CORPORATE SOCIAL PERFORMANCE (CSP) OF CSR FOCUSED ON HRM IN SMALL MEDIUM SIZED ENTERPRISES (SMES) VERSUS MULTINATIONAL CORPORATIONS (MNCS)

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Abstract - In this paper, Corporate Social Performance (CSP) of CSR focused on HRM is explored by a comparison between small medium sized enterprises (SMEs)and multinational corporations (MNCs). The research literature elaborates on the differences of CSR practices between these two types of enterprises. In a study on HRM and labor practices (HRM-LA) of CSR (Bar-Haim and Karassin,2018) has found, that contrary to the research hypothesis, HRM and labor relations practices (HRM-LA) are not within the discretional power and influence of firms.The performance of these practices are not part of the firms' voluntary CSR priorities ("beyond compliance"), but rather are dominated by external regulatory requirements. Wealso found that the effects of international CSR practicesof HRM-LA arenot different in SMEs and MNCs. In both types, there is a lack of motivation among CEOs and HR managers to perform beyond compliance in their CSR indicators of corporate social performance (CSP).

Keywords - CSR, CSP, HRM, Institutional Theory, Labor Relations, MNC, SME, Stakeholder Theory

Corporate social responsibility (CSR) is a multidimensional concept. Responsibility towards employees is akey to what defines CSR, along with other aspects such as responsibility towards the economy, society environment,the product and corporate governance (Carroll, 1979).Responsibility towards employees is achieved through human resource management (HRM) and labor relations (LA) practices, which protect individual and collective rights and working conditions of employees.It is acknowledged as integral to corporate social performance (CSP) (Compa, 2008). However, contrary to environmental or other social responsibilities, HRM-LA practices in CSRare under-researched themes.Exceptional studies are those of Kundu et al. (2015), Sánchez and Benito-Hernández, (2015), Srinivasan and Arora (2015), and Buciuniene and Kazlauskaite (2012). Research on HRM-LA in most cases uses HRM-LA practices as antecedents to CSR or as outcomes of CSR (Preuss et al., 2009; de Olivera et al., 2013).

While CSR maintains an array of definitions and lacks definitional consensus, ethical responsibility (beyond legal duties) towards various corporate stakeholders is a prominent feature of many definitions (Dahlsrud, 2008). Few definitions expressly mention one group of stakeholders over another, yet some note responsibility towards employees with greater focus. For example, The World Business Council for Sustainable Development views CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Chand, 2006, p. 240). Without doubt, employees are key stakeholders, entitled to responsible treatment by business, beyond the basic requirements of law.

Beyond definitions, HRM-LA have prominent part in CSR standards and codes. "Employment and industrial relations" is one of the eight thematic chapters of the OECD "Guidelines for Multinational Enterprises" (OECD 2011). These guidelines first adopted in 1976 are the longest standing transnational initiative for the promotion of CSR (Kercher, 2007). While the guidelines cover economic responsibility extensively (in five chapters) and environmental responsibility, the Employment and Industrial Relations Chapter alongside the Human Rights Chapter are the only chapters dealing with the social aspects of business responsibility. HRM-LA issues covered in the guidelines include freedom of association and collective bargaining, compulsory prohibition of and child labour, non-discrimination, employee-management dialogue and cooperation, work conditions and wages, occupational health and safety and local labour (OECD, 2011 p. 35-37).

Labor practices and decent work indicators are also central to the leading corporate sustainability-reporting tool, the Global Reporting Initiative (GRI) (Levy and Brown 2012), which is regarded as indicative of measures that relate a commonly accepted representation of HRM-LA in firms (Wilburn and Wilburn, 2013). To demonstrate: the consolidated set of GRI Sustainability Reporting Standards 2016 contain 33 standards covering economic environmental and social issues. Out of these standards, nine deal directly with HRM-LA (labour/management relations, occupational health and safety, training and education, diversity and equal opportunity, non-discrimination, freedom of association and collective bargaining, child labour, forced or compulsory labour).

Many private CSR codes and standards focus on HRM-LA primarily or even exclusively. These were developed by private multinational, multi-stakeholder organizations, including the Fair Labour Association, Worker Rights Consortium, Social Accountability International, Ethical Trading Initiative, Clean Clothes Campaign, and Worldwide Responsible Apparel Production (Compa, 2008). Based on an analysis of key guidelines and standards in the area of CSR, Remišová and Búciová (2012) identify seven main issues relating to CSR towards employees: compensation issues; health and safety; work conditions and corporate social politics; collective bargaining; work dignity and protection against discrimination; individual work relations and internal communication; enforcing employee rights. While private regulatory instruments and codes relate extensively to HRM-LA in firms, the collective and individual rights of workers and their working conditions are largely protected under International Labor Organization (ILO) conventions, international law and ensuing national legislations.

THE STUDY

In another study on HRM and labor practices (HRM-LA) of CSR (Bar-Haim and Karassin, 2018) we found that corporate social performance of HRM-LA is not within the discretional power and influence of firms. These practices are not part of the firms' voluntary CSR policies ("beyond compliance"), but rather are dominated by external regulatory requirements. We aim in this study to explore this unexpected finding among small and medium enterprises (SMEs) versus multinational corporations (MNCs) in the sample of our 2018 study.

The main research on CSR in small and medium enterprises (SMEs) versus multinational corporations (MNCs) is summarized in Table 1.

Insert Table 1 Here

THE MODEL

Corporate social performance (CSP) of HRM-LA in small medium sized enterprises (SMEs) and multinational corporations (MNCs) is explored, when controlling for three sets of variables: two sets of institutional variables and one set of managers' orientation towards CSR. The theoretical model of the comparison is displayed in Figure 1.

According to the accumulated research knowledge, as partially displayed in table 1, the environment of SMEs, in general, is more favorable for CSR on several dimensions in compare with the environment of MNCs (it is less favorable in highly resource dependent local firms, or when the local owners are not interested in CSR). Thus, HRM-LA is expected to be higher in SMEs in compare to MNCs. However, as it is well known in many other studies on CSR, including our study (Karassin and Bar-Haim, 2016, Bar-Haim and Karassin, 2018), this first presumption is questionable and requires additional factors or variables to control for in order to confirm it.

Insert Figure 1 Here

We suggest,as a minimum, three such control variables. Two of them are based on the institutional theory, regulatory demands and stakeholders' influence, and one is derived from organizational behavior theory, managers' orientation towards CSR.

The institutional variablesaddresses the environment, in which corporations operate and are required to employ appropriate CSR practices, pursuant to legal, social and cultural pressures (Campbell, 2007). The institutional theory conceptualizes CSR as the responsibility of firms to behave in a fashion that is “desirable in terms of objectives and values of society” (Bowen, 1953: 6) and to bring “corporate behavior up to a level where it is congruent with prevailing social norms, values and expectations of performance” (Sethi, 1975: 62).

In the institutional framework, two composite variables were defined and measured: regulatory demands and influence of various stakeholders, including the state regulator. Regulatory demands are a leading perspective on CSR. It has been asserted that strong regulation with a credible threat of enforcement are necessary for voluntary self-regulation CSR to be effective (Lenox and Nash, 2003; Bansal and Roth, 2000, Bansal, 2005).

According to stakeholder theory, corporate social performance(CSP) is determined to a considerable degree by external pressures inserted by stakeholders, who are affected by the performance of the firm, and can influence corporate conduct in direct or informal ways (Freeman, 1984). Stakeholders are diverse groups in nature, and may include a multitude of actors and groups, acting at the local, national and supra-national levels. Stakeholders are likely to include the firm's customers, employees, suppliers, financial institutions such as banks and insurers, the surrounding community and NGOs, as well as regulators (Donaldson and Preston, 1995; Clarkson, 1995).Other stakeholders influence the adoption of CSR practices through the market and supply chain (Mohr et al., 2001). Despite possible conflicting interests, the prevailing view has been that stakeholders do influence CSR (Corcoran and Shackman, 2007; Ditlev-Simonsen et al., 2013; O’Riordan and Fairbrass, 2014).

Answering CSR stakeholder expectations may benefit the firm by increasing revenues or decreasing costs, and increasing the firm's competitiveness while promoting innovation (Waddock and Graves and 1997). Stakeholders also influence firms' social responsibility through public pressure, negative media attention, and expected damage to reputation (van Erp, 2011; Thornton et al., 2009).

Managers'positive orientation towards CSR is likely to have a strong influence on firm-level CSR engagement (Weaver et al., 1999_a) and outcomes

(Hemingway, 2005; Aguilera et al., 2007). Both instrumental reasons (the perception that CSR is good for business) and normative reasons (a sense of responsibility and duty) have been found to be possible motivations for CSP (Bansal and Roth, 2000; Graafland et al., 2007; Mudrack, 2007). One such study has shown that organizations that undertake CSR programs because of external influences, without commitment by management, engage in "decoupled CSR activities," which are disconnected from ongoing core business activities(1999$_b$).

RESEARCH HYPOTHESES

Hypothesis H1: *HRM-LA practices of CSR will be higher in SMEs in compare to MNCs, because of the more favorable conditions, as discussed above.*
Hypothesis H2: *Regulatory demands and stakeholders' influences will increase the gap between SMEs and MNCs on HRM-LA because they strengthen the institutional differences between the two types of enterprises; especially they are supposed to be stronger in SMEs.*
Hypothesis H3: *Managers' orientation towards CSR will be more positive in SMEs in compare to MNCs, because of their closeness to their local workforce and community.*

SAMPLE

In a dozen medium and large Israeli industrial facilities (the "*facility sample*"), we interviewed 54 top managers of these facilities ("*the managerial sample*" and 412 workers, who completed questionnaires in these facilities ("*the workers sample*"). A third of the sample is composed of MNCs The industrial sectors covered in the "facility sample" are chemical, metal, computer components, electronic, and optical equipment, rubber and plastic, machinery and equipment. Most of the firms are privately held and few are publicly traded. Most of the firms export over 40% of their products. Majority of them operate in saturated markets, with national and international competitors, the rest in smaller markets with fewer competitors. The characteristics of the sample and its geographical coverage of all the regions of the country, allow us to believe that it is an appropriate case for describing CSR in Israel. The "managerial sample" included 4-6 senior managerial positions in each enterprise (always including CEO, CFO and HRM Officer). 28% were female and 72% were male. The "workers sample" was composed of ~40 workers in each facility, who were selected randomly. 36% were female and 64% were male.

DATA SET

The data collected from different entities (industrial enterprises, managers, and workers) at different levels (institutional, organizational, performance), display different measurement levels. To analyze at the same measurement level of all variables, as we did in the 2016 study and in the 2018 study (op. cit.), we assigned to 412 workers the mean scores of the 54 managers. Similarly, we assigned to the workers sample the scores of the regulatory records of the 11 enterprises. This expansion method (the reverse of the common use of aggregation method) produced a data set of 412 of workers who have the additional background or external properties of the scores of their managers and of their enterprise. To check for obvious possible biases derived from the considerable differences of samples' size and variances, we aggregated the model's variables mean to the managers sample (N-54) and the facility sample. Then we examined the patterns of parametric (Pearson's r) and non-parametric (Spearman's rank-order rho_S) correlations among the variables. Except for 1 out of 45 pairs of correlations in the model, there were no significant differences between the correlation matrices at the level of 412 respondents, at that of the level of 54 managers, and at the level of 11 enterprises. Of course, a larger enterprise and managers samples would reduce the risk of bias in the expansion procedure. However, the consistent and stable patterns of the correlation matrices reduce the concern for the reliability of the statistical results.

MEASUREMENT

1. HRM-LA scale (the dependent variable)- designed as 8-item scalecoveringfour CSR areas: Equal remuneration and employment type, Freedom of association, Health and safety in work conditions, Education and training. Data relating to diversity and equal opportunity was not good enough to be included.The scale was built by Optimal Scaling procedure because the indicators vary in content and measures.
   Insert Table 2 Here
2. Regulatory demands scale – designed as 3-item scale covering OHS random inspections, OHS administrative proceeding and OHS accident related inspections. This scale, as the HRM-LA,was built by Optimal Scaling procedure for the same measurement reasons.
   Insert Table 3 Here
3. Stakeholders' influence- assessed by managers' perceptions of the degree of influence of these various stakeholders on the ongoing activities or the future of the firm (on a Likert-type scale of 4 categories, from 1=no influence to 4=a great deal of influence).
   Insert Tables 4 and 5 Here
4. Managers' orientation towards CSR- An additive scale of managers' attitudes and behavior towards CSR performance, based on three Likert-type items from the managerial sample.
   Insert Table 6 Here

RESULTS

The comparisons of SMEs and MNCs on their HRM-LA corporate social performance (CSP) have performed by t-test and ANOVA analyses.

In table 7, we can see that a simple t-test on the difference of means of HRM-LA between SMEs and MNCs in our sample *is not significant*, contrary to the claims of many CSR studies on SMEs and MNCs, as partially displayed in table 1. Therefore, **H1 in our study is not supported**.

Insert Table 7 Here

In addition, the pattern of the t-test differences of the control variables of the model, as is shown in table 8is not as expected.Most of the control variables have means of HRM-LA, which are higher in MNCs than in SMEs in our sample (regulatory demands;influence of: regulator as stakeholder,customers, suppliers, community;managers' orientation towards CSR). Influence of workers as stakeholders is not different significantly between SMES and MNCs, and only financial institutions have significantly greater influence on HRM-LA in SMEs in compare to MNCs. These results are contrary to most of what we know about other dimensions of CSR in SMEs and MNCs,and they**do not support H2 and H3**.

Especially, the insignificant difference of workers' influence on HRM-LA between SMEs and MNCs is noticeable.However, the other findings on the higher means of HRM-LAin the control variables of MNCs are deserving attention as well. MNCs in our sample get higher attention from the regulator regarding safety in their facilities. They are more attentive to a variety of stakeholders (but less than SMEs to financial institutions, because as multinational firms, they are less dependent on them), and their managers' orientation towards CSR is more positive.

Insert Table 8 Here

In the ANOVA integrated analysis (table 9), which combine the effects of all variables in the model, the weights of the variables is displayed in the column of Sum of Squares. We see that three variableshave considerable explained Sum Squares (SS): SMES_MNCs (142.785 compare to66.558 error term); Influence of financial institutions (154.19 compare to 66.558 error term), andmanagers' orientation (93.946 compare to66.558 error term). All other variables have explained SS smaller than the error term. However, when we sum up the SS of all control variables they are by far larger explained factors of HRM-LA than the firms' type, SMES versus MNCs (see on a similar strategy of analysis of international data set of CSR, Orlitzky et al., 2017).

The right column of table 9 displays the Pearson's correlations (r) between HRM-LA and all the variables in the model. We can see that the only insignificant correlation is between the type of firms (SMEs versus MNCs) and HRM-LA, a result that supports the lack of differences in the t-test. Also interesting in this column are the raw negative relationship between managers' orientation towards CSR and HRM-LA practices of CSR, and the raw high correlation between workers' influence as stakeholders and HRM-LA, which later is weakened in the presence of other variables.

Insert Table 9 Here

ANALYSIS

In contrast with the assertion that SMEs have better institutional and managerial conditions to employ HRM-LA practices of CSR than those of MNCs, and even to perform beyond compliance in this field, the international nature of HRM-LA practices of CSR is about compliance rather than beyond compliance. For example, organizational health and safety (OHS) is protected under international law, and particularly the ILO Convention 155, 'Occupational Health & Safety Convention' and Protocol 155, 1981, set the basic standards for OHS. Although OHS approaches to legislation, regulation and enforcement vary among nations, most countries standards of health a safety conditions are highly codified and based as a minimum on ILO standards (Montero et al., 2009).

Many of the HRM-LAindicators of CSR are derived directly or indirectly from international standards and regulations. As discussed previously, the compliance oriented nature of HRM-LA in the context of CSR in general, and in our study specifically, imposes a limit on the degrees of freedom of intra-organizational mechanisms. For example, strong HRM-LA external compliance may weaken organizational codes of innovation or HR development, or leadership initiatives in this CSR field.

Thisinterpretation is strengthened by studies that have demonstrated that HRM-LApractices and decision-making are only partially within the authority and direct control of managers and HR officers (Novicevic et al., 2011). In most cases, managers have less freedom in dealing with HRM-LA issues compared to other managerial domains, such as finance and technology(Boselie, et al., 2009). Their managerial flexibility is constrained by the institutional environment, such as the power of labor unions and varying political factors and conditions (Staehle and Schirmer, 1992). In addition, internally, the HRM-LA function is less influential on management boards, though its importance in multinational firms is more salient (Sumetzberger, 2005; Jackson and Rathert, 2016). Its dual function in advancing firm's interests as well as responding to its workforce needs weakens its impact internally. It is our suggestion that these constraints and the ambivalence of HRM-LA facet may impede CSR-motivated managers from attaining high performance in this area.

The negative effect of managers' orientation on HRM-LA may point to a gap between managers' proclaimed attitudes, motivations and strategies

regarding CSR and their commitment to achieving impacts on HRM-LA issues. This gap between promising policy statements and poor implementation of programs and impacts is labelled in the literature as "decoupling" (Graafland and Smid, 2016). Institutional theory suggests that the main reason for companies to decouple is the tension between a company, having to gain social legitimacy, while facing pressures to maintain efficiency and profitability (Graafland and Smid, 2016). The quest for social legitimacy can make it attractive to uphold a public image of a positive social actor, without committing to the necessary actions (Harrison and Freeman, 1999). Several studies found that such legitimacy pressures result in decoupling processes whereby corporate responses to external demands remain more symbolic than substantive (Jamali, 2010; Okhmatovskiy and David, 2012).

In the case of HRM-LA performance of CSR, the motivation for decoupling may even be stronger because of the less visible nature of HRM-LA compared to other environmental, social or product aspects of CSR. In other words, managers may find it easier to create an image of obligation to CSR without taking measures to address HRM-LAbeyond compliance, because acting according to regulatory international standards of HRM-LA, and satisfy stakeholders according to these standards, are good enough to achieve the required indicators of CSR in this field without extra efforts of beyond compliance activity.This behavior has been found in both SMEs and MNCs.

IN SUMMARY

Although our limited sample size necessitates caution in generalizing our results, the results on HRM-LA performance of CSR among SMES and MNCs are highly consistent and robust. Contrary to other spheres of CSR, such as environment or community, there is no differences in HRM-LAperformance among this type of enterprises. In both forms, SMEs and MNCs, in the context of CSR, the common factors that make differences in CSR practices oh HRM-LA are institutional variables and behavioral managers' orientation that bring about actual CSR performance indicators of HRM-LA. In both forms of enterprise HRM-LA practices of CSR remain highly externally dependent. These external pressures areresponsible to achieving performance in the field, although not all regulatory demands and stakeholder pressures may have the same force or direction. For SMEs as well MNCs these effects contrasts with the limited power and freedom of action that internal organizational mechanisms hold over HRM-LA. The negative association of managers' orientation towards CSR with HRM-LA accentuates the ambivalent nature of HRM-LA as well as the ambivalence of managers towards its improvement.

From a managerial perspective,reducing the ambiguity of HRM-LA practices of CSRis achievable throughstrict compliance with regulatory demandsin this area. Since, in most developed countries, HRM-LA regulation, usually based on international standards, is very encompassing, in most cases, compliance will be good enough to attainCSR goals ofHRM-LA, and the reputation of responsible employers.*However, for firms engaged in CSR programs, a room does exist for beyond compliance achievements in the field of HRM-LA, in the form of strategic HRM practices. These may include such activities as training for skills, developing career trajectories and job enrichment programs for workers, consultation with workers, promoting quality of working life programs and many other HRM initiatives that embody CSR.*

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TABLES AND FIGURES

Table 1: CSR characteristics in SMEs and MNCs

Factors associated	**SMEs' CSR**	**MNCs' CSR**
1. Regulation	Costs of non-compliance may be substantial (*Longo et al., 2005; Williamson et al. (2006).*	Must maintain operation standards across countries and thus less responsive to local conditions.
2. Stakeholders expectations	Responsive to local community stakeholders (*Sweeney,2007).* SMEs understand CSR *(Jenkin, 2004; Spence, 2007).*	Responsible to wide range of stakeholders. Perceived responsibility to society at large. Importance of shareholders *(Bondy et al., 2012; Jenkin, 2004; Rodrıguez et al., 2006;* Aguilera-Caracuel et al., 2015; *Bondy et al., 2012).*
3. Cultural norms and	More responsive because embedded in	MNCs working in diversified cultural environments

expectations	local culture.	and adapt to the expectations of local culture diversify. Their CSR activities accordingly.
4. Organizational culture	Highly affected and reflecting of owner/founder values (*Spence, 2007).* Less hierarchical, more discretion to managers *(Jenkins, 2004, 2006; Hsu and Cheng, 2012).*	More hierarchical, less managerial discretion (*Jenkins, 2004*; *Jamali et al., 2007).*
5. Organizational size	Less implementation problems *(Baumann-Pauly & Scherer, 2012).* Less opportunities to apply across supply chain.	Large size makes it difficult to implement CSR across organization. Many opportunities to apply across supply chain.
6. Availability of Financial resources	Financial strength might constrain CSR (*Lepoutre and Heene, 2006; Kusyk and Lozano, 2007; Sweeney, 2007; Jenkins, 2004; Hsu and Cheng, 2012)...*	Financial resources available allow for easier adoption of CSR (*Aguilera-Caracuel et al., 2015).*
7. Resource dependencies	In developed countries less resource dependent. In developing countries may be as resources dependent as MNCs.	Reliant on exploiting local advantages in resources (*Strike et al., 2006; Surroca et al., 2013*).
8. Human resources management	Based on local employment and contribute in this way to CSR *(Jenkins, 2006, Nielsen and Thomsen, 2009*).	Diversification in human resources allows for easier application of CSR. More CSR oriented training. Not necessarily reliant on local employment *(Chapple and Moon, 2005*; *Mijatovic and Stokic, 2010).*
9. Managers' attitudes to CSR	Mainly affected by owners' perceptions *(Vo, 2011; Hsu and Cheng, 2012; Vallentin&Morsing, 2008).*	Informed by international standards and trends in management.
10. Importance of CSR Communication	Less *(Lee et al., 2016; Jamali et al., 2009).*	More. Stress the importance of CSR communication and reporting (*Mousiolis et al., 2014; Baumann-Pauly & Scherer, 2012; Jamali et al., (2009).*

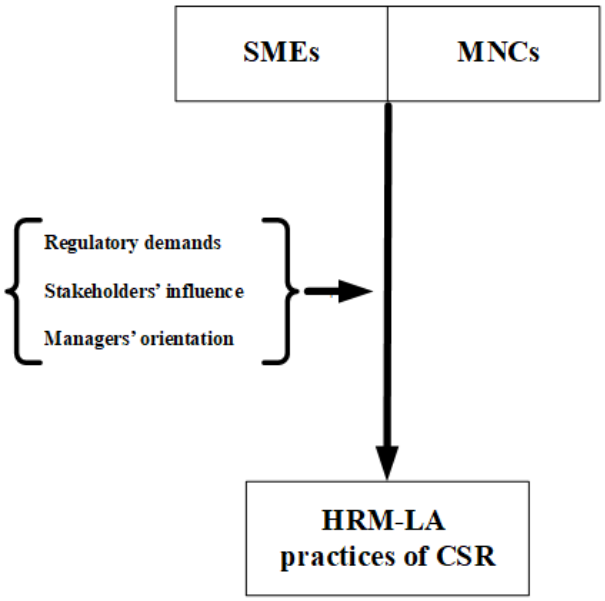


Figure 1: A theoretical model to explain differences between CSP of HRM-LA practices of CSR in SMEs and MNCs

Table 2. Standardized optimal LA-HRM scale

CSR indicator of CSP	Item	Weight	N	Min.	Max.	Mean	SD
Equal remuneration and employment type	1. % Full-time employees	.976	412	60.0	99.0	86.511	12.679

	2. % Part-time employees	.728	412	.0	29.6	5.100	8.009
	3. % Contract workers	.730	412	-30.0*	.01	-9.022	10.131
Freedom of association	4. % Employees covered by collective agreement	.683	412	.0	100.0	58.766	48.633
	5. % Employees belonging to a labor union	.888	412	.0	100.0	16.415	34.0005
Health and safety in work conditions	6. # Absence days per worker due to accidents & occupational sick	.958	412	-4322*	-3.00	-412.5	1079.9
	7. # Absence days per worker-Weighted for size	1.000	412	-17.71*	-.04	-1.766	4.449
Education and training	8. # Annual hours of occupational training per worker	.971	412	.01	105	14.466	26.533
	HRM-LA optimal scale		412	-.99	2.53	.0	1.00

Cronbach's Alpha	**Eigenvalue**	**% of Variance**
.978	6.934	86.670

*** Minus indicates a positive indicator (less contract employee or less work accidents)**

Table 3. Standardized optimal LA-HRM regulatory demands scale

Items	**Weights**	**Min.**	**Max.**	**Mean**	**SD**
OHS random inspections	1.00	.00	12.00	4.06	3.577
OHS administrative proceeding	1.00	.00	3.00	1.09	.95
OHS accident related inspections	1.00	.00	48.00	20.96	16.04
LA-HRM Regulatory demands optimal scale		-3.33	.31	.00	1.00

Cronbach's Alpha	**Eigenvalue**
1.000	3.000

Table 4. Regulatory Influence

Item		**N**	**Mean**	**SD**
Degree of influence of the regulator on the ongoing activities or the future of the firm	Single item	412	3.40	0.49

Table 5. Stakeholders' Influence

Item	**Reliability**	**N**	**Mean**	**SD**
Degree of influence of the following stakeholder on the ongoing activities or the future of the firm				
Customers	Cronbach $\alpha = 0.71$ (2 items)	412	3.38	0.48
Workers	Spearman-Brown = 0.55 (2 items)	412	3.28	0.27

Suppliers	Cronbach α = 0.60 (2 items)	412	2.61	0.46
Community	Cronbach α = 0.69 (2 items)	412	2.42	0.52
Financial institutions	Cronbach α = 0.69 (2 items)	412	2.09	0.74

Table 6. Managers' Orientation Scale

Item	**N**	**Min.**	**Max.**	**Mean**	**SD**
1. Management emphasizes receiving credible information on CSR performance	52	2	4	3.37	.69
2. Management uses various strategies to advance CSR goals	54	1	4	2.85	.98
3. Management is expected to achieve CSR performance in addition to economic performance	54	1	4	3.17	.86
	Reliability		**N**	**Mean**	**SD**
Managers' Orientation scale	Cronbach α = 0.69 (3 items)		412	3.33	0.32

Table 7: Independent Samples t-test between Small Medium Sized Enterprises (SMEs) and Multinational Corporations (MNCs)

Dependent: HRM-LA	**t-test for Equality of Means**				
	t	**df**	**Sig. (2-tailed)**	**Mean Difference**	**Std. Error Difference**
Equal variances assumed	1.413	410	.159*	.150	.106
Equal variances not assumed	1.306	207.409	.193*	.150	.115

*** Not significant**

Table 8: Means of theoretical explaining co-variates in Small Medium Sized Enterprises (SMEs) and Multinational Corporations (MNCs)

Explaining factors	**SME_MNC**	**N**	**Mean**	**Std. Deviation**	**Std. Error Mean**
1. Regulatory demands	1 SME	283	-.138	1.183	.070
	2 MNC	129	.304	.007	.001
2. Regulator as stakeholder	1 SME	283	3.278	.485	.029
	2 MNC	129	3.882	.137	.012
3. Customers	1 SME	283	3.420	.467	.028
	2 MNC	129	3.594	.466	.041
4. Workers*	1 SME	283	3.264	.239	.014
	2 MNC	129	3.246	.270	.024
5. Suppliers	1 SME	283	2.484	.446	.027
	2 MNC	129	2.957	.164	.014
6. Community	1 SME	283	2.279	.519	.031
	2 MNC	129	2.581	.292	.026
7. Financial institutions	1 SME	283	2.327	.704	.042
	2 MNC	129	1.373	.432	.038

8.	Managers' orientation towards CSR	1 SME	283	3.170	.236	.014
		2 MNC	129	3.657	.090	.008

***Mean difference is not significant in t-test (when equal variances assumed and when equal variances not assumed**

Table 9: ANOVA analysis (SME_MNCs is random factor level 1 and 2)

Dependent Variable: HRM-LA				
Source of variance	**Type III Sum of Squares**	**df**	**Mean Square**	**Pearson's r**
Model (all variables are main effects)	345.442	10	34.544	
1. SME_MNC	142.785	2	71.392	-.070
2. Regulatory demands	27.729	1	27.729	.196*
3. Regulator as stakeholder	57.454	1	57.454	-.167*
4. Influence of customers	31.395	1	31.395	-.304*
5. Influence of workers	22.547	1	22.547	.514*
6. Influence of suppliers	24.225	1	24.225	-.206*
7. Influence of community	24.608	1	24.608	.283*
8. Influence of financial institutions	154.191	1	154.191	.145*
9. Managers' orientation towards CSR	93.946	1	93.946	-.177*
Error	66.558	402	.166	
Total	412.000	412		

***Correlation is significant at the 0.01 level (2-tailed)**

★★★