	2.047	34.118	34.118
2	**1.699**	28.319	**77.505**	1.367	22.790	66.607	1.949	32.489	**66.607**
3	0.442	7.372	84.877						
4	0.378	6.303	91.179						
5	0.324	5.396	96.575						
6	0.205	3.425	100.000						

Extraction Method: Principal Axis Factoring.

Table 46: Total Variance Explained: Customers

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	**3.676**	40.844	40.844	3.258	36.199	36.199	1.930	21.449	21.449
2	**1.357**	15.079	55.923	0.910	10.108	46.308	1.603	17.810	39.259
3	**1.106**	12.287	**68.210**	0.781	8.676	54.984	1.415	15.724	**54.984**
4	0.947	10.523	78.733						
5	0.559	6.211	84.944						
6	0.414	4.605	89.549						
7	0.379	4.208	93.757						
8	0.307	3.415	97.172						
9	0.255	2.828	100.000						

Extraction Method: Principal Axis Factoring.

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Table 47: Total Variance Explained: Suppliers

Factor	Initial Eigenvalues Total	Initial Eigenvalues % of Variance	Initial Eigenvalues Cumulative %	Extraction Sums of Squared Loadings Total	Extraction Sums of Squared Loadings % of Variance	Extraction Sums of Squared Loadings Cumulative %
1	**4.771**	59.635	**59.635**	4.364	54.547	54.547
2	0.982	12.281	71.916			
3	0.692	8.649	80.564			
4	0.498	6.231	86.795			
5	0.360	4.501	91.296			
6	0.281	3.509	94.805			
7	0.239	2.985	97.791			
8	0.177	2.209	100.000			

Extraction Method: Principal Axis Factoring.

Table 48: Total Variance Explained: Society

Factor	Initial Eigenvalues Total	Initial Eigenvalues % of Variance	Initial Eigenvalues Cumulative %	Extraction Sums of Squared Loadings Total	Extraction Sums of Squared Loadings % of Variance	Extraction Sums of Squared Loadings Cumulative %	Rotation Sums of Squared Loadings Total	Rotation Sums of Squared Loadings % of Variance	Rotation Sums of Squared Loadings Cumulative %
1	**3.535**	50.500	50.500	3.120	44.574	44.574	2.010	28.708	28.708
2	**1.003**	14.327	**64.828**	0.526	7.517	52.091	1.637	23.383	**52.091**
3	0.713	10.180	75.008						
4	0.658	9.401	84.408						
5	0.488	6.974	91.382						
6	0.454	6.481	97.863						
7	0.150	2.137	100.000						

Extraction Method: Principal Axis Factoring.

Table 49: Total Variance Explained: Environment

Factor	Initial Eigenvalues Total	Initial Eigenvalues % of Variance	Initial Eigenvalues Cumulative %	Extraction Sums of Squared Loadings Total	Extraction Sums of Squared Loadings % of Variance	Extraction Sums of Squared Loadings Cumulative %	Rotation Sums of Squared Loadings Total	Rotation Sums of Squared Loadings % of Variance	Rotation Sums of Squared Loadings Cumulative %
1	**2.826**	35.323	35.323	2.335	29.182	29.182	2.081	26.014	26.014
2	**1.872**	23.402	**58.725**	1.431	17.892	47.074	1.685	21.060	**47.074**
3	0.803	10.036	68.761						
4	0.666	8.320	77.081						
5	0.621	7.757	84.838						
6	0.524	6.547	91.386						
7	0.389	4.864	96.250						
8	0.300	3.750	100.000						

Extraction Method: Principal Axis Factoring.

Appendix 8: Exploratory factor analysis for Longevity of stakeholder relationships

Table 50: Omitted items

Omitted D89 (MSA = 0.513)
Omitted D90 (MSA = 0.561)

Source: Author

Table 51: Correlation Matrix

		D91	D92	D93
Correlation	D91	1.000	0.791	0.749
	D92	0.791	1.000	0.796
	D93	0.749	0.796	1.000

Table 52: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.755
Bartlett's Test of Sphericity	Approx. Chi-Square	331.780
	df	3
	Sig.	0.000

Table 53: Communalities

	Initial	Extraction
D91	0.665	0.745
D92	0.720	0.840
D93	0.672	0.754

Extraction Method: Principal Axis Factoring.

Table 54: Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.558	85.258	85.258	2.339	77.961	77.961
2	0.251	8.375	93.633			
3	0.191	6.367	100.000			

Extraction Method: Principal Axis Factoring.

Appendix 9: Data Reliability

Table 55: Empirical Factors	Factors	Cronbach Alpha	Inter-Item Correlations mean
CSR activities	CSR employees	0.935	0.745
	Financial support to stakeholders	0.835	0.565
	Safety measures for stakeholders	0.700	0.369
	COVID-19 related communication	0.617	0.293
	CSR suppliers	0.813	0.689
Financial performance			
	Empirical financial performance	0.833	0.500
Salience of stakeholders			
Employees	The salience of strategic employees	0.849	0.679
	The salience of concerned employees	0.833	0.641
Customers	The salience of concerned customers	0.734	0.425
	The salience of strategic customers	0.691	0.450
	The salience of COVID-19 affected customers	0.730	0.576
Suppliers	Salience of suppliers	0.879	0.529
Society	The salience of strategic society	0.821	0.605
	The salience of concerned society	0.729	0.407
Environment	The salience of a strategic environment	0.758	0.393
	The salience of COVID-19 affected the environment	0.734	0.482
Longevity of stakeholder relationship			
	Longevity of stakeholder's relationship	0.921	0.779

Source: Author

Table 56: Theoretical Factors

	Factors	Cronbach Alpha	Inter-Item Correlations mean	Omitted
CSR activities	CSR activities - Employees	0.913	0.621	B11, B12
	CSR activities - Customers	0.693	0.271	B16
	CSR activities - Suppliers	0.718	0.310	B24
	CSR activities - Society	0.643	0.479	B26
	CSR activities - Environment	0.947	0.904	B29, B30, B31
	CSR activities - stakeholder groups	0.822	0.475	B11, B12, B16, B24, B26, B29, B30 and B31
Financial performance				
	Financial performance	0.819	0.426	
Salience of stakeholders				
	Salience - Employees	0.780	0.280	
	Salience - Customers	0.790	0.282	
	Salience - Suppliers	0.897	0.529	D64, D67
	Salience - Society	0.829	0.414	D72, D74, D76
	Salience - Environment	0.695	0.200	
Longevity of stakeholder relationship	Longevity of relationship	0.771	0.405	

Source: Author

Appendix 10: Overall scores

Table 57: Overall scores **(N = 161; Missing: n = 0)**

Item	Mean	Median	SD	Min	Max
CSR_Empl Corporate Social Responsibility (CSR) activities toward employees	4.96	5.16	1.21	2.00	6.83
CSR_Cust Corporate Social Responsibility (CSR) activities toward customers	5.58	5.66	0.70	3.83	6.83
CSR_Supp Corporate Social Responsibility (CSR) activities toward suppliers	5.26	5.25	0.90	2.50	7.00
CSR_Soc Corporate Social Responsibility (CSR) activities toward society	2.77	2.50	0.97	1.00	5.50
CSR_Env Corporate Social Responsibility (CSR) activities toward the environment	2.64	2.50	1.09	1.00	6.50
CSR_Total Corporate Social Responsibility (CSR) activities toward stakeholder groups	4.76	4.90	0.59	3.10	5.95
FinPerform Financial performance of your company	2.97	3.00	0.97	1.20	6.00
Sal_Empl The salience (prominence) of the employees of your company	4.77	4.88	0.67	2.33	6.11
Sal_Cust The salience (prominence) of the customers of your company	5.56	5.66	0.69	2.89	6.78
Sal_Supp The salience (prominence) of the suppliers of your company	5.16	5.37	1.02	2.38	7.00
Sal_Soc The salience (prominence) of society for your company	2.86	2.71	0.90	1.29	5.29
Sal_Env The salience (prominence) of the environment for your company	2.52	2.44	0.63	1.33	4.00
Sal_Total The salience (prominence) of the stakeholder groups for your company	4.21	4.26	0.35	3.31	4.98
Longevity of stakeholder relationship	4.79	4.80	1.01	2.40	6.60

Appendix 11: Research Questions testing

Table 58: Kolmogorov-Smirnov test for normality

	Statistic	df	Sig.
E94.1	0.15	161	0.000
E94.2	0.17	161	0.000
E94.3	0.17	161	0.000
E94.4	0.17	161	0.000
E94.5	0.19	161	0.000

Table 59: Wilks Lambda test for significance

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Stakeholder	Wilks' Lambda	0.335	77.771b	4.000	157.000	0.000	0.665

a. Design: Intercept
 Within Subjects Design: Stakeholder

Exact statistic

Appendix 12: Hypotheses testing

Table 60: Bivariate regression results concerning H1e

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.195a	0.038	0.032	0.959

a. Predictors: (Constant), CSR_Env

b. Dependent Variable: FinPerform

Table 61: Model fit assessment for relationship between CSR activities: H1e

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.763	1	5.763	6.267	.013b
	Residual	146.206	159	0.920		
	Total	151.968	160			

a. Dependent Variable: FinPerform

b. Predictors: (Constant), CSR_Env

Table 62: Model for statistics for CSR environment and financial performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Conf Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	3.438	0.198		17.33	0.000	3.046	3.830
	CSR_Env	-0.174	0.069	-0.195	-2.503	0.013	-0.310	-0.037

Figure 14: Distribution of variables for financial performance
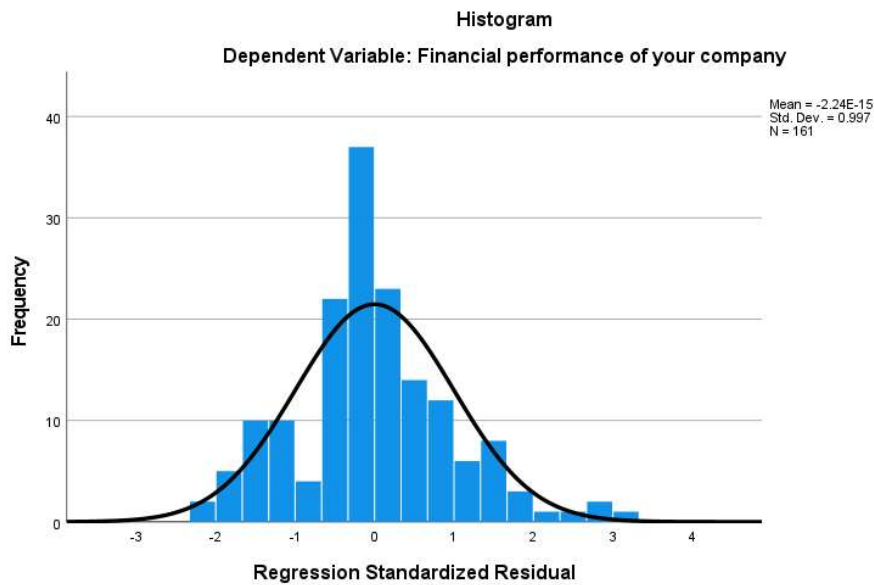
Table 63: The relationship between total CSR and financial performance: H1f

		FinPerform	CSR_Total
Pearson Correlation	FinPerform	1.000	-0.077
	CSR_Total	-0.077	1.000
Sig. (1-tailed)	FinPerform		0.166
	CSR_Total	0.166	
N	FinPerform	161	161
	CSR_Total	161	161

Table 64: Moderation effect of the salience of employees-based CSR actions on SMEs financial performance

		FinPerform	MC_CSR.Empl	MC_Sal.Empl	Int.Empl
Pearson Correlation	FinPerform	1.000	-0.057	0.040	-0.010
	MC_CSR.Empl	-0.057	1.000	0.059	-0.049
	MC_Sal.Empl	0.040	0.059	1.000	-0.300
	Int.Empl	-0.010	-0.049	-0.300	1.000
Sig. (1-tailed)	FinPerform		0.236	0.307	0.448
	MC_CSR.Empl	0.236		0.228	0.270
	MC_Sal.Empl	0.307	0.228		0.000
	Int.Empl	0.448	0.270	0.000	

Table 65: Model summary of interaction effect: salience of employees-based CSR actions on SMEs' financial performance

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
					R Square Change	F Change	df1	df2	Sig. F Change
1	.072a	0.005	-0.007	0.978	0.005	0.408	2	158	0.666
2	.072b	0.005	-0.014	0.981	0.000	0.000	1	157	0.998

a. Predictors: (Constant), MC_Sal.Empl, MC_CSR.Empl

b. Predictors: (Constant), MC_Sal.Empl, MC_CSR.Empl, Int.Empl

c. Dependent Variable: FinPerform

Table 66: Moderation effect of the salience of customer-based CSR actions on SMEs financial performance

		FinPerform	MC_CSR.Cust	MC_Sal.Cust	Int.Cust
Pearson Correlation	FinPerform	1.000	-0.029	0.007	-0.010
	MC_CSR.Cust	-0.029	1.000	0.094	-0.097
	MC_Sal.Cust	0.007	0.094	1.000	-0.045
	Int.Cust	-0.010	-0.097	-0.045	1.000
Sig. (1-tailed)	FinPerform		0.358	0.466	0.450
	MC_CSR.Cust	0.358		0.117	0.112
	MC_Sal.Cust	0.466	0.117		0.284
	Int.Cust	0.450	0.112	0.284	

Table 67: Model summary of interaction effect: salience of customer-based CSR actions on SMEs' financial performance

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
					R Square Change	F Change	df1	df2	Sig. F Change
1	.030a	0.001	-0.012	0.980	0.001	0.073	2	158	0.930
2	.033b	0.001	-0.018	0.983	0.000	0.025	1	157	0.875

Table 68: Moderation effect of the salience of supplier-based CSR actions on SMEs financial performance

		FinPerform	MC_CSR.Supp	MC_Sal.Supp	Int.Supp
Pearson Correlation	FinPerform	1.000	0.020	-0.011	0.086
	MC_CSR.Supp	0.020	1.000	-0.066	-0.013
	MC_Sal.Supp	-0.011	-0.066	1.000	0.112
	Int.Supp	0.086	-0.013	0.112	1.000
Sig. (1-tailed)	FinPerform		0.401	0.444	0.139
	MC_CSR.Supp	0.401		0.201	0.435
	MC_Sal.Supp	0.444	0.201		0.079
	Int.Supp	0.139	0.435	0.079	

Table 69: Model summary of interaction effect: salience of supplier-based CSR actions on SMEs' financial performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.022 a	0.000	-0.012	0.980	0.000	0.039	2	158	0.962
2	.091 b	0.008	-0.011	0.980	0.008	1.224	1	157	0.270

a. Predictors: (Constant), MC_Sal.Supp, MC_CSR.Supp

b. Predictors: (Constant), MC_Sal.Supp, MC_CSR.Supp, Int.Supp

c. Dependent Variable: FinPerform

Table 70: Moderation effect of the salience of society-based CSR actions on SMEs' financial performance

		FinPerform	MC_CSR.Soc	MC_Sal.Soc	Int.Soc
Pearson Correlation	FinPerform	1.000	-0.014	0.039	-0.084
	MC_CSR.Soc	-0.014	1.000	-0.050	0.041
	MC_Sal.Soc	0.039	-0.050	1.000	-0.080
	Int.Soc	-0.084	0.041	-0.080	1.000
Sig. (1-tailed)	FinPerform		0.429	0.313	0.144
	MC_CSR.Soc	0.429		0.265	0.301
	MC_Sal.Soc	0.313	0.265		0.158
	Int.Soc	0.144	0.301	0.158	

Table 71: Model summary of interaction effect: salience of society-based CSR actions on SMEs' financial performance

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
					R Square Change	F Change	df1	df2	Sig. F Change
1	.040a	0.002	-0.011	0.980	0.002	0.130	2	158	0.878
2	.091b	0.008	-0.011	0.980	0.007	1.041	1	157	0.309

a. Predictors: (Constant), MC_Sal.Soc, MC_CSR.Soc

b. Predictors: (Constant), MC_Sal.Soc, MC_CSR.Soc, Int.Soc

c. Dependent Variable: FinPerform

Table 72: Moderation effect of the salience of environment-based CSR actions on SMEs' financial performance

		FinPerform	MC_CSR.Env	MC_Sal.Env	Int.Env
Pearson Correlation	FinPerform	1.000	-0.195	-0.118	-0.022
	MC_CSR.Env	-0.195	1.000	0.033	0.057
	MC_Sal.Env	-0.118	0.033	1.000	-0.009
	Int.Env	-0.022	0.057	-0.009	1.000
Sig. (1-tailed)	FinPerform		0.007	0.069	0.393
	MC_CSR.Env	0.007		0.339	0.236
	MC_Sal.Env	0.069	0.339		0.455
	Int.Env	0.393	0.236	0.455	

Table 73: Model summary of interaction effect: salience of environment-based CSR actions on SMEs' financial performance

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
					R Square Change	F Change	df1	df2	Sig. F Change
1	.224a	0.050	0.038	0.956	0.050	4.183	2	158	0.017
2	.225b	0.050	0.032	0.959	0.000	0.023	1	157	0.881

a. Predictors: (Constant), MC_Sal.Env, MC_CSR.Env

b. Predictors: (Constant), MC_Sal.Env, MC_CSR.Env, Int.Env

c. Dependent Variable: FinPerform

Table 74: ANOVA tests for the interaction between environment and financial performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.642	2	3.821	4.183	.017b
	Residual	144.326	158	0.913		
	Total	151.968	160			
2	Regression	7.663	3	2.554	2.779	.043c
	Residual	144.305	157	0.919		
	Total	151.968	160			

a. Dependent Variable: FinPerform

b. Predictors: (Constant), MC_Sal.Env, MC_CSR.Env

c. Predictors: (Constant), MC_Sal.Env, MC_CSR.Env, Int.Env

Table 75: Model summary of interaction effect: salience of environment-based CSR actions on SMEs' financial performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	2.979	0.075		39.548	0.000	2.830	3.128					
	MC_CSR.Env	-0.170	0.069	-0.191	-2.463	0.015	-0.307	-0.034	-0.195	-0.192	-0.191	0.999	1.001
	MC_Sal.Env	-0.171	0.119	-0.111	-1.434	0.153	-0.405	0.064	-0.118	-0.113	-0.111	0.999	1.001
2	(Constant)	2.979	0.076		39.409	0.000	2.830	3.129					
	MC_CSR.Env	-0.170	0.069	-0.190	-2.443	0.016	-0.307	-0.032	-0.195	-0.191	-0.190	0.996	1.004
	MC_Sal.Env	-0.171	0.119	-0.111	-1.432	0.154	-0.406	0.065	-0.118	-0.114	-0.111	0.999	1.001
	Int.Env	-0.016	0.108	-0.012	-0.150	0.881	-0.230	0.198	-0.022	-0.012	-0.012	0.997	1.003

a. Dependent Variable: FinPerform

Table 76: Moderation effect of longevity of stakeholders concerning CSR actions on SMEs' financial performance

		FinPerform	MC_CSR.Total	MC_Longevity	Int.Total
Pearson Correlation	FinPerform	1.000	-0.077	-0.047	0.035
	MC_CSR.Total	-0.077	1.000	0.085	0.014
	MC_Longevity	-0.047	0.085	1.000	-0.080
	Int.Total	0.035	0.014	-0.080	1.000
Sig. (1-tailed)	FinPerform		0.166	0.277	0.329
	MC_CSR.Total	0.166		0.142	0.430
	MC_Longevity	0.277	0.142		0.156
	Int.Total	0.329	0.430	0.156	

Table 77: Model summary of interaction effect between CSR actions and SMEs' financial performance with longevity as the moderator

Model Summaryc

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.087a	0.008	-0.005	0.977	0.008	0.601	2	158	0.550
2	.093b	0.009	-0.010	0.980	0.001	0.173	1	157	0.678

a. Predictors: (Constant), MC_Longevity, MC_CSR.Total

b. Predictors: (Constant), MC_Longevity, MC_CSR.Total, Int.Total

c. Dependent Variable: FinPerform