Investigating Organisational Performance and Corporate Social Responsibility

Tri Minh Ha[a], Hanh Tien Thi Nguyen[b], [a,b]International University, Vietnam National University – HCMC, Email: [a]hmtri@hcmiu.edu.vn, [b]tienng96@gmail.com

This article investigates the relationship between corporate social responsibility (CSR) and organisational performance (OP) based on stakeholders' perceptions in small and medium enterprises (SMEs) in Ho Chi Minh City, Vietnam. Adopting a cross-sectional design, a sample of 280 responses was collected using the cluster sampling method. The Partial Least Squares Structural Equation Modelling (PLS-SEM) approach was used to examine collected data. The results showed that eight out of eleven relationships, including customer (on non-financial performance), supplier, community and environment significantly affect OP, except for employee and customer (on financial performance). The overall model indicated a weak positive relationship between CSR and OP. This implies that socially responsible activities as regards supplier, community and environment can improve organisational performance, but not CSR pertaining to customers (on non-financial performance) and employees.

Key words: *Corporate social responsibility, organisational performance, Small and Medium Enterprise, Vietnam.*

Introduction

Development of SMEs in Vietnam is considered as a significant part of economic development that yields a noticeable growth in the last decade (Trinh & Thanh, 2017). SMEs are described as simple organisations with unconstrained control systems, fewer investigative reports and less procedural biases (Beaver, 2002). SMEs in Vietnam are characterised as the construction of a family-owned business that is confidentially dominated by a small group of owners (Sinha, Sachdeva & Yadav, 2018) that ownership and management are indivisible.

Particularly, the criteria to identify SMEs is applied to those having total capital under 100 billion VND (approximately 4.35 million USD).

There has been a great deal of debate in the past couple of decades regarding CSR and its application. There is indeed a fundamental change when it comes to explaining the CSR definition. The modern definition of CSR notes that the company must consider people's social concerns in society since corporation is not an economic organisation but a social one (Sarkar, 2005). Regarding social and philanthropic activities, the significance of corporate ethical behaviour has been developed (Frederick, 2006) yet thanks to modernisation, globalisation, liberalisation, ecology and stakeholder relationship, CSR has become a worldwide topic (Aras & Crowther, 2008).

Firms and organisations in developed countries have been found to regard CSR as legal obligation, while those in developing nations perceive CSR as voluntary accountability (Visser, 2008). The correlation between industry and community has therefore shifted from moralistic philanthropy to an awareness of responsible activities and obligations of enterprises in every society. Freeman (1984) viewed the CSR definition from the viewpoint of the stakeholders, who can be identified as individuals, communities or groups that can influence and be influenced by the firms' activities because of mutual requirements or expectations. When corporations successfully handle their social obligations, the corporate hazard would be minimised while their competitiveness and overall results increased (Wang, 2008). Large-scale enterprises formulate and publicly disclose CSR activities (Carroll, 1979), yet CSR in SMEs has been ignored and required considerable focus (Lapointe & Gendron, 2004). CSR approach of large-sized firms is different from small and medium-sized firms; therefore implementation of CSR should be a different strategy for SMEs (Spence & Schmidpeter, 2003).

Nevertheless, SMEs are making a significant contribution to CSR and its link with the development of economy, society and the environment. Vives (2006) studied CSR implementation in SMEs and explored three primary categories of corporate responsibilities, namely: internal, external and environmental. For some, CSR is about ethical and philosophical behaviour; others believe it is about legal obligation, and for the rest it is about profit maximisation (Friedman, 1970). Such diversified points of view led to the demand for researching the connection between CSR and OP, especially in SMEs because of a lack of resources (Burton & Goldsby, 2009; Jamali, 2008; Morsing, 2009).

Most studies of the relationship between CSR and financial performance (FP) have been found to be contextual (Raman, 2006). CSR's effect on FP appears to be positive, negative or neutral in many studies. Researchers have been found to be equivocal and perplexed in most of the studies because the relationship between CSR and FP has not been able to connect the

strategic relevance of CSR to corporations. Given the absence of a proven connection between CSR and FP, firms are discouraged from implementing CSR activities. Despite its strategic importance, there would be a demand to examine the correlation between CSR activities and FP, which suggests that there is a literature gap for conducting the study in Vietnam. This study explores the influence of CSR on OP in SME sector in Ho Chi Minh City, Vietnam.

Following this introduction, the second section presents literature review. The third section describes methodology. The fourth section presents findings. The fifth section offers discussion. The last section concludes with implication, limitations and suggestions for future research.

Literature Review

Organisational performance plays an essential role in business management as well as a key driver for the evaluation of a business's operational efficiency (Huang & Lien, 2012). This includes actual output or organisation's results compared to the expected output (targets and objectives) that guide the company to concentrate on improving areas by evaluating the quality of completed work through the cost, quality and time consumption (Škrinjar, Bosilj-Vukšić & Indihar-Štemberger, 2008). OP also indicates how well a business attains its market-related targets and finance-related ones (Li, Ragu-Nathan & Rao, 2006). Meanwhile, Tangen (2004) assessed that it would be a flaw if performance measurement examines solely financial performance. Shieh (2008, p. 3) defined OP as the concentrated reflection of achievements of each organisational function and reflects the realisation of organisational objectives. Furthermore, Venkatraman & Vasudevan (1986) divided OP into non-financial performance (NFP) and financial performance (FP).

FP is greatly crucial for the livelihood and long-term development of any business (Sinha et al., 2018). The FP determinants depend on the level of firm, industry and country (Capon, Farley & Hoeing, 1990). Generally, FP is a concept comprised of cost, productivity, short-term and long-term performance, competitiveness and market share (Christian, Kuei & Lin, 1995). In this case, FP is featured as a firm's profit, which focusses on reducing operational costs and increasing total revenue (Brammer & Millington, 2008). Regarding NFP, it approaches the many non-financial aspects of the firm, not influenced by accounting numbers and generally qualitative in nature, including employee satisfaction, workforce development, market share, product quality, innovation, customer satisfaction, productivity and the attainment of strategic objectives (Ibrahim & Lloyd, 2011). Moreover, non-financial measures are leading items of financial methods (Ittner & Larcker, 1998). High performance on the non-financial aspect positively leads to high achievement in finance aspect in the future (Banker, Potter & Srinivasan, 2000). In this study, NFP is characterised as perspectives

related to non-profit aspects such as firm image, corporate reputation, customer and employee satisfaction and future financial performance.

Regarding CSR, Bowen (1953) was known as the first person who laid the groundwork for CSR's definition, which is an obligation to consider certain determinants during the business operations process. Friedman (1970) criticised and asserted rigorously this emerging CSR concept that the primary social responsibility for many businesses is to raise profit margin only. Profit optimisation for shareholders is the main duty of business managers and social problem solving is the states' responsibility, not the corporation. However, this argument is condemned for failing to recognise the role that enterprises actually play in society. This assertive ideology publicises as an economic entity.

All contributions have noticeably generated the advanced philosophy of CSR, shifting the changes in business enterprises' mindset that substitute their profit maximisation goals to beneficial creations for the environment and the society, and is in return public support and a rise in the sustainability of their business (Jain, Vyas & Chalasani, 2016). From that point of view, CSR can be viewed as incorporating and implementing sustainable development within the management context. In this study, the stakeholder approach is applied to comprehend the CSR definition through Freeman (1984) perspective. Literature intrinsically agreed with the perspective of stakeholders and recommended that if corporates enable to manage their socially responsible activities judiciously, it may not only reduce risk but also enhance their performance and sustainability (Wang, 2008).

Theoretical Framework and Hypotheses Development

The CSR was evaluated using a stakeholder framework that involves customers, employee, supplier, community and environment.

Customer-Related CSR

Customer satisfaction is regarded as a crucial factor in business strategies, leading to increases in market share and long-term profitability (Gruca & Rego, 2005) as well as brand image and reputation. When businesses participate in socially responsible activities such as charity and philanthropy, it will develop a corporate reputation because the customers using the products/services are pleased and fulfilled, leading to increase in FP (Lichtenstein, Drumwright & Braig, 2004). Additionally, when the customers are satisfied with the products or services, their attitude toward the firm naturally improves (Srivastava & Sharma, 2013), leading to positive eyes on the brand image (Sinha et al., 2018). According to McGuire, Sundgren & Schneeweis (1988), CSR is an antecedent measure to assess customer satisfaction because the majority of customers favour those environment-friendly

products/services. Therefore, customer-related CSR helps companies to meet the customers' demand, enhances their esteem and makes them feel more valued. Therefore, this paper develops these hypotheses as follows:

H1a: Customer-related CSR favourably affects FP.
H1b: Customer-related CSR favourably affects NFP.

Employee-Related CSR

Participation of a company in CSR activities leads to the development of positive perceptions of employees about the company (Lee, Park & Lee, 2013). They may feel committed, satisfied and appreciative towards it. This indicates that the relationship of the employees with the firm is affected favourably, as the efforts of employees are directly related (Brammer, Millington & Rayton, 2007); subsequently, competitive advantages can be realised (Lee, Kim, Lee & Li, 2012). CSR supports to strengthen employees' creativity because practical ideas could be possible, leading to inspiration to generate originality. CSR related to volunteer programs may keep employees more motivated and the brand reputation and image could be enhanced in the eyes of the local community. Therefore, this paper develops these hypotheses as follows:

H2a: Employee-related CSR favourably affects FP.
H2b: Employee-related CSR favourably affects NFP.

Supplier-Related CSR

Supplier satisfaction is defined as a crucial factor relevant to corporate social responsibility, playing an essential role in ensuring the sustainability and stability of resources. As a matter of fact, when a business values products or services of suppliers fairly and respectfully, this brings a sense of pride and confidence in their products or services. As a result, CSR derives benefits for the business to gain long-term profits via bulk buying and discount rate, as well as non-profit performance, including corporate reputation and close supplier-buyer relationship. Therefore, this paper develops these hypotheses as follows:

H3a: Supplier-related CSR favourably affects FP.
H3b: Supplier-related CSR favourably affects NFP.

Community-Related CSR

Socially responsible activities related to community associates that how corporates can approach and connect with the local community, enhance partner relationships and develop

trust, causing followed stability and sustainability. When firms demonstrate their community-related CSR to the areas in which the businesses are involved, it is likely to improve the brand reputation due to which FP could be increased. For example, contributing corporate philanthropy, donating to the community, funding community projects or sponsoring an event would be considered as community-related CSP. The development of the community ought to be concerned in the firms' social disclosure, leading to an increase in the brand image and reputation in the eyes of local people as well as profits in the long run. Therefore, this paper develops these hypotheses as follows:

H4a: Community-related CSR favourably affects FP.
H4b: Community-related CSR favourably affects NFP.

Environment-Related CSR

Environment-related CSP is featured as a company's action regarding the natural environment, which means it has to consider its impact on the environment, for instance, waste reduction, prevent of pollution and efficient usage of energy. In fact, environmental issues are a virtual aspect of CSR that reflects the social legitimacy of corporates in terms of the environment (Patten, 1991). Firms are also primarily responsible for protecting the interest of the environment where they are founded. According to Armitage and Marston (2008), businesses performing CSR activities related to the environment generate a strong reputation and yield FP. Therefore, this paper develops these hypotheses as follows:

H5a: Environment-related CSR favourably affects FP.
**H5b:** Environment-related CSR favourably affects NFP.

Relationship between Financial Performance and Non-Financial Performance

When businesses have built a positive brand image and strong brand reputation, it is possible to gain customers' trust and keep buyer-seller relationships in the long run, leading to an increase in revenue and profit. Hoque & James (2000) investigated the application of non-financial aspects and confirmed a positive bond between FP and NFP as well as a certain amount of time lag in the effects of performance. Research built by Škrinjar et al., (2008) revealed identical results that corporate process orientation impacts strongly and directly on FP through NFP. Therefore, this paper develops these hypotheses as follows:

H6: NFP favourably affects FP.

Figure 1 presents a research model developed from the proposed hypotheses.

Figure 1: Research model
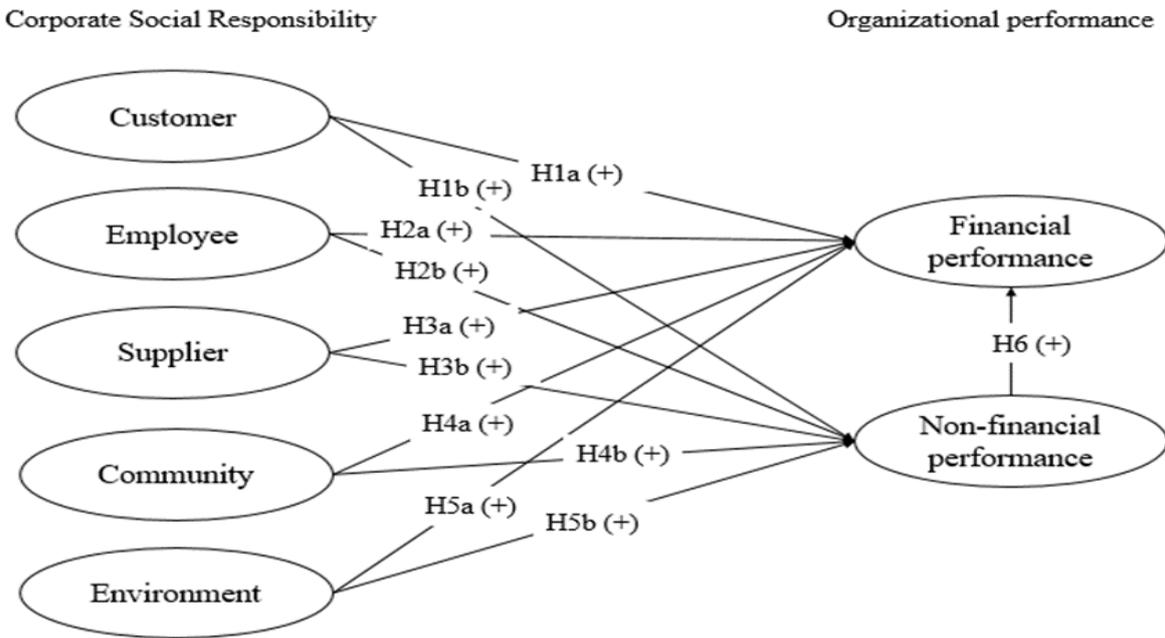
Methodology
Questionnaire Design, Sample Size and Sampling

This study adopted a cross-sectional design. A 28-item questionnaire was developed from previous validated studies (Table 1). Items were rated on a five-point Likert scale, varying from 1 (highly disagree) to 5 (highly agree). A cluster sampling method was used to select four out of a total 24 districts in Ho Chi Minh City at random and then a sample of 365 SMEs from a total of 48,667 SMEs in these four selected districts (accounting for 0.6%) was chosen using simple random sampling (Trochim & Donnelly, 2001). The sampling framework was obtained from the HCMC Statistical Office. The use of cluster sampling method helps to increase external validity (Shadish, Cook & Campell, 2002). Furthermore, the selected sample size also met the minimal PLS-SEM sample size requirement which states that at least ten times the cumulative number of direct paths (structural) at a specific construct (Hair, Ringle and Sarstedt, 2011). This means that this study only needs a minimum sample size of 60.

Table 1: Summary of measurement items

No.	Factors	Variables	Statements
1	Customer	CS1	Value and respect to the customer
		CS2	Helps to solve complaints of customers in the stipulated time period
		CS3	Accuracy and clarity of information provided to customer
		CS4	Assurance of quality in given cost to customer
2	Employee	EMP1	Support to the employee benefits
		EMP2	Determination to workplace health and safety
		EMP3	Encourage long-term career growth for staff
		EMP4	Providing job opportunity to deserved candidate
3	Supplier	SU1	Collaboration between both the ordering organisation and the provider/vendor
		SU2	Supplier management and review systems
		SU3	Paying attention and communicating with product team and service partners to solve problems
		SU4	Working with suppliers of goods and services equally in a considerate and appreciated manner
4	Community	CM1	Providing job opportunities to local community
		CM2	Supporting charity organisations or holding philanthropic activities in local community
		CM3	Involvement in a project with local community
		CM4	Sponsoring events, arts or sports clubs
5	Environment	EN1	Reduction of pollution from environment
		EN2	Recycling and waste management
		EN3	My organisation utilises as much natural daylight from its buildings as allowed by the appropriate opening levels on the exterior of the buildings
		EN4	Under appropriate circumstances, my company plans to

			implement or use projects or equipment powered by renewable energy such as solar power
6	Financial performance	FP1	The add-in value of CSR can be valuable in the long term
		FP2	Increases in the profitability of the company
		FP3	Increases in firm's operating revenue
		FP4	Comparing productivity with your competitors
7	Non-financial performance	NFP1	Customer satisfaction
		NFP2	Competitive position
		NFP3	Service/product quality
		NFP4	Comparing employee satisfaction with your competitors

Source: Sinha et al., 2018; Jain et al., 2016; Loosemore & Lim, 2016; Longo et al., 2005; Huang & Lien, 2012.

Data Collection

Prior to data collection, the questionnaire was pretested by a small, representative group of respondents (n = 15) (Trochim & Donnelly, 2001). The aim of the pretest was to assess whether any items were too difficult to answer due to sentence length, confidentiality, wording or special terminology (Colton & Covert, 2007). Feedback from the respondents during the pretest was utilised to improve the construct validity of the questionnaire (Shadish et al., 2002). This study obtained primary data using face-to-face interviews by trained interviewers who are third-year university students. This interview technique helps to reduce the likelihood of non-sampling error (Malhotra & Dash, 2016) throughout the data collection process. The timing of data collection was between December 2019 and January 2020. Respondents are directors and/or vice directors of SMEs. Initially, 365 SMEs were contacted for an interview. Eventually, 310 accepted to participate in the interview, yielding an 84.9% response rate. This high rate of response helps to reduce the likelihood of response bias response rate (Colton & Covert, 2007). After data screening, 280 questionnaires were valid for data analysis.

Findings

Table 2 describes basic demographic information of participants.

Table 2: Demographic characteristics

Demographic		Frequency	Percentage
Gender	Female	134	47.9
	Male	142	50.7
	Others	4	1.4
Age	< 25	78	27.9
	25 - 30	128	45.7
	31 - 40	42	15.0
	41 - 50	15	5.4
	> 50	17	6.1
Education	Middle school	2	0.7
	High school	26	9.3
	College	32	11.4
	University	209	74.7
	Postgraduate	11	3.9
Company Size	Under 10 people	80	28.6
	10 - 50 people	107	38.2
	50 - 100 people	47	16.8
	100 - 200 people	46	16.4

Measurement Model

The findings of the seven-construct model show data fit, which means all constructs are unidimensional and their critical ratio (CR) values are higher than 0.70 (Tenenhaus, Vinzi, Chatelin & Lauro, 2005). Table 3 indicates that the CR values surpassed the 0.70 threshold as the smallest CR was 0.852 (Bagozzi & Yi, 1988). In addition, all the outer loadings surpassed the 0.70 threshold as the smallest one was 0.703, indicating reliability (Hulland, 1999).

To evaluate the convergent validity of constructs, it is essential to check the AVE (Table 4). The actual AVEs are larger than the 0.50 threshold signalling the constructs' convergent validity (Bagozzi & Yi, 1988). In this study, all AVE values are between 0.589 and 0.674, exceeding the threshold value. Moreover, the square root of AVE on each variable exceeds the correlations of the construct with others (Fornell & Larcker, 1981), (see Table 4).

Table 3: The findings from the measurement model estimation

| Construct	Indicator	Outer Loading	Cronbach's Alpha	CR	AVE
Customer (CS)	CS1	0.755	0.768	0.852	0.589
	CS2	0.759			
	CS3	0.797			
	CS4	0.759			
Employee (EMP)	EMP1	0.743	0.795	0.867	0.619
	EMP2	0.812			
	EMP3	0.79			
	EMP4	0.801			
Supplier (SU)	SU1	0.769	0.776	0.855	0.596
	SU2	0.762			
	SU3	0.765			
	SU4	0.791			
Community (CM)	CM1	0.72	0.822	0.882	0.653
	CM2	0.866			
	CM3	0.886			
	CM4	0.747			
Environment (EN)	EN1	0.856	0.838	0.892	0.674
	EN2	0.84			
	EN3	0.752			
	EN4	0.832			
Financial Performance (FP)	FP1	0.703	0.817	0.88	0.649
	FP2	0.841			
	FP3	0.865			
	FP4	0.804			
Non-financial Performance (NFP)	NFP1	0.821	0.834	0.889	0.667
	NFP2	0.846			
	NFP3	0.837			
	NFP4	0.762			

Table 4: Square root of AVE measure and inter-construct correlations

	CM	CS	EMP	EN	FP	NFP	SU
CM	*0.808*						
CS	0.104	*0.768*					
EMP	0.35	0.569	*0.787*				
EN	0.515	0.163	0.382	*0.821*			
FP	0.437	0.249	0.361	0.455	*0.806*		
NFP	0.35	0.288	0.333	0.39	0.626	*0.817*	
SU	0.346	0.491	0.573	0.312	0.429	0.369	*0.772*

Structural Model

Figure 2 presents the path coefficients for the endogenous constructs together with the R-squares. Specifically, the findings show that: (1) FP significantly associates with SU (β=0.139, p=0.021), CM (β=0.128, p=0.025), and EN (β=0.146, p=0.007), but is not significantly impacted by CS (β=0.000, p=0.997) and EMP (β=0.037, p=0.585); (2) NFP significantly associates with most of the exogenous latent variables, including CS (β=0.130, p=0.074), SU (β=0.182, p=0.008), CM (β=0.134, p=0.032), EN (β=0.226, p=0.001), but is not significantly impacted by EMP (β=0.018, p=0.824); and (3) NFP has a positive association with FP (β=0.456, p=0.000). As a result, the empirical findings are in support of hypotheses H1b, H3a, H3b, H4a, H4b, H5a, H5b and H6 but not H1a, H2a and H2b.

Figure 2: Empirical study results
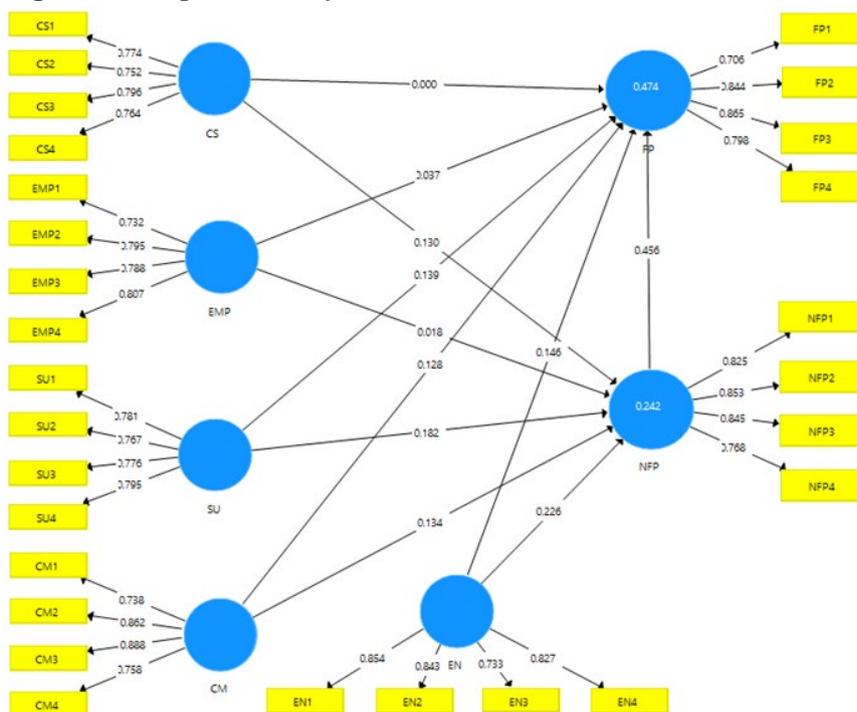
Discussion

This study investigates the CSR dimensions of SMEs in Ho Chi Minh City towards internal and external stakeholders and their impact on OP. The results show that similar to existing literature, CSR significantly and favourably affects OP, (Jain et al., 2016; Sinha et al., 2018). Particularly, there are mainly three types of stakeholders that have significant effect on OP, including supplier, community and environment, while customers improve non-financial performance. Most SMEs stated that they do not have any formal plans or strategies for CSR implementation; however they are informally practiced as voluntary for social betterment. The reason is that SMEs tend to encounter some particular constraints in terms of personnel, resource and demand. This implies that CSR remains philanthropic and non-standardised in the research setting.

In the context of SMEs, customers are considered as the top concern regarding maintaining business operations. Most of the SMEs' respondents reported that giving reliable and accurate information about products or services (loadings = 0.79) to customers is their primary and mandatory obligation because they think it is an excellent way to build customers' trust. To align customer satisfaction and loyalty with long-term relationship development, problem-solving in a timely manner is often of necessity in any cases of complaints i.e., in the stipulated time, even as fast as possible (loadings = 0.759). SMEs guarantee quality criteria (loadings = 0.759) deserves the amount of money customers spent. They also completed CSR activities in the name of respecting and valuing the customers (loadings = 0.755). In this study, socially responsible activities targeting customers have a partial huge effect on OP, particularly, NFP. This might be due to the belief that such actions are considered as mandatory and primary standards to build a buyer-seller relationship or gain positive perceptions of SMEs' brand images. If the SMEs wish to enhance their FP, they should concentrate on building sales strategy rather than customer-related CSR.

Employees, although not statistically significant in this study, still play a primary role in operating a business and the lifeblood to gain business goals. So it is necessary for managers or business owners of SMEs to retain their labour because of the scarcity of competent employees. For instance, SMEs implement socially responsible activities related to employees might include taking care of their health and safety (loadings = 0.812) by providing standardised food and beverage. In cases of labour accidents, employees are not only taken immediately to the hospital, but their entire hospital fee is also covered. Moreover, because of the well-trained labourers, SMEs usually offer job opportunities to deserved candidates (loadings = 0.801) and encourage them to develop long-term career path (loadings = 0.79) that would in turn benefit SMEs' sustainable business operations. Besides, they are also supporting employee benefits (loadings = 0.743) such as commission and insurance. However, in this study, it is found that employee-related CSR cannot ultimately improve OP.

When SME respondents were questioned about CSR dimensions regarding the suppliers, most of them reported that material resources and suppliers are imperative and exceedingly crucial in their business operations, especially in the fields of commercial trading and production. Therefore, it is essential for SMEs to select and analyse the suppliers' system (loadings = 0.762) based on several acceptable and appropriate standards. Besides, some CSR initiatives in regard to suppliers such as treating the products/services providers with respect and fairness (loadings = 0.791) as well as listening to and collaboratively resolving suppliers' problems (loadings = 0.765) build up supplier satisfaction, leading to long-term benefits such as bulk buying and discount rate. Another top concern of SMEs' respondents is building the partner relationships between the ordering company and supplier (loadings = 0.769). Most of the respondents reported their desire to keep this relationship in the long run. The reason is that maintaining a strong relationship with suppliers brings the commitment to supplying quality as well as the guarantee of lowest purchasing prices. As a result, supplier-related CSR can significantly improve OP.

It is due to the given existence of SMEs in the community that the respondents of SMEs are performing community-related CSR through local interdependences and social ties (Murillo & Lozano, 2006). For this purpose, SMEs usually engage in several community projects with local people (loadings = 0.886) such as porridge cooking project for homeless people or lantern donation project for children in need in Mid-Autumn. Apart from that, SMEs supported charity organisations or hold philanthropic activities in the local community (loadings = 0.866) as well as sponsored local events (loadings = 0.747) in arts, sports or music. They also offered job opportunities and narrowed down the candidate pool to only include the locals in their area (loadings = 0.72). As a result, SMEs are actively associated with socially responsible activities catered to the community, which in turn have a favourable influence on OP.

Most SMEs agreed that environment-oriented CSR implement is mostly towards environment protection. They revealed that they are attempting to reduce environmental pollution as much as possible (loadings = 0.856) and prioritise recycling and managing waste (loadings = 0.84). Apart from this, SMEs appreciate the value of energy, so they also plan to use several facilities operated by renewable energy such as solar power (loadings = 0.832), and adapting natural lighting in their working location with suitable rates (loadings = 0.752). Overall, SMEs are actively associated with the sustainability of environmental integrity and the reduction of unfavourable influence on the environment. Moreover, the green movement trend is increasingly popular within the community in recent time, which strongly motivates SMEs to follow and adapt their business operations because this is expected to create positive perceptions of their corporate images, leading to an increase in future sales. In this study, environment-oriented CSR is believed to have a favourable influence on OP.

SMEs' respondents revealed that investing in CSR implementation is feasible because it is likely to increase profitability (loadings = 0.841) and enhance sales revenue of the firms (loadings = 0.865). It has been reported from the responses that the advantages of CSR are recognised in the long run (loadings = 0.703), and increase in productivity (loadings = 0.804) has been illustrated. Regarding non-financial performance, respondents believe that CSR activities also increase their customer satisfaction (loadings = 0.821), employee satisfaction (loadings = 0.762), competitive position (loadings = 0.846) and product/service quality (loadings = 0.837).

Managerial Implications

This research has proven that managing the relationship with the main stakeholders of a business, especially customers, is indeed extremely important since clients' satisfaction will eventually result in a stronger financial performance of the company. To maintain a mutually beneficial relationship with the consumers, many SMEs demonstrate their complete dedication as well as responsible conduct across all their deliveries and exchanges. This, in return, improves the brand, prestige or credibility of the company, which is considered as non-financial advantages because of social responsibility. Such long-term relationship could eventuate in indirect welfare and then assist the company in long-term development of its firm performance. However, SMEs often regard CSR solely from a perspective of religious and self-oriented. Specifically, the mindset, motivation and social pressures of the manager are the key drivers in defining the status of SMEs regarding their actual actions towards their participation in CSR. Therefore, the prerequisite to achieve this goal is to optimise the interest of stakeholders by concentrating on the 'triple bottom line' strategy.

It is interesting that participants did not regard employees as significant, although they devote to the company's performance and gain from it. It could nevertheless, be that it was assumed. At the moment of the analysis, it can be assumed that employees did not propose any improvements to and/or manage CSR practices. Employees can act as the company's representatives, raising favourable messages to key stakeholders such as customers (de Chernatony & Harris, 2000). Employee engagement often manages to remain good turnover rate, leading to increase in reputation as people always opt to work for businesses with solid CSR images (Stevens, 2008).

Community can comprise the local people directly assessing the firm's CSR initiatives. They are favourably affected by those benefits given by local behaviour of the company such as better infrastructure, lower unemployment rate and other social values (Zukin, Trujillo, Frase, Jackson, Recuber & Walker, 2009). When there are inappropriate corporate actions, they may have an unfavourable effect on corporate operations. Therefore, management must also keep

good contacts with the local community and the broader community, although these communities are not directly associated with the CSR practices of an organisation. It is important to foster good brand image of a good local resident by public relations campaigns, which ought to be matched with marketing strategies and customer experiences. Hence, a corporation's CSR image must be tactically designed and conveyed to ensure concrete proof-based support for the firm's reputation and sustainability.

Limitations and Future Research Directions

This study also suffers inevitably from several limitations. First, this study used a quantitative approach to explore the impact of CSR on OP. However, using a quantitative method may not have uncovered CSR practices thoroughly. Future research should consider examining the topic using a qualitative approach or mixed methods to uncover valuable insights that the quantitative approach fails to answer. Second, this study did not examine the differences of control variables such as respondents' gender, availability of CSR strategies or sectoral industry. Future research could extend analysis using control variables to gain more understanding of the differences. This may provide interesting insights for academics and practitioners.

Conclusion

This empirical study describes the link between CSR and OP in the context of SMEs in HCMC, Vietnam, and has built a model to validate the relationships. The results indicate that socially responsible activities related to supplier, community and environment can improve corporates' organisational performance. Additionally, customer-related CSR is also associated with only one dimension of organisational performance, namely non-financial performance. However, employee-related CSR has an insignificant effect on OP, in addition to customer-related CSR, which does not affect significantly on FP. The results reveal that the stakeholders' perceptions are fixed in this case and most stakeholders play an essential role for SMEs, but their priorities may vary. Nevertheless, SMEs are still an integral part of the movement of CSR (Spence, 1999) and contribute to CSR, as well as are associated with the development of the economy, environment and society.

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