



This is a self-archived – parallel-published version of an original article. This version may differ from the original in pagination and typographic details. When using please cite the original.

Simunaniemi, A.-M., Valkjärvi, M., Franzén, R., Liikala, S., Tähtinen, J., Suomi, K., & Jeminen, J. (2023). Microentrepreneurs as Socially Responsible Leaders. *South Asian Journal of Business and Management Cases*, 12(1), 14–30.
<https://doi.org/10.1177/22779779231155057>. © 2023 Birla Institute of Management Technology.

Reuse of the self-archived article is restricted to non-commercial and no derivative uses.

Simunaniemi, A.-M., Valkjärvi, M., Franzén, R., Liikala, S., Tähtinen, J., Suomi, K., & Jeminen, J.

Microentrepreneurs as socially responsible leaders

Abstract

Corporate social responsibility (CSR) refers to the voluntary integration of social and environmental concerns into companies' operations. This qualitative case study investigates microentrepreneurs' values and business activities related to CSR, particularly the elements of social responsibility (SR) via responsible leadership (RL) approach. We investigate how entrepreneurs perceive the concept of SR, how SR is related to values, and through which leadership activities they plan to implement SR. The case is a CSR training programme with 30 Finnish microentrepreneurs as attendants. The results show that entrepreneurs perceive SR on two levels: philosophical and practice-oriented levels. At the philosophical level, RL is being truthful to one's own values and taking a long-term, holistic view, and the practical SR includes customer focus, staff equality, or community and network activity. Being true to one's personal values and having a holistic long-term view of SR are the ground-building elements guiding leadership decisions in microenterprises. The practical level of RL is not limited within the microenterprise but, rather, extends to, for example, customers and business partners. The theoretical contribution to the RL literature is that the groundwork for SR in microenterprises is based on strategically sustainable businesses that are in line with entrepreneurs' values but also simultaneously pursue a greater, more long-term purpose than a short-term profit-seeking. This study adds to the RL literature, indicating that, regardless of their owner-centricity and the focus on practically relevant leadership activities in the here and now, microenterprises pursue larger impacts on the community by adopting a holistic, future-oriented view. Although microenterprises are owner centric and individual motivations play a significant role in RL, this study shows that, in socially and economically sustainable microenterprises, entrepreneurs' personal values are integrated with those of the customers.

Keywords

corporate social responsibility, responsible leadership, values, microenterprises, case study

Introduction

Corporate social responsibility (CSR), including its environmental, economic, and social aspects (e.g., Klewitz & Hansen, 2014), is essential for sustainable enterprise strategies' success (Lee, 2008; Porter and Kramer, 2011). The concepts of responsibility and sustainability are often used 'interchangeably, inconsistently, and ambiguously' (Bansal & Song, 2017), which creates confusion regarding the concrete meanings of these concepts (Fassin et al., 2010). Responsibility research has taken a normative position, railing against the amorality of business, whereas sustainability research has adopted a systems perspective, raising awareness of business-driven failures in natural systems (Bansal & Song, 2017). In this study, we apply the definition of CSR created by Cheng, Joannou and Serafeim (2014, 1): 'the voluntary integration of social and environmental concerns in their companies' operations', as well as 'commitments to both social and environmental practices' (Bansal, Gao & Qureshi, 2014, 950). In the entrepreneurship context, CSR is characterized as an entrepreneur's personal commitment to improving the well-being of society through business practices (Kotler & Lee, 2005).

Small businesses have several organizational characteristics that encourage the internal implementation of responsibility-related practices in their business functions, but external communication and reporting about CSR remain limited (Baumann-Pauly et al., 2013). Entrepreneurs can shape the corporate culture and pursue goals other than profit (Fassin et al. 2010) outside their companies as well as when values are the guiding principle or norm (Hemingway & Mclagan 2004, 36). Entrepreneurs' collectivistic values (Adams, Licht & Sagiv, 2011) and ethical commitment (Muller & Kolk, 2010) are important in leadership decisions and the practical implementation of SR in business. Entrepreneurs, as leaders, provide direction for their employees, customers, and collaboration partners because the personal values and ethical motives of these owner-managers impact the strategies of small companies (Burton & Glodsby, 2009). Entrepreneurs' interpretations of CSR (Murillo & Lozano, 2006; Perrini et al., 2007) and their ways of leading business processes so as to achieve an overall positive impact on the society (Jenkins, 2009) influence how CSR is ultimately implemented.

Microentrepreneurs are a vast and heterogenous group of small business owner-managers, and they have specific characteristics that can impact the ways in which and the extent to which they implement SR in their businesses (Aragon, Narvaiza & Altuna, 2016; Vo 2011).

Microentrepreneurs who are either self-employed or have less than ten employees (EU Commission recommendation 2003/361) comprise well over 90 percent of all enterprises in Finland and European Union (Eurostat, 2022). Public authorities, e.g., through the EU proposal for a directive on corporate sustainability due diligence 2019/1937, encourage all businesses to conduct CSR activities, which necessitates small steps and takes time (Keck, 2016). However, they are an understudied group with specific leadership and management characteristics, such as owner-centricity (Rastrollo-Horrillo, 2021). In microenterprises, leadership is typically based on personal values and common sense. Keck (2016) even argues that compared to large corporation managers, it is easier for small business owner-managers to express their values and culture related to CSR in a direct and effective manner. Choice of leadership activities are partly based on how entrepreneurs' personal values relate to social issues (Bansal & Song, 2017). Small business owners attach great importance to CSR and business ethics, particularly 'essentiality' and 'relevance for their own situation' (Fassin et al., 2010), and microentrepreneurs may fail to relate CSR to their daily business activities, because their perception of the concept differs from academic definitions (Fassin, van Rossem & Buelens, 2010) and they approach CSR through informal strategies (Russo & Tencati, 2009). If entrepreneurs do not find the CSR concept relatable to their current business and do not systematically communicate their values and practices, they cannot transform their responsible practices into competitive advantage. Microentrepreneurs could become opinion leaders for SR if they were aware of the concept, could relate it to their day-to-day business practices and values, and had tools for reporting and communicating them systematically.

Because the CSR performance of a company is an outcome of leadership actions (Zhao, Yang, Wang, & Michelson, 2022), we apply responsible leadership (RL) as a theoretical approach to investigate leadership activities related to responsibility. RL is a research sub-field within leadership-oriented studies (Miska & Mendenhall, 2018), emerging between the studies of ethics, leadership, and CSR (Antunes & Franco, 2016), and a domain of CSR-leadership research (Zhao et al., 2022). RL implies the adoption of systemic thinking oriented toward effectiveness, ethical behaviour, and sustainability over time (Lynham, 1998). RL is focused on social and environmental targets, sustainable value creation, and positive change (Pless and Maak, 2011). In RL, the interaction with stakeholders and society impact meet with business performance. RL involves a range of stakeholders, rather than the traditional leader-follower (employer-employee)

pattern (Castillo, Sánchez, & Dueñas-Ocampo, 2020), which makes RL appropriate for investigation in microenterprises and among self-employed business owners. Managers who adopt RL typically develop CSR practices, build sustainable relationships with stakeholders, and coordinate activities to achieve common sustainability goals (Maak & Pless, 2006) as well as consider the consequences of their leadership decisions for society (Voegtlin, Frisch, Walther & Schwab, 2020). Amir, Siddique and Ali (2021) argue that company leaders who interact with external stakeholders become better to address the social concerns of the society, while also shaping the business. In small enterprises, RL is often implemented through management by values, including building employee relationships, rational management and transferring responsibility (Landstad et al., 2022). Freeman and Auster (2011) argue for an extended RL research focus on business leaders' individual values because individual past experiences, current values, and future aspirations shape business leaders and their behaviour.

This study responds to the call for research on entrepreneurs' personal values, as well as how the values guide company relationships with the community (local level) and society (macro level) (Bansal & Song, 2017). A clearer understanding of how entrepreneurs perceive CSR might reveal how motivations other than short-term economic influence their decision-making (Klein and Kellermanns, 2008) and leadership. One element of the broad CSR concept is social responsibility (SR), which is suggested to provide enhanced trust and employee motivation, a greater degree of transparency, an improved reputation, improved employer-employee and supplier-client relations, increased attractiveness to quality employees, and strengthened employee loyalty (Hodindova & Sadosky, 2016). The reasons for engaging in SR have been suggested to range from purely ethical ones to purely instrumental ones (Garriga & Melé, 2004). Entrepreneurs' ethical obligations to society have only recently attained academic interest, and the social dimensions of CSR remain underrepresented in research (Tate & Bals, 2018; Tiba, van Rijnsoever & Hekkert, 2019). Pless (2007) argues that recognizing and incorporating social responsibility (SR) into practice is the greatest challenge of RL. Hence, our aim here is to investigate microentrepreneurs' perceptions, values, and leadership activities that form the practice of their socially responsible leadership. We thus propose the following research questions (RQ): 1) how microentrepreneurs perceive the concept of SR, 2) how SR relates to the values guiding microenterprises, and 3) through which leadership activities microentrepreneurs implement SR? This contextual understanding of SR is useful for business support advisers and education

providers in developing responsibility competences, business practices, and reporting tools adapted for microenterprises. As a theoretical contribution, this study provides contextual understanding of the underlying concepts of SR and how values are related to implementing RL.

Methods

This is an instrumental case study (Stake, 1995) of 30 Finnish microentrepreneurs who participated in a CSR training programme in 2022. The execution time for the training programme was from four to six months. The empirical data were collected in two subsequent training groups with similar structures. Following the principle of applying multiple data collection in a case study (Stake, 1995), the data consist of four types of data. First, the baseline self-evaluation online surveys of the current level of CSR activities in the company at the start of the training (see Table 1). The survey items were based on both research literature regarding CSR and practical experiences in the microenterprise context. The survey was formed and phrased in a co-creation process with business support experts, the training programme coordinators, and voluntary entrepreneurs. The 14 pre-determined social-responsibility-related claims used in the present study are shown in Appendix 1. Second, each entrepreneur attended a one-to-one thematic interview before the coaching period allowing them to describe their perceptions on CSR and values, and hence enabling the researchers to understand their leadership actions (Robottom & Hart, 1993). Third, the data include company-specific sustainability development roadmaps produced during the programme and, fourth, post-training focus group interviews with a focus on the training programme and company-specific planned leadership activities (five groups). All interviews were audio-taped and transcribed with the participants' permission. The self-evaluation survey helped entrepreneurs to make first pre-reflections on the CSR theme in their own business before attending the baseline interview. These data were used combined to analyse RQ1 and RQ2. Some of the entrepreneurs gave their company-specific CSR development roadmap for the research use, and these together with the post-training interviews formed the data regarding RQ3.

Table 1 Empirical data.

ID and descriptive category of core business	Baseline Self-evaluation	Baseline One-to-One Interview	CSR roadmap	Post-training interview
	<i>Used for RO1 & RO2</i>		<i>Used for RO3</i>	
1A Tourism *)	x	x		
1B Clothing manufacturing *)	x	x		x
1C Food industry ***)	x	x		
1D Retail (clothing) *)	x	x		
1E Social and Health Services ***)	x	x		
1F Café and Bakery **)	x	x		
1G Retail (shoes) *)	x	x		
1H Wood chemistry **)	x	x		
1I Retail (clothing) *)	x	x	x	x
1J Tourism *)	x	x	x	x
1K Tourism **)	x	x		
1L Food industry ***)	x	x		x
1M Wellbeing *)	x	x		x
1N Wellbeing *)	x	x		x
1O Metal trade ***)	x	x	x	x
1P Real estate *)	x	x	x	x
1Q Food industry **)	x	x		
1R Catering ***)	x	x		x
1S Wellbeing *)	x	x		
1T Information technology *)	x	x		x
1U Tourism **)	x	x		x
2A Advertising agency industry ***)	x	x		
2B Consulting ***)	x	x		
2C Product development, research, and design services ***)	x	x		
2D Advertising agency industry ***)	x	x		
2E Office and assistant services & Wholesale *)	x	x		
2F Consulting *)	x	x		
2G Consulting *)	x	x		
2H Wholesale ***)	x	x		
2I Accommodation *)	x	x		
Total	30	30	4	11

*) solo entrepreneur, **) family business, ***) employer company

Data analysis

We applied qualitative content analysis to identify microentrepreneurs' perceptions of the concept of CSR (RQ1), company values (RQ2), and the selected development goals (RQ3). The baseline and post-training interview transcripts as well as other material were read several times by the authors, and the various interpretations were discussed between authors to reach mutual understanding. Following the inductive content analysis process described by Azungah (2018), the analysis on the entrepreneurs' own SR perceptions was entirely driven by the entrepreneurs' own experiences. The perceptions identified from the baseline interviews were categorized into thematically coherent groups that were not influenced by *a priori* expectations of the authors. In the second phase, the analysis of the entrepreneurs' expressed SR-related values followed abductive logic, alternating between becoming acquainted with the existing theoretical understanding of SR-related themes and the empirical data (Dubois & Gadde, 2002; Van Maanen et al., 2007). Two of the authors had worked as experts in the training programme, and their personal memos were used to validate the findings of the text-based analysis. Finally, to inductively identify the leadership activities for implementing SR in microenterprises, we used the CSR roadmaps and the post-training interview transcripts.

Results

Entrepreneurs' perceptions of SR

SR is a broad and diffuse concept that can be understood in multiple ways. Before the interview, each entrepreneur completed a self-evaluation survey on their current responsibility practices. These self-evaluations were used as a form of stimulation for the interview. For many entrepreneurs, this was the first time they had consciously pondered SR: 'I have never stopped to think about the whole responsibility issue' (1E). We want to bring out the fact that CSR and specifically SR seem to be quite poorly understood concepts among microentrepreneurs. The entrepreneurs were unsure regarding the meaning of SR: 'What did it [SR] mean in practice again?' was a typical first response, although many of the proposed activities were so self-evident that the entrepreneurs had not considered them responsibility activities:

Interviewer: You had stated here in the survey that collaboration with customers, reacting to customer feedback, and equal treatment of people, and...

IB: Yeah, well, that is quite ... that is clear as a day that...

Interviewer: You had those on a very good level.

IB: ...you don't even consider that. Yes, of course, obviously!

Two perception categories manifested on a philosophical level: **being truthful to values** and **the holistic view of responsibility**. These formed a basis for the practice-oriented themes (see Figure 1), meaning that microentrepreneurs as leaders want to do things that are meaningful for them personally and offer a means of realizing oneself: '[Responsible] business is transparent, honest, that you can act with good conscience, you know you are doing things right.' (2E). Not only the entrepreneur's personal values but also the agreed-upon values of the entire work community should preferably be reflected in activities both inside and outside the organization: '[Responsibility issues] ...are in a way related to the values of our work community. How we behave towards ourselves and the customers and, of course, what kind of impression it gives about us.' (2A).

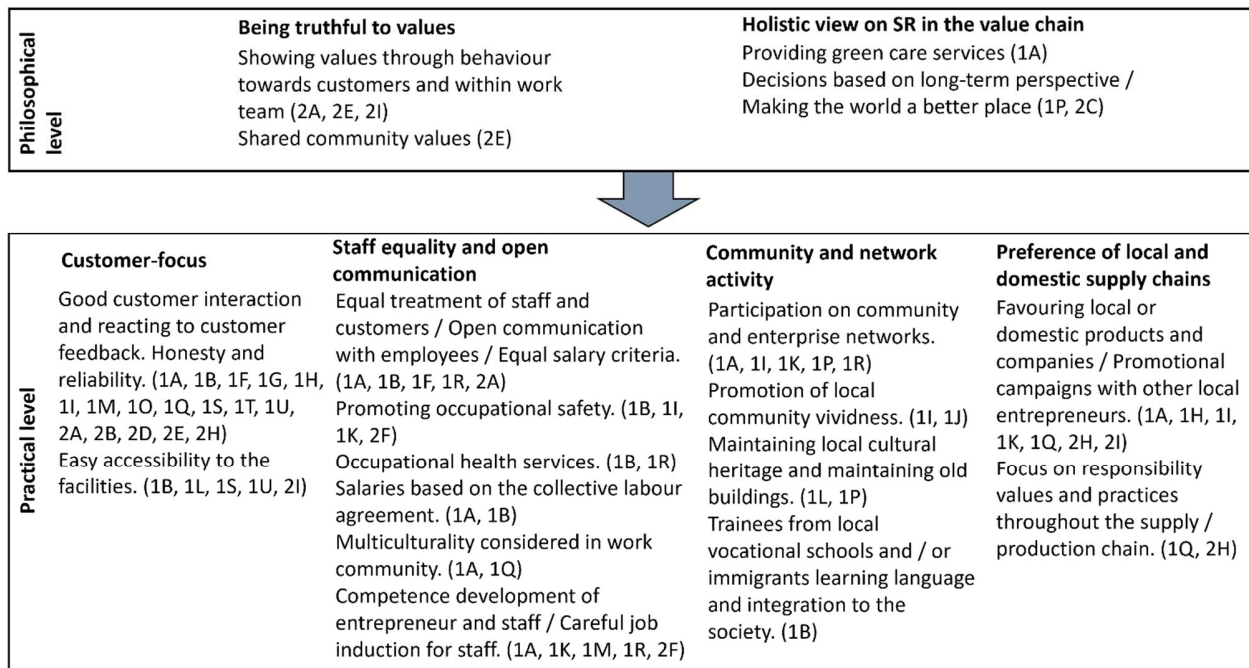
The holistic view of responsibility extends the focus from the present moment and a single company to how entrepreneurial activities can have an impact on the future. One entrepreneur expressed this approach as follows: 'responsibility is making the world a better place than it was before this company was started.' (2C). Another entrepreneur had the impression that the COVID-19 pandemic and other global crises were drastically challenging ways of thinking, for instance, in relation to owning material goods and living surroundings: 'Responsibility also means that, when decisions are made, they should not be based on a desire for a quick win but there should be a longer perspective.' (1P.)

On a practical level, we identified four thematic categories regarding how microentrepreneurs perceived SR (see Figure 1). **Customer focus** was a recurrent theme. Treating customers well is the core of entrepreneurs' primary understanding of SR. Creating trust and being honest with customers are central to being socially responsible: 'Social responsibility,

whatever that means... Not to talk through one's hat¹ to customers. Salesmen always do, but not me.' (1B). Similarly, SR was defined as being as good as one's word: 'Responsibility is – if I have claimed [for the customer] something about how things are, then it must be like that.' (1U). Using evidence-based sales arguments is of high significance for microentrepreneurs: 'I do not want to sell anything I do not believe in myself. It must be based on scientifically proven, reliable knowledge. I do not want to cheat people; I want to act honestly.' (1N). Similarly, being able to prove all sales arguments is of the highest importance for a customer orientation: 'We highlight those issues that we can concretely support, where we can show this is true' (1Q), and 'not doing business with any means possible but based on those values we have' (2I). Openness and trustworthiness also mean open communication when things do not go as expected: 'We communicate openly and bring up problems and insecurities with the customer, we do not need to hide anything' (2B). Another way of defining SR through the customer focus was paying attention to the customer experience after the purchase: 'I want to be a responsible training instructor and proceed with the customer first. [It is] not like just selling our product no matter what happens to the customer after that. We want to produce training in a responsible way.' (1M).

¹ 'to talk through one's hat' is an idiom meaning 'to talk about something without understanding what you are talking about' (Source: Cambridge Dictionary Online)

Figure 1. Thematic categories of SR perceptions.



The second practice-oriented category was related to **staff equality and open communication**. The equal treatment of employees becomes visible in job contracts and criteria for salary levels: ‘And then there are all those salary development issues and the employment contracts, where I aim to be unbiased.’ (2A). Another SR theme was work safety: ‘One major thing guiding my work are the solutions and work processes that consider regulations and rules and work safety and all that.’ (2F). Employer entrepreneurs recognized the importance of providing a good employee experience, although the implementation practices varied. One company had even introduced a supplementary pension system to allow employees to retire at age 60, whereas some entrepreneurs struggled with how much they could invest in additional employee recreation and general wellbeing at work, balancing between scarce resources and unspecified external pressures to be a good employer: ‘In a small company I have kind of guilty conscience for not being able to arrange same staff benefits as in large companies. I mean, they would need recreational days and all that stuff.’ (1F). As employers, entrepreneurs aimed to be flexible regarding various life situations to prevent sick leaves. One entrepreneur in the catering business described her approach as follows: ‘Being sincere and interested in the person doing the work...- If you yourself are genuine and caring, the others will be sincere toward you, and it gets them to do their job well’

(1R). A good employee experience is a two-way process in which a satisfied employee gives their best efforts for the benefit of the company: ‘Employees who want to give their work input for the benefit of the company get their salary or other benefits, but as employer, I feel responsibility for giving opportunity for the worker to show their talent and competences which, in turn, benefits the company too.’ (2G).

Entrepreneurs also extended their perceptions of SR to **community and network participation**: ‘I think I do responsibility activities for this company on my free time too. I attend several associations, which support my business on their part... I think that those small streams of association activities build the path forward.’ (1A). Entrepreneurs could boost joint promotion campaigns and steer customers to buy locally: ‘We had a campaign with a local hairdresser so that, with their receipt, the customer got a price promotion from us. And in the following month, it was *vice versa*.’ (1I). Community-related SR activities reached out to schools; having trainees from vocational schools (1B) and tutoring immigrants to learn a new language and become integrated to the society (1B). Keeping one’s community active can motivate SR: ‘Keeping this village lively, supporting countryside culture’ (1J). Being an active community member through economic activity was a leadership activity perceived as socially responsible:

II: When I think about social and society responsibility, there are many issues such as keeping the town centre lively, that this would be a nice place to live, and families with kids would like to move here, and we would gain tax income and... village schools would remain open, ski trails would be taken care of, and people could keep purchasing goods from this town centre.

The fourth practice-oriented category was a **preference of local and domestic supply chains**, including favouring domestic or local products, raw materials, package providers, and retail sellers. Entrepreneurs wanted to have certainty regarding the values and activities throughout the entire supply chain: ‘Those from whom we buy stuff must have similar responsibility values; we must keep the chain coherent. Responsibility just cannot begin suddenly in the middle. It must start from the grass roots level.’ (1Q)

Values and SR

Many entrepreneurs struggled to verbalize their values, and as only a few could articulate their values instantly. A few said they could not identify their values, while some ignored the question and began describing their products or how responsibility was visible in their business. We grouped the expressed values related to SR into six categories: locality, customer orientation, wellbeing of personnel, quality, equality, and entrepreneurship (see Table 2).

Table 2. Entrepreneurs' expressed SR related values.

Values	Expression of the values	Entrepreneur
Locality	Favouring locally produced food	1A, 1F, 1Q
	Cooperating with local businesses	1A, 1H, 1J
	National self-sufficiency	2C
	Domestic production	1A, 1B, 1D, 1F, 1G, 1Q, 1R, 1S, 1T
	Organising events for children	1A
	Giving waste food for charity	1F
	Supporting the vitality of the local community	1P
	Promoting a vivid countryside	1F, 1J, 1P
	Traditions	1P, 1R
	Customer orientation	Listening to customers
Responding to customer needs		1K, 2A, 2D
Recognising customers' individuality		1E, 1N, 2D
Easily approachable		1M, 1S
Predicting customers' needs		2A
Positivity		1I
High quality of customer service		1D, 1F, 1N, 1O
Wellbeing of personnel	Long-term customer relationships	1K
	Listening to employees	1E
	Employee involvement	1M, 2B

	Employee satisfaction	2A, 2F
	Comfort of the working community (mutual respect)	1A
	Occupational safety	2F
	Flexibility of working	2B
Quality	Reliability, keeping one's word	1E, 1K, 1N, 1R, 1S, 2B
	Freshness	1F, 1L
	Nutrition	1L
	Taste	1Q
	Food safety	1L
	Client health	1M, 1S
	Price-quality relationship (value for money)	1K
	High-quality materials	1D, 1G, 1V
	Gentleness of the product	1S
	Professionalism among employees	1M, 1N
	Based on researched information	1N
	Transparency	1E, 1K, 1M, 1O, 2B, 2G
	Honesty	1K, 1O, 2G
	Confidentiality	2F, 2G
Equality	Accessibility	1I, 1U
	Equal treatment of the customers	1U
	Equality of society	2A
Entrepreneurship	Promoting family business	1F
	Promoting women's entrepreneurship	1I

Locality refers to preferring domestic or local products and materials, which were regarded as of higher quality and safety. This, in turn, was expected to result in higher prices and profits. Locality was linked with communality, promoting local businesses, and the vitality of the local

community. Also, promoting the countryside, its way of living, and its cultural traditions was often mentioned because many of the case enterprises operated in rural small towns. Some of them were agriculture entrepreneurs, or their businesses were located at a historic site or building.

Customer orientation, referring to customers' individual preferences, was often a recurring value. Customer orientation was not limited to understanding customers' current needs but also anticipating customers' future problems: 'And then we help the customer... for example, we try to anticipate some [customer] problems.' (2A).

The wellbeing of the personnel included investing in staff wellbeing and participation. This aspect of SR included the culture of respecting customers and other employees, as well as flexibility regarding personnel's individual needs and life situations: 'Just like the customer perspective, the personnel have various needs, and their wishes need to be heard and respected.' (1E). Personnel participate, for example, in planning the future value-based activities of the company: '[We discuss values] with the whole gang when needed... I get them shared with the personnel and then we can agree on them.' (2B)

The meaning of **quality**, as a value, varied from the quality of the products, e.g., taste, freshness, or quality of raw materials, to offering value for money and being reliable, honest, knowledgeable, and professional: 'We communicate openly and bring up problems and uncertainties with the customer. We are genuinely transparent. We don't need to hide anything, but we go through issues and also recognize our own limits so that we don't take a job we cannot do.' (2B).

Equality was a value whose meaning varied from equal access to the company premises (with a wheelchair or pram) to serving every customer equally or promoting general social wellbeing and equality. Supporting **family entrepreneurship and women's entrepreneurship** (also local entrepreneurship as mentioned under the "locality category") were also mentioned as values. Women's entrepreneurship could also be categorized as gender equality under the equality category.

Inspired by Hemingway and Mclagan's (2004, 34) framework for analyzing CSR, we illustrated the association between the entrepreneur's values and the company's approach to responsibility, as presented in Figure 2.

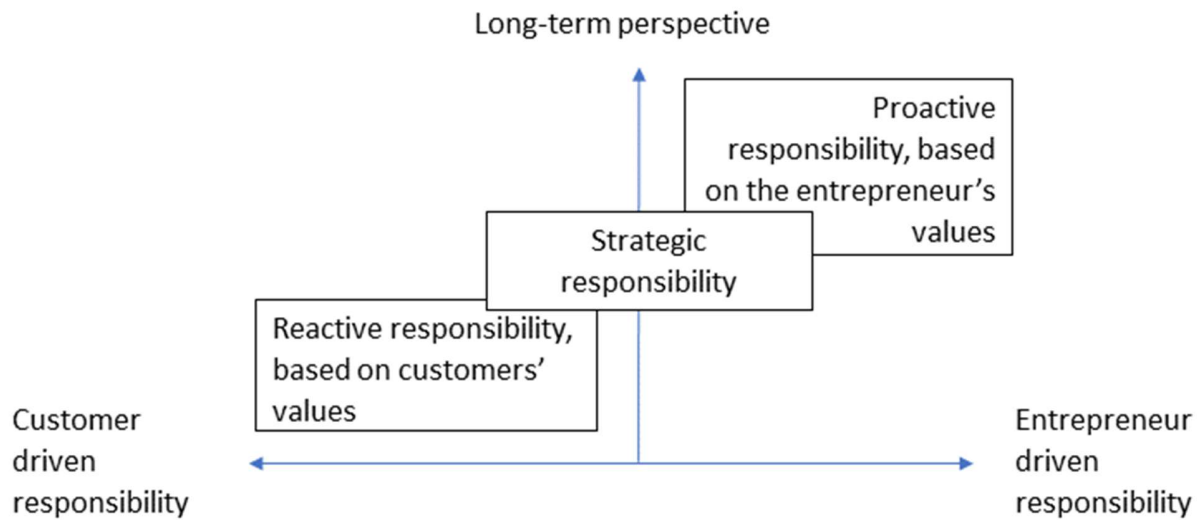


Figure 2. Association between values and strategic approach to responsibility.

For some entrepreneurs, the company values were fundamentally the same as their personal values. In one case, the entrepreneur was very clear about the values of her business, and she targeted customers who shared those values. In fact, she was slightly annoyed regarding customers who did not share the strong value base of her business. In a way, she also showed opinion leadership because she wanted to ‘educate’ her customers into making more value-driven decisions. This entrepreneur stood far to the right on the continuum shown in Figure 2 because, the responsibility of her business was heavily based on her personal values. Interestingly, the data also showed a case with contradictions between the entrepreneur’s and customer’s values, as well as how the entrepreneur had to be flexible to keep the customer. At the other end (the left-hand -side) of the continuum were businesses that were more customer-driven in their approach to responsibility; the entrepreneurs of these companies based their responsibility activities on what they thought their customers would appreciate and, thus, what would result in high profitability. Somewhere in between these two ends, there is an approach labelled ‘strategic responsibility’ which considers both the entrepreneur’s values and customers’ preferences. This strategic approach is likely to be more flexible than one based on entrepreneurs’ values but, at the same time, more long-term oriented than a purely customer-driven responsibility.

Planned leadership activities to implement SR

Values formed a basis for the leadership activities entrepreneurs planned regarding implementing SR. The activities were categorized as internal and external activities, with subcategories (see Figure 3).

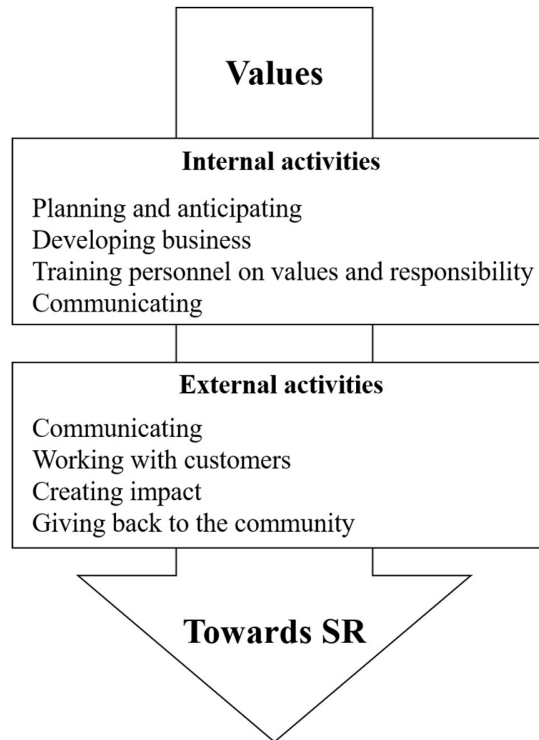


Figure 3. Planned leadership activities to implement SR.

Internal activities. Entrepreneurs with a future-oriented approach to SR implementation chose *planning and anticipation* as planned activities. Although the ongoing crises, e.g., COVID-19 and the Ukrainian war, had made some entrepreneurs cautious in terms of setting goals for the future, they chose anticipatory planning for sustainability and SR as a means of overcoming uncertainty: ‘---just like when I make purchases; then, I will think from a financial perspective but that they would also be long lasting and serve me longer and so forth.’ (1N).

Also, *developing business* was strongly related to values and future-oriented planning, but the focus was on the renewal and commercialization of services and products. The entrepreneurs re-considered their own products, how to recycle them, and even developing new products with positive social implications, such as health safety. Another type of the business-oriented goal was searching for the balance between necessary investments and pricing without alienating customers.

The new insights into SR also acted as catalysts to move entrepreneurs toward meaningful work-life balance.

Third activity subcategory was *training personnel on values and responsibility*. Values and sustainability goals should be clear among all employees and volunteers, who should operate according to them, and every customer contact should align with the company's standards.

IO: --- I noticed at the workplace during coffee room discussions that --- I kind of mentioned that this activity does not match with my values; thus, it does not match with ours... As it is a value that we have in our company, I kind of pointed out that this is not necessarily sustainable...

Providing staff training on sustainability, as well as including company values and sustainability goals in new employee orientation, would boost the employer and company brand. Also, training on SR raised concerns regarding the employer's image, such as whether using staff leasing services was a responsible choice and how this influenced their employer's reputation. Entrepreneurs also planned to implement training, team discussions, and informational orientation folders for the staff, introducing company values, customer relations, and joint operating standards.

The fourth subcategory was *communicating inside the organisation*. The implementation of SR did not only refer to business operations but also on how communications would become more consistent with their values, especially internal communication on transferring SR knowledge to their personnel: 'I noticed the values and that we must transfer them more efficiently to our employees as well' (10).

External activities. More systematic and impactful *communication* with customers and other stakeholders was a planned leadership activity. During the training, most entrepreneurs realized their communication on SR practices was deficient. Entrepreneurs noted an increasing demand for open and transparent communication on the part of businesses. For instance, conscious customers requested more detailed product descriptions. Some entrepreneurs mentioned a need for a more positive tone in communication and to use their platform for a positive impact. Some entrepreneurs realized the potential of scaling up their existing services through a more systematic communication of SR practices to customers. The planned activities included developing websites,

launching webshops, or activating social media. One entrepreneur described the increasing responsibility demands on part of customers as follows:

IB: ---even grandmothers, that you must send them pictures before they dare to buy anything. Even if they themselves liked the product, but they don't dare [to buy] before they make sure that their daughter-in-law or daughter [confirms] that is it good. And they must consider sustainability as well.

Working with customers meant improving confluence with customers and re-thinking their role as partners involved in business development. Entrepreneurs highlighted the importance of aligning their own values and those of customers and adopting more personalized services. This was particularly relevant for entrepreneurs in social, healthcare and wellbeing businesses because they are in personal contact with customers. Improved customer privacy and equality were among the planned activities. Finally, gathering feedback was one proposed means of encouraging customer-orientation.

Entrepreneurs often wanted to make a positive change, i.e., *to create impact* within their industry or the entire market. The training gave entrepreneurs novel confidence and inspiration to pursue SR through taking up speaking engagements in schools, for example. One entrepreneur pursued change through discussing wellbeing results within a different approach than their competitors, which focused on hitting targets such as losing weight.

Giving back to the community as a type of refund for the good one has received was a reoccurring topic for microenterprises who either worked with local stakeholders or wanted to boost the community through their business or voluntary work. One example of giving back was an entrepreneur who planned to establish a free recycling drop-off point on the organization's premises. The entrepreneur partnerships formed during the training could lead to creating entrepreneur networks, in which entrepreneurs could continue discussing and sharing their experiences on SR.

Discussion

This study aimed to add new insights to the RL literature through an investigation of how microentrepreneurs perceive the concept of SR, how SR relates to the values guiding microenterprises, and through which leadership activities microentrepreneurs implement SR. Although the concept and relevance of SR were unfamiliar to the microentrepreneurs prior to the training, the values-based and holistically oriented principles behind SR were revealed to be integral parts of their existing business activities. Microentrepreneurs struggled to describe what SR is and identify the leadership activities through which SR can be implemented. This may be an indication that microentrepreneurs are truly unfamiliar with the concept, but also that they have not practiced verbalizing their values and responsibility activities, although the greater part of their business strategies and leadership activities could be described as responsible. On the philosophical level, microentrepreneurs perceived the concept of SR through being truthful to one's values and taking a holistic, future-oriented view and long-term perspective. In previous literature, small business owners, including microentrepreneurs, have been argued to approach in ways that are relevant for their own situations (Faussin et al, 2010), but our findings show that microentrepreneurs are motivated by wider purposes than gaining a short-term economic profit. On the practical level, microentrepreneurs perceived SR in terms of how their businesses were practiced in relation to their customers, employees, networks, value chains, and local communities. These findings highlight the fact that microentrepreneurs truly are interested in stakeholder and community activities on a broad scale, not only within the organization, when defining and implementing SR. Spence (2016) suggests that entrepreneurs are most accountable and responsible to those groups with whom they have the closest relationships, such as family and employees but also to business partners and local communities. This confirms the idea that integrative RL, referring to the leader's assumption that their moral obligation is with various stakeholders outside the organization, and responsibility include creating value for all stakeholders (Maak et al., 2016), as well as that RL is implemented through management by values (Landstad et al., 2022).

This study shows that entrepreneurs not only support SR based on their own values, but also aim to align the employees' values to support SR. Moreover, compliance with the customers' values is critical because without profitable sales, the business cannot run sustainably in the long term. What is interesting about the findings is that microentrepreneurs want to serve a larger purpose and fulfil their personal values, but they also pursue economically sustainable businesses within a long-term perspective. Compared to a study by Fassin et al. (2010), in which small

business owner-managers strongly contrasted profitability versus values as mutually exclusive categories, the microentrepreneurs in this study supported a more balanced approach to integrating their own values with customer's values. Good economic performance is not overlooked on RL; rather, 'it is seen as the result of a successful and purposeful company' (Piñeros Espinosa, 2022). Thus, strategically responsible microenterprises have business models in which entrepreneur's personal values and customers' values overlap. Among microentrepreneurs, the value-based motivations for SR activities include the integration of the ethical and instrumental approaches, as proposed by Garriga and Melé (2004).

The internal and external RL activities that microentrepreneurs pursued were grounded in values. It is generally understood that entrepreneurs can lead and show direction through RL because personal values and ethical motives impact their choices (Burton & Glodsky, 2009). The planned activities identified in this study are likely to result in the expected benefits of SR, as suggested by Hodindova and Sadovsky (2016): enhancing trust and employee motivation, achieving a greater degree of transparency, improving reputation and employer-employee and supplier-client relations, increasing attractiveness for quality employees, and strengthening employee loyalty. However, the novelty of this study was the expressed desire to create impact and give back to the community. The term 'mission-driven approach', used by Tate and Bals (2018) when describing the managerial efforts needed to ensure the social dimensions of responsibility, matches with the present findings as well. It can be concluded that microentrepreneurs apply the core elements of RL with objectives of sustainable value creation and positive change (Pless & Maak, 2011), although they have not necessarily considered this situation themselves and do not have systematic processes for communicating it. Being aware of one's values and systematically documenting responsibility practices are prerequisites for making RL choices.

As a theoretical contribution, this study provides new insights on the RL literature in the context of microentrepreneurship. We argue that in socially and economically sustainable microenterprises, entrepreneurs' personal values are, at best, aligned with those of the customers. Although microenterprises are owner-centric and individual motivations play a significant role in RL, the grounds for SR in microenterprises are based on business strategies that are in line with entrepreneurs' values, as well as simultaneously pursuing a greater, more long-term purpose than short-term profit-seeking. This partly remodels the established perception of owner-centricity

(Rastrillo-Horrillo, 2021) and the straightforward connection between the entrepreneurs' individual values and the strategic choices of the company (e.g., Burton & Glodsby, 2009). Instead, this study confirms the importance of a mission-driven approach and stakeholder management in ensuring the social dimensions of CSR (Tate & Bals, 2018). Our study shows that, although microentrepreneurs lead strategic decision-making, RL implementation means the active involvement of the staff, customers, and the broader community for mutual interaction based on shared values.

As a practical contribution, we propose that microentrepreneurs benefit from the systematic evaluation and communication of SR practices and values, but they require tailored training and tools. The entrepreneurs in this study participated voluntarily in a CSR training programme, and they are assumed to have at least a moderate interest in CSR implementation. Thus, the vocabulary in policy documents and services aimed at entrepreneurs must be adapted to meet the everyday reality of microenterprises. However, they struggled with the concept and description of their values. Today, microenterprises do not have a legal obligation to engage in systematic responsibility, but enterprises of all sizes would benefit from developing a CSR report to communicate their SR practices and relying on trained managers and executives with university educations (Castejón & López, 2016; see also Lee et al., 2016). The requirement of a formal higher education may not be relevant in the microenterprise context, but more practice-oriented targeted training programs, such as the one presented in this study, are useful for entrepreneurs regardless the size of their businesses.

References

- Adams, R., Licht, A., & Sagiv, L. (2011). Shareholders and stakeholders: How do directors decide? *Strategic Management Journal*, 32, 1331–1355.
- Amir, M., Siddique, M., & Ali, K. (2022). Responsible leadership and business sustainability: Exploring the role of corporate social responsibility and managerial discretion. *Business and Society Review*, DOI: 10.1111/basr.12284.
- Antunes, A., & Franco, M. (2016). How people in organizations make sense of responsible leadership practices: multiple case studies. *Leadership & Organization Development Journal*, 37, 126–152.

- Aragón, C., Narvaiza, L., Altuna, M. (2016). Why and how does social responsibility differ among SMEs? A social capital systemic approach. *Journal of Business Ethics*, 138, 365–384.
- Azungah, T. (2018). Qualitative research: deductive and inductive approaches to data analysis. *Qualitative Research Journal*, <https://doi.org/10.1108/QRJ-D-18-00035>.
- Bansal, P., Gao, J., & Qureshi, I. (2014). The extensiveness of corporate social and environmental commitment across firms over time. *Organization Studies*, 35, 949–966.
- Bansal, P. & Song, H. (2017). Similar but not the same: Differentiating corporate sustainability from corporate responsibility. *Academy of Management Annals*, 22(1), 105 – 149.
- Baumann-Pauly, D., Wickert, C., Spence, L. J., & Scherer, A. G. (2013). Organizing corporate social responsibility in small and large firms: Size matters. *Journal of Business Ethics*, 115, 693–705.
- Burton, B. & Goldsby, M. (2009). Corporate social responsibility orientation, goals, and behavior: a study of small business owners. *Business & Society*, 48(1), 88e104.
- Carroll, A. B. (2016). Carroll’s pyramid of CSR: taking another look. *International Journal of Corporate Social Responsibility*, 1(3).
- Castillo, M., Sánchez, I. & Dueñas-Ocampo, S. (2020). Leaders do not emerge from a vacuum: Toward an understanding of the development of responsible leadership. *Business and Society Review*, 125: 329- 348.
- Cheng, B., Ioannou, I., & Serafeim, G. (2014). Corporate social responsibility and access to finance. *Strategic Management Journal*, 35: 1–23.
- Crabtree, B. & Miller, W. (1999). Depth Interviewing. In: Crabtree, B.F. and Miller, W.L., Eds., *Doing Qualitative Research*, Sage, Thousand Oak, 89-107.
- Dubois, A & Gadde, L.-E. (2002). Systematic combining: an abductive approach to case research. *Journal of Business Research*, 55(7), 553–560. [https://doi.org/10.1016/S0148-2963\(00\)00195-8](https://doi.org/10.1016/S0148-2963(00)00195-8)
- EU Commission recommendation 2003/361. Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. *Official Journal L124*, 20/05/2003, P. 0036 – 0041.
- Eurostat. (2022). Annual enterprise statistics. Online: <https://ec.europa.eu/eurostat/en/>. Accessed: 7.9.2022.
- Fassin, Y., van Rossem, A. & Buelens, M. (2010). Small-business owner-managers’ perceptions of business ethics and CSR-related concepts. *Journal of Business Ethics*, 98, 425 – 453.

- Freeman, R. & Auster, E. (2011). Values, authenticity, and responsible leadership. *Journal of Business Ethics*, 98(1(Supp.1)), 1–9.
- Garriga, E. & Melé, D. (2004). Corporate social responsibility theories: mapping the territory. *Journal of Business Ethics*, 53:1–2, 51–71.
- Hodindova, M. & Sadovský, Z. (2016). The benefits of corporate social responsibility introduction in small and medium-sized enterprises: A systematic review of the literature. *Business: Theory and Practice*, 17(4), 345 – 352.
- Hemingway, C. A., & Maclagan, P. W. (2004). Managers' personal values as drivers of corporate social responsibility. *Journal of business ethics*, 50(1), 33-44.
- Jenkins, H. (2009). A ‘business opportunity’ model of corporate social responsibility for small- and medium-sized enterprises. *Business Ethics: A European Review*, 18(1), 21–36.
- Keck, W. (2016). Do we really think small first? How to go further with CSR on micro enterprises. *UMF*, 24:361–367.
- Klein, S. & Kellermanns, F. (2008). Understanding the Noneconomic-Motivated Behaviour in Family Firms: An introduction. *Family Business Review*, 21(2), 121–125.
- Klewitz, J., & Hansen, E. (2014). Sustainability-oriented innovation of SMEs: a systematic review. *Journal of Cleaner Production*, 65, 57 -75.
- Landstad, B., Vinberg, S., Rahme, A., Vigren, G., & Hagqvist, E. (2022). Management by values: A qualitative study of how small business owners in the cleaning sector view and implement their responsibilities with respect to occupational safety and health management. *Safety Science*, 148 doi:10.1016/j.ssci.2021.105649
- Lee, M. (2008). A review of the theories of corporate social responsibility: its evolutionary path and the road ahead. *International Journal of Management Review*. 10(1), 53 – 73.
- Lynham, S. (1998). The development and evaluation of a model of responsible leadership for performance: Beginning the journey. *Human Resource Development International*, 1:207.
- Lämsä, A., & Keränen, A. (2020). Responsible leadership in the manager-employee relationship. *South Asian Journal of Management Cases*, 9(3), 422 – 432.
- Maak, T., & Pless, N. (2006). Responsible leadership in a stakeholder society - a relational perspective. *Journal of Business Ethics*, 66(1), 99–115.
- Martín Castejón, P. J. & Aroca López, B. (2016). Corporate social responsibility in family SMEs: A comparative study. *European Journal of Family Business*, 6, 21–31.

- Miska, C. & Mendenhall, M. (2018). Responsible leadership – A mapping of extant research and future directions. *Journal of Business Ethics*, 148, 117 – 134.
- Muller, A., & Kolk, A. (2010). Extrinsic and intrinsic drivers of corporate social performance: Evidence from foreign and domestic firms in Mexico. *Journal of Management Studies*, 47: 1–26.
- Murillo, D., & Lozano, J. (2006). SMEs and CSR: An approach to CSR in their own words. *Journal of Business Ethics*, 67(3), 227–240.
- Perrini, F., Russo, A. & Tencati, A. (2007). CSR strategies of SMEs and large firms. Evidence from Italy. *Journal of Business Ethics*, 74(3), 285–300.
- Piñeros Espinosa, R. (2022). Responsible leadership and affective organizational commitment: The mediating effect of Corporate Social Responsibility. *Frontiers in Psychology*, 13 doi:10.3389/fpsyg.2022.868057
- Pless, N. (2007). Understanding responsible leadership: Role identity and motivational drivers. *Journal of Business Ethics*, 74, 437–456.
- Pless, N., & Maak, T. (2011). Responsible leadership: Pathways to the future. *Journal of Business Ethics*, 98(1(Supp. 1)), 3–13.
- Porter, M., & Kramer, M. (2011). The big idea: Creating shared value. *Harvard Business Review*, 89(1e2), 2e17.
- Rastrollo-Horrillo, M. (2021). Dismantling the myths about managerial (in)capabilities in micro-firms. SEAM intervention-research to develop management practices. *Scandinavian Journal of Management*, 37(3), 101158.
- Russo, A., & Tencati, A. (2009). Formal vs. Informal CSR strategies: Evidence from Italian Micro, Small, Medium-sized, and Large Firm. *Journal of Business Ethics*, 85: 339 – 353.
- Spence, L. J. (2016). Small Business Social Responsibility: Expanding core CSR theory. *Business & Society*, 55(1) 23–55.
- Stake, R. E. (1995). *The art of case study research*. Thousand Oaks, CA: Sage.
- Tate, L. & Bals, L. (2018). Achieving shared triple bottom line (TBL) value creation: Toward a social resource-based view (SRBV) of the firm. *Journal of Business Ethics*, 152: 803 -826.
- Tiba, S., van Rijnsoever, F., & Hekkert, M. (2019). Firms with benefit: A systematic review of responsible entrepreneurship and corporate social responsibility literature. *Corporate Social Responsibility and Environmental Management*, 26(2): 265–284.

Van Maanen, J., Sørensen, J. B., & Mitchell, T. R. (2007). The interplay between theory and method. *The Academy of Management Review*, 32(4), 1145–1154. <https://doi.org/10.5465/AMR.2007.26586080>

Vo, L. (2011). Corporate social responsibility and SMEs: A literature review and agenda for future research. *Problems and Perspectives in Management*, 9(4), 89–97.

Voegtlin, C., Frisch, C., Walther, A., & Schwab, P. (2020). Theoretical development and empirical examination of a three-roles model of responsible leadership. *Journal of Business Ethics*, 167, 411–431.

Zhao, L., Yang, M., Wang, Z., & Michelson, G. (2022). Trends in the Dynamic Evolution of Corporate Social Responsibility and Leadership: A Literature Review and Bibliometric Analysis. *Journal of Business Ethics*, <https://doi.org/10.1007/s10551-022-05035-y>.