




## What influences intention and actual corporate social responsibility in SMEs?

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### ABSTRACT

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This study aims to identify the primary factors influencing SME participation in CSR practices such as cognition, attitude, and intention utilizing the theory of planned behavior framework. We examine how attitudes toward CSR, subjective norms, and perceived behavioral control (PBC) impact the intention to engage in CSR and the actual implementation of CSR practices. A survey was conducted among manufacturing SMEs in Indonesia. Questionnaires were sent to 360 owners or managers who are key decision-makers for CSR initiatives. The analysis employed Structural Equation Modelling (SEM) to test our hypotheses. The findings indicate that TPB antecedents significantly influence individual intentions to participate in CSR. However, PBC does not directly impact actual CSR engagement. Instead, intention acts as a mediating variable between PBC and actual CSR. Intention does not mediate the relationship between attitudes toward CSR or subjective norms and actual CSR activities. The findings confirm that all three antecedents of the theory of planned behavior significantly influence intention with PBC having the most substantial effect. Practically, the findings can guide stakeholders in overseeing ethical business practices through CSR initiatives. Stakeholders should actively support the intention to implement CSR as this can foster innovation, increase profitability, and create added value for small businesses.

**Contribution/Originality:** This study sheds light on the psychological processes that influence both intentional and actual CSR activities in Indonesia, a developing country where small businesses often resist engaging in environmentally and socially responsible actions. Key determinants of intention and actual CSR implementation include the cognition, attitudes, and intentions of individual business owners.

## 1. INTRODUCTION

The rapid growth of businesses necessitates active participation in corporate social responsibility (CSR) activities. Large corporations often face pressure from regulators and stakeholders to integrate CSR into their operations (Álvarez Jaramillo, Zarthia Sossa, & Orozco Mendoza, 2019). Numerous empirical studies have highlighted the positive impact of CSR on financial performance (Awaysheh, Heron, Perry, & Wilson, 2020; Fourati & Dammak, 2021; Okafor, Khalid, & Gama, 2023; Rustiarni, Bhegawati, & Mendra, 2022). Additionally, research has documented the benefits of CSR for non-financial performance, including enhanced trust, brand equity, and corporate reputation (Ajayi & Mmutle, 2021; Le, 2023; Zhao et al., 2021). However, the motivations behind companies' CSR activities remain underexplored.

This study addresses three research gaps. First, there are currently contrasting perspectives on sustainability practices in small businesses. Business actors are becoming aware of the necessity to engage in CSR, especially as consumers demand ethical practices and hold small businesses accountable (Tan & Ann, 2023). Furthermore, small businesses support large companies by supplying raw materials and components. (Rezaei, Ortt, & Trott, 2015). However, several studies have highlighted the "dark side" of sustainability in SMEs. A primary concern for small businesses is the risk of financial instability which can jeopardize their survival. Research indicates that SMEs with an excessive focus on social goals may face greater financial risks (Álvarez Jaramillo et al., 2019; Kautonen et al., 2020) and view CSR as a barrier to achieving higher profits (Dincer & Dincer, 2013; Dixit & Priya, 2023).

Second, this research focuses on manufacturing SMEs in Indonesia which accounted for 99% of all business units in 2023 and employed approximately 97% of the workforce (Econ.go.id, 2023). Given this context, there is an essential need for SMEs to adopt CSR practices. However, existing literature indicates that the participation of SMEs in CSR remains relatively low (Aras-Beger & Taşkın, 2021). Previous research primarily concentrated on intentions to engage in CSR, often overlooking actual behaviors (Feder & Weißenberger, 2019; Mi et al., 2018). The effectiveness of CSR initiatives relies heavily on the actual behaviors of SME owners (Tan & Ann, 2023). This study is vital for understanding the intentions of SME owners and translating these intentions into concrete actions.

Third, numerous scholars have empirically examined the factors that motivate SMEs to engage in CSR. Research by Tan and Ann (2023) demonstrates that attitudes, subjective norms, and perceived behavioral control influence intentions to participate in CSR. However, these studies did not directly assess how these factors affect actual CSR practices. Mi, Chang, Lin, and Chang (2018) focused on only two variables based on the theory of reasoned action, finding that attitudes and subjective norms predict intentions and behaviors related to CSR. Other studies have yielded inconsistent findings. For instance, Feder and Weißenberger (2019) found strong influences of attitudes and behavioral control on intentions to participate in CSR while the role of subjective norms produced conflicting results. These partial and inconsistent findings underline the need for further investigation.

This study aims to investigate how SME owners' attitudes, subjective norms, and perceived behavioral control influence their intentions to participate in CSR. Additionally, this research analyzes whether these intentions translate into actual behavior. This study contributes to the theoretical framework by reinforcing the role of TPB in predicting the intentions and behaviors of SME owners in CSR activities, thereby enriching the CSR literature within the context of SMEs. It offers practical insights to encourage SME actors to incorporate CSR into their business strategies. Additionally, the findings provide valuable information for the regulators to emphasize the importance of CSR practices and social and environmental responsibility among small business owners, ultimately empowering local communities and safeguarding environmental sustainability.

The remainder of this paper is structured as follows: It begins with a literature review and hypothesis formulation, outlining theoretical studies and the relationships between variables. This is followed by a chapter detailing the research methodology, including sample selection, variable definitions, and data analysis techniques. Subsequently, the research results are reported and discussed. Finally, the paper concludes with implications, limitations, and recommendations for future research.

## 2. LITERATURE REVIEW AND HYPOTHESIS

### 2.1. Theory of Planned Behavior

The theory of planned behavior (TPB) is a concept from social psychology that predicts specific intentions and behaviors (Mi et al., 2018). This framework comprises three components: attitude, subjective norm, and perceived behavioral control (PBC). These antecedents shape an individual's intention to participate in a particular activity (Ajzen, 1991). TPB has been foundational in various research fields related to social behavior including psychology, management, accounting, and information systems. In accounting, TPB is frequently employed to examine ethical intentions and actions such as corporate social responsibility (CSR) practices (Tan & Ann, 2023) tax compliance

(Taing & Chang, 2021) and whistleblowing (Owusu, Bekoe, Anokye, & Okoe, 2020; Rustiarini & Sunarsih, 2017). In the context of SMEs, intention refers specifically to the willingness of business owners to engage in CSR. Individuals rationalize their thoughts, transforming sentiments into actionable intentions. These intentions are influenced by social dynamics shaped by internal and external stakeholder perceptions of appropriate actions. Finally, PBC reflects how SMEs perceive their capacity to participate in CSR-related activities aligned with their business operations.

## 2.2. CSR Practices in SMEs

Corporate social responsibility (CSR) embodies sustainability principles, a concept introduced by the World Commission on Economic Development in 1987 (Mi et al., 2018). Over the years, the business community has embraced sustainability to encourage ethical behavior among business leaders in their operational activities. CSR represents a commitment by businesses to balance economic objectives with social responsibilities towards stakeholders, including employees, consumers, suppliers, and government entities (Budanti & Rustiarini, 2024). Businesses also address environmental concerns arising from their operations. They can achieve this by using resources efficiently, minimizing pollution or adopting eco-friendly technologies to mitigate environmental damage (Rustiarini et al., 2022; Rustiarini, Bhegawati, Mendra, & Vipriyanti, 2023).

Notably, the call for sustainability actions is not limited to large corporations and small businesses, including SMEs, are also expected to implement these practices. Although small businesses may have less economic power, they play a significant role in Indonesia's economy. They utilize significant natural resources and contribute to the social environment. Consequently, small businesses must actively engage in CSR practices as they not only require substantial natural resources but also employ local labor to support their operations (Hörisch et al., 2014).

## 2.3. Attitude towards CSR and Intention to Engage in CSR

The first element of TPB is the attitude towards behavior which combines behavioral beliefs and evaluations of outcomes. Attitudes are shaped by an individual's assessment of a specific activity, considering the potential consequences and expected outcomes. Positive evaluations can result in resistance or denial (Mi et al., 2018). When individuals believe a behavior will yield positive results, they are more likely to view it positively. Conversely, they may become hesitant or dismissive if they anticipate adverse outcomes. In this study, attitude towards behavior specifically pertains to SMEs' perspectives on CSR activities. The level of involvement in CSR is influenced by how SMEs assess these practices (Feder & Weißenberger, 2019). Engaging in CSR often requires significant investments and skilled human resources. Business owners are likely to evaluate the costs and benefits associated with CSR initiatives rationally. If they believe that CSR activities will yield desirable outcomes such as enhanced competitiveness, increased market share or improved corporate reputation. These positive expectations will motivate SMEs to integrate CSR into their operations (Mi et al., 2018). Previous empirical research has reported that attitudes significantly influence the intention to implement CSR (Feder & Weißenberger, 2019; Mi et al., 2018; Tan & Ann, 2023). Therefore, we propose the following hypothesis:

*H<sub>1</sub>: Attitude towards CSR positively affects the intention to participate in CSR.*

## 2.4. Subjective Norm and Intention to Participate in CSR

The second element in the TPB framework is the subjective norm, which refers to the perceived opinions of individuals or groups that can influence behavior. If people believe that others expect them to be involved in a particular behavior, they are likelier to do so (Ajzen, 1991). Different individuals or reference groups will exert varying levels of influence on a person (Mi et al., 2018). In a business context, subjective norms encompass stakeholders' expectations, reflecting how much business owners respect and value these groups' opinions (Feder & Weißenberger, 2019). Stakeholders can include those directly interacting with the company such as consumers,

employees, suppliers and the local community, and those who may not have direct ties, such as government entities, media, and social organizations (Mi et al., 2018). According to TPB, stronger subjective norms lead to a greater intention among SME owners to engage in CSR practices. The expectations of stakeholders create social pressure for owners to align their actions with these norms (Tan & Ann, 2023). Conversely, if stakeholders disapprove of CSR initiatives or provide negative feedback, it can weaken the intention of SMEs to implement CSR. Previous studies indicate that more excellent stakeholder support for CSR correlates with a stronger intention among SMEs to participate in CSR (Mi et al., 2018; Tan & Ann, 2023). Thus, we propose the following hypothesis:

*H<sub>2</sub>: Subjective norm positively affects the intention to participate in CSR.*

### 2.5. Perceived Behavioral Control and Intention to Participate in CSR

The third antecedent of TPB is perceived behavioral control (PBC) which refers to an individual's assessment of how easy or difficult it is to perform a specific behavior (Ajzen, 2020). Individuals are likelier to act if they believe the behavior will be easy or beneficial (Ham, Pap, & Stimac, 2019). Therefore, intention is also affected by barriers that individuals face whether internal or external (Ajzen, 1991). A high level of PBC typically correlates with a strong intention to perform a behavior. In the context of SMEs, PBC reflects the belief that business owners can participate in CSR activities. However, implementing CSR in SMEs presents several challenges, including financial constraints, limited human resource competencies, lack of employee motivation, and insufficient knowledge (Feder & Weißenberger, 2019; Rustiarini et al., 2022). These obstacles can significantly affect the intentions and behaviors of SME owners regarding CSR participation. Thus, the readiness of SME owners to engage in CSR activities is crucial. Prior research has documented that PBC influences managers' intentions in CSR practices (Feder & Weißenberger, 2019; Tan & Ann, 2023). Therefore, we propose the following hypothesis:

*H<sub>3</sub>: PBC positively affects the intention to participate in CSR.*

### 2.6. Perceived Behavioral Control and Actual CSR Behavior

TPB builds upon the theory of reasoned action. This development includes the addition of PBC to the theoretical framework. PBC predicts individual behavior, influencing it both directly and indirectly through behavioral intentions (Ajzen, 1991). It represents the perceived ease or difficulty of performing a particular behavior which affects an individual's ability to control their actions (Cordano & Frieze, 2000). The construct explains why a strong intention does not always result in actual behavior. Personal and situational barriers can hinder the transition from intention to action. When individuals face few personal obstacles, they find it easier to engage in certain behaviors. Conversely, those encountering significant barriers may perceive such behaviors as challenging (Ajzen, 1991). In terms of CSR, PBC can directly influence the behavior of SMEs. Businesses that do not face significant obstacles will likely view CSR implementation as manageable, encouraging active participation in CSR initiatives. On the other hand, SMEs facing challenges such as limited knowledge and resources may perceive CSR activities as tricky to implement (Goyal & Kumar, 2017). These barriers can restrict individuals' perceptions of how easily they can engage in CSR resulting in lower actual implementation rates. Thus, we propose the following hypothesis:

*H<sub>4</sub>: PBC positively affects actual CSR behavior.*

### 2.7. Intention and Actual CSR Behavior

Intention is a critical factor influencing behavior and is the foundation for subsequent actions. Most individual behaviors are directed toward achieving specific goals with actions often based on the intention to fulfill those goals. Consequently, intention is key in determining actual behavior (Ajzen, 1991). The stronger the intention, the more likely an individual will realize the intended behavior. This reflects the extent of their desire to act and the effort they are willing to invest (Guan & Wang, 2022). Similarly, if SME owners have a strong intention to implement

CSR, they are likely to actively participate their businesses in CSR activities. Research by [Tan and Ann \(2023\)](#) has shown that intention positively influences actual CSR behavior. Therefore, we propose the following hypothesis:

*H<sub>1</sub>: Intention to participate in CSR positively affects actual CSR behavior.*

### 2.8. Intention as a Mediating Variable

This study utilizes the TPB framework to understand the relationship between intention and behavior in CSR-related activities. Intention serves as a link among attitudes, subjective norms, and PBC. Attitude reflects an individual's assessment of a specific activity, subjective norms represent stakeholder expectations, and PBC indicates an individual's assessment of the ease or challenges of engaging in CSR. Ultimately, intention drives actual behavior. Stronger intentions increase the likelihood of involvement in a particular activity ([Ajzen, 2020](#)). Previous research indicates that these three antecedents significantly influence intentions in CSR, ultimately affecting actual CSR behavior ([Tan & Ann, 2023](#)). Thus, we propose the following hypotheses:

*H<sub>2a</sub>: Intention mediates the relationship between attitude towards CSR and actual CSR behavior.*

*H<sub>2b</sub>: Intention mediates the relationship between subjective norms and actual CSR behavior.*

*H<sub>2c</sub>: Intention mediates the relationship between PBC and actual CSR behavior.*

## 3. RESEARCH METHODOLOGY

This study focuses on small and medium enterprises (SMEs) located in Bali Province, Indonesia. SMEs have a crucial role in driving economic growth in Indonesia. The research explicitly targets SMEs in the manufacturing sector that utilizes natural raw materials for production. Waste from these industrial processes has a detrimental effect on the sustainability of the environment. Additionally, traditional manufacturing companies employ a significant number of workers, thereby creating job opportunities for local communities. For sample selection, purposive sampling was employed, targeting SMEs that have formally or informally engaged in CSR activities. A total of 360 SME owners and managers who serve as the decision-makers for CSR implementation participated in this study.

The questionnaire consists of four sections. The first section gathers information about the business, including its location, type, year of establishment, and number of employees. The second section focuses on the business owner's profile, including education level, experience, and gender. The third section examines the forms of CSR activities the SMEs undertake, encompassing economic, social, and environmental dimensions. The final section includes statements related to the study's variables. Attitude towards CSR is assessed based on SME owners' evaluations of CSR activities measured by four indicators adapted from the research of [Tan and Ann \(2023\)](#). Subjective norm reflects stakeholder opinions that inform behavior choices. This variable is also measured using four indicators based on previous research ([Tan & Ann, 2023](#); [Thoradeniya, Lee, Tan, & Ferreira, 2015](#)). Perceived behavioral control (PBC) consists of four statements that gauge individual perceptions regarding the ease or difficulty of engaging in CSR based on earlier research ([Tan & Ann, 2023](#); [Thoradeniya et al., 2015](#)).

The intention to participate in CSR indicates the likelihood of SMEs adopting or continuing CSR activities and is measured using four indicators based on prior studies ([Tan & Ann, 2023](#); [Thoradeniya et al., 2015](#)). Finally, actual CSR behavior is assessed through nine indicators adapted from previous research ([Mazereeuw-van der Duijn Schouten, Graafland, & Kaptein, 2014](#); [Tan & Ann, 2023](#)). All variables are measured on a five-point Likert scale ranging from strongly disagree to strongly agree. This study aims to predict and explain the influence of attitudes toward CSR, subjective norms, and PBC on intention and actual CSR while also testing the mediating role of intention. We employ Structural Equation Modeling with Partial Least Squares (SEM-PLS) analysis to evaluate the hypotheses and the mediating role. This analytical approach involves assessing the measurement and structural model.

#### 4. RESULTS AND DISCUSSION

This study involved 360 manufacturing SMEs across nine regions and cities in Bali Province, Indonesia. The demographic data of the SMEs are summarized in Table 1.

**Table 1.** Demographic data of SMEs.

Category	Percentage
Industry	
Wood, bamboo and coconut shell	45.83
Iron, metal, glass, gold and silver	23.61
Textile	13.62
Pottery and stone	10.83
Leather	3.61
Other	2.50
Age (Years)	
1-10	33.62
11-20	24.44
21-30	24.44
>30	17.50
Number of employees (People)	
<=10	80.83
11-20	14.44
>20	4.73
Profit (In IDR)	
Less than 300 million	46.39
300 million-2.5 billion	49.72
>2.5 billion	3.89

The majority of SMEs (45.83%) operate in the wood, bamboo and coconut shell sectors. Other sectors include iron, metal, glass, silver, gold, textiles, pottery, stone, and leather products. Most SMEs have been operating for less than ten years (33.62%) and employ 1-10 people (80.83%). Furthermore, nearly half of the SMEs report an annual profit of less than IDR 300,000 (46.39%).

This study followed several stages of testing. The first stage involved measuring the outer model for validity and reliability (Hair, Hult, Ringle, & Sarstedt, 2021). Convergent validity was assessed by checking if the outer loading (OL) values exceeded 0.6 and the Average Variance Extracted (AVE) values exceeded 0.5. Discriminant reliability was measured using Cronbach's alpha (CA) and Composite Reliability (CR) with both criteria needing to be above 0.7 as shown in Table 2.

**Table 2.** Results of convergent validity and reliability tests.

No	Variables	Indicators	OL	AVE	CA	CR
1.	Attitude towards CSR	Att <sub>1</sub>	0.888	0.827	0.950	0.930
		Att <sub>2</sub>	0.914			
		Att <sub>3</sub>	0.929			
		Att <sub>4</sub>	0.907			
2.	Subjective norm	Sub <sub>1</sub>	0.843	0.649	0.880	0.818
		Sub <sub>2</sub>	0.828			
		Sub <sub>3</sub>	0.817			
		Sub <sub>4</sub>	0.729			
3.	Perceived behavioral control	Pbc <sub>1</sub>	0.835	0.582	0.846	0.762
		Pbc <sub>2</sub>	0.817			
		Pbc <sub>3</sub>	0.754			
		Pbc <sub>4</sub>	0.627			
4.	Intention to participate in CSR	Int <sub>1</sub>	0.803	0.695	0.901	0.853



No	Variables	Indicators	OL	AVE	CA	CR
5.	Actual CSR behavior	Int <sub>2</sub>	0.859	0.516	0.905	0.882
		Int <sub>3</sub>	0.837			
		Int <sub>4</sub>	0.834			
		Acb <sub>1</sub>	0.670			
		Acb <sub>2</sub>	0.741			
		Acb <sub>3</sub>	0.778			
		Acb <sub>4</sub>	0.746			
		Acb <sub>5</sub>	0.745			
		Acb <sub>6</sub>	0.677			
		Acb <sub>7</sub>	0.791			
		Acb <sub>8</sub>	0.688			
		Acb <sub>9</sub>	0.609			

The test results in Table 2 indicate that all indicators meet the criteria for convergent validity with OL values exceeding 0.6 and AVE values above 0.5 confirming their validity. Table 3 presents the discriminant validity test result.

**Table 3.** Discriminant validity test results.

Variables	√AVE	Att	Pbc	Int	Acb	Sub
Attitude towards CSR (Att)	0.910	0.910				
Perceived behavioral control (Pbc)	0.763	0.543	0.763			
Intention to participate in CSR (Int)	0.833	0.512	0.678	0.833		
Actual CSR behavior (Acb)	0.718	0.502	0.515	0.531	0.718	
Subjective norm (Sub)	0.805	0.642	0.606	0.529	0.586	0.805

The results in Table 3 demonstrate that the discriminant validity test yielded values greater than the correlation coefficients of their respective latent variables indicating that the construct meets the criteria. All variables demonstrated Cronbach's alpha (CA) and Composite Reliability (CR) values above 0.7 indicating good reliability. The next phase involves measuring the inner model including evaluating the relationship between variables. The outcomes are presented in Table 4.

**Table 4.** The goodness of fit results.

Variables	R <sup>2</sup>	Q <sup>2</sup>	GoF	f <sup>2</sup>
Intention to participate in CSR	0.491	0.710	0.545	0.215
Actual CSR behavior	0.425			0.040

Table 4 reveals that the R-square (R<sup>2</sup>) values for intention and actual CSR behavior are 0.491 and 0.425, respectively, indicating moderate relationships. The Q-square predictive relevance (Q<sup>2</sup>) value of 0.710 suggests that the research model has strong predictive capabilities. This means the model can predict 71 percent of the variance, leaving 29 percent as potential error factors for future research. The Goodness of fit (GoF) test yielded a value of 0.545 signifying high measurement accuracy for the research model. The effect size (f<sup>2</sup>) values for the influence of intention on actual CSR behavior are 0.215 and 0.040 which are categorized as weak. Nonetheless, the overall relationship between the exogenous and endogenous variables displays a discernible pattern. Next, this study conducted an inner model test to evaluate the hypotheses as shown in Table 5.

**Table 5.** Hypothesis test results.

Relationship	Original sample	Sample mean	Standard deviation	t-statistic	Decision
Att → Int	0.156	0.156	0.063	2.484	H <sub>1</sub> accepted
Sub → Int	0.109	0.113	0.051	2.125	H <sub>2</sub> accepted
Pbc → Int	0.528	0.529	0.053	9.988	H <sub>3</sub> accepted
Pbc → Acb	0.093	0.109	0.091	1.023	H <sub>4</sub> rejected
Int → Acb	0.231	0.211	0.098	2.362	H <sub>5</sub> accepted
Att → Int → Acb	0.036	0.031	0.018	1.953	H <sub>6</sub> rejected
Sub → Int → Acb	0.025	0.023	0.015	1.659	H <sub>7</sub> rejected
Pbc → Int → Acb	0.122	0.112	0.054	2.276	H <sub>8</sub> accepted

**Note:** Att = Attitude towards CSR; Sub = Subjective norm; Pbc = Perceived behavioral control; Int = Intention to participate in CSR and Acb = Actual CSR behavior.

**Table 5** presents the results of the hypothesis testing. The analysis shows that the influence of attitude towards CSR, subjective norm and PBC on intention is positive and statistically significant (t-statistics = 2.484, 2.125, and 9.988, all exceeding 1.96) thus supporting hypotheses H<sub>1</sub>, H<sub>2</sub>, and H<sub>3</sub>. However, the relationship between PBC and actual CSR was insignificant (t-statistic = 1.023 below 1.96) resulting in rejecting H<sub>4</sub>. Additionally, the intention to participate in CSR significantly affects actual CSR behavior (t-statistic = 2.362 above 1.96) supporting H<sub>5</sub>. The role of intention as a mediating variable showed mixed results. It did not mediate the relationships between attitude towards CSR and subjective norm with actual CSR behavior (t-statistics = 1.953 and 1.659, respectively) leading to the rejection of hypotheses 6 and 7. Conversely, intention successfully mediated the indirect effect of PBC on actual CSR behavior (t-statistic = 2.276), thereby supporting hypothesis H<sub>8</sub>.

The statistical results demonstrate that the three elements of TPB significantly enhance the intention to participate in CSR. Attitude towards CSR is shaped by assessing CSR initiatives and the anticipated outcomes of these efforts. Business owners rationally evaluate the resources invested and the benefits derived from CSR practices. Additionally, CSR has increasingly been viewed as a fundamental obligation for business operators, influencing their attitudes toward these practices (Mi et al., 2018). When SME owners believe that CSR activities yield positive outcomes such as improved competitiveness, increased market share, and enhanced company reputation, they are more likely to intend to participate in CSR initiatives. These findings align with prior research indicating that attitudes strongly affect intentions to implement CSR (Feder & Weißenberger, 2019; Mi et al., 2018; Tan & Ann, 2023).

CSR practices represent social interactions between companies and their stakeholders. The identity and support of stakeholders are crucial for guiding CSR activities, prompting business owners to align their actions with stakeholder expectations (Mi et al., 2018). Subjective norms reflect the opinions or support of stakeholders that encourage SME owners to engage in CSR activities. These norms create social pressure motivating SME owners to act following stakeholder expectations (Tan & Ann, 2023). The results indicate that stakeholder support enhances SME owners' intention to participate in CSR. The goal of CSR practices is to achieve high performance while fulfilling responsibilities to stakeholders. This study corroborates earlier findings that increased stakeholder support correlates with stronger intentions to engage in CSR activities (Mi et al., 2018; Tan & Ann, 2023).

Additionally, perceived behavioral control (PBC) is another factor influencing intention. PBC reflects the belief among SME owners that they can engage in CSR. Personal and situational factors such as limited human and financial resources can significantly impact these beliefs (Feder & Weißenberger, 2019). These limitations can be perceived as obstacles to implementing CSR, affecting intentions. If SME owners view CSR activities as manageable and beneficial, their intention to practice CSR will increase. This finding is consistent with prior research indicating that PBC influences managers' intentions to participate in CSR (Feder & Weißenberger, 2019; Tan & Ann, 2023).

Conversely, this study did not find evidence supporting the influence of PBC on actual CSR behavior. PBC does not affect actual behavior because SME owners perceive various challenges such as limited knowledge and



resources, limiting their involvement in CSR activities. Additionally, the intention significantly affects actual CSR behavior. Intention serves as the foundation for actual behavior and is influenced by several factors: first, an individual's positive attitude towards the behavior. Second, the influence of others' preferences to engage in a specific action and third, the belief in one's ability to execute that behavior (Thoradeniya et al., 2015). The stronger the intention, the more likely an individual will follow the behavior. This supports Tan and Ann's (2023) findings that the intentions of SME owners positively influence actual CSR engagement.

Finally, this study examines the mediating role of intention. The statistical results indicate that intention mediates the relationship between PBC and actual CSR. This suggests that PBC alone does not directly enhance actual CSR participation. SME owners may perceive CSR as challenging for small businesses, a belief shaped by their experiences and those of others (Ajzen, 1991). Intention reflects the readiness of SME owners to engage in CSR. Therefore, fostering intention is crucial for translating it into actual behavior indicating that the role of intention in influencing actual CSR behavior is fully mediating. However, the intention variable does not mediate the relationship between attitude towards CSR and actual CSR behavior. The outcome implies that SME owners may have a positive attitude towards CSR activities. This perception only enhances their intention to act rather than directly leading to actual behavior. Support and pressure from stakeholders can encourage the intention to participate in CSR but they do not necessarily translate that intention into action.

## 5. CONCLUSION

The findings confirm that all three antecedents of the theory of planned behavior (TPB) significantly influence intention with PBC having the most substantial effect. Additionally, the intention variable is crucial in influencing actual CSR behaviors. However, PBC did not demonstrate a direct influence on CSR engagement. The results from indirect tests reveal that intention serves as a mediating variable in the relationship between PBC and actual CSR behavior. Conversely, intention does not mediate the effects of attitudes toward CSR and subjective norms on actual CSR behavior.

From a theoretical perspective, this study enhances the application of the TPB in the CSR context. The findings underscore the importance of TPB in elucidating the individual psychological processes that drive intentions to engage in CSR and the subsequent realization of those intentions as actual behavior. Practically, these insights can guide stakeholders in overseeing ethical business practices through CSR initiatives. Stakeholders should actively support the intention to implement CSR as this can foster innovation, increase profitability, and create added value for small businesses.

This study has the following two limitations. First, the survey research may not fully capture the actual implementation of CSR in businesses. Future research could benefit from qualitative methods such as in-depth interviews to gain deeper insights. Second, the research model explains 71% of the variance while the remaining 29% is likely influenced by other factors not examined in this study. Further research is recommended to explore additional elements such as risk orientation, leadership style or religiosity to develop a more comprehensive research model.

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**Transparency:** The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

**Competing Interests:** The authors declare that they have no competing interests.

**Authors' Contributions:** All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

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