

CSR, marketing capabilities, and human resource development: The endogenous role of network capabilities

Abstract

Purpose: This study examines the relationship between human resource development (HRD) and the interaction between corporate social responsibility (CSR) and marketing capabilities in small and medium enterprises (SMEs) in the food industry.

Design/methodology/approach: The research employs the extended regression model on the sample of 2,649 food SMEs in Vietnam.

Findings: The research found that (i) CSR and marketing strategies positively influence human resource development; (ii) the interaction of CSR and marketing capabilities has a negative effect on human resource development; (iii) the endogenous role of network capabilities on the effects of CSR and marketing capabilities on human resource development.

Originality/value: This research helps food companies use their resources to allocate resources for CSR and conduct marketing reasonably and effectively. The study highlights that the impact of CSR and marketing on human resource development is dominated by endogenous networking.

Keywords: *Networking, CSR, marketing, human resource development, food industry*

Introduction

The growth of small and medium enterprises (SMEs) is a key factor for economic development, especially in emerging economies. SMEs create revenue and employ most local labour (Batista *et al.*, 2019). Compared to larger enterprises, SMEs contribute more to employment creation in emerging economies (Ayyagari *et al.*, 2014). The increasing number of disruptive events in recent years negatively affect the development of the economy and society. In this aspect, SMEs have been received much more attention in aiding economic, environmental, and social development (Moeuf *et al.*, 2020). SMEs normally have a limited number of suppliers. They target local markets that support consumers' access to essential products when most nations close their borders to curb the spread of COVID-19 (Morais and Ferreira, 2020). However, the growth of SMEs remains an issue due to the low level of employee knowledge and skills, especially in emerging economies (Duong *et al.*, 2020). Thus, SMEs should invest more in business strategies that focus on employees to improve their knowledge and skills and firm performance (Deng *et al.*, 2020).

In parallel, there is increasing attention to the role of corporate social responsibility (CSR) and marketing as strategies for the growth of SMEs. CSR is “the responsibility of enterprises for their impact on society by: (i) integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations, and (ii) following the law” (European Commission, 2011). It has become a key strategy for the success of SMEs in emerging economies (Binh *et al.*, 2021). Interestingly, owners and managers of SMEs feel they have responsibilities for the development of their communities and employees (Achi *et al.*, 2022). It is noted that CSR affects product and service innovation for both manufacturing and service firms and creates an added value in innovation (Zhou *et al.*, 2020). Consequently, CSR positively affects firm performance (Binh and Tien, 2019). Besides CSR, researchers have highlighted the role of marketing in the success of SMEs as it helps SMEs achieve long-term competitive advantages (Bocconcelli *et al.*, 2018). SMEs owners and managers use marketing for specific purposes, e.g., the improvement of their firm performance (Gilmore, 2011). According to Bocconcelli *et al.* (2018), the emergence of network and information technologies is crucial for SMEs to increase market knowledge and exploit market opportunities. Network and information technologies are useful for implementing effective marketing strategies in SMEs. Managers use networks to make sense of what happens and exchange knowledge and information, which helps SMEs deal with resource constraints (Gilmore *et al.*, 2006).

While there is a rich literature on the effects of CSR and marketing on firm performance, Deng *et al.* (2020) called for studies investigating this relationship from the stakeholder perspective. This is in line with the call to investigate the effects of CSR and marketing on non-financial performance measures (Nyarku and Ayekple, 2018). Based on findings from a literature review on CSR, Miller and Akdere (2019) highlighted a limitation in considering and implementing CSR from a human resource development perspective (HRD). Moreover, the comprehensive review of Bocconcelli *et al.* (2018) reveals that the literature does not consider networking as an endogenous variable, leading to misleading results. For example, managers’ network affects the benefits of CSR strategies. In return, the success of CSR strategies strengthens the manager's reputation and network. Motivated by these calls, this research investigates the effects of CSR and marketing on human resource development programmes for employees, a specific group of stakeholders, of SMEs. We also adopt networking as an endogenous variable.

To investigate these issues, we analyse CSR and marketing capabilities in the food industry in Vietnam - an emerging economy. We focus on the food industry as it has many SMEs (Colovic *et al.*, 2019). Furthermore, the food industry has received significant attention from its stakeholders due to increasing concerns about food security and climate change issues (Miranda *et al.*, 2021). Finally, Vietnam offers a worthy case study as the food industry is a key contributor to the economy. Vietnam government has launched many programmes to support the food industry (Binh *et al.*, 2021).

Based on a sample of 2,649 SMEs in Vietnam, this research found evidence for the positive effects of CSR and marketing on SMEs' human resource development. The results also extend our knowledge of the endogenous role of networking on SME performance. This study provides empirical evidence for the benefits of CSR and marketing in an emerging economy. The results provide useful insights into how SMEs use CSR and marketing to overcome social, economic, and environmental challenges.

The rest of the paper is as follows. Section 2 presents the theoretical background and forms relevant hypotheses. The research methodology is presented in section 3. Section 4 provides research results. Section 5 discusses the results and concludes the research.

Background and hypotheses

Human resource development (HRD)

HRD is defined as a tool for profit maximisation agenda (Ardichvili, 2013). As it focuses on short-term financial outcomes, it has been criticised for disengaging with social aspects such as well-being and development of human potential (Garavan and McGuire, 2010). However, HRD has a significant role in changing employee behaviour (Garavan *et al.*, 2010). Thus, researchers have called to investigate the relationship between HRD and CSR (Fenwick and Bierema, 2008). HRD can “raise the awareness of employees and develop positive attitudes toward sustainability [...] It can contribute to the development of a culture that supports sustainability, CSR, and ethics” (Garavan and McGuire, 2010, p. 489). Ardichvili (2013) argued that HRD could play an important role in promoting CSR in the organisation by engaging in CSR-related training. It can contribute to the corporation's ethics and CSR practices (Alizadeh *et al.*, in press). HRD practices can positively affect the work environment and build trust between individuals in the firm (Alizadeh *et al.*, 2020). Ardichvili (2012) highlighted that the role of HRD should be considered in a system that includes CSR, sustainability, and business ethics. Using content analysis of corporate

responsibility reports, Jang and Ardichvili (2020) identified seven areas of HRD that are most important for CSR and sustainability. They include diversity, equity, and inclusion; community engagement; work-life balance; employee long-term growth and development; performance management; business ethics and ethical culture; and raising CSR awareness. Despite the strong attention to HRD and CSR, Jang and Ardichvili (2020) found a lack of empirical investigation on the relationship between HRD and CSR. Thus, further empirical works may shed light on this relationship.

Corporate social responsibility (CSR)

It has been suggested that SMEs can utilise CSR to improve business outcomes (Achi *et al.*, 2022). CSR is considered as a bridge to connect the enterprise with environmental organisations, government organisations, and other community organisations through activities to protect the environment and the safety of employees (Wagner, 2010). This has a corollary effect that enriches the firm's relationship with its stakeholders. Empirical studies show that CSR strategies provide social benefits and positively influence firm performance (Vishwanathan *et al.*, 2020). However, there is still an ongoing debate on whether CSR positively or negatively affects a firm's financial performance (Deng *et al.*, 2020).

Thus, recent CSR research has shifted its focus from investigating the effects of CSR on financial performance to non-financial performance and mechanisms for the relationship between CSR and firm performance. For example, it has been found that CSR helps improve a firm reputation and innovation capability (Binh and Tien, 2019). Besides, Zhou *et al.* (2020) suggest that CSR has a positive influence on product and service innovation in Chinese enterprises. This shift seems reasonable as findings in the literature on CSR are inconsistent and do not fully explain how it relates to SMEs' performance (Bhattacharyya and Rahman, 2019).

CSR requires specific activity-based mechanisms to fully affect firm performance (Deng *et al.*, 2020). The influence of CSR may depend on the business context (Martinez-Conesa *et al.*, 2017). Moreover, most CSR research focuses on developed economies, but there is little evidence on emerging economies (Deng *et al.*, 2020). Consequently, there are calls for research on how CSR influences SMEs' performance in the context of emerging economies (Jamali *et al.*, 2017).

Motivated by the above call, we aim to investigate the relationship between CSR and human resource development in Vietnam, an emerging economy. CSR is a way that firms address social,

economic, and environmental issues (Achi *et al.*, 2022). It also supports the implementation and improvement of innovation programmes (Mithani, 2017). Employees at firms investing heavily in CSR could get self-esteem achievement and enhancement (Deng *et al.*, 2020). According to Smith (2005), CSR activities, which focus on developing equal employment opportunity policies, create positive changes in employee motivations. For example, firms focusing on CSR activities have strong policies for employee health, career development, and occupational safety. These policies provide training for employees and support employees' careers, and in return, employees feel more satisfied (Bradler *et al.*, 2016). Ismail *et al.* (2014) suggested that firm managers should possess certain skills, knowledge, and attitudes to aid CSR programmes. Additionally, SMEs face high pressure from external stakeholders (e.g., local community and local customers) to implement CSR activities. SMEs should provide sufficient training to their employees to ensure success in implementing CSR activities (Onkila, 2015). According to Sheehan *et al.* (2014), as firms pay more attention to CSR-focused activities, the role of HRD becomes more obvious. Therefore, we propose that:

H1: There is a positive relationship between CSR and human resource development in SMEs.

Marketing capabilities

Under the uncertain business environment, SMEs have to effectively develop their marketing capabilities to improve their competitive advantages (Falihat *et al.*, 2020). Marketing capabilities are sets of competencies that allow firms to sense their customers' needs, exploit market opportunities, and foster firm performance (Susanto *et al.*, in press). Existing literature has found that marketing capabilities positively correlate with firm performance (Sadiku-Dushi *et al.*, 2019). Thus, it has been considered as a decisive factor for firm performance (Morgan *et al.*, 2009). Marketing capabilities also relate to how a firm connects with customers to improve the efficiency of business innovation (Egbetokun, 2015). Almeida *et al.* (1999) found that when firms have information and knowledge about the competitive market through marketing strategies, their innovation programmes would be more effective. The marketing strategy is related to innovation orientation in a firm (Manu and Sriram, 1996). Susanto *et al.* (in press) empirically reveal that marketing capabilities promote the performance of SMEs during the COVID-19 pandemic. A good marketing strategy could create competitive advantages for domestic and international markets (Morgan *et al.*, 2018).

However, it is understood that SMEs have a limited understanding of marketing (Pérez-Cabañero *et al.*, 2012) and limited resources for implementing marketing strategies (Kraus *et al.*, 2019). SMEs might follow informal and unstructured strategies (Pérez-Cabañero *et al.*, 2012). Thus, it is necessary to understand how marketing strategies affect SMEs' performance (Sadiku-Dushi *et al.*, 2019). According to Pérez-Cabañero *et al.* (2012), SMEs normally implement marketing strategies with a strong emphasis on the satisfaction of customers and employees. Employees are the assets of a firm, and it is crucial to make them satisfied and retain them. A marketing strategy should view employees as internal customers to educate and motivate them to meet the external customers' needs (Chen *et al.*, 2020). Sohail and Jang (2017) indicated that marketing practices positively relate to employee satisfaction, defined as internal marketing. Similarly, Fan *et al.* (2018) suggested that managers should not ignore employees in making marketing decisions as they benefit firm performance. According to Itam *et al.* (2020), firms should involve employees' expectations in designing branding strategies. Consequently, we argue that:

H2: There is a positive relationship between marketing capabilities and human resource development in SMEs.

The endogenous role of network capabilities

In addition to the investigation of the role of CSR and marketing, this research examines the endogenous role of network capabilities. Network capabilities refer to “a firm's ability to develop and utilize inter-organizational relationships to gain access to various external resources held by other actors” (Walter *et al.*, 2006, p. 542). Research on network capabilities has received more attention in recent years (Kalm, 2012; Senik *et al.*, 2011; Wang and Chung, 2020). Hilmersson and Hilmersson (2021) argued that network capabilities are tools for SMEs to accelerate the pace of innovation and compete with larger firms. Managers in SMEs form close relationships with partners and other companies as they help reduce operational and transaction costs in uncertain markets (Qiao *et al.*, 2014).

Prior studies consider network capabilities as independent or moderate variables. For example, Kong *et al.* (2020) noted that the low level of network capabilities causes a poor implementation of CSR strategies. Alternatively, Alqahtani and Uslay (2020) found that network capabilities moderate the relationship between marketing and firm performance. However, firms implement CSR and marketing strategies due to the demand from stakeholders. Once the firm proves the

benefits of its CSR and marketing strategies, its stakeholders are satisfied and support more on the implementation of CSR and marketing strategies. Thus, Dobele *et al.* (2014) and Viglia *et al.* (2018) called for strengthening stakeholder engagement in implementing CSR and marketing strategies. Consequently, this research considers network capabilities as an endogenous variable (i.e., is influenced by other dependent, independent or unobservable variables (Wang *et al.*, 2019)) rather than an exogenous variable (i.e., independent variables). Specifically, we argue that a firm should develop a strong relationship with employees to encourage them to attend human resource development programmes to understand the firm's CSR and marketing strategies. Once the employees perceive the benefits and success of CSR and marketing strategies, employees would be satisfied and engage more in human resource development programmes.

Research methodology

Sample description

This research uses data from the survey conducted in 2019 by the UNU-WIDER. This is the collaboration project between the Central Institute for Economic Management (CIEM), the Institute of Labour Science and Social Affairs (ILSSA), the Development Economics Research Group (DERG) at the University of Copenhagen, and UNU-WIDER¹. The survey was conducted in ten cities and provinces in Vietnam, including Hanoi, Hai Phong, Ha Tay, Phu Tho, Nghe An, Quang Nam, Khanh Hoa, Lam Dong, Ho Chi Minh City and Long An. Totally, there are 2,649 SMEs in the sample.

The survey consists of three modules: (i) the main enterprise questionnaire for owners or managers; (ii) an employee questionnaire administered to a random subset of employees in a quarter of randomly selected enterprises; and (iii) an economic accounts module. This study only concerns the below information:

- The number of training sessions conducted by enterprises in a year
- Expenditures related to the working environment and safety for employees
- Spending on market access information for operations marketing activities
- The number of people contacted by the enterprise
- The number of a business transaction

¹ <https://www.wider.unu.edu/database/viet-nam-sme-database>

- Firm age
- Firm size
- Business sector

Food industry defined in the paper is based on Vietnam Standard Industrial Classification (VSIC) of Decision No.27 (No.27/2018/QD-TTg, on 6 July 2018)². Accordingly, 2,649 SMEs are classified into seven sectors, in which the food processing sector accounts for the highest ratio of 31.63%. It is followed by the fabricated metal and electrical product sector with 24.35%, the wood and paper sector with 16.50% (Table 1).

Table 2 presents the number of employees at 2,649 SMEs. Most of them have less than 50 employees (94,15%). This suggests that many SMEs in Vietnam have faced many challenges due to limited human resources. Therefore, to improve competitive competency, those SMEs are interested in building networking with partners to share information, exchange knowledge, and transform technology.

Table 1: The industry classification of SMEs in Vietnam.

Sector	Freq.	Percent	Cum.
1. Food processing	838	31.63%	31.63%
2. Textile and leather	288	10.87%	42.51%
3. Wood and paper	437	16.50%	59.00%
4. Rubber and plastic	212	8.00%	67.01%
5. Fabricated metal and electrical product	645	24.35%	91.36%
6. Mechanical products	181	6.83%	98.19%
7. Others	48	1.81%	100.00%
Total	2,649	100.00%	

Table 2: The number of employees at SMEs

Number of employees	Freq.	Percent	Cum.
<= 5	1,539	58.10%	58.10%
5 < and <=10	484	18.27%	76.37%
10 < and <=50	471	17.78%	94.15%
50 < and <=200	136	5.13%	99.28%
> 200	19	0.72%	100.00%
Total	2,649	100.00%	

The research examines two proposed hypotheses using the following Extended Regression Model (ERM)

²<https://thuvienphapluat.vn/tintuc/vn/thong-bao-van-ban-moi/email/20813/vietnam-standard-industrial-classification-is-supplemented-with-more-industries>

$$Y = b_0 + b_i * X_i + a_1 * W_1 + e.Y$$

where

- Y: dependent variable and is the human resource development
- X_i: independent variables, which are CSR and marketing capabilities
- W₁: endogenous variable and is network capability
- b₀ is constant; b_i and a₁ are coefficients of exogenous and endogenous variables, respectively

Dependent variable

This research adopts human resource development as a dependent variable. Employee knowledge and skills have been considered as the main issue for the growth of SMEs in emerging economies (Motta, 2020). According to Chaturvedi *et al.* (2018), training is an important factor in developing employees' skills and knowledge. In line with Sung and Choi (2014), this research measures human resource development via the number of training days for employees at the firm.

Independent variables

In line with Binh and Tien (2019), CSR is measured by the ratio of expenditure on improving the working environment to the total costs. This expenditure includes improving the fresh air working environment, safety, and health (atmosphere, noise, light and temperature, fire protection and explosion prevention).

According to Mitrega *et al.* (2012), the firm's marketing capabilities are shown through market exploration. Marketing capabilities in this study are measured as the ratio of SMEs' marketing spending divided by the firm's total sales (Rust *et al.*, 2012).

Endogenous variable

As discussed above, network capabilities are considered as an endogenous variable. In line with Watson (2007), network capabilities are measured as the number of people SME owners and managers contact per year. SMEs in Vietnam account for more than 90% of the total, and their competitiveness cannot be compared with large enterprises and foreign enterprises in terms of financial resources, human resources, and marketing capabilities. To survive in an environment of integration and fierce competition, creating a network with partners (customers and stakeholders) is a weapon of SMEs to help solve the problem of weak competition. Additionally, research on

network capabilities for SMEs in emerging economies like Vietnam has not been popularised, so network capabilities is considered for testing.

Instrumental variables

In line with Falk and de Lemos (2019), firm size and firm age are selected as two control variables. Firm age is measured in terms of the number of years since the firm was founded. Firm size is the number of employees in the firm. Additionally, we consider the firm type as a dummy variable (1 if it is a food processing SME and 0 if otherwise)

Results

The descriptive results in Table 3 show that SMEs conducted 5.6 days of training in a year for employees on average. CSR, represented in the investment to improve the working environment, accounts for 0.1% to 29% of the total cost. The average ratio is 8%. The average expenditure for marketing capabilities is 7% annually. SMEs owners and managers have contacted 38 people per year on average. The food industry accounts for 31.7% of the total SMEs in the sample. The average firm size is 26 employees. The average firm age is 21 years.

Table 3: Statistic result

Variable	Observation	Mean	Standard. deviation	Minimum	Maximum
Human resource development (days)	2.647	5,57	18,083	1	180
CSR (%)	2.647	0,08	0.100	0,001	0,29
Marketing (%)	2.647	0,07	0.062	0,036	0,25
Networking (people)	2.647	38,09	47.844	0	1054
Firm type	2.647	0,32	0,465	0	1
Firm size (people)	2.647	26,02	37,816	1	700
Firm age (years)	2.647	21,51	10,133	7	66

The estimation results received from the extended regression model are presented in Table 4. We considered four models.

Model 1 consists of two independent variables of CSR and Marketing capabilities and the endogenous variable of networking with one instrument variable FoodSector:

$$\text{Human_resource_development} = 2.827 + 0.924*\text{CSR} + 18.901*\text{Marketing}$$

$$\text{Networking} = 36.682 + 4.452*\text{FoodSector} \text{ (endogenous function)}$$

Model 2 consists of three independent variables of CSR, Marketing capabilities, the interaction between CSR and Marketing (CSR x Marketing), and the endogenous variable of networking with one instrument variable FoodSector:

$$\text{Human_resource_development} = 1.943 + 1.407*\text{CSR} + 33.641*\text{Marketing} - 133.136*(\text{CSR} \times \text{Marketing})$$
$$\text{Networking} = 35.561 + 4.482*\text{FoodSector}$$

Model 3 consists of three independent variables: CSR, Marketing capabilities, the interaction between CSR and Marketing (CSR x Marketing), and the endogenous variable of networking with three instrument variables (FoodSector, FirmSize, and Firm Age).

Model 4 consists of seven independent variables: CSR, Marketing capabilities, the interaction between CSR and Marketing (CSR x Marketing), Firm Age, FirmAge x FoodSector, the interaction between CSR and FoodSector (CSR x FoodSector), the interaction between Marketing and FoodSector (Marketing x FoodSector), and the endogenous variable of networking with three instrument variables (FoodSector, FirmSize, and Firm Age).

In all four models, there is strong evidence that CSR and marketing capabilities significantly impact human resource development. This means the hypothesis of H1 and H2 are supported. Because the coefficients of CSR and marketing are positive for all models, an increase in CSR causes a rise in human resource development. Also, increased marketing capabilities lead to an increase in human resource development.

Models 2, 3, and 4 indicate that the interaction between CSR and marketing significantly impacts human resource development. However, the coefficients in these three models are negative. It means that once a firm invests in CSR (or marketing capabilities), its human resource development could be significantly lower if it also invests in marketing capabilities (or CSR). That might be because SMEs have limited resources. Thus, they could not afford to invest in many programmes simultaneously.

Model 4 brings an additional message about the relationship between human resource development and the interaction between Marketing and food firms (Marketing x FoodSector). Because its coefficient is negative, this confirms a significant contribution of marketing capacities to the non-food firms. Unfortunately, we do not find evidence for the relationship between human resource development and the interaction between CSR and the food firm (CSR x FoodSector).

In all four models, the correlation between the error of network capabilities and the error of human resource development is small and significantly negative at a 5% level. This confirms the non-zero correlation between the endogenous and dependent variables. This also confirms that the endogeneity of network capabilities exists in all models. It means network capabilities are found as the unobserved factor that has significant effects on the relationship between CSR, marketing capabilities, the interaction between CSR and marketing capabilities, and the interaction between marketing capabilities and the food firms on human resource development.

This research considers the food sector, firm size, and firm age as three instrumental variables. The results show that the food industry has an indirectly significant and positive effect in all four models.

Table 4: Estimation result of ERM

Variable	Model 1		Model 2		Model 3		Model 4	
	Coefficient	P> z	Coefficient	P> z	Coefficient	P> z	Coefficient	P> z
Human_resource_development								
CSR	0.924	0.000	1.407	0.000	1.393	0.000	1.297	0.000
Marketing	18.901	0.001	33.641	0.000	33.8622	0.000	35.8556	0.000
CSR x Marketing			-133.136	0.012	-135.498	0.011	-128.853	0.015
Firm_Age							0.046	0.688
Firm_Age x FoodSector							-0.002	0.379
CSR x FoodSector							-0.117	0.791
Marketing x FoodSector							-26.736	0.028
_cons	2.827	0.000	1.943	0.003	1.969	0.003	2.312	0.181
Networking								
FoodSector	4.452	0.026	4.482	0.025	6.969	0.007	7.153	0.000
FirmSize					0.229	0.000	0.229	0.000
FirmAge					0.003	0.970	0.009	0.920
_cons	36.682	0.000	35.561	0.000	32.148	0.000	31.964	0.000
var(e.Human_resource_development)	321.293		320.508		320.721		319.325	
var(e.Networking)	2283.277		2238.274		2211.803		2211.783	
corr(e.Networking, e.Human_resource_development)	-0.043	0.030	-0.042	0.032	-0.047	0.017	-0.044	0.024
Number of obs	2,647		2,647		2647		2.647	
Wald chi2(1)	49.690		56.120		55.220		66.400	
Prob > chi2	0.000		0.000		0.000		0.000	
Log likelihood	-25384.249		-25381.092		-25320.186		-25314.713	

Discussion and conclusions

This research investigates the effects of CSR and marketing capabilities on human resource development. We also consider the endogenous role of network capabilities on these effects. Based on a sample of 2,649 SMEs in Vietnam, this research found significant evidence that CSR and marketing capabilities have positive effects on human resource development. Moreover, the results confirm the endogenous role of network capabilities on these effects. The findings of this research lead to several theoretical and managerial contributions.

Theoretical contributions

First, there is significant evidence that CSR has a positive relationship with human resource development. This finding addresses the call from Miller and Akdere (2019) and Jang and Ardichvili (2020). The result is in line with prior studies on the effects of CSR. For example, CSR is positively related to firm performance (Al-Shammari *et al.*, in press) and to the innovation capabilities of manufacturing and service firms (Zhou *et al.*, 2020). Specifically, Gangi *et al.* (2020) revealed that CSR engagement could increase profitability and reduce the cost of debt for food firms. Our research confirms that if a firm cares about its employees' health and working conditions, its human resource development will be beneficial. Firms need to pay attention to improving the capacity of employees through training programmes, including knowledge in the field of work, awareness about safety, and comprehension of the provision of occupational safety protection for individuals. Human resource development is often considered as a driving force for CSR implementation (Jang and Ardichvili, 2020; Miller and Akdere, 2019; Sheehan *et al.*, 2014). Behavioural barriers from employees could negatively affect the implementation of CSR programmes (Garavan *et al.*, 2010). HRD programmes provide knowledge on CSR to employees and increase their awareness of CSR. This research argues that CSR implementation, in its turn, also advances human resource development. Once employees see the value of CSR programmes, they will engage more in HRD programmes.

Second, in line with Sadiku-Dushi *et al.* (2019), this research confirms that marketing capabilities positively affect human resource development. SMEs might not have enough financial resources to go through formal and structured marketing strategies (Pérez-Cabañero *et al.*, 2012). Thus, SMEs should view employees as their internal customers in developing marketing strategies. In return, employees have a good understanding of customer requirements and motivation for

achieving customer requirements (Otoo and Mishra, 2018). When employees directly engage and contribute to the marketing activities, the firm can achieve better CSR outcomes (Lee *et al.*, 2013)

Third, the interaction of CSR and marketing capabilities negatively affects human resource development. It means that if a firm invests in CSR (or marketing capabilities), additional investment in marketing capabilities (or CSR) could lower its attention on human resource development programmes. It is because SMEs, especially in the food industry, have limited resources and cannot invest significantly in CSR, marketing capabilities, and human resource development programmes at the same time (Duong *et al.*, 2020; Islam and Amin, in press).

Fourth, this research confirms the endogenous role of network capabilities on the effects of CSR and marketing capabilities on human resource development. SMEs often have problems with limited knowledge and capabilities to improve their competitive advantages (Parker *et al.*, 2009). Furthermore, firms increasingly pay much attention to circular economy and sustainability (Ardichvili, 2013; Ellen MacArthur Foundation, 2019). This transformation requires heavy investment in innovative solutions that simultaneously address economic, social, and environmental aspects (Gruchmann *et al.*, 2019). In this case, a wide network helps SMEs exchange knowledge and information, share resources, and exploit market opportunities. For example, a good network relationship with regional offices positively impacts the firm's innovation performance (Hilmersson and Hilmersson, 2021). Our research echoes the work of Achi *et al.* (2022), who point out that CSR alone might not affect SMEs performance.

Managerial contributions

Beyond its theoretical contributions, our research has several contributions to SMEs owners and managers. First, this research provides insights on mechanisms for fostering SME performance. Much has paid attention to the individual relationship between SMEs performance and CSR (Binh and Tien, 2019), marketing capabilities (Susanto *et al.*, in press), human resource development, and networking capabilities (Hilmersson and Hilmersson, 2021). However, SMEs should make investment decisions effectively as they do not have enough resources to invest in all these factors simultaneously. Motivated by this argument, we investigate the relationship among these four factors. Our result could be served as a mechanism for improving SMEs performance. SMEs under resource constraints have to make investment decisions effectively. They could not

invest in CSR and marketing capabilities at the same time. Instead, they need to identify the importance of CSR and marketing capabilities and prioritise their investment accordingly.

Second, a firm should focus on building a good relationship with its stakeholders as they help gain useful knowledge, information, and competitive advantages (Camanzi and Giua, 2020). Once the firm's stakeholders are satisfied with the benefits of its CSR and marketing programmes, they will support implementing these programmes. Food SMEs, especially in emerging economies, have challenges in improving working conditions for employees. Focusing on employees and adopting working condition standards could make employees more satisfied and enhance human resource development (Trifković, 2017).

Limitations and future research

The limitations of this study provide an avenue for future research investigations. First, the study shows that network capabilities have an endogenous role in the effects of CSR and marketing capabilities on human resource development. However, this research does not consider other factors such as technical productivity or firm reputation. We suggest that future research could consider such factors for more in-depth knowledge. Second, this research addresses the call to investigate CSR and marketing capabilities in an emerging economy by considering a sample of SMEs in Vietnam. Findings from this research could be difficult to be generalised beyond this context. We expect our findings to hold for similar contexts of emerging economies or the food industry. We recommend that future research could investigate other contexts (e.g., different economies or industries). Finally, this research considered network capabilities as the only endogenous variable. Future research could extend to consider other variables such as gender diversity as there is evidence that it plays a key role on the SMEs performance (Shehata *et al.*, 2017).

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