UNDERSTANDING CORPORATE SOCIAL RESPONSIBILITY (CSR) AMONG MICRO BUSINESSES USING SOCIAL CAPITAL THEORY

Teik-Aun Wong*
INTI International College Penang

Bustami Mohammad Reevany
CenPRIS, Universiti Sains Malaysia

ABSTRACT

This study explores the phenomenon of Corporate Social Responsibility (CSR) among micro businesses in Jelutong wet market in Penang, Malaysia. For this qualitative case study, three (3) data gathering instruments are employed namely non-participant observations, semi-structured interviews and participant observations. Over a period of three (3) months, fifteen (15) non-participant observations, thirty-five (35) semi-structured interviews and ten (10) participant observations were conducted. The findings show that current literature on CSR is inadequate to capture and understand CSR in the context of micro businesses in a wet market. Instead, Social Capital Theory from the discipline of sociology is found to be a more suitable theoretical framework as it uses the individual as the unit of analysis. Subsequently, both CSR and Social Capital are deconstructed and analysed revealing their innate relationship. From these findings, conclusions and public policy recommendations are derived.

Keywords: Corporate social responsibility (CSR); Social capital theory; Case study; Wet market; Theoretical framework; Public policy

Received: 7 June 2018
Accepted: 20 February 2019

1. INTRODUCTION

CSR has a long and varied history with roots in philanthropy and business ethics. Philanthropy, a term prevalent prior to 1950 (Crane et al., 2008), refers to physical acts of businesses, business-owners and private individuals who donate and support charitable and worthy causes. Business ethics complements philanthropy to guide the thoughts and motivations of business-owners and individuals, the term “business ethics” as is currently used was not widespread until the 1970’s (De George, 2012). Prior to this, a sharp distinction was made between “business ethics” and “ethics-in-business” with the former referring to ethics derived specifically out of the business environment and operation. “Ethics-in-business” refers to the application of everyday ethics into the field of business. Ethics by itself is a major field in philosophy and religion with roots going all the way back to Socrates, Plato, Aristotle and the founders of the major world religions.

From the 1950’s onwards, the current conceptualization of CSR linking social responsibility to the business operations itself began to take shape; in other words, social responsibility came to be seen

*Corresponding author: Center for American Education, INTI International College Penang, 1-Z Lebuh Bukit Jambul, 11900 Penang, Malaysia. Tel: +604 631 0138 Email: teikaun@yahoo.com
as an integral part of business, not as a by-product or afterthought of business. The term CSR now encompasses both sizable and small or micro businesses, and serves as an umbrella concept encompassing embracing the wide corpus of literature on the phenomena of commerce, ethics and society.

2. LITERATURE REVIEW

With the understanding and practice of CSR still developing and crystalizing, it is timely to review the current major theoretical frameworks to reflect on the achievements and identify the possible gaps and shortcomings in the literature. These frameworks broadly covers the relationship between businesses and society, with social responsibility straddling both. Generally, these frameworks are divided into business management or sociological perspectives.

2.1. Business Management Perspective

Theoretical frameworks derived from business management perspectives are commonly employed in CSR. The major frameworks are the “Profits Only” Concept, Stakeholder Theory, and the “Business Case for CSR”. The “Profits Only” Concept is best epitomized by the late Milton Friedmann, the Nobel Prize in Economics recipient of 1976 in his famous article “The Social Responsibility of Businesses Is to Increase Its Profits” (Friedmann, 1970). In it, he eloquently argued that “A corporation is an artificial person and in this sense may have artificial responsibilities, but “business” as a whole cannot be said to have responsibilities, even in the vague sense”.

“Stakeholder Theory” as depicted in R. Edward Freeman’s seminal book “Strategic Management: A Stakeholder Perspective” (Freeman, 1984) introduced the concept of Stakeholders as opposed to Shareholders in a business. Stakeholder Theory posits that apart from shareholders, businesses have to contend with other stakeholders defined as “Any group or individuals who can affect or is affected by the achievement of the firm’s objectives” (Freeman, 1984). Examples of stakeholders include owners, consumer advocates, customers, competitors, media, employees, SIG (Special Interest Groups), environmentalists, suppliers, governments and local community organizations.

The “Business Case for CSR” approach attempts to reconcile the tension and seemingly conflicting interests of economics and ethics, apparent or otherwise. The central argument is that the interests of businesses, society, individuals and even the environment are not distinct and converge in the long run at the very least. Leading proponents of this view are Michael E. Porter and Mark R. Kramer who published the influential paper “Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility” in 2006 (Porter & Kramer, 2006). Porter and Kramer take a strategic management perspective that CSR can be profitably addressed to the firm’s advantage to gain competitive business advantage in the market. “To understand CSR we must root it in the broad understanding of the interrelationship between a corporation and society while at the same time anchoring it in strategies and activities of specific companies” (Porter & Kramer, 2006). Another popular “Business Case for CSR” approach is the concept of “Triple-Bottom Line” of Profits, People and Planet. Central in this approach is that business should not just be concerned with their profitability bottom-lines, but also their people and planet bottom-lines, how communities and the environment are impacted (Elkington, 1994).
2.2. **Sociological Perspective**

Theoretical frameworks derived from sociological perspectives are less commonly employed in the study of CSR. The major frameworks are Institution Theory and Social Capital Theory. In Sociology, “institutions” are social structures composed of social norms, cultural values, relationships, expectations and formal regulations that are well-developed, stable and resilient.

In the context of Institutional Theory, CSR would thus be conceived differently in different societies. Dirk Matten and Jeremy Moon (Matten & Moon, 2008) applied institutional theory to analyze the difference between CSR in America and Europe and observed that many American corporations are very keen and ready to claim social responsibility achievements in comparison to their European counterparts. A major contribution of Institutional Theory is the emphasis that CSR is not homogenous and is dependent on the society and culture which businesses originate from and where they operate in.

Social Capital Theory posits that the social cooperation of individuals benefits both the individuals as well as the group to which they belong to. This notion goes back to Aristotle who wrote that “Man is by nature a social animal; an individual who is unsocial naturally and not accidentally is either beneath our notice or more than human. Society is something that precedes the individual. Anyone who either cannot lead the common life or is so self-sufficient as not to need to, and therefore does not partake of society, is either a beast or a god” (Aristotle, 2000).

Contemporary elaborations on Social Capital Theory include mainly the interpretations of Pierre Bourdieu, James Coleman, and Robert Putnam. These three theorists established the cornerstones of the modern social capital theory. “Today’s concept of social capital however is a result of a mixture of functionalist, critical and rational theoretical traditions.” (Tzanakis, 2013). Social Capital can be applied on an individual as well as on communities and society. Tzanakis argues that Social Capital “works best as an individual-level concept, which loses much of its intended heuristic utility if it is automatically elevated to characterize communities, nations or parts of the globe.” (Tzanakis, 2013).

Robert D. Putnam is perhaps the most publicly well-known contemporary exponent of social capital theory. “He has been the focus of seminars hosted by Bill Clinton at Camp David and Tony Blair at 10 Downing Street. His ideas have popped up in speeches by George W. Bush and William Hague” (Smith, 2007). His well-known book, *Bowling Alone: America’s Declining Social Capital*, voiced his concern that the decline in traditional associations (such as bowling associations and community groups) and the concomitant rise in individualized leisure activities, signalled the decline of social capital and boded ill for the future of Americans. He cited indicators of voting behaviour, political participation, newspaper readership, and participation in local associations, as evidence of social capital decline and along with it, decline in civic engagement as well as trust (Putnam, 1995).

Based on Putnam’s definition and description, there are two kinds of social capital: bonding social capital, which is between people who share social and cultural traits (e.g. family, neighbours, friends), and bridging social capital, which is between individuals who are of differing backgrounds (e.g. workmates, acquaintances). Both, he argues, are required to build a peaceful society, especially one that is multicultural. Social capital as bonding, he felt, supports norms of
reciprocity and solidarity, while bridging social capital enhances information diffusion and builds linkages to external assets, and more than bonding social capital, broadens social identities. Subsequent publications have added a third linking social capital, which describes connections with people in positions of power and is characterized by relations between hierarchies where there are differing levels of power (Office of National Statistics, 2001).

2.3. Pyramid of CSR

A paper on CSR would not be complete without incorporating the brilliant “Pyramid of CSR” formulation. As the concept of CSR is congealing and changing, businesses seek an easy to understand and actionable formulation for guidance. Archie B. Carroll’s *The Pyramid of Corporate Social Responsibility* nicely fills this requirement (Carroll, 1991). Carroll has extensively studied the history and evolution of CSR from 1950 up till the modern era. Basically, the evolution has resulted in the development of alternative themes such as corporate social performance (CSP), stakeholder theory and business ethics theory but CSR continues to remain as a core construct (Carroll, 1999). In 1979 Carroll proposed a four-part definition of CSR and drew on all these alternative themes and consolidated them into his *Pyramid of Corporate Social Responsibility* consists of four levels arranged hierarchically.

Economic responsibilities (“be profitable”) is placed as the foundational of the entire pyramid, followed by legal responsibilities (“obey the law”), followed by ethical responsibilities (“be ethical”), with philanthropic responsibilities (“be a good corporate citizen”) at the very top of the pyramid (Carroll, 1991). A crucial point in this formulation is that the different levels of the pyramid have different importance. Carroll firmly grounds economic considerations as the fundamental reason for the existence of a business. Other considerations are built on top of and customarily only come into existence if and when economic considerations are met. All the different considerations are not equals and those higher up the pyramid are discretionary and optional.

Carroll’s Pyramid of CSR is based on Stakeholder Theory. “There is a natural fit between the idea of corporate social responsibility and an organization’s stakeholders. The word “social” in CSR has always been vague and lacking in specific direction as to whom the corporation is responsible. The concept of stakeholder personalizes social or societal responsibilities by delineating the specific groups or persons business should consider in its CSR orientation. Thus, the stakeholder nomenclature puts “names and faces” on the societal members who are most urgent to business, and to whom it must be responsive” (Carroll, 1991). Apart from identifying the different responsibilities in a hierarchy, the Pyramid of CSR also importantly lays out ALL the components of CSR for a comprehensive and holistic understanding. While the hierarchy of the components is subject to critique and ongoing research, there is generally no dispute that the totality of all four components represents an accurate representation of the full spectrum of the CSR phenomenon. Carroll did not claim that his Pyramid of Corporate Social Responsibility will fit all businesses in all countries. He readily admits that most of the literature on CSR is centred in the developed countries and observed that “related notions may have developed both in theory and practice in other countries and at different times” (Carroll, 1999).
2.4. **Shortcomings in Current Literature**

A critical review of current literature reveals (a) dominance of a business management perspective, (b) preponderance of studies on big businesses, (c) scarcity of studies in a non-Western context, and (d) preponderance of quantitative over qualitative studies. The commonly employed theoretical frameworks are derived from big businesses, and their applicability and appropriateness in a small business context is debatable. For example, small businesses do not necessarily relate to government regulators and consumer advocate groups the way big businesses do in Freeman’s Stakeholder Theory. Nor do they commonly project their CSR onto hierarchical pyramids as depicted by Carroll. In summary, current literature and research reveal gaps or shortcomings as follows:

i) Scarcity of literature and research on small or micro businesses

ii) Scarcity in the use of theoretical frameworks from sociology

The absence of studies on micro and small businesses utilizing the framework of Social Capital Theory reveals a significant gap in the CSR literature that requires addressing. An understanding of micro and small businesses from the framework of Social Capital Theory could provide inputs for better-informed public policies.

3. **METHODOLOGY**

A case study is deemed most appropriate for this research has it is “An empirical inquiry about contemporary phenomenon (e.g., a “case”), set within its real-world context – especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2009) and a qualitative research methodology that “is an approach that facilitates exploration of a phenomenon within its context using a variety of data sources” (Baxter & Jack, 2008). The phenomenon of CSR among micro businesses in Jelutong wet market is contemporary and contextual upon conditions present within a specific physical location. It is also a complex phenomenon involving various and diverse social actors that calls for multiple data sources for a comprehensive and holistic analysis.

Case study requires multiple sources of data for verification and triangulation. This research employs the following data-gathering tools:

i) Fifteen (15) non-participant observations

ii) Thirty five (35) semi-structured interviews

iii) Ten (10) participant observations

Jelutong wet market was selected as the field site as it is one of the oldest and largest wet markets in Penang with diverse vendors and patrons in terms of ethnicity, religion, age, mother tongue and socio-economic background. Purposeful sampling is used in the respondent selection and entails a concerted effort to have a wide diversity of respondents in terms of ethnicity, gender, age, trade and location of business represented.
4. RESULTS AND DISCUSSION

The research data was analysed using the phenomenological approach for the semi-structured interviews and on a comparative basis for the non-participant and participant observations. The phenomenological approach is a broad concept that has been “conceptualized as a philosophy, a research method and an overarching perspective from which all qualitative research is sourced” (Maykut & Morehouse, 1994).

As the research progressed and field data is captured and analysed, it became evident that micro businesses behave more like individuals rather than organizations. In other words, they are not smaller versions of large business organizations. As such, theoretical frameworks derived from organizations as their unit of analysis are unable to adequately and satisfactorily account for the observations and data obtained. Through retroductive reflection and reasoning, it was found that Social Capital Theory provided the best fit to understand and explain the phenomenon of CSR among micro businesses in Jelutong wet market.

The findings revealed that micro businesses in Jelutong wet market practise CSR in its many forms. They practice philanthropy in the form of charity. They also have a strong sense of business ethics. In particular, they practice social responsibility in the pricing of their products and do not take advantage of periods of high demand to arbitrarily increase prices. Most of them also consciously ensure the quality of their products and provide good service. All these are acts of social responsibility although not formally coded or reported. As Allan Gibbs puts it, “It is not a ‘policy’, but an ethos and ongoing experience. The challenge for the management educator in this respect is to recognize the distinctive core nature of social relationships in the entrepreneurial firm and therefore not to treat the issue of social responsibility through a corporate lens” (Gibb, 2005).

An important finding from this study is that type of trade has a bearing on their understanding and practise of CSR, specifically their proclivity towards charity. Different trades have different proclivity toward charity. These findings are summarized below:

<table>
<thead>
<tr>
<th>Trade</th>
<th>Proclivity towards charity</th>
<th>Attitude towards recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw food</td>
<td>Highest</td>
<td>Not discerning</td>
</tr>
<tr>
<td>Cooked food</td>
<td>Moderate</td>
<td>Discerning</td>
</tr>
<tr>
<td>Non-food</td>
<td>Lowest</td>
<td>Not applicable, focus on their own behaviour</td>
</tr>
</tbody>
</table>

This variation in proclivity towards charity by trade is within a context whereby virtually all other external factors in terms of business operating environment, economic conditions, size of enterprise, geographical location, organizational structure, and cultural and social influences are controlled. Furthermore, these enterprises are interacting and operating within close physical proximity on a common platform. A similar research within these parameters has not been detected in mainstream published literature. Spence, Schmidpeter and Habisch’s study on various trades in Germany and United Kingdom did not delve into differences in CSR practice by trade (Spence, Schmidpeter & Habisch, 2003). Other studies on CSR by different trades or industries are based on enterprises that are not interacting and operating together within close physical proximity as
Social Capital Theory provides a convincing explanation for this phenomenon. The raw food trade entails constant interaction between buyers and vendors. Raw food is bought on a very frequent basis and many households buy raw food daily for cooking. There is asynchronous information as the vendors knows more about their products such as the freshness of seafood, the quality of meat or whether a fruit is rotten inside. As such, the reputation and trustworthiness of vendors plays a very important role from the perspective of the buyer. This situation gives ample room for social capital to play a major role. Buyers tend to patronize the same vendor if there is a good fit or “chemistry” between them. A relationship forms and develops and this relationship can even be passed on to the next generation of vendors and buyers. The presence of a high degree of social capital is reflected in the high proclivity towards charity. Charity is a CSR component in which its currency is social capital. Furthermore, charity is performed in a non-discerning manner that not only benefits more recipients but suggests a higher level of non-discriminatory altruism.

At the other end of the spectrum is the non-food trade. Interaction between buyers and vendors is least frequent. Non-food products such as cooking utensils, hardware, clothes and toys are bought infrequently. Buyers also patronize different sellers for different products. Even within a similar product category, buyers patronize different vendors for variety of choice. Non-food products are manufactured products that come with product information and operating instructions. There is less asynchronous information between vendors and buyers. The brand of a product plays a role in evaluating the quality and desirability of a product. There is not much room for social capital to play a major role unlike in the raw food trade. As social capital is less of a consideration, it is less developed and reflected in their lesser proclivity towards charity. Rather than performing charity, respondents consider their own daily ethical behaviour such as practicing fair and reasonable pricing as a measure of “goodness”.

The cooked food trade fits in between raw food and non-food trades. The frequency of interaction is less than in the raw food trade but more than in the non-food trade. Buyers want variety in their food and the plethora of hawker food in Jelutong wet market testifies to this. However, within the same type of cooked food buyers tend to stick to the same vendor. For example, it is common for buyers to have their individual favourite *nasi kandar*, *hokkien mee* or *mee goreng* of which they constantly patronize. There is not much asynchrony of information as buyers can literally taste the product. However, there is moderate room for relationships to develop and for social capital to play a significant role. This is reflected in the moderate proclivity towards charity compared to the raw food and non-food trades. Additionally, charity is performed in a discerning manner based on the recipients’ perceived needs as opposed to a more universal non-discerning manner as in the case of the raw food trade.

A key insight is that micro businesses act more like individuals rather than impersonal organizations. In micro businesses, the business, the business owners/operators and the operations are so proximate to the extent that in practice, they in effect function as a single entity. Therefore, the CSR is much more individualized. The CSR is reflective of the individual actor(s’) inclinations and proclivities. There is hardly any distinction or differentiation between the business itself and the individual. As such, the unit of analysis for the relationship dynamics between micro businesses and their stakeholders is best represented by the *individual* rather than an organization.
This reconnects with the origins of CSR as the “philanthropy of businessmen” prior to the 1950’s at an era before the rise of impersonal corporate entities dominating the business scene. It is within this context that businesses are less corporatized and the genuine intent of social action of CSR can be more clearly linked to the individual business owner; hence, the significance of social capital.

Having established that in micro businesses the more appropriate unit of analysis is the individual, theoretical frameworks based on organizations as the unit of analysis becomes inappropriate. Social Capital Theory is based on the individual as the unit of analysis and provides a very suitable fit when applied to micro businesses. Social Capital Theory postulates the existence and importance of social capital among other forms of capital such as economic and cultural capital. A “capital” is a resource that has value and is sought after. Social capital is inter-linked with the other types of capital. Within limitations social capital can be transformed into other types of capital and vice versa. Individual behaviour revolves around the acquisition, transaction and utilization of these various types of capital. Social capital resides in individuals interacting within a community.

Social Capital Theory explains why the respondents act in ways that do not necessarily bring immediate economic benefit. The act of charity is a prime example. The respondents do charity without any publicity or fanfare. They do not think in terms of the macro Stakeholder Theory perspective of long term strategic management. They do not expect to derive immediate economic benefit out of it. They do charity because they instinctively feel that it is the “right thing to do”. This instinctive impulse is derived from the respondents’ personal beliefs which in turn are derived from how they were socialized. Rice seller 1’s views with regards to helping others sums it up as follows:

“I donate a bit depending on my means but I cannot afford to do so regularly. I believe that if one does a good deed, the benefit of the good deeds will befall on our children. I believe so as I have always been taught this way.” (Interview - Rice seller 1)

In this sense the respondents’ acts of charity are more authentic and genuine as compared to that of big businesses where there is minimum ulterior motive or hidden commercial agenda. Good deeds are performed because they are considered intrinsically good. Nonetheless, subconsciously or perhaps consciously in some cases, respondents are also accumulating social capital in the form of obligations, endearment, relationships and respect. The accumulated social capital has a utilitarian value as it can possibly be converted into economic or cultural capital in the future.

The respondents’ practice of business ethics is also a form of social capital generation. By practicing ethics in pricing and ensuring quality the respondents are building up their social capital in the form of trust and credibility from the customers. In the long run, this social capital forms long-lasting relationships between vendor and seller that can even transcend the commercial aspect and enter into the social realm. In a well-established and long-running wet market like Jelutong there are second or perhaps even third generation vendors like Meekoo maker 1, Beef butcher 1, Fish monger 1, Vegetable seller 2 and Prayer items seller 1 that inherit their businesses from the parents or close relatives. Similarly there are second and even third generation customers who buy from the same vendors their parents did. Participant observation reveals mothers teaching their daughters how to select seafood, fruits and vegetables, and fathers bringing their children to
their favourite hawker stalls. The respondents’ practice of charity and ethics fit nicely into Social Capital Theory as “institutionalized relationships of mutual acquaintance and recognition” as described by Bourdieu (Bourdieu, 1986).

Using Social Capital Theory as a theoretical framework to understand CSR among micro and small businesses has precedence, most notably among some researchers in Europe. However, its applicability among micro businesses in a Southeast Asian wet market context has not been investigated. Researchers in Europe have studied the relationship among CSR, small businesses and Social Capital Theory, but not within a single specific locality like a wet market. As acknowledged by Russo and Perrini, “The relevant extant literature on the knowledge gap that exists in the CSR-SME relationship is still far from constructing a consolidated and generally accepted model to investigate such relationships as well as providing a responsible perspective on the management of SMEs” (Russo & Perrini, 2010). Within a specific physical site, social actors can be observed in action interacting and generating social capital all within the framework of Social Capital Theory.

4.1. Relationship between CSR and Social Capital Theory

A key insight and implication of applying Social Capital Theory in the context of CSR among micro businesses is that micro businesses is a social construct and not an exclusively commercial construct. This harks back to the fundamentals of business institutions as an essentially human and social construct. Business institutions bear the characteristics of its human originators who live within society. Micro businesses include social aspects such as socialization and even recreation. “Understanding business firms as relational entities – as vital and co-constituted with their social and natural environments, rather than as mechanical cogs in a globalized market machine – puts issues of ethics and economics in a new light” (Nelson, 2004).

The congregation of micro businesses with social components gives a wet market a social aspect on top of its economic aspect as a place for commercial transactions. As observed of Fruits seller 1, his elderly friend regularly hangs around his fruit stall to chit chat and read the newspapers. Hardware seller 1 even have his friend regularly help him out in staffing his stall selling hardware in order to pass time productively. To the friends of these respondents a wet market is not merely a commercial institution, it is a social institution for them to socialize, pass time and for recreation.

It is insightful and instructive that the wet market, a paragon of the free market economic system is revealed as actually a social institution. Correspondingly businesses are also revealed as intrinsically social entities. This finding dovetails with many recent studies that individuals are not “homo economicus”. Gintis defined homo economicus as follows, “The standard model of the individual in economic theory, whom we shall call homo economicus, has several characteristics that are relatively unproblematic in a market setting. Homo economicus comes to a choice situation with exogenously given and determinate preferences. These preferences apply to goods and services that are produced, consumed, and exchanged. Homo economicus is self-interested, caring only about personal (or more broadly, familial) bundle of commodities, work, and leisure acquired” (Gintis, 2000).

Crucially, the link between CSR and Social Capital Theory is established. In micro businesses the unit of analysis is the individual and specifically the business owner. The business owner
combines both commercial and lifestyle pursuits in his or her activities in running the business. In their everyday conduct of their business, business owners are constantly balancing commercial and non-commercial requirements as reflected in their ethical considerations in terms of price, profit and quality. However, within non-commercial considerations they do not distinguish their actions between CSR and social capital generation. In the hustle and bustle of doing business in a wet market, they instinctively act and behave in a manner they feel is right and appropriate. The ethical and philanthropy components of CSR are integrated with social capital generation becoming a single phenomenon. This leads to a deeper understanding of both these phenomena.

CSR is a multi-dimensional construct comprising components commonly depicted as layers within a pyramid. The components of CSR as shown below:

**Figure 1: Components of CSR**

```
CSR
   +------------------+
   |                  |
   |    Economics     |
   +------------------+
   |                  |
   |    Ethics        |
   +------------------+
   |                  |
   |    Philanthropy  |
   +------------------+
   |                  |
   |    Legal         |
```

Social Capital is also a multi-dimensional construct. Combining both Sacconi and Antoni’s (Sacconi & Antoni, 2008) theorizing of social capital and Robert Putnam’s (Putnam, 1995) analysis results in the components of social capital as depicted below:

**Figure 2: Components of Social Capital**

```
Social Capital
   +------------------+
   |                  |
   |    Cognitive     |
   +------------------+
   |                  |
   |    Bonding       |
   +------------------+
   |                  |
   |    Structural    |
   +------------------+
   |                  |
   |    Bridging      |
   +------------------+
   |                  |
   |    Linking       |
```
Having deconstructed both CSR and social capital, their component parts can be subject to further analysis. Comparing their component parts reveal similarities or convergence among several components as follows:

**Figure 3: Convergence of CSR and Social Capital**

 CSR and social capital intersect and converge in the ethical and philanthropy components of CSR. When analysis of CSR is brought to a level involving micro businesses, the heart of the CSR phenomenon can be explained through the generative dynamics of social capital. Social capital is the binding force and currency which largely explains the different manifestations of CSR among micro businesses. Each action taken by the micro businesses has direct implication on social capital which in turns leads to the formation or development of CSR. CSR cannot be fully understood when social capital is removed from this equation. Social capital plays a central role in the generative mechanism underlying CSR action of micro businesses.

The ethical and philanthropy components of CSR are infused with bonding and bridging social capital. Ethics and to a somewhat lesser extent philanthropy are practices based on social norms. As such, practicing ethics and philanthropy generates bonding and bridging social capital. From the perspective of Social Capital Theory, the ethics and philanthropy components of CSR are rich in social capital. Bonding social capital is found in ethics while bridging social capital is found in both ethics and philanthropy. The other components of CSR namely the economic and legal are poor in social capital as they are dominated by other forms of capital such as economic or cultural capital.

Applying Social Capital Theory to the phenomenon of CSR yields instructive and insightful results. It is revealed from the convergence of several of the component parts of CSR and social capital that they are essentially a common phenomenon in many respects. Social Capital Theory provides a very robust and comprehensive theoretical framework to understand CSR in micro businesses. In return, the phenomenon of CSR informs and enriches Social Capital Theory by
relating it to the business context. The intersection and convergence of CSR and social capital indicates their integration and fusion into a single phenomenon\(^1\).

Contrasting a traditional wet market with a modern hypermarket produces another instructive insight. In a modern hypermarket, the concept of “relationship” takes on a different meaning. In hypermarkets there are no human vendors in the true sense as the owners are separate from the salaried workers employed to staff the check-out counters. In the absence of human vendors, buyers place their trust on brands. Brands are impersonal abstract entities and it is questionable whether the “relationship” between buyers and brands can be construed as a relationship at all.

Unsurprisingly, social capital plays a minimal if not absent role in a hypermarket as it is overwhelmingly transaction-based with economic capital the over-riding consideration. The hypermarket communicates its available goods and services and the accompanying promotions and “offers” straight to buyers via advertisements in various media. This leaves hardly any incentives for buyers to communicate among themselves and pass the word around with regards to goods and services available. Without much incentive to communicate and interact, relationships among buyers or between buyers and sellers are hard to form. With the scarce presence of relationships, there is no ‘community’ or ‘society’ within a hypermarket unlike a wet market.

Many market goers know each other as observed of them greeting their acquaintances when met. Many market goers are also seen walking in groups. Their physical appearance, casual mode of conversation and the close physical proximity when walking together suggests that they are family members. There are also Tai Chi and Line Dancing groups as indicated by their similar t-shirts adjourning to Jelutong wet market presumably after their activities. Many blue collar workers are also observed having their breakfast together in Jelutong wet market before going to work. (Non-participant observation – Ref 140805)

Among sellers it is also observed that they mingle with each other and keep a lookout for each other. They freely socialize and even those selling competitive products are not averse to mixing with each other.

It is observed that most vendors have a pleasant and jovial demeanour. Obviously, a pleasant demeanour is required for sales. Vendors are also frequently interacting with each other in a friendly and jovial manner. They regularly socialize among themselves in the course of operating their business. (Non-participant observation – Ref 140801)

A “special order” was heard shouted out for hokkien mee with extra seafood ingredients by a vendor. This suggests that the vendors are well-acquainted with each other to the extent that they can customize the products and services for each other. (Non-participant observation – Ref 140920)

There is also considerable bridging social capital observed between buyers and vendors. Most buyers and vendors reside in the vicinity and this close physical proximity is conducive for neighborly ties to develop.

---

\(^1\) Both phenomena unsurprisingly share the common term “social” in their compounded description.
“I previously bought from Pork butcher 2’s father before he passed away and passed down the business to Pork butcher 2. Both the father and Pork butcher 2 are honest, their products good and their prices reasonably. I recommend that you also patronize Pork butcher 2”. (Participant observation – Ref 140913)

The researcher showed a “thumbs up” sigh to Hawker 5 as a compliment of his food. He beamed with pride and thanked the researcher for patronizing his stall. It was obvious that Hawker 5 is proud of his lor mee dish. Hawker 5 has since become an acquaintance of the researcher. (Participant observation – Ref 140922)

The roles of buyers and vendors are also fluid and inter-changeable. Vendors become buyers when they patronize the goods and services of other vendors. Furthermore, many buyers and vendors are also linked by family ties further cementing their social capital.

The research also brings focus towards the fundamental idea of ‘social’ within both CSR and Social Capital Theory. The social aspect is the foundation and intersection for both CSR and Social Capital Theory. To fully comprehend the concept of ‘social’ requires the corresponding concept of ‘individual’. ‘Individuals’ in the social context are independent social actors with freedom to act and behave as they deem fit. Unlike employees, their interests are not subsumed to that of an impersonal organizational entity. These individuals are free to acquaint with other individuals on their own terms. The relationships that arise are that between two social actors rather than between an individual and an impersonal business entity or abstract brand. These relationships in turn inter-twine with each other on a continuous and constant basis. This web of relationships forms the bedrock of society. CSR arises from the sense of responsibility of individuals towards other individuals within the framework of society. Social capital, together with other forms of capital is both the glue and lubricant that enables the operation of society.

5. CONCLUSION AND PUBLIC POLICY RECOMMENDATIONS

The key insight supported by the field data from this research is that Social Capital Theory is the most appropriate theoretical framework in understanding and explaining CSR among micro businesses. This insight has important implications in the formulation of public policy that is suitable and appropriate for all. Accordingly, the following public policy recommendations are proposed:

I. A country’s development should not only hinge on economic development as is commonly practiced currently. The non-economic aspects of development in particular the social aspects are equally important for the well-being of individuals, society and a nation. As such, social capital generation is essential in national policy-making. National development policies on industrial investments, infrastructure development, transportation, social welfare, economy and business development should include and give prominence to social capital in their formulation.

---

2 Non-participant observations reveal that it is a common occurrence for most vendors to patronize the cooked food vendors for their meals.
II. Micro businesses must be encouraged and supported. Micro and small businesses with their distinct local characters are the backbone of the national economy. Apart from generating commerce, micro and small businesses actively practice CSR as revealed in this research and in the process generate social capital that benefits society in many non-economic aspects. CSR as practiced by micro and small businesses must be duly recognized alongside formalized CSR as practiced by big businesses. The different nature and characteristics of micro and small businesses in comparison to big businesses necessitate different policies suitable for them. For example, tax policies and business incentives can be adapted to suit their size, structure and practices.

III. Traditional wet markets must be supported, promoted and prioritized as they are not just a commercial institution but an important social institution that facilitates the generation of social capital. As a social institution, a traditional wet market not only serves the vendors as revealed in this research but also the myriad customers and patrons many of whom are elderly and of lower to middle socio-economic standing. Among the various social functions provided include socialization, recreation and supporting physical, mental and emotional health. The development of hypermarkets should be complemented with the conservation of wet markets such as the one in Jelutong.

IV. Micro businesses in a traditional wet market provide a suitable platform to foster and enhance social cohesiveness that is vitally important for countries with diverse polities like Malaysia. Venturing into a micro business is relatively easy as capital and expertise requirements are relatively low. As such, anyone regardless of race, ethnicity, gender, age or educational background can venture into micro business. Traditional wet markets provide the physical platforms for micro businesses to interact with each other as well as customers. These interactions are conducted in a close and personalized manner fostering social cohesiveness and cultural understanding among the diverse individuals. The fact that several respondents in this study speak several dialects and languages and are observed freely mixing and interacting are the results of the social cohesiveness generated.

V. City and town planning must take into consideration and calculation the CSR and social capital generation (as opposed to economic capital alone) of micro and small businesses particularly in wet markets in formulating development plans. As shown in the earlier juxtaposition of a traditional wet market and a modern hypermarket, both perform essentially similar economic functions but their social functions are vastly different. A balanced consideration of both economic and social aspects is required in all aspects of city and town planning including density, residential to commercial ratios, transportation networks, social amenities and infrastructure planning. For example, planning for a traditional wet market will contribute to both economic and social considerations whereas a shopping mall or hypermarket will only predominantly contribute to the former.

VI. Property development regulations should provide incentives to include social capital generation in the development projects. Examples of components with high social capital generation include traditional wet markets, public parks and recreational amenities, housing design that encourages interaction among neighbours, pedestrian-friendly infrastructure and appropriate public transportation. Appropriate incentives should be
provided to property developers to include these components such as discounted planning fees, faster planning approvals and other suitable benefits.

All these recommendations if implemented accordingly is envisaged to bring about a more balanced and holistic development where both economic and social considerations are given appropriate weightage. Consequently, nation-building will be enhanced with more holistic and balanced outcomes.

REFERENCES


