Perceptions of corporate social responsibility amongst immigrant entrepreneurs

The Authors

Fara Azmat, Lecturer, School of Management and Marketing, Deakin University, Burwood, Australia

Ambika Zutshi, Senior Lecturer, School of Management and Marketing, Deakin University, Burwood, Australia

Abstract

Purpose – The purpose of this paper is to explore the understanding of the term corporate social responsibility (CSR) by Sri Lankan immigrant entrepreneurs in Australia. It also seeks to investigate the importance the entrepreneurs place on CSR, their understanding of stakeholders, the types of CSR activities undertaken by them, and the issue of social capital.

Design/methodology/approach – Data were collected through in-depth semi-structured interviews with Sri Lankan entrepreneurs based in Victoria, Australia.

Findings – The interviewees were aware of the term CSR but, nevertheless, had different interpretations of its meaning. However, CSR was considered important and all the interviewees were, in some way, involved in CSR activities and also had a good understanding of the importance of their stakeholders. Findings also highlighted the significance attached to social capital by the entrepreneurs such as informal relationships and trustworthiness which build the intangible attributes of CSR. The present findings can be attributed to immigrant entrepreneurs behaving partly to adapt to the host country, by changing their beliefs, values, traditions and partly by being influenced by their home country culture as found in the extended part of this current study.

Research limitations/implications – This paper addresses gaps in the fields of both CSR and immigrant entrepreneurship literature. However, the small sample size is a limitation and further research is required in order to generalize the findings.

Originality/value – It is important to have an understanding of the interpretation of social responsibility amongst immigrant entrepreneurs. Despite the steadily growing number of Sri Lankan immigrant entrepreneurs and their potential impact on the Victorian and Australian socio-economic context, this area remains under-researched. This paper addresses this gap in the literature and makes an attempt to provide insight into this area that can be used as a catalyst for future research.

Keyword(s):

Corporate social responsibility; Immigrant entrepreneurs; Sri Lanka; Stakeholders; Social capital; Entrepreneurialism.
Introduction

As immigrant businesses in western countries continue to grow in numbers, immigrant entrepreneurship is increasingly becoming an area of interest (Dana, 2007; McDougall and Oviatt, 2000). With trends such as globalization and technological advancement, immigrants will not only continue to fuel population growth but will significantly contribute to the economy of these countries in the years ahead. Australia, along with other countries like the US, Canada and the UK, has a long history of receiving migrants. Since early 1945, the number of migrants has grown steadily, with seven million people arriving in Australia as new settlers, thus comprising one-third of Australia's population of 21.6 million in December 2008 (Department of Immigration and Citizenship, 2009a). Immigrants have not only influenced the social, cultural and demographic make-up of the country, they are also involved in a range of entrepreneurial activities (Collins, 2003), thus contributing to many aspects of the economy.

The existing literature supports the view that immigrant entrepreneurs play an important role in the economy by creating jobs and exports, developing social capital, providing scope for better integration into the society, expanding consumer choices and contributing to the growth of certain sectors (Rath et al., 2002; Light and Gold, 2000). Nevertheless, immigrant entrepreneurs also face a number of challenges resulting from their strongly differentiated social and cultural orientations. Exposure to a very different regulatory and socio-economic environment is a further challenge which is likely to be more applicable to immigrants coming from the developing countries (Azmat, 2010) of South Asia – India, Pakistan, Bangladesh, Sri Lanka, Bhutan, Nepal and Maldives. As corporate social responsibility (CSR) is contextual, its different socio-cultural and regulatory orientation is likely to influence immigrant entrepreneurs' CSR perceptions and practices (Azmat and Samaratunge, 2009). This is mainly due to the fact that immigrant entrepreneurs are generally used to operating in an environment where there are lower standards of CSR, less public pressure and lower compliance with voluntary standards and codes of conduct, and increased enforcement of regulations (Azmat and Zutshi, 2008). Although some studies in Australia have investigated the gender, networking, sociological and cultural aspects of, for instance, Chinese, Italian and Indian migrant businesses (Devarajan, 2006), CSR perceptions and practices amongst immigrant entrepreneurs remain an under-researched area which has also received very little attention worldwide (Worthington et al., 2006). Given the changes Australia has experienced, both in the numbers and ethnicity of migrants, since its shift away from the White Australia Policy in 1976, its amended emphasis on multiculturalism and the important role of ethnic businesses in its economy, Australia represents an excellent location for the study of CSR perceptions and practices amongst ethnic entrepreneurs.

Immigrants to Australia during the past few decades have arrived from many different parts of the world, however, the over the last decade, Australia has experienced a five-fold annual increase in the number of migrants from South Asia, from 5,252 in 1996-2007 to 19,039 in 2006-2007 (Department of Immigration and Citizenship, 2007), and 25,900 in 2008-2009 (Department of Immigration and Citizenship, 2009a). As a region, the Indian sub-continent (India, Sri Lanka, Bangladesh, Nepal and Pakistan) now constitutes 20.3 percent of the Migration Program (Department of Immigration and Citizenship, 2009b). While in 2008-2009 the UK, India and the People's Republic of China were, respectively, the top three sources of migrants to Australia, Sri Lanka stood in eighth position in the same period (Department of Immigration and Citizenship, 2009b). This highlights the fact that although Sri Lanka is a small country in South Asia, it is one of the major sources of migrants for
Australia. The State of Victoria in Australia has the largest number of Sri Lankan immigrants, with 49.6 percent of the total immigrants coming to various Australian states (DIMIA, 2003)[1]. By the end of 2006, a total of 93,000 settlers from South Asia were residing in Victoria (ABS, 2007), of which Sri Lankans formed one-third (31,482).

Among the South Asian countries, Sri Lanka's social indicators are the best in the South Asian region, with a literacy rate of 91 percent (ADB, 2009), yet, the different contextual factors, such as culture and business environment, are likely to be important challenges for these immigrants. As the number of Sri Lankan immigrants is growing and a large number of them are involved in entrepreneurial activities, their perception of CSR deserves notice but, to the authors' knowledge, it has received no academic attention. Against this backdrop, this paper aims to progress the understanding of CSR perceptions and practices amongst Sri Lankan immigrants in the state of Victoria, Australia. Key areas investigated in the study included: interpretation of the term CSR; the importance of CSR; their understanding of stakeholders; the nature of CSR-stakeholder activities; and CSR and social capital.

The paper is organized as follows. First, we discuss the concepts of entrepreneurship and CSR, and then establish a link between immigrant businesses and their CSR practices. Due to the lack of literature and research on the CSR practices of immigrant businesses, and as most of the immigrant businesses are small businesses (Collins, 2003, 2008), we do so by reviewing the literature on the CSR practices of small businesses. The second section discusses the research method, adopted for this research which included semi-structured interviews. The next section analyses and discusses the interview findings, followed by a summary, and directions for future research.

Understanding CSR in immigrant entrepreneurship

Before we start discussing corporate social responsibility (CSR) in immigrant businesses, it is important to define the terms entrepreneurship and CSR, as both terms have been defined in many different ways creating ambiguity and debate about their connotations.

Entrepreneurship

The concept of entrepreneurship is not recent; its usage can be seen in economics and sociology studies during the early eighteenth century (Becker and Knudsen, 2004). There is extensive literature in the area of entrepreneurship and, accordingly, diverse definitions. Thompson and Randall (2001, p. 290), for instance, described entrepreneurs as those individuals who “sense opportunities and take risks in the face of uncertainty to open new markets, design and develop new and improved products and processes” (see also Legge and Hindle, 1997). Entrepreneurship has also been defined as the combining of novel ways to create something of value in a new way, and entrepreneurial orientation has been viewed to include the basic dimensions of risk-taking, innovativeness and pro-activeness (Nummela et al., 2004; Aldrich and Waldinger, 1990).

Among various areas of entrepreneurship, international entrepreneurship (IE), ethnic entrepreneurship (EE) and transnational entrepreneurship (TE) have attracted increasing interest. McDougall and Oviatt (2000, p. 903) define IE as “a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations”. According to Welch (2004, p. 145), ideas about IE are conceptually rooted in the development of ideas about internationalization. EE, on the other hand, has been
defined as “a set of connections and regular patterns of interaction among people sharing common national background or migration experiences” (Waldinger et al., 1990, p. 3).

EE is generally seen as similar to “immigrant entrepreneurship” and the two terms are often used interchangeably; there is, however, a subtle difference between the two terms (Volery, 2007). “Immigrants” include individuals who have immigrated over the past few decades but exclude members of ethnic minority groups who have been living in the country for several centuries; the term “ethnic” is a much broader concept and includes immigrants or minority groups (Volery, 2007). Ethnic populations are, thus, likely to be more familiar with and integrated into the host country environment than are immigrants. Immigrant entrepreneurship, therefore, refers to the early stages in the process of ethnic entrepreneurship (Azmat, 2010). Another term, transnational entrepreneurship (TE) is gaining importance and refers to individuals who migrate to other countries but maintain concurrent business-related linkages with their home country as well as with their host country (Drori et al., 2006). They are unique in the sense that they are socially embedded in both their home and host environments, which allows them access to network, class, and/or national resources in both environments (Sequeira et al., 2009, p. 1027). This paper uses the term “ethnic entrepreneurship” as it focuses only on individuals who are either recent arrivals or who immigrated decades before and are well-integrated into the host country economy.

The link between immigration and entrepreneurship is supported by a number of studies, and the important influence of entrepreneurship on the economic and social integration of immigrants has been widely established (Collins, 2008; Dana, 2007; Rath et al., 2002; Rath and Kloosterman, 2000). Collins (2003, 2008) further found that some immigrant groups, namely, the Korean, Taiwanese, Greek, Italian and Dutch, have a higher rate of entrepreneurship, while some other groups, from countries such as Japan, India, Sri Lanka, Vietnam and Indonesia, have a lower rate. Despite the different rates of entrepreneurship, it has been found that entrepreneurship is greater among Asian-born minority immigrants than non-immigrant entrepreneurs.

The critical role of immigrant entrepreneurs in driving economic growth is increasingly being recognized (Dana, 2007). Immigrant enterprises play a significant role in the Australian economy due to their contribution to economic growth, employment opportunities and import/export activity across a broad range of industries (Collins, 2008). Entrepreneurial activities in Australia are spread across a range of industries but are more dominant in the retail sector (Collins, 2003).

**Corporate social responsibility (CSR)**

In the last few decades CSR has evolved significantly and, as a result, a rich literature on CSR has emerged. Despite the extensive research done on this topic, socially responsible corporate behavior remains difficult to define as it means “different things in different places to different people and at different times” (Campbell, 2007, p. 950). Some authors even go to the extent of arguing that CSR is a vague and intangible term which can mean anything to anybody and, therefore, is effectively meaningless (Jamali, 2008). A number of terms, such as corporate citizenship, corporate social accountability, corporate responsibility, corporate sustainability, socially responsible behavior, triple-bottom-line reporting, have become synonymous with CSR (Jamali, 2008; Perrini, 2006). The Global Reporting Initiative (GRI) framework has recommended that organizations embrace the three: economic, social and environmental dimensions, when reporting their performance in the respective areas to
demonstrate their commitment to their stakeholders (Azmat and Zutshi, 2008). In addition, economic, legal, ethical, and discretionary (philanthropic) labels have been used by Carroll and Buchholtz (2006) to discuss the CSR actions of an organization. As there is much ambiguity related to the definition of this term, in this study we have used the definition of social responsibility, as proposed by Campbell (2007), that has two main components. First, the businesses must not knowingly harm their stakeholders such as investors, employees, customers, suppliers or the local community. Second, if businesses cause harm to their stakeholders, they must rectify it whenever the harm is brought to their attention, either voluntarily or in response to normative pressure, legal requirements or some sort of encouragement. It needs to be acknowledged and remembered that CSR is important for both small and large businesses as they both have the potential to affect their stakeholders either in a positive or a negative way.

**Linking CSR to immigrant businesses**

Evidence suggests that ethnic immigrant businesses are generally small-scale and share many of the characteristics, problems and support needs of micro-enterprises (Ram and Smallbone, 2001). For example, in Australia, around 90 percent of immigrant entrepreneurs are involved in small businesses (Collins, 2008). The concept of CSR has been mainly associated with large companies and only recently has the focus shifted towards small companies (Fuller and Tian, 2006; Azmat and Samaratunge, 2009). As most immigrant businesses are small, this section provides an overview of the CSR practices of small businesses in an effort to understand the CSR practices of immigrant businesses. Small and medium-sized enterprises (SMEs) have been defined in many different ways. This paper uses the definition of the Australian Bureau of Statistics (ABS) when referring to SMEs. According to ABS (2008), a small business is defined as one with fewer than 20 employees, and a medium enterprise has fewer than 200 employees.

Keinert (2008, p. 139) argues that the CSR efforts of a business can be influenced in multiple ways, through both internal and external determinants “either to the benefit or to the detriment of corporate responsibility and are represented at three levels – institutional, personal and external”. While the institutional determinants include factors like the size of the firm, corporate culture, resource availability and the stage of development of the firm, the personal determinants include the personality traits of the individuals including their gender, age, religion, and ethical outlook. The external determinants include government interventions and other regulative measures. Among the institutional factors, the size of the firm is an important determinant of CSR. Vives (2006) found that medium-sized firms tend to be more involved in socially responsible activities than smaller firms. Azmat and Samaratunge (2009) also argue that small size, no brand capital, low public visibility and lack of permanent establishments make the small-scale individual entrepreneurs somewhat isolated and disconnected from the local community, all of which compound to negatively influence their perceptions of CSR.

Existing research on SMEs suggests that they often unknowingly adopt socially responsible practices, have a special relationship with specific stakeholders, and are willing to sacrifice some of their profits while serving a greater goal (Jenkins, 2006; Murillo and Lozano, 2006; Perrini, 2006). However, in developing countries, despite the fact that they are not homogenous and have very different contexts, there is evidence that SMEs and micro businesses engage in irresponsible business practices in relation to workplace, consumer rights, safety, human rights, and the environment (Azmat and Samaratunge, 2009).
Nevertheless, there is also evidence to the contrary in less-developed countries in South Asia and Africa that SMEs contribute to the community and environment, are involved in philanthropic activities and often practice CSR without being aware of the notion of being socially responsible. Similarly, based on empirical research in the UK, Jenkins (2006) also brings to our attention the fact that there are SMEs who have accepted CSR and exemplify good practices (Jenkins, 2006). In line with Jenkins (2006), Keinert (2008) also reports that despite their primary concerns about resource availability and survival, some SMEs are found to be more environmentally responsive than larger firms.

During the last two decades the concept of CSR has been progressively rationalized and has been linked with “broader organizational goals such as reputation and stakeholder management” (Lee, 2008, p. 55) and aspects of ecological environment. Stakeholder theory, where stakeholders have been defined “as groups who can affect or are affected by the achievement of an organization's purpose” (Freeman, 1984, p. 49), was an important development in the field of CSR in the 1980s. The theory postulates that all businesses have stakeholders, and that managing them appropriately can help reduce risk and improve companies' social responsibility (Perrini, 2006). The ambiguity and lack of clarity related to the definition and understanding of the term CSR has been addressed, at least to some extent, by the stakeholder theory as it has been viewed as a tool to make the abstract idea of CSR more practical and comprehensible (Sweeney, 2007; Hopkins, 2003; Vos, 2003). Drawing from stakeholder theory and in the absence of a universally-accepted definition of CSR, recent research suggests the term is concerned with the way a company governs the relationship between the firm and its stakeholders (Sweeney, 2007, p. 316). Furthermore, use of the term CSR also acknowledges a duty of care towards all stakeholders, including the local community and silent stakeholders like the environment (Jamali, 2008).

Based on empirical evidence, Jamali (2008) reported that enterprises in developing countries prioritize their stakeholders based on instrumental considerations such as bottom-line benefits and firm performance. Although stakeholders are diverse and can range from shareholders, owners, employees, managers, customers and suppliers, to community and the natural environment, in the context of developing countries, three key stakeholder groups stand out. They include owners/shareholders, customers and employees. Despite the need to take into account the interests of all the stakeholders, firms in developing countries were found to focus mainly on these three stakeholders (Jamali, 2008). This, therefore, reinforces that by predominantly engaging with these three stakeholders (customers, owners and employees) such firms have a narrow definition and understanding of CSR.

It has been argued that stakeholder research is mainly associated with large companies and that the nature of stakeholder relationships for SMEs may be different. Jenkins (2004), for example, argues that SMEs are likely to have a more informal, trusting, and personally engaging relationship with their stakeholders, as opposed to the large companies who are likely to be involved in a planned, formal strategic stakeholder management relationship. The way the SMEs manage key stakeholder relationships is likely to influence their approach to CSR (Jenkins, 2006). This is supported by Perrini (2006, p. 308), who suggested that research on large firms should be based on stakeholder theory, while research on CSR amongst SMEs should be based on the concept of social capital, which refers to connections among individuals, “social networks and the norms of reciprocity and trustworthiness that arise from them”. Discussing the link between CSR and social capital in small businesses, Fuller and Tian (2006, p. 294) also present the view that small businesses act in responsible ways in the context of their relationships with stakeholders and the wider society.
Extending this current study, Azmat and Zutshi (2012) investigated the impact of home country culture and institutional environment on the perceptions of CSR of Sri Lankan immigrant entrepreneurs based in Australia. Their findings suggest that immigrant entrepreneurs shift their traditions and norms to adapt to the host country culture whilst still being influenced by their home country culture which impacts their behavior. These findings are in line with the earlier findings of Hamilton et al. (2008) who found that whilst migrant communities are willing to change their own traditions, family values, they still maintain strong linkages to the home country culture and it significantly impacts on how they operate.

The next section discusses the research methodology undertaken to collect data for the study.

**Research methodology**

To gain a better understanding of the Sri Lankan immigrant entrepreneurs' perceptions and practices of CSR, data was collected via in-depth, semi-structured interviews. The participants were contacted through the businesses listed on the Sri Lankan Study Centre for the Advancement of Technology and Social Welfare (SCATS) database, which provided online information of Sri Lankan businesses across different sectors in Victoria, Australia. Businesses representing a cross-section of industries such as food, retail, and manufacturing were included in the study to ensure a comprehensive snapshot of entrepreneurs' CSR interpretations from different sectors. A total of 12 interviews were held during the months from December 2008 to March 2009. This was the best outcome the authors could achieve given the target sample and the limited access to the group which was very conservative about sharing their views with an independent third party. The interview questions probed into the understanding of the terms CSR and stakeholders, and how the businesses adopted CSR practices. Interviews were tape-recorded only after getting written consent from the interviewees and were subsequently transcribed. The findings of the interviews are discussed in the next section. To protect the identity of the companies and interviewees, numbers have been used where direct quotes have been included from the interviewees.

**Discussion of the findings**

Service and retail sectors dominated within the interviewee sample. Further, all the participants' businesses in our sample were small, with many of them also being family businesses employing family members along with a few part-time employees. Our findings are consistent with earlier studies which report that the majority of immigrant businesses are small and, as a sector, retail businesses dominate (Collins, 2003, 2008; Ram and Smallbone, 2001).

**Corporate social responsibility interpretation**

Given the ambiguity related with the definition of CSR even in developed economies, the meaning and interpretation of CSR was explored during the interviews. The entrepreneurs, accordingly, were asked to indicate their understanding of the term. More specifically questions were asked on what they understood by the term CSR, and whether it was a new term for them, whether they thought it was important for businesses to be socially responsible, and whether they rectified the harm done by their businesses when it was brought to their attention.
The interviews revealed differences among the entrepreneurs of their understanding of the term CSR. Eight of the 12 interviewees knew about the term in Sri Lanka but with a different meaning, as can be seen in the following quote:

I think, it's understood, I knew about it in Sri Lanka, perhaps not in the same definition that you put it now (interviewee 9).

Eight interviewees associated CSR with responding to the community and acting for the good of the society, with four interviewees further relating this term to addressing the needs of the customers, suppliers, employees. This is reflected in interviewee 5's comments:

I understand corporate social responsibility as the companies giving back to the community. By community, I mean the people in the office as well those outside the office.

Interviewee 7, in a similar vein, commented that:

Corporate social responsibility, in my understanding, is to be responsible to one's employees, to be responsible to one's customers, to be responsible to one's suppliers and also to people at large, you know, within your state and within your community.

Further, one interviewee related that the term CSR means to abide by the ethics of an organization and be socially responsible. In the words of this interviewee (number 9):

Corporate social responsibility is to abide by the ethics of the organization, to abide by the principles of social responsibility.

On the other hand, four interviewees had not heard of or were unaware of the meaning of the term, as evident from interviewee 1's comments:

Uhh, I don't know much to say about that, uhh, maybe social, yeah yeah, yeah, probably that's the term, I am not familiar on that.

The different interpretations of the term CSR by the interviewees supports earlier findings that CSR means different things to different people (Jamali, 2008; Campbell, 2007). In the present study, some equated the term with abiding by ethics, while others related it to giving back to the society, some perceived it as being responsible to the stakeholders, and some were ignorant of the term. Nonetheless, the findings reveal that the majority of the interviewees were aware of the term, and had heard it in Sri Lanka but with a different meaning.

All the interviewees, regardless of the differences in understanding the term CSR, agreed that it was important for businesses to be socially responsible. This is beautifully summed up by interviewee 8:

I think, regardless of all that, the business would have to be socially responsible, number one, but when you are involved with so many people and people are working for you, and you are offering a service to other people, I think then the responsibility comes more towards everyone.

The findings indicate that all the interviewees perceived CSR to be a good thing and they were involved in CSR activities in their own ways. This further reinforces the finding that CSR in developing countries is not a new phenomenon and has existed in different forms, differing in terminology and in the nature of the actions.
Understanding of the stakeholders

Internal and external stakeholders form a part of all businesses, irrespective of their nature and size. Accordingly, questions in relation to the significance of stakeholders (suppliers, employees, customers and the natural ecological environment) were posed during the interviews. The interviewees prioritized employees, customers, suppliers and the ecological environment as their key stakeholders. Interviewee 5 made the point that, due to the small size of their business, they currently did not have any shareholders and their main stakeholders were their customers and employees. Employees were also the main stakeholder for interviewees 6 and 10. The interviewees were asked about the importance of their stakeholders and whether they would remedy any harm that was experienced by their stakeholders. All the interviewees agreed that they would rectify any harm that was caused to any of their stakeholders as a result of their business operations, whether it was from their product or service. In most instances, the business was being run by family members and, in only a few instances (such as interviewee 1), there were part-time employees. Customers were the main priority for interviewees 8, 11 and 12. Although, up to that time, the interviewees had not encountered any incidents with respect to causing harm, they said they would immediately address such incidents, regardless of how they were caused.

Based on an empirical study, Jamali (2008) reported that businesses from developing countries prioritize their stakeholders and view customers, shareholders and employees as the key stakeholder groups. Consistent with the findings of Jamali (2008), in the present study, our interviewed entrepreneurs prioritized customers and employees. However, they also viewed suppliers and the ecological environment as important. Shareholders were not mentioned, which can be explained by the fact that none of the businesses in our sample had any shareholders.

Nature of stakeholder – CSR activities

Expanding further on the question about whether the interviewees would rectify the harm caused by their businesses, all of them mentioned that if their business caused any harm to stakeholders they would rectify it voluntarily and address the harm done. This can be seen in the response of interviewee 12:

Umm, if the job is not done 100 percent good, so then we do it free of charge.

The responses of another two interviewees indicated that even though they addressed any harm voluntarily, responding to legal requirements was also a driver for them. For instance, interviewee 2 said:

I try to do it voluntarily but I think legal requirements are in the background, you know, because I'm aware of legal requirement and I'm aware that I got the boundary requirement.

Sometimes, it is a legal requirement, yes, considering my job, and also sometimes, to my own encouragement, it depends on the case (interviewee 5).

As highlighted earlier, employees were mentioned as one of the significant stakeholders and, accordingly, the interviewees were further probed to explain how their employees were treated with respect to wages, benefits and workplace occupational health and safety (OHS). If an interviewee was an employee themselves, he or she was asked about their perceptions of how they were treated by the employer. Some of the interviewees believed in sharing profits
with their employees and keeping them happy, since happy employees equated to happy customers and sustainability of work. This is reflected in the following comments:

If your employees are not happy and satisfied you are not going to get maximum out of them. They need to be kept motivated and happy. You see, employees come first, if we don't look after them they don't look after us, that's the bottom line (interviewee 7).

The theme of having part-time employees and complying with all the required OHS laws was evident in the case of interviewees 2, 5, 6, 8 and 11. Interviewees 9, 10 and 12 had a combination of both full- and part-time employees and believed that their employees were happy. This was communicated by their loyalty to the company and by employee retention. Interviewees 6 and 12, nonetheless, made the point that being in an office environment they did not have any major OHS issues compared to that of a manufacturing site. Training their employees in work requirements was practiced by interviewees 5 and 8.

Customers are essential for business and their true value can be seen in the case of small businesses. Both interviewees 1 and 10 emphasized that if the customers came with any complaints they would be rectified immediately. For Interviewee 1, helping his customers and their families was the top priority, given the nature of his business which was providing funeral services. As a result of this prioritizing, interviewee 1 received numerous recommendations. Interviewee 3 talked about the need for being competitive and that you have to have happy customers who will come back again. Telling the truth to customers with respect to product quality was the motto of interviewee 4, even in instances where the computer system he was selling may have been too outdated for a customer's requirements, consequently, losing a sale. Honesty and transparency when undertaking transactions with their customers were also echoed by interviewees 8 and 9, respectively.

“We employ very high quality control regulations; we have a two-person review process, and every detail has at least two people working on their file”, were the words of interviewee 6, who ensured that any potential lapses of service were removed. Quality control during the manufacturing of their products was echoed by interviewee 7, and the resultant effect was repeat customers. This is evident from his following words:

I believe in cheap things is no good and good things no cheap. We probably are the most expensive in the market and but the quality of our product is 4-5 times superior to any other product – any other multinational product in the market and this has been proved.

Adjusting the price to reflect the high quality of a product was also reinforced by interviewees 11 and 12.

All the interviewees concurred that they treated their suppliers with respect and this was achieved by upholding contracts, whether they be informal in the form of a handshake, or more formal written ones. The words of interviewee 7 further reflect these sentiments:

We treat [the suppliers] in the same way as we treat our customers, and we expect them to deliver as much as we would deliver to our customers.

Similar sentiments were echoed by interviewee 10:

We constantly engage [the suppliers] in how the business is running and we value the relationship of our suppliers.
Three of the interviewees only had suppliers of stationery.

Ecological environment has also become an important stakeholder for businesses, irrespective of their size or nature. To this effect, the interviewees were asked about the initiatives their business had undertaken to reduce their negative impact on the ecological environment. Recycling and reducing paper usage were the most prominent actions being undertaken by the interviewees (5 out of 12). To reduce paper, interviewee 5 was trying to use more PDF format so that he could keep a back-up of documents electronically for taxation purposes rather than paper files. Interviewee 3 recycled the waste associated with computers, such as computer cases and power supplies, instead of putting it in the bin and sending it to the landfill. Copper was extracted from the burnt wires and recycled by interviewee 12. Two interviewees emphasized that as they were small businesses, they had no or minimal impact on the environment and, hence, did not require any environmentally friendly programs. Emphasizing his point, interviewee 10 compared his business size to BHP and commented:

I think it's not viable for small business to try to change things; clean initiatives involve more capital than small business can afford.

Whilst being conscious of the environmental impact of his product (polished versus unpolished coffins, the latter being lower impact), interviewee 1 did not actively sell the unpolished coffins to his customers. Interviewee 1 encouraged the family (the customers) to buy the best coffin they could afford for their loved ones and these were generally the chemical polished coffins that caused higher environmental damage. Two of the other interviewees (8 and 11) placed their organic waste from their business into their garden so that it could be converted into compost. As a cost-cutting and environmentally friendly measure, interviewee 9 recycled or reused material in his own home and in the refurbishment of buildings from his business operations in the construction industry. This is reflected in the following comments:

Say, if I demolish a big building it's more cheaper for me to reuse [the material] because I have to pay for the bin, the fees, the labor involved in handling, so it's much more cheaper for me to reuse these materials.

The above findings reveal that the entrepreneurs prioritize their stakeholders, as reported by Jamali (2008), and they rectify the harm caused by them, both voluntarily and also in accordance with the legal requirements. A majority of the entrepreneurs were also aware of the importance of protecting the environment and, due to the small size of their business, were mainly engaged in recycling and reducing waste. However, a few businesses were of the view that environmental initiatives require more resources and should be the responsibility of large, not small, businesses. This further supports earlier findings (Azmat and Zutshi, 2012) that immigrant entrepreneurs adapt to the host country culture but are not immune from the influence of their home country culture which impacts their behavior.

**CSR and social capital**

Research evidence suggests that CSR among SMEs is based on the concepts of social capital, connections among individuals, networks and the norms of reciprocity and trustworthiness that arise from them (Perrini, 2006; Fuller and Tian, 2006). This can be seen in the present study where the interviewees viewed the importance of networks and building trust as important. In the majority of the cases, the contracts made with the suppliers were informal – verbal or by a handshake – and this was credited to the small size of the business.
All the interviewees paid their suppliers on time; three of the interviewees had not changed their suppliers for a number of years as they believed in maintaining long-term relationships with them. None of the interviewees advertised their business, rather, they primarily relied on word-of-mouth recommendations to attract customers, and on their product quality and service to retain them. The issues of building trust and informal networks and support are reflected in the following comments:

But most of work comes from word-of-mouth and recommendation and I advertise little bit (interviewee 1).

Most of our customers come by word-of-mouth (interviewee 8).

There is no contract as such but whatever I need to order then they manufacture it and supply it (interviewee 12).

The last section of the paper summarizes the main findings of our study along with the limitations and future research areas.

**Summary of the findings and conclusion**

As the number of immigrants continues to grow in developed economies, an understanding of their perceptions and practices of CSR remains an important area but has received little academic attention. This paper reports empirical findings on how Sri Lankan immigrant entrepreneurs based in Victoria, Australia, perceived the term CSR, its importance, the types of CSR activities undertaken by them and also their perceptions on stakeholders and social capital. The immigrant businesses were listed in the SCATS website.

Consistent with the findings of earlier studies (Collins, 2003, 2008; Ram and Smallbone, 2001) most of the immigrant businesses in our sample were small. In addition to their small size, many entrepreneurs employed family members along with some part-time employees, and if demand rose, casual employees were appointed accordingly. This flexibility is not surprising as small businesses need to keep their overhead costs down. Retail was the dominant sector represented in our sample and all of our participants were over the age of 30 years. It should be noted that about half of the interviewees had owned their business in Australia for an average of five years and this is likely to have influenced their perceptions and practices of CSR.

Most of the interviewees in the sample had an awareness of the term CSR but had different interpretations of the term. Some related it to “giving back to society”, some to the “stakeholders” and some to “abiding by ethics”. The findings support earlier studies (Jamali, 2008; Campbell, 2007) that CSR, as a term, is ambiguous and does not have a universally understood meaning. The differences in the interpretations of the term CSR can also be explained by the duration of the interviewees’ stay in Australia. This is expected as our understanding and appreciation of relationships with other parties is molded by our individual cultural upbringing and national values. This further supports earlier findings that immigrant entrepreneurs adapt to the host country culture but are also influenced by their home country culture which influences their behavior (Azmat and Zutshi, 2012). Aspects of CSR are believed by all of us to be significant, even though, we may place different emphases on certain aspects of CSR and stakeholders. This was reflected in our findings as nearly all the interviewees acknowledged that CSR was of importance to them personally as well as for their businesses.
Since its introduction in the 1980s, stakeholder theory has been used extensively to make the abstract idea of CSR more practical and comprehensible. The basic proposition of stakeholder theory is that the success of a business is dependent on the successful management of the relationships it has with its stakeholders (Freeman, 1984). Smoothly functioning and trusting relationships between stakeholders are imperative for businesses of all different sizes and types of product or service, without which there is no possibility of long-term survivability. Based on empirical evidence, Jamali (2008) reported that firms in developing countries were found to focus mainly on the key stakeholders – customers, employees and shareholders – and, therefore, had a narrow definition/understanding of CSR. Our sample of interviewees appeared to have a good understanding of their stakeholders and their importance to the success of their business. Their broad understanding of CSR can be explained by the fact that their businesses have been around in Australia for a few years, which has made them aware of the importance of managing relationships with all of their stakeholders, including the ecological environment. Consequently, the major stakeholders identified by the interviewees were employees, customers, suppliers and the ecological environment. This can also be explained by earlier findings (Azmat and Zutshi, 2012; Hamilton et al., 2008) that immigrant entrepreneurs adapt to the host country culture, yet their behaviors continue to be influenced by their home country culture.

Findings from this study indicate that businesses treated their staff (part- and full-time) well and provided options to achieve a work-life-family balance which, in turn, engendered loyalty and employee commitment. Attracting and retaining customers is imperative for small business and our sample group made every attempt to keep their customers happy. If an error was detected in their product or service, it was immediately and mainly voluntarily addressed to ensure their business reputation and customer trust remained intact. Paying on time was one way that our interviewees maintained their long-term relationships with their suppliers. Interestingly, as an external stakeholder, everyone within our sample recognized the ecological environment as significant to their own individual and business sustainability. Within the constraints of their resources and the nature of their respective businesses, these entrepreneurs had undertaken a number of initiatives to reduce their negative impact. Recycling of paper and reducing waste was found to be easy to communicate to employees, and to implement and maintain.

Research suggests that CSR among small businesses is based on the concept of social capital, with an emphasis on building informal relationships and trustworthiness (Perrini, 2006; Fuller and Tian, 2006). Similarly, Jenkins (2006) also argues that SMEs are likely to have a more informal, trusting and engaging relationship with their stakeholders, while large companies are likely to be involved in a planned, formal strategic stakeholder management relationship (Jenkins, 2006). Consistent with these findings, the majority of our interviewees relied on word-of-mouth recommendations and good customer service to attract and retain their customers. Due to their limited resources, these entrepreneurs could not spare large expenditure on advertising costs and focused instead on building informal relationships with their stakeholders. Further, to cut costs, these entrepreneurs conducted their business primarily on a “hand-shake” rather than by means of a legal, written contract. Trust, hence, was required from both sides for all the business transactions to be undertaken successfully.

This paper has taken a step towards filling an existing void in the literature, by mainly focusing on areas of investigation which include the interpretation of CSR and its importance, understanding of stakeholders, the nature of CSR activities adopted by the businesses, and CSR and social capital. A number of future research directions emanate from the results.
Future studies could focus on the influence of the home country's culture on the perceptions and practices of CSR of immigrant entrepreneurs, with particular focus on religion and the philanthropic activities adopted by those businesses. Furthermore, studies could also be carried out to determine the influence of the home country's regulatory environment on the perceptions and practices of immigrant entrepreneurs.

Notes

1. This is the latest publicly-available information on the percentage of Sri Lankan immigrants in Australia.

References


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About the authors

Fara Azmat is a Lecturer in School of Management and Marketing at Deakin University. Her areas of research interest are: social responsibility of small businesses, corporate social responsibility in developing countries, international governance particularly governance of emerging economies, poverty and sustainable development. Her PhD and professional work has focused on issues of social responsibility, within the framework of sustainability. She has published her work in highly ranked peer-reviewed journals such as Journal of Business Ethics, European Management Journal, International Journal of Public Administration, Contemporary South Asia and International Review of Administrative Sciences. She has also presented at numerous international conferences and is a reviewer of a number of journals. Fara Azmat is the corresponding author and can be contacted at: fara.azmat@deakin.edu.au

Ambika Zutshi is Currently a Senior Lecturer at Deakin University, Australia, and her qualifications include a Bachelor's degree in Environmental Sciences, a Masters' degree in Environmental Management and a PhD. Her current research is focused in the area of corporate social responsibility, role of stakeholders in the environmental management systems (EMS), business ethics and supply chain management. She has articles accepted for publication in journals such as Technovation, European Business Review, Business Process Management Journal, Managerial Auditing Journal, and Management of Environmental Quality: An International Journal, Australian Accounting Review, Alternative Law Journal and the International Journal of Environmental and Sustainable Development.