

**An analysis of small business social responsibility practices in
South Africa**

By

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STATEMENT OF ORIGINAL AUTHORSHIP

I certify that the work presented in this thesis is, to the best of my knowledge and belief, is original, except as acknowledged in the text and that the material has not been submitted, either in whole or in part, for a degree at this or any other university. I also certify that, to the best of my knowledge, any help received in preparing this thesis, and all sources used have been acknowledged in this thesis.

Signed: _____

Date: _____

DEDICATION

To my parents, Samuel Taonarini and Daisy Dorothy Kutsawa. You have allowed/encouraged me to leave your dream, to achieve what you could have achieved but could not because of circumstances beyond your control, and to my two heroes – Shingi and Nesu. Guys I have set the standard. You cannot achieve less than this. May God guide you always. My husband, Mufaro – for all your support and prayers.

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ABBREVIATIONS

SR	Social Responsibility
CSR	Corporate Social responsibility
SMME	Small, Medium and Micro Enterprise
SME	Small to Medium Enterprises
MNC	Multinational Corporation
DTI	Department Of Trade and Industry
ALT ex	Alternative exchange
JSE	Johannesburg Stock Exchange
SA	South Africa
UN	United Nations
EC	European Commission
EU	European Union
ISO	International Organization for Standardization
GDP	Gross Domestic Product
CED	Committee for Economic Development
UNIDO	United Nations Industrial Development Organization
NCR	National Credit Regulator
WB	World Bank
WTO	World Trade Organization
NSB Act	National Small Business Act

ABSTRACT

Social responsibility (SR) is a business management concept that originated in the early 1930s after the Wall Street crash of 1929 exposed corporate irresponsibility in large organizations. Whilst the initial interpretation of SR has been modified and refined since it was first used, the significance of this multidimensional concept for the small and medium enterprise (SME) sector has continued to be overshadowed by its application to large and multinational organizations. The knowledge of social activities in the SME sector, particularly in South Africa, has remained unexplored due to relatively little attention being given until recent years. In cognizance of the above mentioned, this study wishes to expand the body of knowledge in respect of the social responsibility of small businesses.

This study presented a qualitative content analysis of annual reports from 2008 to 2012 of companies listed on the JSE ALT exchange to explore small business social responsibility practices using NVIVO to analyze data. Findings from this study support the view that small businesses are not always profit driven and that they are therefore fundamentally distinct from large organizations. South African small businesses are however not yet strategic about SR. Creating and maintaining their reputation as good corporate citizens through relationships with stakeholders is their primary motivation for participating in social activities. The study results show that SR in small businesses is still evolving and that year after year there is an increase in involvement and interest in SR issues.

The findings of this study, and confirmation of the new knowledge gained will assist policy makers and practitioners in designing plans and policies that will increase socially responsible behaviour of small businesses and develop a comprehensive theory of SR in small businesses in South Africa. This can potentially enhance inclusive economic growth while simultaneously dealing with the country's socio economic problems. Future studies can be extended to include other SMEs in South Africa, specifically micro enterprises and comparisons formed by a larger population may demonstrate and explain trends more clearly. The results of this study can also be compared with large companies listed on the JSE and to other African economies. A longitudinal study investigating SMEs' participation in SR in different economic conditions could test the fact that a change has occurred in the attitudes of small businesses from 2008 to 2012 towards social responsibility.

Key words: Corporate social responsibility, SME, Stakeholder, ALT exchange, SR initiatives

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CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

The relationship between business and society has been a topical issue for a long time. Scholars have been examining and analyzing concepts and theories concerning the responsibilities of business in society. As early as 1975, Sethi expounded an idea of viewing enterprises as integral part of society. Sethi (1975) proposed a model that explains corporate behaviour in terms of increasing levels of commitment by enterprises on their social obligations and societal congruent norms that would render enterprises socially responsive. Others, - such as Burton and Goldsby, (2008); Cilberti, (2008) recognized the need to promote and encourage socially responsible business practices. These authors investigated how business entities could align business objectives with social goals.

As pointed out by Porter and Kramer (2006) corporate social responsibility (CSR) has emerged as an inescapable priority for business in the 21st century. This notion - was buttressed by the launch of the United Nations (UN) Global Compact in 2000 and later the introduction of ISO 26000 standards on social responsibility to business literature. The ISO 26000 standards and the UN Global Compact is testimony to the importance of ensuring that businesses are grounded on social responsible value systems.

The terms social responsibility and corporate social responsibility tend to be used interchangeably in literature. Given that the term CSR was coined with large corporate businesses in mind, and given that the focus of this study is on small businesses the study adopts the term social responsibility. With the issue of classification, past literature has focused almost exclusively on large corporations, while small businesses have not received as much attention. Small businesses encompass a very broad range of firms, from medium sized companies listed on the JSE alternative exchange to established traditional family businesses employing over a hundred people (medium-sized enterprises), down to the survivalist self-employed from the poorest layers of the population (informal micro-enterprises).

In South Africa the National Small Business Act (SA) of 1996, defines a “small business” as follows:

“a separate and distinct business entity, including co-operative enterprises and non-governmental organizations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub sector of the economy.”

DTI, (2001).

It divides into the following categories:

Survivalist enterprises –informal, income generated below the poverty line,

Micro enterprises –one to five employees,

Very small enterprises – five to ten employees,

Small enterprises – up to one hundred employees,

Medium enterprises – up to two hundred employees,

The ALT exchange on the other hand defines a small business as any company that meets the ALT exchange listing requirements shown in table 1 below.

1.1.1 Socio-Economic problems in South Africa

South Africa is a successful developing country that has a lot of social challenges. Despite the best intentions of government, poverty, ailing public health system, HIV/AIDS, xenophobia, crime, poor service delivery, and a lack of access to education, housing, and employment opportunities, is still a reality for millions of South Africans. According to data provided by the last census in South Africa in 2011, approximately 25% of South Africa's 51 million inhabitants live in informal dwellings, facing a range of basic livelihood challenges, including poor access to basic sanitation and water supply, solid waste accumulation, recurrent shack fires, safety and security risks, and a range of health hazards, (Statistics South Africa, Community Survey, 2011). Research has shown that the poverty gap between the rich and the poor is widening, and some municipalities have as many as 85% of their residents living below the breadline, (HSRC Review, June 2012). From these statistics, it is evident that the sustainability and growth of small business are vital topics for research.

To speedily address the above mentioned social-economic problems requires tremendous resources, and the government alone cannot cope. According to Rockey (2003) if it was left to the South African government alone to uplift the previously disadvantaged communities, it will simply take too long. Hence, there is a need for private sector involvement given the magnitude of the socio-economic problems in South Africa. It is in businesses' own interest to help stabilize the social landscape and grow the economy, since their long-term livelihood and success is intrinsically linked to the wellbeing of South Africa and its citizens, (CSI Handbook, 2003).

TABLE 1: LISTING REQUIREMENTS FOR THE ALT EXCHANGE

Share capital	R2 Million
Profit history	None
Pre-tax profit	N/A
Shareholder spread	10%
Number of shareholders	100
Sponsor/DA	Designated advisor
Publication in the press	Voluntary
Number of transaction categories	2 (threshold 50%)
Annual listing fee	R27189.25 (including VAT)
Education requirements	All directors to attend Directors Induction Programme

Source: Johannesburg Stock exchange

This study will adopt the Alt exchange definition of a small business because the sample for the study was drawn from companies listed on the JSE ALT exchange.

Among the numerous theories that have been compiled to explain social responsibility engagements for small and large businesses, stakeholder theory stands out as the most well-founded theories in the CSR literature. Proponents of stakeholder theory (Brenner & Cochran 1991; Jones & Wicks 1999) view management choice as a function of stakeholder influence and they therefore argue that organizations address a set of stakeholder expectations by participating in social activities.

Mitchell, et al (1997) uses this theory to develop a stakeholder outstanding model and ranks business stakeholders on the basis of their legitimacy, urgency and power. They propose that businesses prioritize issues according to the level of their stakeholders' salience.

1.2 GAP IN KNOWLEDGE AND PROBLEM STATEMENT

The UN Global Compact takes cognizance of the numerous terms used to describe social responsibility of business (UN Global Compact, www.unglobalcompact.org). These include corporate citizenship, corporate sustainability, social responsibility, sustainability, business responsibility, corporate social investment, and corporate social responsibility amongst other terms. Following the inception of the concept in the United States by Berle and Means (1932) and its later development by Bowen (1953), CSR was seen as a tool to control the misuse of corporate power in bigger organizations and to redirect them to produce social goods. Traditional CSR, which developed from these ideologies, has been perceived like "luxury goods" (Spence, LJ, Schmidpeter, R & Habisch, A. (2003) that only large companies could indulge in.

As a result, conventional literature related to business behaviour has underestimated the impact of Small and Medium Enterprises (SMEs) on society. Worthington, (2006) recognized the need to promote and encourage socially responsible business practices among the 90 per cent or more of the world's businesses that are classified as small, medium and micro enterprises (SMMEs).

Lack of consensus and clarity on what social responsibility is, poses questions on whether the essence of social responsibility in terms of motivation and practices is the same for small and large businesses. Observers have reached a variety of conclusions about the differences between SMEs and large organizations in respect of the extent of their CSR participation and their intentions. Some have argued that bigger firms are more socially responsive because of their larger resource slacks, visibility and operational scales (Brammer & Millington 2006, Johnson & Greening 1999). Others have disagreed, stating that the same characteristics actually motivate smaller firms to behave responsibly (Meznar & Nigh 1995). Commentators such as Perrini, (2006) argue that small businesses do participate in CSR in an informal manner.

1.3 RESEARCH QUESTIONS

The divergent views presented above demonstrate a need for further research to clarify the definition, practices and motivation of CSR from the perspective of the small business. This work seeks to address three research questions, i.e.

- Social responsibility activities small businesses engage in.
- The motivation behind engaging in social responsible activities.
- Motivation for engaging in social responsible activities and how they are linked.

1.4 RESEARCH OBJECTIVES

The purpose of the study is to crystallise the classification that defines how small businesses view and participate in social responsible initiatives. This work seeks to shed light on the motivation behind social responsibility activities from the small business perspective. This work is organized around:

- Establishing the conceptual domain of CSR by identifying CSR activities that small businesses engage in;
- Investigating the reason why small businesses engage in CSR activities;
- Explaining how motivation for engaging in social responsible initiatives is linked to the social responsible activities that small businesses embark on, the three key objectives.

1.5 RESEARCH DESIGN

To get a holistic view of this topic and a clearer understanding, quantitative methods would not have succeeded as they would have proved to be inadequate. Qualitative methodology enabled the researcher to obtain "real", "rich" and "deep" information which is considered important, relevant and significant for this type of investigation because there is very little known about small business social responsibility practices.

1.5.1 Study Population

The population was drawn from the ALT exchange, a division of the South African JSE. Purposive sampling was then done to come up with the sample. Research was limited to small businesses listed on the ALT exchange. The businesses that were used in this study were also intentionally chosen from a range of industries that exist on the ALT exchange. As a result, a number of possible limitations emerged, including the size range of some of the participating businesses was bigger than the range specified in the – National Small Business Act (SA) of 1996, which is why the research adopted the ALT exchange definition of a small business. The entire sample belonged to a restricted number and the method of company selection relied on 2008 to 2012 posted annual reports.

While tests and procedures to maintain reliability and validity were incorporated at each research phase, the results apply to small businesses listed on the ALT exchange and therefore may not be generalized in terms of any particular industry sector or other SMEs in South Africa and abroad.

The target population of this research was SMEs listed on the ALT exchange (alternative exchange). The ALTX is a division of the JSE focused on good quality, small and medium sized high growth companies. Information about this population was gathered from ALT exchange. The total number of the ALT exchange listed small businesses is fifty two (52).

1.5.2 Sampling Issues

Twenty four (24) of the fifty two (52) companies listed on the ALT exchange were selected to be part of the study. The companies were selected from nine industries, i.e. Construction, Mining, Manufacturing, Finance, Real Estate, Wholesale and Retail, Transport, Storage and Communication, Transport, Electricity, Oil and Gas, and Agriculture. Purposive sampling was used to determine the sample.

1.6 CONTRIBUTION TO KNOWLEDGE

In the attempt to explore, develop and critique the new societal balance from the perspective of corporate social responsibility, the “grandness” of the small businesses is overshadowed by a focus on the more conspicuous merits or scandals of large multinational companies. It also matters considerably for the global economy to understand the extent and modalities small businesses engage in with regards to social responsibility activities. Small businesses’ social responsibility engagement deserves more attention due to its potential impact on the global economy. As mentioned earlier, small businesses make up the largest business sector in most world economies. They are dominant in terms of absolute numbers, and are also the key drivers of employment and economic growth (Jones 2004).

In view of the limited research that has been conducted on the social responsibility of Small-enterprises, this study is a meaningful contribution towards expanding the body of knowledge on social responsibility in a number of ways; the study explains how motivation is linked to social responsible activities of small businesses and the study provides a conceptual domain of observable and sunken social responsible activities within the context of the stakeholder theory.

The findings of this study will assist policy makers and practitioners in designing plans and policies that are able to increase socially responsible behaviour of small businesses. This can potentially enhance inclusive economic growth while simultaneously improving the quality of life.

1.6.1 Outline of Chapters

The thesis is organised that Chapter two critically evaluates literature on social responsibility, small businesses and stakeholder theory. Chapter three details the methodology applied in the research and outlines how the qualitative methodology was applied to address the research questions. Chapter four employs content analysis to analyze data and information generated to develop a conceptual model that links social responsible activities and motivation. NVivo software was used as an analytical tool to analyse the data for the study.

The final chapter, (Chapter five) presents discussion and conclusion on how the research questions have been addressed. Contributions and new knowledge developed from this study is also pointed out in the last chapter. The implications of - research findings and future research directions are discussed. Chapter five - concludes with a discussion on limitations of the research.

1.7 CONCLUSION

The purpose of this chapter has been to present the gap in knowledge and to articulate the problems and questions that the study seeks to address. The questions asked in this study require development of theory to explain the link between motivation and social responsibility activities that small businesses embark on. The study seeks to provide a conceptual domain of the observable and sunken social responsibility activities. The chapter outlined an approach to build such theory using grounded theory methodology.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

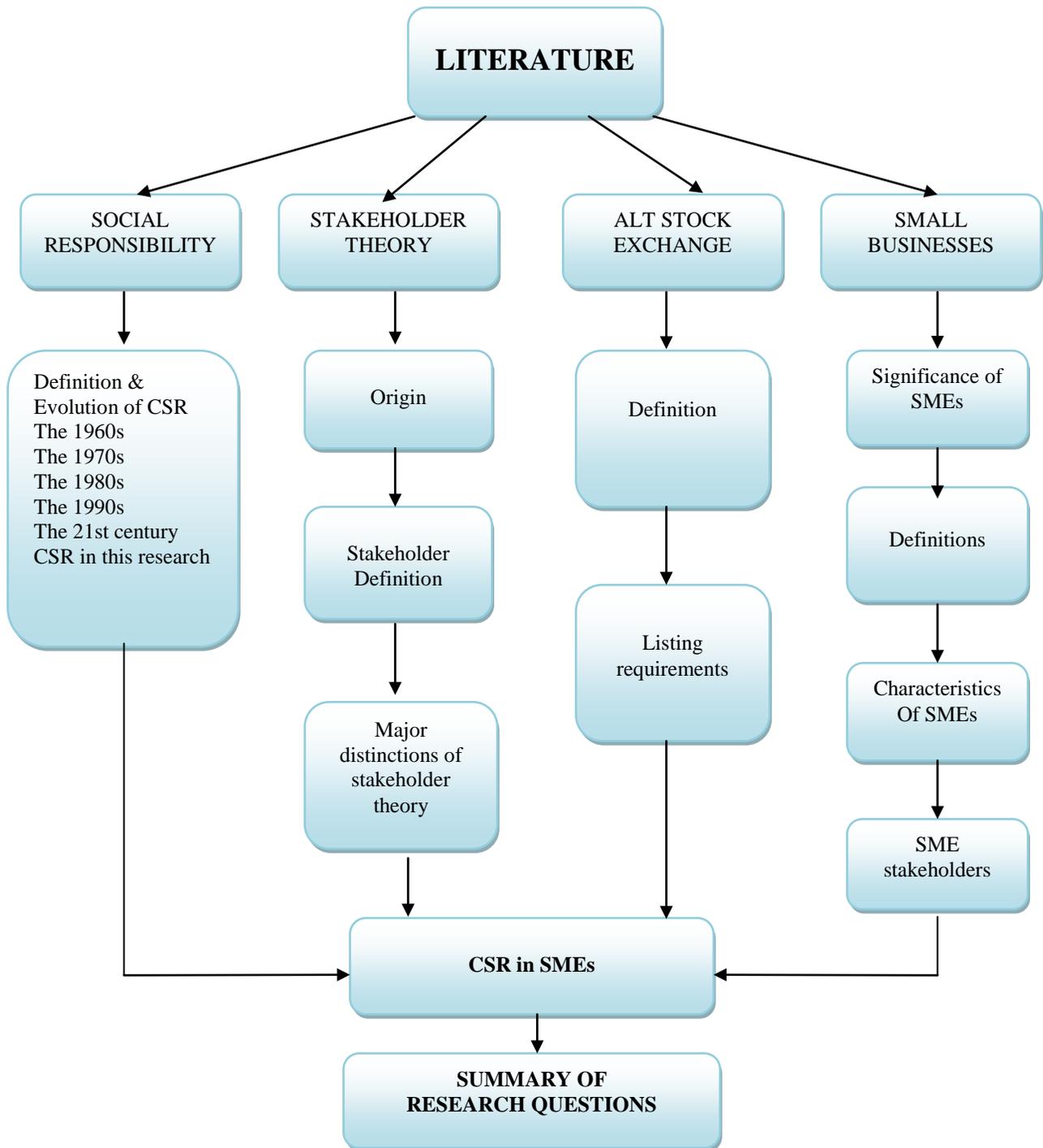
This chapter explores the literature that is relevant to understanding small business social responsibility practices in South Africa. It provides, through a comprehensive review of literature a clear understanding of the area of study and identifies the gap in the knowledge. The terms CSR and social responsibility are normally used interchangeably in literature. This study adopted the term social responsibility. “A fundamental truth is that business cannot exist without society and that society cannot go forward without business” Joyner and Payne, (2002). Literature suggests that organizations are accepting and embracing responsibility towards more parties than just the company’s shareholders. They are directed towards more than just profits. Organizations have been confronted with the problems arising in environmental and social areas, and therefore have the responsibility to be part of the solution Jenkins, (2004). Despite actually being an old subject, Social Responsibility (SR) has gained new momentum (Carroll, 1999; Garriga & Melé, 2004; Jenkins, 2004; Campbell, 2006). With this increased awareness of corporate social responsibility comes another effort to further evolve, define and put it into practice.

This study identified four parts of literature associated with the subject under study, that is; Social Responsibility (SR), Small and medium enterprises (SMEs), Stakeholder theory and the Stock exchange.

2.1.1 CONCEPTUAL FRAMEWORK

Below is the framework of how the researcher intended conducting the research process in order to solve a research problem.

FIGURE 2.1: STRUCTURE OF CHAPTER 2



Source: Developed for this research

2.2 CORPORATE SOCIAL RESPONSIBILITY

2.2.1 CORPORATE SOCIAL RESPONSIBILITY DEFINED

Two Harvard University professors A. A. Berle and C. G. Means originally developed CSR as a concept in the 1930s. Upholding the rights of shareholders, and greater transparency and accountability in large organizations where “ownership” and “control” are separated due to regulatory instruments is what they advocated in the book *The Modern Corporation and Private Property*. The arguments underlying values of transparency and accountability echoed in the book and reflect the current scenario of CSR, although in an informal manner. Bowen's (1953) *Social Responsibilities of the Businessman* is believed to be one of the - first of formal writings on CSR. Most scholars accept as true that Bowen's (1953) work marks the commencement of the modern period literature on CSR as echoed by Carroll (1999). Carroll (1999) suggests that Bowen should be acknowledged as the “Father of Corporate Social Responsibility”.

Bowen (1953) defines CSR as: “The obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society”. The focus was on large companies characterized by a progressively widening range of activities. The public was becoming wary that o power was expanding much too rapidly. From Bowen's point of view, businesses had the obligation to produce social goods such as, higher (better) standards of living, widespread economic progress and security, order, justice and freedom, and the development of the individual person. A social obligation with a broader perspective than mere business responsibilities becomes the way CSR is understood from Bowen's point of view.

Despite the fact that CSR is a concept that is alleged to be well known in research literature and in the business world there is no universally accepted definition. The CSR subject is still developing. Many have tried to pinpoint exactly the factors that are included in an organization's involvement with CSR. It is rather a very complex subject. It is approached from different cultural and governmental backgrounds, which is difficult because the cultural values and norms, as well as the legal standards differ among nations (Simerly and Li, 2000). There is still uncertainty as to how CSR should be defined. Some go as far as saying, “We have looked for a definition and basically there isn't one” (Jackson and Hawker, 2001). The definitional confusion surrounding CSR might potentially be a significant problem. If competing definitions have diverging biases, people will talk about CSR differently and thus prevent productive engagements.

Unfortunately, any attempt to develop an unbiased definition is challenging because there is no methodology to verify whether it is indeed unbiased or not. It would still require people engaged in CSR to actually apply the definition for the confusion to be solved even if an unbiased definition were to be developed. It is possible to study similarities and differences between the available definitions.

Instituting an agreed-upon definition of CSR has been on the agenda of academics and practitioners for a long time. Keith Davis (1960) suggested that social responsibility refers to businesses' "decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest." In 1961, Eells and Walton argued that CSR refers to the "problems that arise when corporate enterprise casts its shadow on the social scene, and the ethical principles that ought to govern the relationship between the corporation and society." Van Marrewijk (2003) argues the problem is an abundance of definitions, which are often biased toward specific interests and thus prevent the development and implementations of the concept.

Companies and not-for-profit organizations, alongside of governmental organizations have advanced definitions of the CSR concept that reflect their own approach regarding the socially responsible behaviour. According to an exhaustive approach of CSR, it is necessary to understand that all of the enterprise' activities determine effects both within and outside the enterprise, effects that have a triple impact upon society, namely at social, economic and environmental level, (Andriof, & McIntosh, 2001). Zenisek (1979) correctly points out that "it" (CSR) means something, but not always the same thing, to everyone" and this could be drawn through to a variety of definitions of CSR, adopted by different groups, specific to their own interests. Various management disciplines have recognized that CSR fits their purposes, such as quality management, marketing, communication, finance, human resource management and reporting.

The definitions below were gathered through an extensive review of literature. Literature indicated that some terms, e.g., social responsibility, corporate citizenship, sustainability is used interchangeably with CSR (Tulder, 2003). The table below displays the definitions, the source thereof, and in which dimensions each definition was categorized.

TABLE 2.1 CORPORATE SOCIAL RESPONSIBILITY DEFINITIONS

SOURCE	DEFINITION	ANALYSIS/COMMENTS
Bowen (1953)	It refers to “the obligations of businessmen to pursue policies, make decisions, or follow lines of action which are desirable in terms of the objectives and values of our society”.	The focus was on large companies characterized by a progressively widening range of activities. The public was becoming wary that corporate power was expanding much too rapidly.
Davis (1973)	Firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm.	“It is the firm’s obligation to evaluate in its decision-making processes the effects of its decisions on the external social system in a manner that will accomplish social benefits along with the traditional economic gains which the firm seeks.” (p. 313) “It implies that social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen should be doing.”
Sethi (1975)	“Social responsibility accentuates /reiterates aligning corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance.” Social responsiveness by contrast is – “...the adaptation of corporate behaviour to social needs.”	Distinguishing social obligation, social responsibility, and social responsiveness:
Jones (1980)	The notion that corporations have an obligation to constituent groups in society, other than stockholders and beyond that prescribed by law and union contract.	Two facets of this definition are critical; the obligation must be voluntarily adopted. Behaviour influenced by coercive forces of law or union contract is not voluntary and the obligation is a broad one, extending beyond the traditional duty of shareholders to other societal groups such as customers, employees, suppliers, and neighbouring communities.
Drucker (1984)	But the proper “social responsibility” of business is “to tame the dragon that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth.”	Drucker’s view seems to echo the model articulated by William Norris, Chairman of Control Data in the late 1970s and early 1980s.
WBCSD, (1998).	"CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.	The above definition was developed in 1998 for the first WBCSD CSR dialogue in The Netherlands. It stresses that in pursuing their economic interests, managers of businesses (irrespective of size) need to be conscious of the needs of other stakeholders besides their shareholders, because these people are capable of impacting positively or negatively on the primary business objective of increasing shareholder wealth.
Carroll, (1999)	The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.	Emphasis added, “these four categories or components of CSR may be depicted as a pyramid.” “The CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen (body).”
The European Union (EU)	“CSR is the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large.”	This broad, all-encompassing definition focuses on the “beyond legislation,” voluntary approach to CSR, which has become the dominant rhetoric around CSR for the EU.

European Commission, (2001)	“a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment” and “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”	This responsibility affects employees and more generally all the stakeholders under the corporate umbrella. It means that organizations should integrate economic, social and environmental concerns into their business strategies, their management tools and their activities, going beyond compliance and investing more into human, social and environmental capital.
KPMG (2002)	“the concept in which the company with its business practices creates a healthy balance between people, planet and profit in the short, medium and long-term”.	It includes time as a factor.
Peyton, (2003).	BSR is a company’s commitment to operating in an economically and environmentally sustainable manner while recognizing the interest of its stakeholders. Stakeholders include investors, customers, employees, business partners, local communities, the environment, and society at large.	Stresses that in pursuing their economic interests, managers of businesses (irrespective of size) need to be conscious of the needs of other stakeholders besides their shareholders, because these people are capable of impacting positively or negatively on the primary business objective of increasing shareholder wealth.
Waddock, (2004)	The subset of corporate responsibilities that deals with a company’s voluntary / discretionary relationship with its societal and community stakeholders.	Emphasis added on voluntary actions and stakeholders.
Owen's, (2006)	The voluntary actions that a business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of the wider society.”	This definition implies that conformance to the minimum ethical standards as prescribed by law is not enough for a business to be classified as being socially responsible. It implies a business has to do more than what the law prescribes. As an example, a firm that pays only the minimum wages cannot really be classified as being socially responsible. At best, such a business is only being ethical. On the other hand, a firm that pays more than the minimum wage deserves to be classified as being socially responsible to its employees.

Source: Developed for this study

Despite the absence of a universally accepted definition of CSR, recent research suggests it implies the way a company governs the relationship between the firm and its stakeholders (Sweeney, 2007).

Corporate Social Responsibility is still a vast and unfamiliar dimension, with no clear definition of what it is and what it covers for many companies. According to the Corporations and Markets Advisory Committee, The Social Responsibility of Corporations Report (December 2006), certain descriptions of Corporate Social Responsibility centre around the corporate compliance of a business with the spirit as well as the letter of the law while other descriptions may refer to this notion as a business approach by which an organization takes into account the manner in which its activities may impact different stakeholders.

This study adopts the view that Corporate Social Responsibility refers to the effort that companies engage in over and above of what is required and expected by law to balance the needs of stakeholders with the need to make a profit, despite the fact that there is no consensus on the exact definition of Corporate Social Responsibility.

2.2.2 EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY

After the industrial revolution CSR manifested in the form of employers providing ideal communities, consisting of housing, libraries, churches, parks, and hospitals, for their employees and their families. During the pre-modern CSR movement the government was the primary force in mandating and enforcing socially responsible behaviour by corporations. Legislation that protected corporate stakeholders was the foundation of the pre-modern CSR. In the modern CSR movement the primary proponent of CSR became mainstream society, and the new foundation of CSR became the citizen. The change from governmental to stakeholder governance and stakeholder enforcement of corporate accountability ushered in modern CSR. Increased corporate governance, increased awareness in corporate wrong doing, more apparent effects on the environment, and corporate desires to be good citizens, have been the defining factors of modern CSR.

In the USA Corporate social responsibility (CSR) in the form of corporate philanthropy, or donating to charities, has been engaged in since as early as the late 1800s. (Sethi, 1977). It was legitimate insofar as it directly benefited the shareholders, and corporate donations were mostly on the agenda of those companies that could afford it. A concern for social responsibility can be traced back to the 1930s. Chester Barnard's 1938 publication, *The Functions of the Executive*, and Theodore Krep's, *Measurement of the Social Performance of Business*, published in 1940 were two early references to the social responsibilities of executives and business.

There were a few other landmark books during the 1950s, most notably Morrell Heald's 1957 publication, *Management's Responsibility to Society: The Growth of an Idea*; and Eell's 1956 work, *Corporate Giving in a Free Society*. The literature expanded the definition during the 1960s with Keith Davis' definition of CSR as referring to "...businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest". Davis established the so-called Iron Law of Responsibility, which held that "social responsibilities of businessmen need to be commensurate with their social power".

Today's concept of corporate social responsibility was developed primarily during the 1960s in the USA with the notion that corporations have responsibilities that go beyond their legal and economic obligations. One of the earliest references to the formal concept of social responsibility appears to be from Howard Bowen in 1953. Bowen, having addressed the issue may have been the first to use the phrase "corporate social responsibility." Other early theorists include Heald (1957) and Davis (1960). In 1960, William Frederick clarified the social responsibility paradigm by indicating that businesses need to do more than just conduct their economic functions. Organizational resources should be "utilized for broad social ends and not simply the narrowly circumscribed interest of private persons and firms".

2.2.3 CORPORATE SOCIAL RESPONSIBILITY IN THE 1960s

The decade of the 1960s saw a significant growth in attempts to formalize or more precisely state the meaning of Corporate Social Responsibility. Even though the literature of the 1960s is not strongly discussed in the CSR discourse, there was significant formalization of the concept during this period. During this decade writers like Keith Davis, Joseph W. McGuire, William C Frederick and Clarence C. Walton were evident. All of them seemed to unanimously agree on the fact that business responsibility should exceed the economic interests of the organization even though each has their own interpretations of CSR. Davis (1960) suggests that "social responsibility refers to the businessmen's decision and action taken for reasons, at least, partially beyond the firm's direct economic and technical interest". CSR being a vague idea, he believed, could possibly bring enduring economic gains to the organization as a return for its socially responsible stance. His "Iron law of responsibility" states: "*social responsibilities of businessmen need to be commensurate with their social power*", echoing the significance of "social values" and "corporate power" previously identified by Bowen (1953) and Berle and Means (1932) respectively.

Another early proponent of CSR, Frederick (1960) defines it as the use of society's resources, economic and human, in such a way that the whole society derives maximum benefits beyond the corporate entities and their owners. His explanation clearly indicates that the responsibility of management is not just creating wealth for the business, but for the society too. Further attempts by McGuire (1963) to elaborate the construct "CSR" support Frederick's approach by focusing on the firm's obligations extending beyond the economic and legal domains, to include employee and community welfare and the political and educational needs of the society.

The concept of "voluntarism" was acknowledged for the first time by Walton (1967) in his book *Corporate Social Responsibilities*.

Walton believed that the social responsibility of a corporation always includes a certain degree of voluntarism, since companies have to accept that costs are involved in social actions without any measurable economic return (Walton 1967). He argues that external stakeholders have a different set of priorities and enterprises have choices, voluntary actions must meet the expectations of external stakeholders.

Walton saw a link between a firm's social responsibility and its financial performance. But in contrast to Davis's (1960) view, he saw a negative correlation because of the unquantifiable benefits of CSR activities.

The real debate was instigated when Friedman (1962) strongly opposed the doctrine of CSR as "fundamentally subversive". The only responsibility of management, according to Friedman is to maximize the profits of its owners and shareholders. He believed only individuals can have responsibilities, him being an economist. There were numerous criticisms from various authors challenging his radical view. As formal CSR concepts started evolving, most of the literature documented in this period was in response to the emerging structure of large corporations and their responsibilities beyond their legal and economic interests. The early writings of Bowen (1953), Davis (1960), Frederick (1960), McGuire (1963) and Walton (1967) indicate that firms and businessmen are expected to look at concerns that are wider than the technical and economic aspects of the organization. Such theories can be considered as the basic foundations of the modern CSR which were refined in later years.

In 1963, Joseph W McGuire in his book, *Business and Society*, stated: "*The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations*". This is perhaps getting closer to the contemporary understanding of CSR as being an obligation to citizens, the environment etc. and not merely to shareholders or wealth creation.

The notion of voluntarism was perhaps first seen in Clarence C Walton's 1967 book, *Corporate Social Responsibilities*, when he linked CSR with the idea that companies need to voluntarily acknowledge and accept they have responsibility of relationships beyond the corporate fortress.

2.2.4 CORPORATE SOCIAL RESPONSIBILITY IN THE 1970s

In the 1970s, mention is increasingly being made of corporate social performance (CSP) as well as CSR (Carroll, 1977). One major writer to make this distinction was Sethi. In a classic article, Sethi (1975) discussed dimensions of corporate social performance, and in the process distinguished between corporate behaviour that may be called social obligation, social responsibility, and social responsive-ness. Harold Johnson's (1971), *Business in contemporary society: framework and issues* made the first reference to stakeholders.

In the 1970s a number of countries promoted environmental and social reporting. In France, law required companies with more than 300 employees to produce an employee report. Germany engaged in the social model of corporate management. In the USA the Council on Economic Priorities and others began to rate companies publicly on their social and environmental performance. In 1978, the UK set up the Social Audit Limited which undertook external audits of a small number of companies. India's integrated private sector steel company engaged in social audit in 1979.

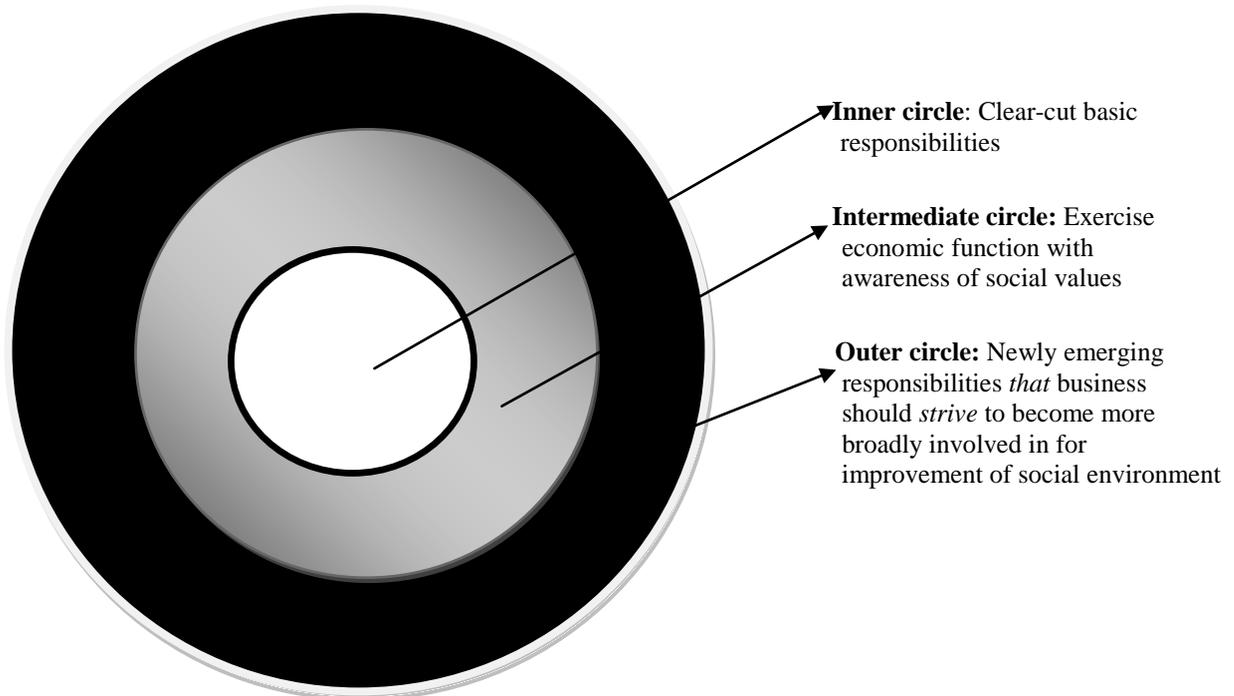
A defining moment in CSR was 1971 when the Committee for Economic Development (CED) published its Social Responsibilities of Business Corporations. As a code of conduct, the CED outlined a three-tiered model of CSR i.e.

- **An inner circle;** the basic responsibilities an organization has for creating profit and growth;
- **An intermediate circle;** an organization must be sensitive to the changing social contract that exists between business and society when it pursues its economic interests and
- **An outer circle;** the responsibilities and activities an organization needs to pursue towards actively improving the social environment .e.g. poverty or urban crowding issues.

The Committee for Economic Development (CED) in 1971 contributed significantly to the definition of CSR. The CED expressed a triple concentric model of the concept. The inner circle includes the clear-cut basic responsibilities for the efficient execution of economic functions like productivity, job and economic growth reflecting Friedman's (1962) notion of business responsibility The intermediate circle encompasses responsibility of economic function in regard to changing social values and priorities, such as environmental conservation, employee relations and more rigorous expectations of customers for information, fair treatment and protection from injury.

The outer circle outlined newly emerging and still amorphous responsibilities that the business should assume to become more broadly involved in actively improving the social environment. Figure 2.2 below is a presentation of the CED model.

FIGURE 2.2 CED MODEL OF CORPORATE SOCIAL RESPONSIBILITY



Source: Adapted from Carroll (1999)

Carroll describes the CED's model as "a landmark contribution to the concept of CSR" which illustrates the changing relationship between business and society (Carroll 1999). In Carroll's view, Business is being asked to assume broader responsibilities to society than ever before and to serve a wider range of human values. Business enterprises, in effect, are being asked to contribute more to the quality of American life than just supplying quantities of goods and services. In as much as business exists to serve society, its future will depend on the quality of management's response to the changing expectations of the public (CED in Carroll 1999). This definition provides an integrated approach to CSR with business, employees, society and its environment, but it fails to explain how organizations can respond to show their responsiveness. The shift in the paradigm of CSR from "the philosophical and moral obligation" referred to as CSR1 to "the managerial and organizational action", referred to as CSR2 was later documented by Frederick (1978).

While CSR1 tends to be reactive, responding to the business environment and social pressures, CSR2 is proactive and anticipatory, aiming to impact and change enterprise environments and thereby business performance. Within a CSR2 conception of CSR, it is the business which decides on the level of its social response and economic issues take clear precedence over social issues (Frederick 1986; Sethi 1975, 1979).

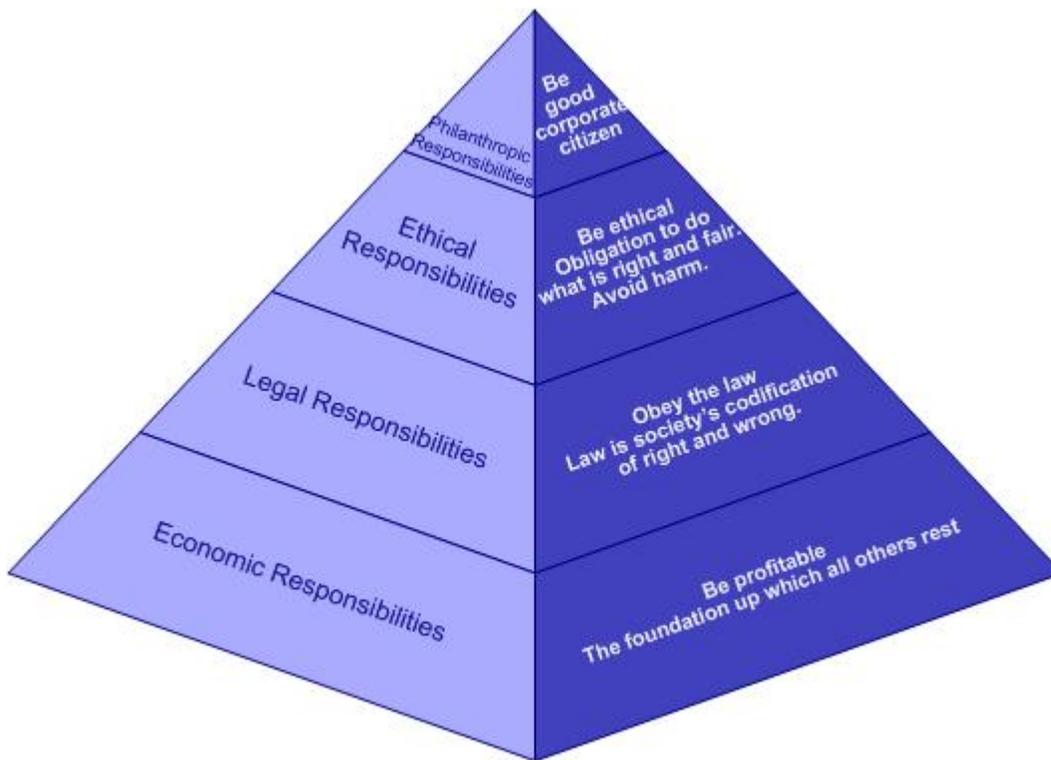
CSR2 also reflected the dominant values of corporate culture and the defence of the corporate status quo (Frederick 1986) and thereby, instrumental reasoning became immune by the normative evaluation. In other words, CSR2 downplayed CSR1's emphasis on values, human rights and social justice.

In response to the CED's (1971) separation of economic and the broader social responsibilities across stakeholders, Davis (1973) contended that CSR is a firm's response to issues beyond the narrow economic, technical and legal requirements of a firm and therefore it begins where the law ends. Other researchers of this period had similar views. As they noted, CSR was distinguished by its long (as opposed to short) term managerial focus (Steiner 1971) and by its discretionary rather than mandated actions (Manne & Wallich 1972). The concept of community in CSR literature was introduced by Eilbert and Parker (1973). They define CSR using the term "neighbourhood": "perhaps the best way to understand social responsibility is to think of it as good neighbours". The concept involves two phases. On one hand, it means not doing things that "spoil" the neighbourhood, and on the other, it might be expressed as the voluntary obligation to help solve neighbourhood problems such as pollution and racial discrimination. Eells and Walton (1974) took a broader view of corporate activities which could be assumed as moving towards the concept of social license that was to emerge more fully nearly thirty years later. They suggested that a corporate executive must remain grounded in his philosophy, open in his attitude and able to take decisive actions that are immediately profitable and compatible with the accepted values of his society.

Sethi (1975) illustrated a similar idea based on enterprises as a vital part of the society. He proposed a three-tiered model that classified corporate behaviour in terms of increasing levels of commitment by enterprises, namely, social obligation (a response to legal and market constraints), social responsibility (congruent with societal norms), and social responsiveness (adaptive, anticipatory and preventive). Social responsibility goes beyond social obligation and includes the need to bring corporate behaviour up to a level where it is congruent with the prevailing social norms, values and expectations of performance in Sethi's view. Towards the middle of this period, Ackerman and Bauer (1976) proposed a sociological view of CSR. According to them, CSR2 abandoned the conceptual emphasis on CSR1 in favour of an operational focus which involved "an effort to treat as a management issue one which had been predominantly treated as a social and/or ethical issue" (Ackerman & Bauer, 1976). They define the social responsibility of an enterprise in terms of its impact on its constituencies; its employees, customers, owners, vendors, and the immediate and larger communities.

Ackerman and Bauer make three major contributions to the debate on CSR. They argue that the success of CSR programs is dependent on the chief executive officers of large companies and owners of SMEs, who should be champions in displaying business responsibility. They also argue that enterprises should be proactive and lastly, that both external and internal stakeholders can participate in CSR. Until this time, CSR was viewed as being either a reactive (corporate social responsibility) or a proactive (corporate social responsiveness) process and therefore very little information about the types of CSR was available. The question still remained of reconciling the firm's economic orientation with its social orientation. A step towards addressing this confusion was taken by Carroll after putting forward a comprehensive explanation of CSR. Carroll (1979) developed a four-part corporate social performance model (Figure 2.3) that accommodates Friedman's (1970) view of the responsibilities of the firm. The component parts are focused on the capitalistic and societal expectations. In its first conception, the framework was developed from a retrospective developmental perspective, based on the claim that the "history of business suggests an early emphasis on the economic and then legal aspects and later a concern for the ethical and discriminatory aspects" (Carroll 1979). She explains that the four classes "are simply to remind us that motive or actions can be categorized as primarily one or another of these four kinds". The order and relative weighting of these classes of motives is "to suggest what might be termed their fundamental role in the evolution of importance". Finally, she suggests that, "although the components are not mutually exclusive, it helps a manager to see that the different types of obligations are in a constant tension with one another" (Carroll 1991).

FIGURE 2.3 SOCIAL RESPONSIBILITY CATEGORIES



Carroll's CSR Pyramid

Source: Carroll (1979)

Interestingly, Carroll's (1979) inclusion of economic and legal responsibilities within social responsibility is contradictory to numerous views like that of Davis (1973) who explains social responsibility as something that begins where the law ends.

2.2.5 CORPORATE SOCIAL RESPONSIBILITY IN THE 1980s

During the early 1980s, CSR began to incorporate environmental principles and the concept of sustainable development emerged. Many companies considered it necessary to introduce quality systems and then environmental management systems in the late 1980s.

Thomas M. Jones provided one of the first significant definitions in the 1980s. He defines CSR as the *“notion that corporations have an obligation to constituent groups and society other than stockholders and beyond that prescribed by law and union contract”* (Jones 1980). In his view he acknowledges that business and society are interwoven as opposed to being distinct entities.

In 1981, Frank Tuzzolino and Barry Armandi developed a more effective tool for assessing CSR using Carroll's (1979) definition of CSR and Maslow's (1954) hierarchy of needs model. They explained the different needs of various organizations.

Their organizational need hierarchy did not redefine CSR, but suggested that organizations, like individuals, have needs they want to fulfil. A similar attempt was made by Dalton and Cosier (1982) in their 2x2 matrix model, where CSR has four faces – responsible, irresponsible, legal and illegal. These factors were difficult to interpret in different contexts (Carroll 1999). Numerous authors had tried to develop tools for assessing CSR by the time Freeman (1984) published his landmark book *Strategic Management: A Stakeholder Approach*. Freeman's book provides the basis for stakeholder theory which is widely accepted by contemporary business organizations as a useful way of investigating an organizational approach to CSR. Though the book is classified as one focusing on strategic management, its most substantial impact has been in the fields of business and society, corporate social responsibility and eventually business ethics. Freeman's approach was taken into consideration in this research in the investigation and interpretation of the SMEs' involvement in CSR. Wartick and Cochran (1985) developed another model based on Carroll's (1979) construct of corporate social performance, acknowledging the primacy of economic performance. Their corporate social performance model extends the three-dimensional integration of responsibility, responsiveness and social issues that Carroll (1979) had previously introduced as a framework of principles, processes and policies. They argue that Carroll's CSR definition embraces three ethical components, i.e. social responsibility, which should be thought of as principles, social responsiveness, which should be thought of as processes and social issues management, which should be thought of as policies (Wartick & Cochran 1985).

Epstein (1987) defines CSR as “achieving outcomes from organizational decisions concerning specific issues which have beneficial rather than adverse effects on pertinent corporate stakeholders”.

He viewed the three concepts – social responsibility, social responsiveness and business ethics as “corporate social policy processes”. The most interesting aspect of Epstein's definition of CSR and “corporate social policy process” is the use of “outcomes “and” processes”. He explains CSR as the achievement of certain outcomes but when viewed with other constructs, such as business ethics and social responsiveness, it was part of the process. This contradicts Jones's (1980) definition of CSR as a process in and of itself. Evidently from these two contrasting perspectives, CSR continues to be enigmatic.

2.2.6 CORPORATE SOCIAL RESPONSIBILITY IN THE 1990s

Themes like corporate social performance (CSP), stakeholder theory, business ethics, sustainability and corporate citizenship continued to grow and take centre stage in the 1990s. Wood (1991) criticizes Carroll's (1979) approach as steps and phases involved in responsibility. She views the responsibilities defined by Carroll as being delimited and therefore she considers them to be "isolated domains". Based on the interconnection between the firm and the society, Wood (1991) superimposes the responsibility categories of CSR with three levels of analysis and allocates principles to them through her own interpretation. She suggests that the principle of legitimacy becomes effective on the "institutional" level which states a business must not use its power without justified reasons. From the "organizational" level, the principle of public responsibility suggests firms will be responsible for their actions affecting society directly or indirectly. Finally, on the "individual" level, managers need to be constantly aware of the need to act according to moral points of view. Wood (1991) even turned Carroll's (1979) responsibility pyramid upside down to include the interconnection between corporations and society. Simultaneously, she assigned the pyramid with three distinct levels – the principle of corporate social responsibility, the principle of corporate social responsiveness and the outcomes of corporate behaviour. This model proposes that the moral responsibilities of individual managers to make ethical decisions are the basis of CSR components, followed by the organization's obligation to obey social and legal norms. According to Kang and Wood (1995), if these CSR conditions are met, the firm will be free to make a profit.

Global influences on CSR continued in the 1990s as the roles of business and government continued to blur. In 1997, Solomon argued: New businesses are often the most powerful institutions in the world and the expanse of social responsibility has enlarged to include areas formerly considered as the domain of governments. The more powerful businesses become the more responsibility for the well being of the world it will be expected to bear (Solomon 1997).

As the new millennium approached, Carroll (1999) also suggested that the CSR concept will remain as an essential part of the business language and practice because it is a vital underpinning to many of the theories and is continually consistent with what the public expects of the business community today.

2.2.7 CORPORATE SOCIAL RESPONSIBILITY IN THE 21ST CENTURY

Along with the development of global business, recent literature appears to be moving away from a US-dominated discourse to a more international one.

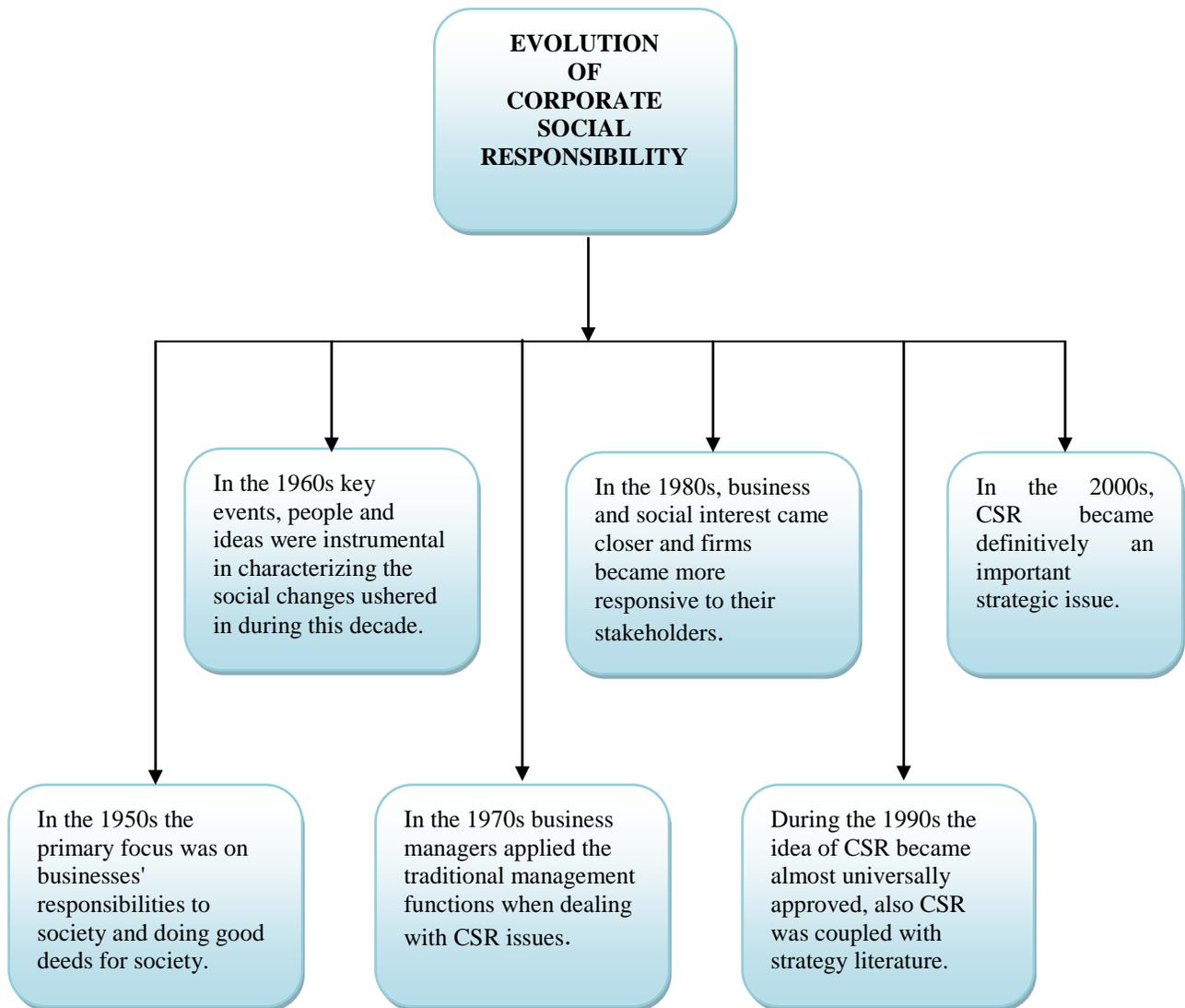
Academics like Maignan and Ralston (2002), Aaronson (2003), Perrini et al. (2006) and Lucas et al. (2001) studied CSR in France, the Netherlands, UK, Italy and Australia. They extended the debate to other countries and compared national perceptions of CSR along with its role in the global society. Another group of researchers attempted to establish the relationship between social performance and the financial outcome of the organizations. Whilst Orlitzky (2005) found participation in socially responsible activities reduces the financial risk of businesses, Hopkins' (2003) study of top 10 UK companies failed to validate this finding. For the first time, several studies of this period aimed to examine CSR in SMEs (Grayson 2004; Spence et. al. 2000; Spence and Rutherford 2003; Tilley 2000). Jenkins (2004) and Castka et al. (2004) analyze the word "corporate" in the term CSR as misleading because it fails to accommodate and appreciate socially responsible actions undertaken by smaller organizations. Brenkert (2002) goes as far as saying that "business ethicists have treated the ethics of entrepreneurship with benign neglect". After exploring the characteristics of SMEs in comparison to large organizations, Spence (2007) justifies implementing CSR policies that consider the capacities and capabilities of both the business sectors. In 2006, Francesco Perrini came up with a suggestion for the use of theories to investigate CSR. He suggested that CSR in large firms should be based on stakeholder theory while CSR in SMEs should be understood through the application of social capital theory. Later, Russo and Perrini (2009) modified the above conclusion and restated it as "social capital and stakeholder theory should be taken as alternative ways of explaining CSR in large organizations and SMEs"

The following statement of Horrigan (2007) best portrays the status of CSR at the end of 21st century's first decade:

It is also a case of the emergence of a distinctive CSR movement. Both the developed and developing worlds are rapidly reaching the point where they must decide if today's global CSR movement is a passing social trend, a threat to economically efficient corporate capitalism, an intrinsic element of corporate responsibility, or even a key to humanity's long-term survival.

CSR literacy is quickly becoming a primary imperative for a variety of actors in a multiplicity of roles across governmental, business, and community sectors nationally and internationally.

FIGURE 2.4 EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY



Source: Developed for this study

Although references to CSR occurred a number of times prior to the 1950s, that decade ushered in what might be called the “modern era” with respect to CSR definitions. Howard Bowen’s (1953)’s book, *Social Responsibilities of the Businessman*, stands out during this period. It was pro-posed that Bowen deserves the appellation of the Father of Corporate Social Responsibility. In the 1960s, the literature on CSR developed considerably. Names that seem to dominate the 1950s include Davis, Frederick, McGuire, and Walton. Definitions of CSR began to thrive in the 1970s.

The definitions of CSR became more specific; also during this time, and alternative emphases, such as corporate social responsiveness and CSP, became usual.

The most notable contributions to the definitional construct during the 1970s included the works of Johnson, the CED, Davis, Steiner, Eells and Walton, Sethi, Preston and Post, and Carroll.

The 1980s witnessed fewer original definitions of CSR, more attempts to measure and conduct research on CSR. In the 1990s, the CSR concept transitioned significantly to concepts such as stakeholder theory, business ethics theory, CSP, and corporate citizenship. During that period, its writers did not reject the CSR concept, but there were no new definitions added to the body of literature.

2.2.8 CORPORATE SOCIAL RESPONSIBILITY IN SOUTH AFRICA

Companies' social responsibility is an important topic in South Africa with respect to the economy, the state, and public opinion. There is active support from the government as well as domestic and foreign companies. In response to a 2005 survey by Trialogue of more than 100 stock exchange-noted companies in South Africa, 73.5% of those surveyed said that they take corporate citizenship "very seriously," 24.5% said that they take it "seriously."

The social involvement of companies in South Africa reaches back to the time of social grievances during apartheid. Until 1994, many companies invested actively in social initiatives since the state saw no need to act on behalf of the coloured groups in the population. Business recognized that the poor living conditions of the black majority were putting the brakes on economic development. In this context, the "Urban Foundation," which was established in 1976 (today: National Business Initiative, NBI) set as its goal the improvement of the quality of life of the black communities.

Since 1994, political change and the efforts to balance out the unequal distribution of wealth from the previous regime have driven CSR forward in South Africa. Decisive for the involvement today is the "Black Economic Empowerment Act" (BEE) of 2003, which was set up by the government and specifies the advancement of historically-disadvantaged groups in the population. Especially the "Corporate Social Investment" guidelines of the BEE have a supporting effect since with their assistance, CSR programs are formalized and the results can be communicated.

In 2003, companies spent 2.35 billion RAND (approximately 193.4 million EUR) for social programs in South Africa. Companies' expenditures in the CSR sector thus correspond to approximately half of what international donors gave for comparable activities, however only 1% of the total that the state invests in social projects each year. The trend indicates increasing expenditures in the CSR sector. (German Embassy, Pretoria / Stef Coetzee, CSR-Towards a new paradigm).

2.2.9 CORPORATE SOCIAL RESPONSIBILITY IN THIS RESEARCH

In the attempt to explore, develop and critique the new societal balance from the perspective of corporate social responsibility, the “grandness of the small business” is dominated by a focus on the more noticeable merits or scandals of large companies. There is a temptation in a media orientated world to focus primarily on a few big brands’ CSR engagements. It matters a lot to the global economy for example whether or not Pick-n-Pay, Checkers or Woolworths decide to purchase organic or fair trade products from their suppliers than it would for a small business that is still trying to grow. This study argues that it also matters a lot for the global economy to what extent small businesses decide to engage in CSR activities. Although it is much more complex to identify, investigate and communicate CSR in the small business, this area deserves more attention due to its potential impact on the global economy. The grand impact of small businesses’ CSR engagement has been severely underestimated by researchers and policy-makers. CSR in small businesses is an area that has not attracted much systematic research beyond a few dedicated scholars (Spence 1999, Spence & Schmidpeter 2003, Moore & Spence 2006, Perrini 2006, Perrini et al. 2007, Russo & Tencati 2008, Chetty, 2008).

Due to the importance of small businesses, according to the arguments that will be presented later (in the section that will discuss small businesses), there is a need for further research regarding the relationship between small businesses and CSR (Russo, Tencati, 2009).

The increasing importance of the small businesses sector has led to the highlighting of their social and environmental impact, as illustrated by the increase of the number of initiatives designed to engage SMMEs on CSR agenda (Jenkins, 2006). According to Murillo and Lozano (2006), in the last few years, the public attention and the governmental actions in order to promote the CSR have been pointed particularly toward small businesses, but these lack a deep understanding of what the CSR language and practices mean to small businesses.

In view of the limited research that has been conducted on the social responsibility of small businesses (as opposed to large organizations), this study, therefore, makes a meaningful contribution towards expanding the body of knowledge regarding the definition of social responsibility of small businesses, and small business SR activities not only in South Africa, but globally as well. Hopefully, the study will also help to create awareness, among those small businesses surveyed and those who are not engaged in socially responsible activities, of the moral imperative to do so and the benefits thereof.

2.3 SMALL AND MEDIUM ENTERPRISES (SMEs)

While the previous section focused mainly on aspects and issues pertaining to corporate social responsibility, this chapter focuses primarily on aspects pertaining to small and medium-sized enterprises. The structure of business in South Africa has changed quite significantly over the past 18 years. While South Africa's economy has historically been dominated by large corporations and their expansion programs, this is no longer the case. The South African government has prioritized entrepreneurship and the advancement of Small, Medium and Micro-sized Enterprises (SMEs) as the catalyst to achieving economic growth and development, (Department of Trade and Industry, 2001).

In view of the importance and place of SMEs in an economy, it is imperative that SMEs be given the priority they deserve. In his 2011 State of the Nation address, the South African President, Jacob Zuma stated that “the small business sector is a critical component of the job creation drive”. Part of the purpose of this study is to highlight the role that SMEs play in the South African economy and to revisit the challenges facing the growth of South African SMEs. Despite voluminous research, however, there is still little clarity on the extent to which South Africa’s SMEs, through SR contribute to poverty alleviation, economic growth, or international competitiveness.

CSR, instead of being a persistent concept in business management, has been predominantly investigated at the level of large organizations (Lepoutre & Heene 2006). As a result, several authors (Jenkins 2004; Murillo & Lozano 2006; Spence 2007) are sceptical about the application of traditional CSR concepts for the investigation of social activities in SMEs. This justifies the need to develop a holistic understanding of the characteristics of SMEs.

2.3.1 THE SIGNIFICANCE OF SMEs

Governments worldwide recognize the importance of SMEs and their contribution to economic growth, social cohesion, employment and local development (Oecd 2004). The SME sector is one of the most important vehicles through which low-income people can escape poverty. Although their individual social and environmental impacts are small, the cumulative impacts of SMEs are highly significant. SMEs are often described as efficient and prolific job creators the seeds of big businesses and the fuel of national economic engines. The average capital cost of a job created in the SME sector is lower than in the big business sector.

It is estimated that SMEs employ 22% of the adult population in developing countries UNIDO (1999) estimates that SMEs represent over 90% of private business and contribute to more than 50% of employment and of GDP in most African countries. The democratically elected Government of South Africa realized as early as 1995 the importance of SMEs to the economy.

2.3.2 THE ROLE OF SMES IN SOUTH AFRICA

The democratically elected Government of South Africa realized as early as 1995 the importance of SMEs to the economy. Trevor Manuel, then Minister of Trade and Industry, clearly articulated on this issue when he said: “With millions of South Africans unemployed and underemployed, the Government has no option but to give its full attention to the task of job creation, and generating sustainable and equitable growth. Small, medium and micro-enterprises represent an important vehicle to address the challenges of job creation, economic growth and equity in our country. We believe that the real engine of sustainable and equitable growth in this country is the private sector. We are committed to doing all we can to help create an environment in which businesses can get on with their job.” (Extracts from the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa).

In South Africa, SMEs account for about 91% of the formal business entities, contributing between 50 and 57% of GDP, providing almost 60% of employment, (Kungolo, 2010). A study by the Competition Commission (2004) estimated that 99.3% of South African businesses were SMEs and that these SMEs accounted for 53.9% of total employment and contributed 34.8% to GDP, (NCR, 2011). SME activity contributes to poverty reduction. SMEs are often located in geographical areas outside of the typical large urban centres. Economic activity outside of the major metropolitan areas leads to job creation helping reduce the poverty of rural areas. Not every SME is in a non-metro area, of course, but both non-metro and metro area SMEs assist with poverty reduction through employment, training and softer social benefits such as Corporate Social Investment.

Aside from these strengths, SMEs have established a successful track record globally in nurturing entrepreneurship and innovation, and serving as attractive ventures for foreign investment (Raynard and Forstater, 2002). From the socio-economic development viewpoint, SMEs provide a variety of benefits (Advani, 1997). SMEs can adapt easily to market conditions and they can withstand adverse economic conditions given their flexible nature.

They are more labour intensive than larger firms and they have lower capital costs associated with job creation. They play critical roles to ensure income stability, employment and economic growth (Liedholm and Mead, 1987; Schmitz, 1995).

In a World Bank paper on the subject, important drivers are identified, which support current thinking around the importance of SMEs in the broader structure of economies. SMEs are the engine of growth, essential for a competitive and efficient market, critical for poverty reduction, and play a particularly important role in developing countries. SMEs form the vast majority of businesses in most countries and are crucial because (Nooteboom 1988) they have established a successful track record globally in nurturing entrepreneurship and innovation, could easily adapt to market conditions and they are able to withstand adverse economic conditions given their flexible nature.

Any sector creating 50% of the new jobs in an economy needs to be nurtured. SMEs in South Africa play a very important role. SMEs are better placed to take advantage of the deregulating sector, and are nimbler and hungrier than their corporate peers. This is great news for the general public, as competitiveness increases, and ultimately, the economy is driven to a more efficient and productive space. The fact is SMEs are struggling, and getting very little sympathy from policymakers and corporate giants in South Africa.

According to Tesfayohannes (1998), industrial development based on SMEs is capable of countering three important evils simultaneously, namely growing unemployment, persistent inequalities and mass migration to cities - all of which are prevalent in South Africa. In support of the above sentiment, Raynard & Forstater (2002) state that for developing countries, such as South Africa, integration into the global economy through economic liberalization and deregulation is seen as the best way to overcome poverty and inequality. According to Luetkenhorst (2004), SMEs are the lifeblood of most economies, because, on average, they represent over 90% of enterprises and account for approximately 50-60% of employment at a national level. He asserts that, with respect to the developmental contribution of SMEs, there appears to be general consensus *inter ali*, on the following points:

- SMEs tend to employ more labour-intensive production processes than larger firms.
- Countries with a high share of small enterprises have succeeded in making the income distribution more equitable.
- SMEs support the building up of systemic productive capacities. They also help to absorb productive resources at all levels of the economy and contribute towards the creation of solid economic systems in which small and large enterprises are interlinked.

- SMEs play a pivotal role in transforming agriculture based economies into industrial-based economies as they provide opportunities for value adding processing activities which can generate sustainable livelihoods.
- SMEs are the seedbed for entrepreneurship development, innovation and risk taking behaviour and provide the foundation for long-term growth and the progression towards larger enterprises (Luetkenhorst, 2004).
- The average capital cost of a job created in the SME sector is lower than in the big business sector.
- SME's provide opportunities for aspiring entrepreneurs, especially those who are unemployed, under-employed or retrenched.
- Workers at the lower end of the continuum often require limited or no skills training; they usually learn their skills on the job.
- Sub-contracting by large enterprises to SMEs lends flexibility to the latter's production processes.

Unless South Africa succeeds in promoting SMEs, the country will remain saddled with a significant unemployment problem, resulting in excessive crime in its various manifestations. SME is one of the most effective ways of economically empowering the previously disadvantaged black population (DTI, 2001). In light of the above mentioned, government and private sector should, at national, provincial and local level vigorously promote the development of small businesses. Small and medium-sized businesses are not merely necessary, but vital in an emerging and growing economy such as that of South Africa.

2.3.3 DEFINITION OF SMEs

The term SME encompasses a heterogeneous group of business, ranging from a single artisan working at home and producing handicrafts to sophisticated software producing firms selling in specialized global niches. As a result, there is no single definition of SME that is accepted globally. According to Meredith (1994), SMEs should be defined from both qualitative and quantitative perspectives.

The qualitative component should specify the mode of operation and organizational procedures, whilst the quantitative component should reflect the tangible financial measures. Reviewing past research studies (Cragg & King 1993; DeLone 1981; Kagan et al. 1990; Raymond 1990) it was evident that a popular method of classifying businesses was by the number of employees in the firm.

Other classification categories include factors like annual sales revenue or total capital, which is often proprietary and is rarely disclosed by smaller, privately owned businesses (Montazemi 1988). The lack of consensus regarding a formal definition for an SME has led to the adoption of diverse approaches by governments and other organizations in different countries.

In the United Kingdom, the Bolton Committee Report (1972) offered two definitions. The first definition is termed as the economic definition which states that firms are small if they have a reasonably small share of their marketplace, are managed by the owner or co-owners of the firm in an informal manner, and self-governing and not configuring as a part of large enterprise. The second definition is statistical, and relates to the number of employees in the firm.

While the importance of the SME sector is acknowledged internationally, defining an SME is a challenging task, as every country has its own definition. In Chile for example, companies are generally classified according to annual turnover; in South Africa, by turnover, gross asset value and the number of employees. In India, any industrial undertaking with fixed assets less than 10 million Rupees is classed as small-scale, (Grayson, D 2003). EU Member States traditionally have their own definition of what constitutes an SME, for example the traditional definition in Germany had a limit of 250 employees, while, for example, in Belgium it could have been 100. But now the EU has started to standardize the concept. Its current definition categorizes companies with fewer than 10 employees as micro those with fewer than 50 employees as "small", and those with fewer than 250 as "medium", (Berry, 2002 et al). There is no single, uniformly accepted definition of a small firm (Storey, 1994). The abbreviation SME occurs commonly in the European Union (EU) and in international organizations such as the World Bank (WB), the United Nations (UN) and the World Trade Organization (WTO). The term "small and medium businesses" or "SMBs" is predominantly used in the USA. In South Africa the term is "SMME" for small, medium and micro-enterprises, the terms "SME" and "SMME" are however used interchangeably in South Africa. Elsewhere in Africa, MSME is used for micro, small and medium enterprises.

Presently the United Kingdom's Department for Business Innovation and Skills (BIS 2009) defines SME as a business with less than 250 employees. The European Commission (EU 2009) defines SME as a business having fewer than 250 employees and less than 50 million euro turnover or a balance sheet of less than 43 million euro. The United States Small Business Administration (SBA 2009) has no definition for SMEs. The Small Business Act in the US defines small businesses as those firms that have less than 500 employees and annual receipts which vary according to industry sectors.

Even though they accept all legal forms of businesses, joint venture with more than 49 per cent of foreign stake are not considered as SMEs.

2.3.4 DEFINING (SMEs) IN SOUTH AFRICA

Like other countries, the issue of what constitutes a small or medium enterprise is a major concern in South Africa. Various authors have usually given different definitions to this category of business. In South Africa, a “small business” is officially defined in Section 1 of the National Small Business Act (NSB Act) of 1996 as amended by the National Small Business Amendment Act of 2003 and 2004 as: “a separate and distinct business entity, including co-operative enterprises and nongovernmental organizations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub sector of the economy”.

The NSB Act further categories small businesses in SA into distinct groups, namely; survivalist, micro, very small, small and medium, and the use of the term “SMME” for small, medium and micro enterprises. The definitions for the various enterprise categories are given below.

TABLE 2.2 DEFINITIONS OF SMES

The National Small Business Act divides SMEs into the following categories:

Category of SME	Description
Survivalist enterprises	Operates in the informal sector of the economy. Mainly undertaken by unemployed persons. Income generated below the poverty line, providing minimum means to keep the unemployed and their families alive. Little capital invested, not much assets. Not much training. Opportunities for growing the business very small.
Micro enterprises	Between one to five employees, usually the owner and family. Informal - no license, formal business premises, labour legislation Turnover below the VAT registration level of R300 000 per year. Basic business skills and training Potential to make the transition to a viable formal small business.
Very small enterprise	Part of the formal economy, use technology. Less than 10 paid employees Include self-employed artisans (electricians, plumbers) and professionals.
Small enterprise	Less than 100 employees. More established than very small enterprises, formal and registered, fixed business premises. Owner managed, but more complex management structure
Medium enterprise	Up to 200 employees. Still mainly owner managed, but decentralized management structure with division of labour Operates from fixed premises with all formal requirements.

Source: DTI (2001)

The ALT exchange on the other hand defines a small business as any company that meets the Alt exchange listing requirements. The requirements are shown in table 1 below:

TABLE 2.3 LISTING REQUIREMENTS FOR THE ALT EXCHANGE

Share capital	R2 Million
Profit history	None
Pre-tax profit	N/A
Shareholder spread	10%
Number of shareholders	100
Sponsor/DA	Designated advisor
Publication in the press	Voluntary
Number of transaction categories	2 (threshold 50%)
Annual listing fee	R27189.25 (including VAT)
Education requirements	All directors to attend Directors Induction Program

Source: JSE

This study will adopt the alt exchange definition of a small business because the sample for the study will be drawn from companies listed on the JSE ALT exchange.

2.3.5 CHARACTERISTICS OF SMEs

Along with the variations in the definitions of SMEs, the characteristics of SMEs have been a popular topic of investigation by both governments and academic researchers. Bearing in mind the basic differences between different sizes of businesses, Westhead and Story (1996) note: “a small firm is not a scaled down version of a large firm. In short, theories relating to SMEs must consider the motivations, constraints and uncertainties facing smaller firms and recognize that these differ from those facing large firms”.

The section below discusses the major findings of studies undertaken to isolate the unique features of SMEs. Small business are considered to be more risky than their larger counterparts (Brigham & Smith 1967; Walker 1975) resulting in higher failure rates (Cochran 1981; Klatt 1973).

In a comparison of SMEs with larger organizations, Welsh and White (1981) conclude that SMEs suffer from a lack of trained staff and have a short-range management perspective.

These traits are termed as “resource poverty”. These perceptions have been confirmed by more recent adequate capital to undertake technical enhancements (Gaskill et al. 1993; Raymond 2001) and organizational planning (Miller & Besser 2000; Tetch & Burn 2001). They also differ from their larger counterparts in the diversity of the products/services available to customers (Reynolds et al. 1994). Jenkins (2006) and Spence (2000) note that the lower resource slack of these firms limits their ability to focus on strategic gains or deal with issues from a marketing or public relations perspective. Along with the above limitations, there exists a significant difference in the organizational structure and management styles of large and small organizations.

Several studies (Murphy 1996; Bunker & Mac Gregor 2000) have shown that, among other characteristics, SMEs tend to have smaller management teams (often one or two individuals) who are strongly influenced by the owner and owner's personal idiosyncrasies (Bolton 1971), with little control over their environment (Hill & Stewart 2000; Westhead & Storey 1996) and a strong desire to remain independent (Dennis 2000; Drakopolou-Dodd et al. 2002). The owners-managers of these firms often undertake several tasks at once (Spence 1999) and awareness of issues beyond the day-to-day running of the business remains low (Tilley 2000). The relatively simple, flexible and highly centralized management structure (Mintzberg 1979) of SMEs is further reinforced by the limited number of hierarchical levels (MacMillan 1975). As a result, decision-making processes are guided by owners' personal values and intuitions rather than long-term planning and rationality and therefore decisions are mostly reactive in nature. Accordingly, SME owner-managers have been accused of being “strategically myopic” and lacking the “long-term vision as to where their company is headed” (Mazzarol 2004, p.1). The intrusion of family interests (Reynolds et al. 1994) in SME decision-making processes with the aim of leveraging past experiences (Rice and Hamilton 1979) further influences the way SMEs operate.

Because of their relatively simple organizational structure (Dean et al. 1998), such organizations are found to be quicker, flexible and more responsive (Goffee & Scase 1995) to the dynamics of the environment. Research also suggests that small businesses are comparatively more innovative (Abdnor 1988; Dean et al. 1998), even though the implementation of innovations is often slowed down due to a lack of resources.

Another important aspect of SMEs that differentiates them from large-scale businesses is power. Smaller size often results in lower negotiation power for influencing environmental forces in the market, suppliers and politics (Porter 1980). As a result, small business partners in the supply chain have a major impact on small business behaviour (Arbuthnot 1997; Dawson et al. 2002).

Even though the stronger negotiation power and political influence (Hillman & Hitt 1999) of larger organizations are often considered to reduce their risks, Bowen (2000) found “visibility” as the crucial factor in determining the behaviour of a business. SMEs with limited market shares rely heavily on few customers within their local community (Hadjimonolis 1999; Quayle 2002) and this increases their visibility and threat of public scrutiny on such organizations. The personal characteristics of the owner-manager have been of increasing interest. Some studies have attempted to explain business success or failure in terms of the personality traits of the entrepreneur (Glancey, Greig & Pettigrew 1998; Stewart Jr., Carland & Carland 1998). The different backgrounds, motives and goals of business owners are also considered to be one of the factors which bring diversity to the SME sector (Nooteboom 1994). In contrast to large organizations, Spence and Rutherford (2000) even argue that the notion of a profit maximizing and rational economic entrepreneur as the standard image of the small business owner-manager is likely to be false.

TABLE 2.4 DIFFERENCES BETWEEN LARGE AND SMALL ORGANIZATIONS

<u>Corporate</u>	<u>Small Business</u>
• Order	Untidy
• Formal	Informal
• Accountability	Trusting
• Information	Personal Observation
• Clear demarcation	Overlapping
• Planning	Intuitive
• Corporate strategy	Tactically strategic
• Control measures	I do it my way
• Formal standards	Personal monitoring
• Transparency	Ambiguous
• Functional expertise	Holistic
• Systems	Freely

Developed for this study

There are substantial characteristic differences between SMEs and multinationals (Longenecker et al. 1996, Bridge et al. 1998). The contingent factors of small business social responsibility behaviour can be classified into four dimensions, i.e. issue, personal, organizational and context characteristic (Lepoutre & Heene 2006). The present field analysis tends to suggest that the argument for expanding formalization of CSR to SMEs rests upon several fallacies. The rationale includes a strong belief that reporting influences behaviour. It honestly believes that nice reports from large companies are a guarantee of CSR and a superior ethical attitude. From the fact that SMEs do not report on CSR, it wrongly concludes that CSR is non-existent in SMEs. It implicitly assumes that an apparent solution for large multinationals can be transposed to SMEs, and it underestimates the drawbacks of bureaucracy. It starts with the illusion that CSR will be transmitted along the supply chain.

TABLE 2.5 DIFFERENCES BETWEEN SMES AND MNCS FROM LITERATURE

	SMMes	MNCs
Carroll (1991)	Purely philanthropic and discretionary conception of CSR	More holistic conception of CSR with an emphasis on the economic strain
Wood (1991)	Principles of managerial discretion and legitimacy motivating CSR	Principles of public responsibility and legitimacy motivating CSR
Freeman (1984)	Customers, employees, shareholders, suppliers, community, environment More intimate characterizations of stakeholder relationships	Customers, employees, shareholders, suppliers, environment, community More formal characterization of stakeholder relationships
Waddock et al. (2002)	Strong inspiration, weak integration, moderate innovation	Weak inspiration, strong integration, weak innovation
Windsor(2006)	Ethical conception entailing impartial moral reflection and stewardship by managers of the enterprise	Instrumental citizenship with greater affinity to the economic/strategic and costs/benefits of CSR
Hemingway and Maclagan (2004)	Altruistic motivation and individual locus of responsibility	Strategic motivation and locus of responsibility

Nooteboom's (1994)

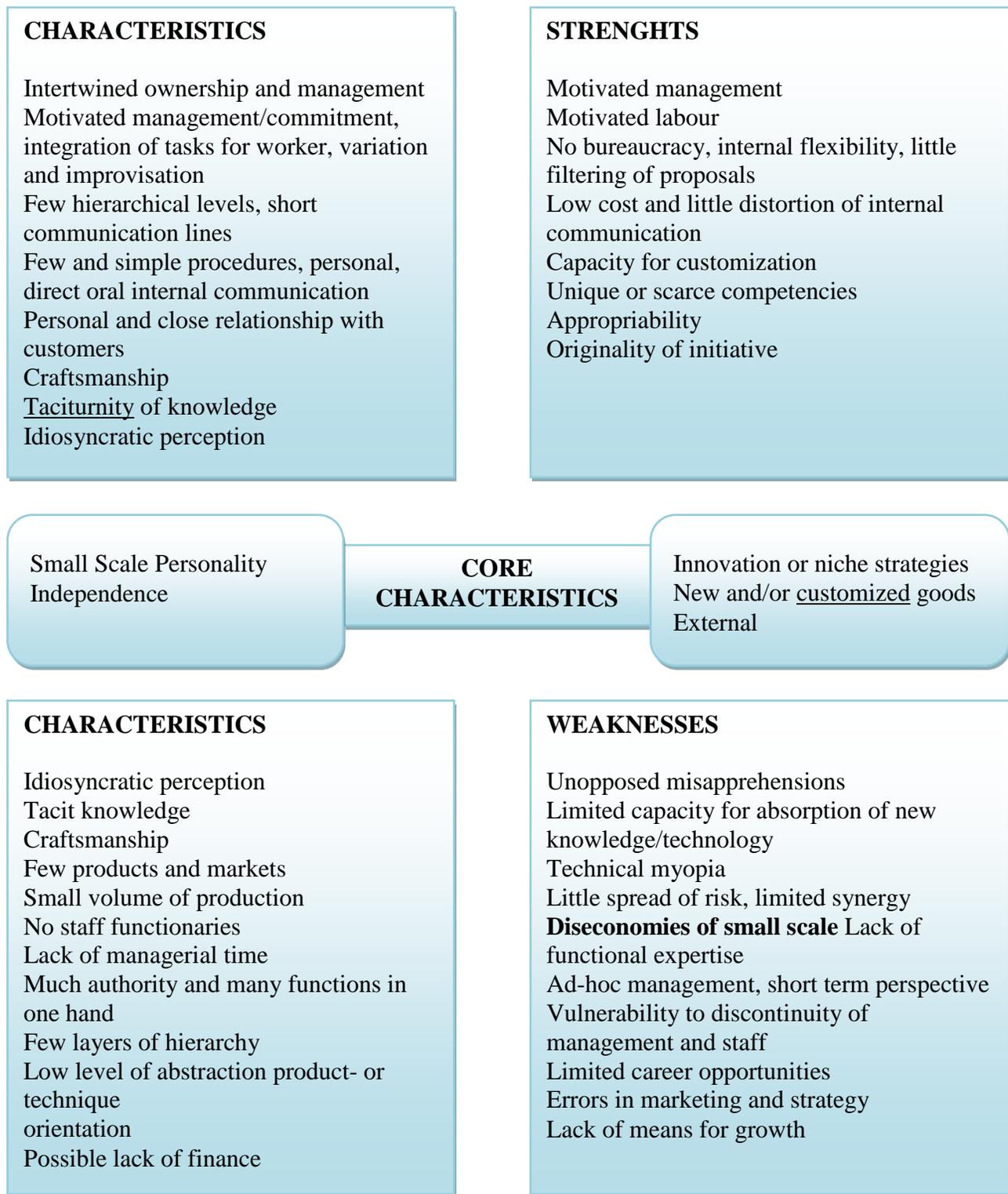
Recent research on corporate social responsibility (CSR) suggests the need for further exploration into the relationship between small and medium-sized enterprises (SMEs) and CSR. Both researchers and practitioners are responding to the trend toward re-orientation – away from the large multinational firm as a benchmark subject of both CSR and business ethics research (Grayson, 2004; Jenkins, 2004; Perrini, 2006a; Spence and Rutherford, 2003; Thompson and Smith, 1991; Tilley, 2000; Vyakarnam et al., 1997).

Perrini (2006) suggests a further distinction: theoretical models of the relationship between large firms and CSR, (Donaldson and Preston, 1995; Freeman, 1984), do not necessarily explain the CSR–SME relationship, since researchers examining CSR in large corporations may not find it possible to generalize their findings to SMEs (Spence and Rutherford, 2003; Thompson and Smith, 1991). There are also differences from the managerial perspective, since SMEs rarely use the language of CSR to describe their activities.

Given the above differences between large firms and SMEs, more research is required to define the CSR and SMEs relationship and to address future empirical research. In terms of sustainability SMEs exist to create value for different stakeholders. Through their social capital SMEs are able to promote career success and executive compensation, help workers find jobs, create more intellectual capital, strengthen the supplier relations and information sharing among firms, and facilitate entrepreneurship (Adler and Kwon, 2002).

This implies, there are several stakeholders with whom SMEs have a stronger relationship than do big corporations, and these stakeholders are often embedded within SMEs' social capital. Considering SMEs' resources and competencies, prior research suggested the strong connection between the concept of social capital and SMEs' peculiarities. As mentioned above, stocks of social capital consist of reputation, trust, legitimacy, norms and networks; these are also the basis of the long-term performance of SMEs and especially SMEs embedded into the local community in which they operate (Putnam, 1993; Spence et al., 2003). SMEs differ from larger businesses in terms of resource availability, ownership, organizational structure, management and owners' personal objectives. The following table reproduced in full from Nooteboom's (1994) model of SME characteristics, provides a nearly exhaustive list of features in such businesses.

FIGURE 2.5 STRENGTHS AND WEAKNESSES OF SMALL BUSINESSES



Source: Nooteboom (1994)

2.3.6 CHALLENGES FACING SMEs

Despite the acknowledged importance and contribution of SMEs to economic growth, SMEs across the globe and in South Africa in particular, are still faced with numerous challenges that inhibit entrepreneurial growth. These include a lack of management skills, finance and obtaining credit, start-up costs, licensing and registration, access to markets and developing relationships with customers, appropriate technology and low production capacity, recognition by large companies, regulatory constraints, complying with all the legislative requirements of the country, government bureaucracy, lacking the necessary information about foreign markets, little access to international partners, limited international marketing experience, poor quality control, product standardization, and support for the role that they play in economic development, (WTO, 1998; Ntsika, 1999; DTI, 2002; Gaomab, 2004; ABSA, 2005; SMBDCI, 2005). The SMEs sector does not always get the required support from the concerned government departments, banking sector, financial institutions, and corporate sector, (SMBDCI, 2005).

The increasing penetration of China in the African market has also brought about several negative consequences. Chinese SMEs are likely to bring over their own workers, and thus “new” business does not contribute to local job creation. Secondly, the Chinese do not trust local systems. They do not trust the local banking system, so they are likely to send profits back to China instead of reinvesting in the host countries. Chinese SMEs lack an understanding of African business, as they do not try to integrate into the host countries. (Gu, J, 2009) The most significant consequence of a strong presence of Chinese SMEs is that it forces local firms out of business. The penetration of Chinese companies therefore threatens to undermine the development of South African SMEs.

2.4 CORPORATE SOCIAL RESPONSIBILITY IN SMEs

There is an extensive body of literature that examines and discusses corporate social responsibility from the perspective of large organizations, but SMEs have traditionally been overlooked in this area (Brass, 2005). Small business social responsibility research may have been hampered by the assumption that limited opportunities exist for small firms to exercise their social responsibilities. According to Thompson & Smith (1991), SMEs have gained the reputation of being less capable of fulfilling social responsibility than large corporations. The purpose of this study is to address these and similar issues related to the social responsibility of small businesses by looking at the SR activities engaged in by small businesses.

Many initiatives, and much thinking about SMEs and CSR, are based on a range of unfounded assumptions about SME behaviour; furthermore that this recognition of SMEs is incomplete at best, Curran, (1999), with a continued emphasis in research and the media on the characteristics of large firms. Storey, (1994); Curran, (1999); Rutherford & Smith, (1999) note that many assumptions made about SMME behaviour strongly influence policy on small business, whilst Gibb, (2000) sees the development of a number of “mythical concepts” and myths which considerably influence the establishment of policy making for SMEs. These myths are based on assumptions about how the world works and priorities about how it ought to work. Conventional CSR theory is based on the myth that large companies are the norm and has been predominantly developed in and for large corporations.

The application of social responsibility in SMEs is of central importance, given that they do play a critically important role in the economic and industrial development of a country. According to Luetkenhorst (2004), SMEs make up approximately 90% of enterprises, and account for approximately 50-60% of employment in developing countries. In addition, they tend to employ more labour-intensive production processes than large enterprises, and accordingly contribute significantly to the provision of productive employment opportunities, the generation of income, and ultimately, the reduction of poverty. Despite the important role which SMEs play in the economy of a country, there is a scarcity of research in the area of the social responsibility of SMEs, and it will be inaccurate to simply assume that their socially responsible behaviour corresponds with those of large corporations. (Thompson & Hood, 1993). In South Africa, there is one record of comprehensive research on CSR among SMEs. The study partially addressed this problem by investigating the perceptions and behaviour of owners/managers of small and medium enterprises located in the province of KwaZulu-Natal, South Africa.

This study will discuss why it is inappropriate to develop CSR strategies and definitions for SMEs along the same lines as for large corporations. It will elaborate on and challenge a number of the assumptions inherent in CSR and those made about SME behaviour. It argues for the development of a new interpretation of CSR more relevant to SMEs, and based on a viewpoint that treats SMEs rather than large companies as the norm, and discusses the consequences of this for SME managers.

Nejati, Amran (2009) has indicated that while CSR has traditionally been the domain of the corporate sector, recognition of the growing significance of the small and medium sized enterprise (SME) sector has led to emphasis on the social and environmental impact of SMEs, illustrated by an increasing number of initiatives aimed at engaging SMEs in the CSR agenda. CSR has been well researched in large companies, but SMEs have received less attention in this area. According to Friedman, Miles (2001) and Jenkins (2006) research with regard to SMEs has also been quite scant and yet there are several studies related to CSR in European SME (Murillo, Lozano, 2006; Jenkins, 2006; Sweeney, 2007; Pedersen, 2009; Nielsen, Thomsen, 2009). This research contributes new material to this by analyzing situation on SR in SME in South Africa specifically those that are listed on the JSE.

It has been argued that all organizations have an impact on society and the environment through their operations, products and services and through their interaction with key stakeholders and therefore CSR is important in all firms, large and small (Sweeney, 2007). Literature on CSR has traditionally focused attention on larger firms. Sweeney (2007) basing on research of Vyakarnam *et al.* (1997); Schaper & Savery (2004); Spence *et al.* (2000) confirms that little is known empirically about the type and extent of social responsibility in small firms. While articles have been calling for research on CSR in SMEs since the 1990s, the work has been limited and there is a considerable amount of research needed (Spence *et al.*, 2003). According to Wilkinson (1999), the focus of research on large firms assumes that CSR as it is understood from a large firm perspective is universally applicable to all firms, though it has recently been argued that CSR as it is understood for large companies cannot simply be “cut and pasted” onto the SME reality (Jenkins, 2006). Large and small firms are different in nature (Spence & Lozano, 2000), for example, they have different structures and management styles which can affect the content, nature and extent of their CSR activities.

Governments and other public authorities in Europe are putting increasing pressure on small- and medium-sized enterprises (SMEs) in order to make them realize that respect for ethical codes of conduct and corporate social responsibility (CSR) is not only a concern of multinational corporations (Luetkenhorst, 2004). Business development in general also calls for an understanding and acknowledgement of the relevance of implementing CSR to achieve legitimacy among central stakeholders, and to increase business and market performance (Williamson *et al.*, 2006; Cornelissen, 2008).

Concepts such as stakeholder management, reputation management and supply chain management are now relatively widespread, so SMEs need to ask themselves whether they should increase their activity level and their communication or documentation of CSR (Perrini and Tencati, 2006; Sarbutts, 2003; Vaaland and Heide, 2007). Surveys and research in the field demonstrate that many SMEs tend to handle CSR activities unsystematically and on a personal ad hoc basis (Murillo and Lozano, 2006). On the one hand, it is argued that SMEs should learn from larger organizations when it comes to managing CSR and informing both internal and external stakeholders of their best practices (Murillo and Lozano, 2006).

While CSR emerged as an issue for large international companies, today SMEs witness that CSR has become a global concern that they need to address whether they appreciate it or not. In this development, have a huge role to play to investigate and give visibility to the implications of CSR for SMEs. In particular, what is suggested here is the need for stimulating the debate on the particular implications of CSR in SMEs, as well as the need for policy-makers and authorities to investigate more carefully how the economic and political context may most appropriately support the development of socially responsible behaviour by SMEs.

It is important to point out that the term “Corporate Social Responsibility” (CSR) appears a misnomer because it carries a “big business only” connotation at the exclusion of the smaller ones. This bias towards big business is somewhat understandable and may be explained by Perrini, Russo, and Tencati's (2007) observation that the social responsibility of business has always been regarded as exclusively big business territory. This should not be the case anymore since small businesses too have long been known to have taken up the challenge of being socially responsible. There is increasing understanding now that smaller firms play significant roles in the economic and social lives of most countries (Dzansi, 2004; Lepoutre & Heene, 2006). It is surprising that not much has been said about the inappropriateness of the term CSR. It keeps being widely referred to as “Corporate Social Responsibility (CSR).”

Given the fact that, at the SMEs level, lack of awareness and expertise necessary constitute, usually, the principal obstacles for building a business strategy (Perez-Sanchez et al., 2003), recognizing the existence of a social problem precedes and conditions the involvement of SMEs in social responsibility initiatives (Lepoutre, Heene, 2006).

Although some researchers believe that small firms are more adequate for socially responsible behaviour than large firms, and that they have a so-called “natural propensity” to socially responsible behaviour and that the entrepreneur, as owner-manager of a small firm, is associated with character traits that increase the likelihood of undertaking a socially responsible behaviour, Lepoutre and Heene (2006) state that entrepreneurship in itself does not constitute a guaranty in this sense. Large firms are associated with a high degree of formalism, while the small firms are associated with the character often informal of their organization and management,

Small and medium-sized enterprises (SMEs) are multi-purpose companies which balance their economic, social and environmental responsibilities (Enderle, 2004). By their nature, particularly in terms of governance, ownership and goals, SMEs are a fertile ground for the development of responsible behaviour (Vives, 2006). According to Jenkins (2006), SMEs have the following characteristics that can aid the adoption of CSR. Indeed, SMEs have many characteristics that can aid the adoption of CSR, i.e.

- SMEs are flexible and adaptable and can respond quickly to changing circumstances.
- SMEs may be able to rapidly take advantage of new niche markets for products and services that incorporate social and/or environmental benefits in their value.
- SMEs are often creative and innovative, which can be applied to the development of innovative approaches to CSR.
- The owner manager is closer to the organization so can more easily influence the values and culture of the company and champion CSR throughout the company.
- Communications in SMEs are more fluid and open allowing values to be embedded across the organization and CSR information to be rapidly disseminated.
- Leaner, less hierarchical management structures should facilitate the involvement of all employees in CSR programs.
- The benefits of undertaking any action are felt more immediately, particularly those relating to personal satisfaction and motivation.

SMEs rarely use the language of CSR to describe their activities, but informal CSR strategies play a large part in them (Russo & Tencati, 2009). Vives (2006) concluded that SMEs are very different from the larger businesses for which most of the concepts and methodologies of CSR have been developed, since SMEs have very different stakeholders.

2.4.1 DRIVERS FOR CORPORATE SOCIAL RESPONSIBILITY IN SMEs

- According to the European Multi-stakeholder Forum for Corporate Social Responsibility (European Commission, 2004), apart from SMEs being driven to integrate CSR because of the personal beliefs and values of the owners/managers, many SMEs are driven by some combination of minimizing risks and maximizing opportunities. In this regard, the Forum identified the following drivers of CSR for SMEs, i.e.: attracting, retaining and developing motivated and committed employees - especially because the speed of market and technology changes requires flexible and committed staff, being a good neighbour - maintaining a license to operate from the local community, reputation - with internal and external stakeholders, cost and efficiencies savings - for example, reduced insurance and landfill costs, product/market innovation, differentiation, and competitive edge and the need for more sources of creativity and innovation in business,
- Winning and retaining consumers and business customers (supply chain pressures and opportunities), responding to pressures from banks and insurers' changing perceptions of the role of business in society - through the media, education, and actions by stakeholders.

According to EU documents, CSR practices are not expected to be a panacea for the European Union's social and competitive challenges (CEC 2006) and it is not proposed that they substitute for public policy. Nevertheless, the list of things to which businesses are expected to contribute via their socially responsible activities is substantial. It is expected that CSR will contribute to more integrated labour markets and higher levels of social inclusion, including,

- investment in skills development, lifelong learning, and employability,
- improvements in public health,
- better innovation performance,
- a more rational use of natural resources and reduced levels of pollution,
- a more positive image of business and entrepreneurs in society,
- greater respect for human rights, environmental protection, and core labour standards,
- poverty reduction and progress toward the Millennium Development Goals. (CEC 2006),

Corporate social responsibility, it is argued in European Commission documents, "mirrors the core values of the EU itself" (CEC 2006). This seems rather a wide-ranging and all-encompassing challenge to business. Whereas these goals may make sense to a large organization with CSR professionals and departments employed to oversee such activities, they are intended for the average.

2.4.2 CORPORATE SOCIAL RESPONSIBILITY-SME IN LITERATURE

The literature on corporate social responsibility for small and medium enterprises is limited, disparate and fragmented (Joyner, Payne & Raiborn 2002). Most of the studies in this field fail to cover all the relevant areas that could assist in the development of a coherent theory. These are difficult to collect since they were published in a wide range of topics like business ethics, CSR, small business, entrepreneurship, regional development and management issues, as previously noted by Moore and Spence (2006). Factors like cultural differences between the business localities/countries, multiple theories investigating business responsibility, changing business environments and the application of varying methodologies make comparisons difficult. Substantial commonalities in the SME–CSR relationships exist across the studies and this enables a comparison between the past findings.

Based on Nooteboom's (1994) identified characteristic of intertwined ownership and management in small businesses, several academics (Holliday 1995; Spence 1999; Tilley 2000) have explored the influence of SME owner-managers on their business activities including participation in socially responsible activities. Tilley (2000) mentions that SMEs are not "little big firms" and therefore such businesses are not always motivated by the same things as their larger counterparts. In addition to size, SMEs differ in their orientation to legal form, sector, national context, historical development and institutional structures (Spence 1999; Spence & Rutherford 2003). Whilst a common mistake in CSR studies is to compare entrepreneurial small firms with normal small firms (Spence 2007), SMEs are not always profit driven like other businesses (Goffee & Scase 1995). According to Quinn (1997), the maximum of "the business of a business is business" (Friedman 1970) does not apply to small businesses since owner-managers of SMEs bring their own integrity to bear and they have other responsibilities. In support of this view, Russo and Perrini (2009) found that ethical issues such as openness and trust, selected relationships with suppliers and honest dealings with clients have been recognized by small firm managers as some of the key drivers of SME development. Spence and Rutherford (2003) also conclude that the notion of the profit maximizing, rational economic entrepreneur as the standard image of small business owner manager is false.

2.4.3 REASONS FOR ENGAGING IN CORPORATE SOCIAL RESPONSIBILITY

Stakeholder Pressure

Although empirical evidence is still limited, but nevertheless far greater than that found in the published literature, it appears that stakeholder pressure rather than a pro-active CSR engagement is still the most frequent encouragement for many SMEs to improve their social initiatives.

The immediate benefits of CSR engagement for the SME itself may even surprise the SME, such as financial savings (e.g. reduction in water, electricity and raw material consumption), environmental improvements (e.g. reduction in solid waste generation and improvement in waste water quantity/quality), social improvements (e.g. risk reduction, improvement in working/health conditions) and product improvements (e.g. better quality, increased yield, reduced rejects) in the participating companies (Luken & Stares 2005). The study companies argued that CSR had to be integrated into all aspects of business operations and not be seen simply as a costly externality. By placing social responsibility at the core of everyday business decisions CSR becomes less of an “add-on” that they do not have time and money for, more “just the way we do things”. They displayed many characteristics of the “social priority” company where social values and actions are integrated into the business life (Spence and Rutherford, 2000).

Various stakeholders often use CSR as a criterion to judge companies (Lewis, 2003). The demand for CSR from various constituents is often communicated in the form of normative guidelines or influences (Maignan and Ferrell, 2004; Shepard et al., 1997). Such influences are likely to affect more visible firms, as compared to less visible firms. Firms that are more visible are likely to gain more as a result of enhanced legitimacy and reputation effects, or may also suffer damages to their reputation, for inadequate participation in CSR. This serves as justification for the former’s participation in CSR initiatives, but the same rationale may not extend to less visible firms. As a result, less visible firms will tend to be less inclined towards CSR initiatives, as compared to more visible firms.

Platform for Competitiveness

One of the findings indicates that Nordic SMEs perceive CSR as a business opportunity to create a new platform for competitiveness. However, the general perception among European SMEs seems to be that CSR represents a new burden and a threat. Many SMEs fear that they may not be able to meet the social and environmental requirements of buyers and supply chains without losing their competitive edge in national and international markets (Maloni & Brown 2006). At the same time, they are aware that if they do not meet these requirements, they may not be in a position to access new foreign markets or large international buyers who stipulate their own codes of corporate ethics.

Many SMEs are driven to integrate CSR because of the personal beliefs and values of the founders, who are often also the owner-manager, and employees (Vallentin & Morsing 2008). This will be most obvious in co-operatives and other social enterprises where the core purpose of the business may be a social goal but it holds true for many other SMEs too (Perrini 2006). In South Africa there are no empirical studies done to reflect the position of South African SMEs.

Increased Importance of CSR

CSR is becoming one of the most challenging issues that private and public sector, civil society and opinion leaders, and other practitioners are faced with. The main reason for the increased importance of CSR can be classified into the following broad and overlapping categories:

- More complex organizations which operate in diverse cultures and jurisdictions,
- Different CSR standards among countries, diverse cultures, norms and values, languages, laws and regulations, quality of life, and
- The readiness to recognize the existence of these issues and willingness to confront them,
- The need to achieve consistent business conduct standards,
- How to deal with local CSR standards (including health, safety and environment), which are lower than ones back home
- Importance of local champions among community leaders, beyond company level initiatives,
- Impact of information technology, i.e. Emerging industries, such as dotcoms have a different base of competitiveness – once mature, they will pay more attention to business ethics and corporate social responsibilities,
- New technology, such as telecommuting reduce face-to-face communication between employees and managers,
- Technological changes, i.e. new CSR dilemmas, including engineering and privacy on the Internet,
- Real-time exchange and conversation on the Internet is available instantly and globally, thus allowing citizens to express their opinions, make suggestions, and post their complaints online. The Internet empowers customers to shape corporate reputation.

Complexity and Risks

The complexity arises because of discontinuities in technology, demography, revolutions, societal and cultural trends, and from the fact that the next rules of competition have yet to be written.

Furthermore, unpredictable and turbulent changes can come to any industry (even in those where the rules of competition are clearly defined today) thus exposing countries and companies to unforeseen competitive pressure. In addition to competitive pressure, increased importance of societal expectations being placed on businesses put the issue of competitiveness on an unprecedented scale and level of complexity. This includes:

- Increased merger and acquisition, increasing complexity, likelihood and significance of risk from wrongdoing,
- More complex organizations and risks of “cultural clash” due to increased complexity of operations, i.e. even a single act of wrongdoing can have far reaching consequences,
- Rapidly changing world - leads to increased uncertainties and need for continuous “keeping up”, new laws and regulations- increase complexity and the potential for non-compliance,
- Increasing influences of stakeholders, particularly NGOs,
- Take responsibility for partners in other countries,
- Big scandals lead to more government interventions including regulations,
- Corporate downsizing and decentralization often leads to increased scrutiny by stakeholders, such as governments, NGOs, the public and customers,
- Greater Cost of Misconduct due to increasing fines and penalties – still primarily driven by “new legislation and regulations”, increasing reputation damages in an era of expanding customer choice, growing interests of the investment community, in “softer issues” such as CSR and impact on the environment.

The reasons can be grouped into external and internal drivers:

External Drivers

There is growing attention for CSR due to several causes. Information is more abundant and readily available for consumers (Castells, 2000).

This growing awareness pressures companies to use their business processes to play a more integral and positive role in society. Globalization increases the importance of relationships of a company worldwide, i.e. partnerships, (Castells, 2000). Relationships lead to discussions about the responsibilities of a company within the production chain.

The role of the government is changing. Society is increasingly confronting companies themselves, which increases the pressure for companies to embrace their social responsibility, and act accordingly. More and more governments are now taking on the role of stimulating companies to be socially responsible, not pressuring them (European Union, 2002; MVO Platform, 2002). John Elkington (1997, 2004) states that: “in order for organizations to be successful in managing the triple bottom line, “seven-dimensional thinking” is necessary”. He refers to so-called global revolutions or changes in the way of thinking that are necessary to pave the way for corporate social responsibility to really take effect.

Internal CSR Drivers

Except for external pressures on companies there is also an internal interest to be more socially responsible. Due to flatter organizations, the values of a company are no longer necessarily the same as the ones from the CEO. Employees are increasingly valuing nonmaterial aspects of the company they are working for. They put pressure on how the organization conducts business using certain societal values. Research suggests that internal drive rather than external pressure is the main motivation for CSR.

Some external pressure can be applied down the supply chain from customers and from legislation, but this can be weak and focused mainly on environmental rather than social credentials. Indeed, many companies are somewhat cynical of being asked to demonstrate their CSR credentials by customer companies as it was perceived that they only will only do so as part of a particular system not through any CSR of their own i.e., a “box-ticking exercise” and that customer companies should improve their CSR before asking SMEs to demonstrate their own.

Following the scandals of corporate fraud at the beginning of the 21st century, a revival of interest in CSR can be noticed, particularly in continental Europe (Capron & Quairel 2004, Dejean & Gond 2004, de Woot 2004, Gond & Mullenbach-Servaryre 2004, and Davis 2005). External pressure demanded ever more news on the CSR activities of companies (Fombrun & Foss 2004). Consultants and evaluation bodies lobbied for audits and for greater formalization, even to the extent of an obligation to report in a standard format. Most multinationals responded very positively and gave special mention in their annual reports to their social activities and their actions for the environment (Perrini, 2006). Other companies, however, resented the need for more professionalism and the need to hire special consultants to produce extensive special reports on their CSR activities. Nowadays, press articles discuss CSR more than ever before, and convey statements from business leaders on this topic. Conferences such as the 2004 Davos World Summit (Economist 2004) put CSR high on the agenda of business leaders. Official institutions support the concept (e.g. the UN Global Compact and the European Commission) and there are many private initiatives.

Now that an increasing number of large companies produce CSR reports (Schlegelmilch & Pollach 2005, Ballou et al. 2006), and that the practice is widely and positively accepted, CSR activists, encouraged by the press, and specialized consultants promoting CSR concepts and tools, want to disseminate the practice (Southwell 2004).

More and more companies are recognizing the importance and value of combining commerce and social development (Rohregger 2006).

First of all, as a requirement of ethic a management of organization or company, must be concerned for the broader social welfare and just not for corporate profits (Schermerhon, 2002). The concept of corporate social responsibility implies ethics, distinguishing right from wrong and doing right. The CRS is a requirement of being a good corporate citizen (Daft & Marcic, Dorothy 1998; Welford and Frost, 2006). As a requirement of this concept a management is obliged to make choices and take actions that will contribute to the welfare and interests of society as well as the organization (Jenkins, 2006; Campbell, 2007).

In the current business structure, employees, investors and consumers are becoming increasingly more aware of the social and environmental impact on people and planet that a company produces, which are both positive and negative. As consumers become even more aware of sustainable practices, there will be even greater demands for business communities to do the right thing, requiring enhanced ethical leadership and CSR to drive profits, and brand loyalty (Mamic, 2004; Sweeney, 2007). Many writers have tried to explain the sudden upsurge of interest in the topic but none seem to articulate it better than Miller and Katz (2002) who wrote: “Organizations need to have a strategy to help build sustainable local and national communities in which to do business. Many organizations are stepping up to the challenge of becoming socially responsible, both as a strategic need to be known in the community as a good place to work, thus becoming a magnet for talent and to be differentiated in the market place”.

Put differently, CSR has gained prominence in recent years because it is now seen as a business strategy (Philips, 2006). It implies that businesses are getting more and more interested in being seen as socially responsible with the view of creating a positive image in their communities so that they can among other things attract and retain world class employees, and be perceived by customers, investors and suppliers as “special”. From a strictly business point of view, CSR provides a strategic management tool for gaining and maintaining sustainable competitive advantage.

From the developing country point of view, the argument is somewhat different. It’s fair to say that the developing countries are attracted to CSR especially in small businesses because of the scale of social needs that still prevail in these regions, the failure of governments to provide for these needs (Philips, 2006), and the often assumed ability of small businesses in dealing with social problems relative to the larger businesses. Thus, it is not surprising at all that fostering CSR among small businesses has now become a top priority item in developing countries.

Be it in Europe, America, Asia, Australia, or Africa, whether among large or small businesses, either in the developed or developing countries, CSR has become an increasingly business imperative that is able to bring about social transformation. Both scientific evidence (Margolis and Walsh, 2003; Orlitzky et al., 2003; Waddock and Graves, 1997), and consumer reaction (McWilliams and Siegel, 2001), have indicated that their participation in CSR is likely to be rewarded, resulting in improved performance. CSR participation can enhance various stakeholder relations (McWilliams and Siegel, 2001), thereby reducing the firm's business risk (Boutin-Dufresne and Savaria, 2004). These reasons are responsible for the strategic value of CSR becoming increasingly recognized (Porter and Kramer, 2002; Saia, 2002).

Finally, in "The business case for corporate social responsibility, a review of concepts, research and practice", Carroll and Kareem, (2010). Shabana investigate the business case for CSR. Why should the business community jump on the CSR bandwagon? How do companies benefit tangibly from engaging in CSR policies, activities and practices? The authors provide some historical background and perspective, as well as a portrait of how understanding of CSR has evolved and a summary of some long-established, traditional arguments both for and against the idea. The business case for CSR may be categorized into four arguments, i.e. reducing cost and risk, strengthening legitimacy and reputation, building competitive advantage, and creating win-win situations through synergistic value creation. Seen from a narrow view, the business case justifies CSR initiatives only when they produce direct and clear links to firm financial performance.

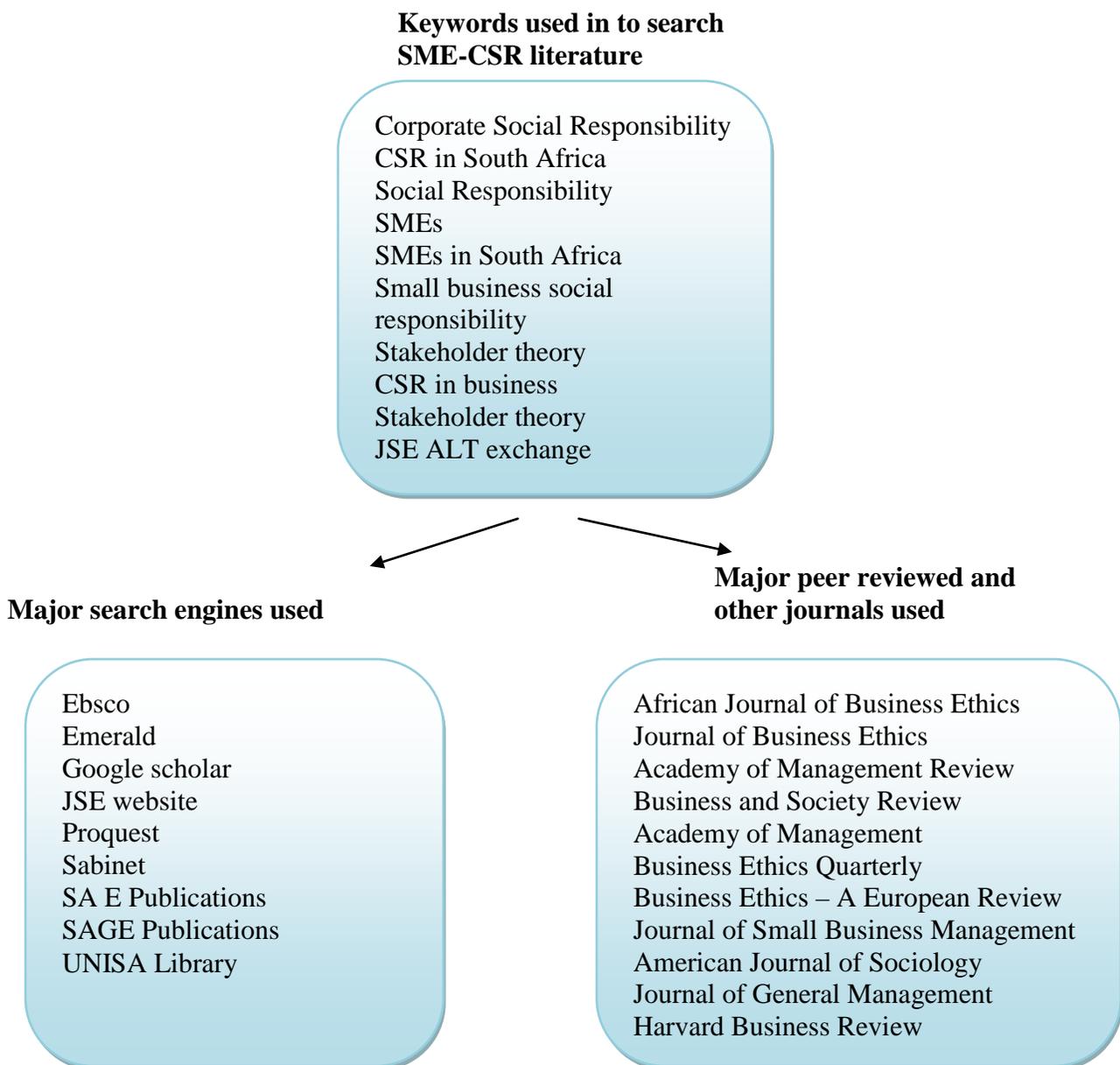
In contrast, a broad view would note that CSR initiatives produce direct and indirect links to firm performance, which enables the company to benefit from CSR opportunities. Effective CSR requires developing appropriate CSR strategies, and effective CSR activities are those directed at improving both stakeholder relations and social welfare. In turn, the right CSR strategy achieves convergence between economic and social goals, though, to formulate a successful CSR strategy; companies must understand that its benefits will depend on both mediating variables and situational contingencies, which means that the impact of CSR will not always be to enhance firm financial performance.

Finally, a contingency perspective could explicate the lack of a positive relationship between CSR and firm financial performance in certain circumstances, as well as defend the business case for CSR in environments in which the business case appears to have failed. Only when companies pursue CSR activities with support from stakeholders can there be a market for virtue and a true business case for CSR.

This section concludes with a brief introduction to CSR in SME studies and the sources that were used to search previous academic contributions in this area. Following an in-depth review of the SME–CSR literature, knowledge gaps are identified and research questions are developed that guide the data collection and analysis procedures detailed in Chapter 4.

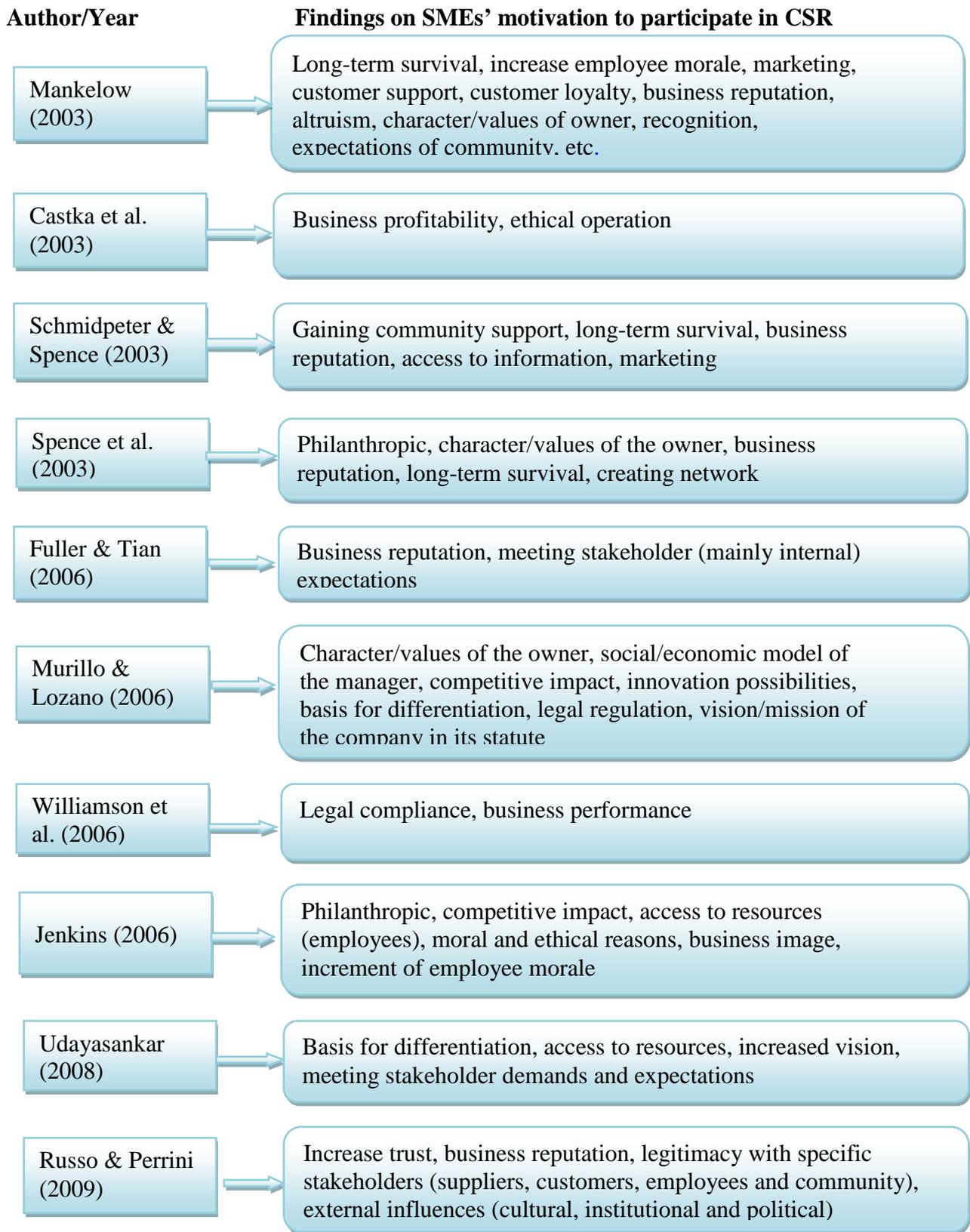
Figure 2.6 below lists the sources that were used to find past studies investigating the CSR practice of SMEs.

FIGURE 2.6 SOURCE OF LITERATURE ON CSR-SME



Source: Developed for this research

FIGURE 2.7 MOTIVATION OF CSR IN SMES



Source: Developed for this research

It is evident from the above figure that the motivations for CSR in SMEs range from philanthropic to strategic and include both building of social capital and the fulfilling of the demands/expectations of stakeholders (mostly internal). Mankelov (2003) finds that small enterprise CSR motivations in Australia prioritized enterprise needs over the needs of community stakeholders. This is supported by the findings of Castka et al. (2004) and Williamson et al. (2006). Whereas, the findings of Russo and Perrini (2009) suggest that SMEs, being largely local, follow the principles of social capital theory and are motivated to participate in CSR to exploit their strong relationships built out of trust, reputation and legality with specific stakeholders (suppliers, customers, competitors and the local community). A similar conclusion is drawn by Vyakarnam et al. (1997) who found a strong inclination among SMEs to improve consensus within and among citizens in their local communities. Jenkins (2006), in an analysis of Catalan SMEs, finds philanthropy is a common form of CSR which contradicts Williamson et al.'s (2006) inference that SMEs participate in CSR due to legal requirements and business benefits.

2.5 STAKEHOLDER THEORY

Freeman (1984) promoted the stakeholder approach to CSR and provided another fruitful theoretical lens, which could help in shedding light on the uniqueness of small businesses in relation to CSR. Previous sections provided an overview of the evolution of CSR and the recent developments in this area that laid the foundation needed for an analysis of the literature of stakeholder theory, one of the theoretical frameworks that are often applied in the investigation of CSR practices in businesses. The theory holds that managers ought to serve the interests of all those who have a stake in (that is, affected or being affected by) the firm. Stakeholders include shareholders, employees, suppliers, customers, and the communities in which the firm operates—a collection that Freeman terms the big five. The very purpose of the firm, according to this view, is to serve and coordinate the interests of its various stakeholders. It is the moral obligation of the firm's managers to strike an appropriate balance among the big five interests in directing the activities of the firm. Stakeholder theory basically relates to organizational management and business ethics and addresses the morals and values involved in the management of an organization (Freeman 1984). This theory is popular in fields like strategic management, finance, accounting, marketing, law and public policy, its greatest contribution has been in shaping and defining the concepts of CSR and business ethics.

2.5.1 ORIGIN OF STAKEHOLDER THEORY

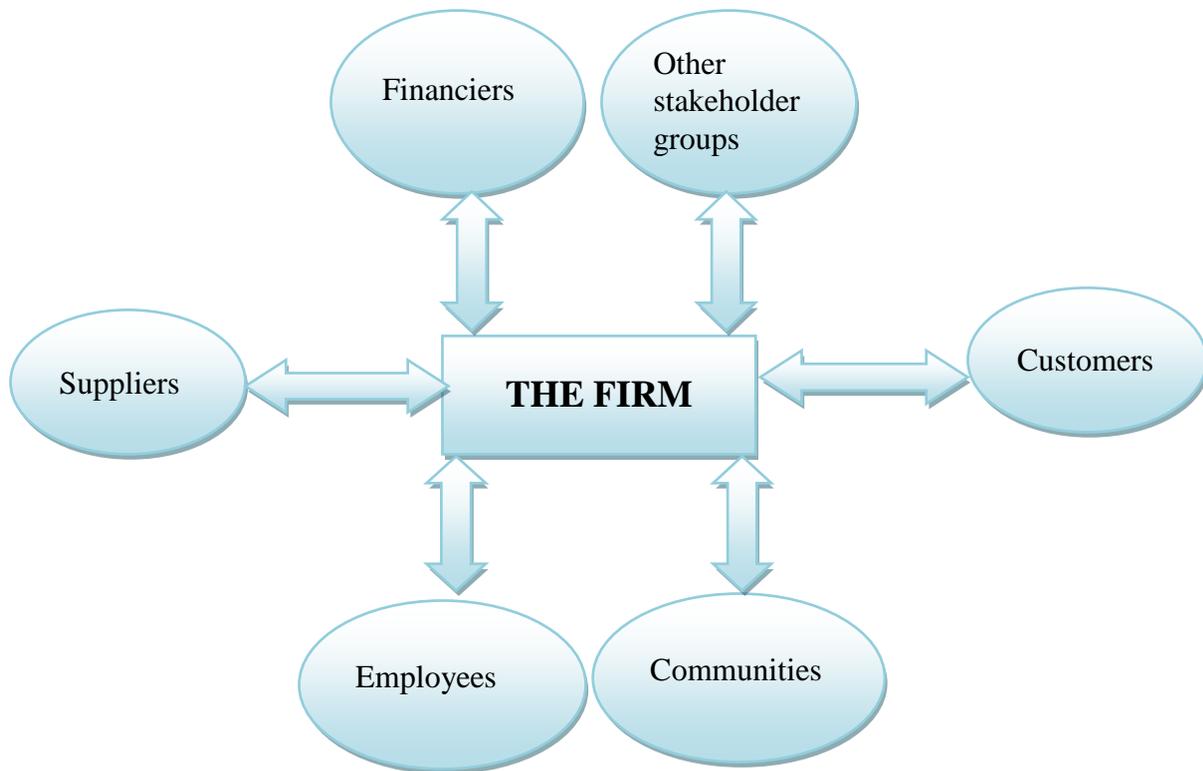
The term “stakeholder” first appeared in management literature in an internal memorandum at the Stanford Research Institute (SRI) in 1963 (Freeman 1984). SRI defined stakeholders as those “groups on which the organization is dependant for its continued survival”. This definition is based on the traditional view of the firm, and limits its focus to shareholders as the owners whose needs are the only goals of the business.

Since its introduction, the concept has been consistently embedded in organizational life and is therefore difficult to discount in any management literature. It was not until 1984, when Freeman integrated stakeholder concepts into a coherent construct and defined stakeholders as “any group or individual who can affect or is affected by the achievement of the firm's objectives”. The core idea underlying this concept is that organizations are required to address a set of stakeholder expectations and management choice is a function of stakeholder influences (Brenner & Cochran 1991). Jones and Wicks (1999) summarize the basic tenets of stakeholder theory as the corporation has relationships with many constituent groups (stakeholders) that affect and are affected by its decisions, the theory is concerned with the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders, the interest of all (legitimate) stakeholders has intrinsic value, and no set of interests is assumed to dominate the others, and the theory focuses on managerial decision making.

Stakeholder theorists did not reject Friedman’s (1962) idea of profit maximization as the only goal, and nor did they support the view that managers only have moral obligations toward shareholders. To summarize, stakeholder theorists have argued for two basic theories/ideas:

To perform well, managers need to pay attention to a wide array of stakeholders (e.g. environmental lobbyists, the local community, competitors), and managers have obligations to stakeholders which include, but extend beyond shareholders. Regardless of which of these two perspectives individual stakeholder theorists emphasize, almost all of them relate to the “hub and spoke” model (Bowie 2002) depicted in Figure 2.8 which displays a range of firm–stakeholder relationships.

FIGURE 2.8 HUB AND SPOKE STAKEHOLDER DIAGRAM



Source: Bowie (2002)

In 2002, Freeman defined stakeholder theory as being to do with the redistribution of benefits and important decision-making power to all stakeholders. Once again, there was no indication of the level of importance that each group of stakeholders should be attributed. Eventually, Freeman with his co-authors (Dunham et al. 2006) provided a direction to this long-lasting confusion. They used the terms *cooperation* and *collaboration* to rank all stakeholders into two different groups, i.e.

We hypothesize that a firm ought to interact with other communities that it affects or is affected by, seeking to understand their perspectives, listen to their preferences, and evaluate impacts on them. Such interaction is best characterized as...**cooperation**.... it ought to be in closer community with those upon whom it relies for, i.e. employees, suppliers and customers. Such interaction requires deeper commitment than that necessary for the first set of communities. It requires a more active pursuit sharing interest, actions, and values. The firm's interaction with these groups must be...**collaboration** (Dunham et al. 2006, p. 38 cited in Stieb 2009).

In the book *Stakeholder Theory: The State of the Art*, Freeman et al. (2010) mentions that stakeholder theory is compatible with Friedman's (1962) maximizing of shareholder value since "the only way to maximize value sustainably is to satisfy stakeholders". To explain the difference between the two approaches, Freeman et al. (2010) states:

Friedman believes successful business means "it is maximizing profits". We believe that in order to maximize profits, companies need great products and services that customers want, a solid relationship with suppliers that keep operations on the cutting edge, inspired employees who stand for the company mission and push the company to become better and supportive communities that allow businesses to flourish (p. 11).

Steib (2009) vehemently argues against Freeman's (2002) claim that he could "revitalize the concept of managerial capitalism by replacing the notion that managers have a duty to stockholders with the concept that managers bear a fiduciary relationship to stakeholders" (p. 39). He further criticizes Freeman and Phillip's (2002) *Stakeholder theory: A Libertarian Defence* on the grounds that different opinions and interpretations of stakeholder theory put forward by Freeman et al. are contradictory. Several other authors (Elms, Berman & Wicks 2002; Key 1999) also question the credibility of this theory claiming that it lacks a theoretical foundation that can be tested. As Key et al. (2004) mentions, the stakeholder approach still extends the ability to investigate issues like CSR in business management theories.

2.5.2 DEFINITIONS OF STAKEHOLDER

A broad definition of stakeholder is "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman 1984). It can also be viewed in a narrow way as reverted to the language of the Stanford Research Institute (1963) defining stakeholders as those groups "on which the organization is dependent for its continued survival" (Windsor, 1992). Since the publication of Freeman's (1984) stakeholder theory, a large body of literature on stakeholders has developed which is varied in nature and to some extent confusing as different researchers used different theories with different aims and assumptions under the label of stakeholder theory (Deegan & Unerman 2006). The range of "stakeholder" definitions contributed by previous researchers (provided below) explain how the concept varied as the theory continued to consolidate.

TABLE 2.6 DEFINITIONS OF STAKEHOLDERS

Source (year)	Stakeholder definitions/explanations
Freeman and Reed (1983, p. 91)	Wide definition: “can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives.” Narrow definition: “on which the organisation is dependant for its continued survival.”
Freeman (1984, p. 46)	“can affect or is affected by the achievement of the organization's objectives”.
Evan and Freeman (1988, p. 79)	“benefit from or are harmed by, and whose rights are violated or respected by, corporate actions”.
Freeman and Evan (1990)	Contract holders.
Goodpastor (1991)	Strategic or moral?
Hill and Jones (1992, p. 133)	“Constituents who have a legitimate claim on the firm established through the existence of an exchange relationship” who supply “the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements).”
Carroll (1993, p. 60)	“Asserts to have one or more of the kinds of stakes in business” – may be affected or affect.....
Freeman (1994, p. 15)	Participants in “the human process of joint value creation”
Wicks, Gilbert and Freeman (1994, p. 483)	“interact with and give meaning and definition to the corporation.”
Clarkson (1995, p. 106)	“bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm “or” are placed at risk as a result of a firm's activities.”
Donaldson and Preston (1995, p. 85)	“Persons or groups with legitimate interests in procedural and /or substantive aspects of corporate activities.”
Mitchell et al. (1997)	Stakeholder salience is determined by possession of two or more attributes, i.e. power, legitimacy and urgency.
Freeman (2002)	“...redistribution of benefits....redistribution of important decision-making power to all stakeholders.”

Source: Mankelov (2003)

From the above definitions, it is evident that whilst Freeman (1984) initially focused on power relationships, Clarkson (1995), Donaldson and Preston (1995) and Evan and Freeman (1988) define stakeholders based on legitimate moral claims against enterprises. Evan and Freeman (1990) give

importance to contractual relationships; Mitchell et al. (1997) give importance to power, legitimacy and urgency and Goodpastor (1991) give importance to enterprise ethics.

2.5.3 MAJOR DISTINCTIONS OF STAKEHOLDER THEORY

The classifications of stakeholders by different scholars aim to assign each group (stakeholder) a relative importance, which an organization should consider in order to reach its objectives even though the initial version of stakeholder theory (Freeman 1984) offers no explanation with regards to this. Goodpastor (1991) categorizes stakeholders into strategic and moral groups, based on the notion of “the corporation with a conscience.” According to Goodpastor, a strategic stakeholder is able to impact on the profitability of an enterprise, and consequently their interests demand attention. A moral stakeholder is one who is affected by an enterprise with relations being in both directions. However in practice, Goodpastor argues that management needs to consider the ethical grounds while formulating business strategies and therefore these groups can hardly be mutually exclusive. Evan and Freeman (1993) classify stakeholders as being narrow or wide/broad, where the criteria for selection into each category is the extent to which stakeholders are affected by the organizations' policies and strategies. Narrow stakeholders (those who are the most affected) usually include shareholders, management, employees, suppliers and customers that are dependent on the organization's output. Wider stakeholders (those who are less affected) may typically include government, less-dependent customers, the wider community (as opposed to the local community) and other peripheral groups. While “narrow” stakeholders are too abstract in the sense that this categorization focuses on people who are involved with the organization in economic terms, “wider” stakeholders might change rapidly in a dynamic business environment (Waddock & Graves 1997).

Clarkson (1995) draws a distinction between primary and secondary stakeholders. He considers primary stakeholders to be those without whose continuing participation the corporation cannot survive as a going concern. The high level of interdependence between the enterprise and this set of stakeholders (shareholders, investors, employees, customers and suppliers) is crucial for the company's existence. In comparison to Evan and Freeman (1993), who view stakeholders as being (or not being) those who are influenced by an organization, Clarkson considers the influence in an opposite direction where stakeholders could potentially affect the organization. He defines secondary stakeholders as those who are not engaged in transactions with the enterprise and are not essential for its survival.

Clarkson also mentions that due to the changing nature of enterprises' activities, strategic managers focus on the concerns of both primary and secondary stakeholders.

In an attempt to classify the motivations of organizations when they respond to stakeholder concerns, Donaldson and Preston (1995) identify three views instrumental, descriptive and normative. According to the instrumental view, firms react to stakeholder opinions only when they are consistent with other, more important economic objectives like profit maximization. Instrumental stakeholder research prescribes, but does not question the moral legitimacy of the goals themselves. Descriptive stakeholder research analyses stakeholder management as it is found in actual organizations. It makes no prescriptive or normative assertions about the desirability of stakeholder management. Normative stakeholder theory directly addresses the moral justification of the organization and the ethics of stakeholder management. Donaldson and Preston (1995) conclude that all three are vital to the stakeholder research, but that the normative view is fundamental to all.

Another noticeable characteristic of the concept is the dynamics of stakeholders. This was acknowledged by Freeman (1984) and according to him, in reality, stakeholders change over time and their stakes depend on the strategic issue under consideration. Alkhafaji (1989) also contributes to the understanding of this concept and redefines stakeholders as the “groups to whom the corporation is responsible” at a given point of time. Mitchell, Agle and Wood (1997) developed a stakeholder prominent model which categorizes the importance of stakeholders depending on their outstanding lead. They propose that classes of stakeholders can be identified by the possession of one or more of three attributes: power, legitimacy and urgency. By including urgency as an attribute, a dynamic component mentioned by Freeman (1984) and Alkhafaji (1989) was added to the process whereby stakeholders attain salience in the minds of managers. By combining these attributes, Mitchell et al. (1997) generated a typology of stakeholders.

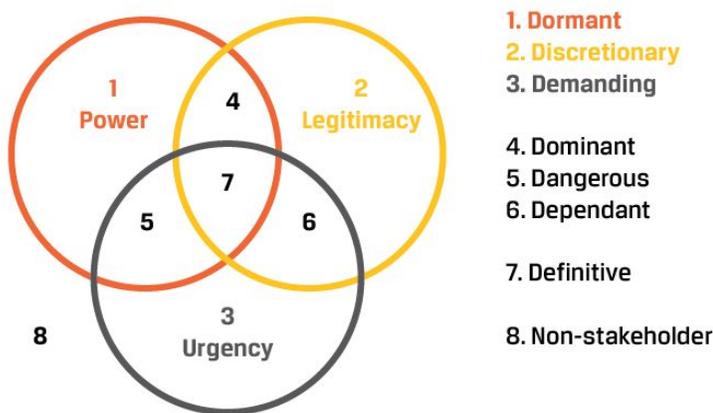
According to Mitchell et al.’s classification of stakeholders (Figure 2.8), if a stakeholder possesses only one of the three attributes, they are called latent stakeholders and have low stakeholder importance. Among these latent stakeholders, if the only attribute is power, then they are called dormant stakeholders (Area 1 in Figure 2.8); if their only attribute is legitimacy, they are called discretionary stakeholders (Area 2 in Figure 2.8) and if their only attribute is urgency, then they are termed as demanding stakeholders (Area 3 in Figure 2.8). Stakeholder importance is moderate if two attributes are present and such stakeholders are called expectant stakeholders. Among the expectant stakeholders, those having power and legitimacy are dominant stakeholders (Area 4 in Figure 2.9;

those having legitimacy and urgency are dependent stakeholders (Area 6 in Figure 2.9) and those with power and urgency are called dangerous stakeholders (Area 5 in Figure 2.9).

If all three elements are apparent in a stakeholder relationship (Area 7 in Figure 2.8), then management have a clear and immediate mandate to attend to and give priority to that stakeholder's claim. Stakeholders that have none of the three attributes are identified as non-stakeholders (Area 8 in Figure 2.8). The dynamic qualities are accommodated by explaining how stakeholders can shift between classes by attaining or losing one or more attribute.

FIGURE 2.9 MODEL OF STAKEHOLDER SALIENCE

Salience Model: Stakeholder Classification



Source: Mitchell, Agle and Wood (1997)

Since this investigation requires the researcher to keep an open mind and understand the actual scenario, Freeman’s (1984) explanation was chosen as it is the widest of all stakeholder definitions in the literature and the stakeholder salience model developed by Mitchell et al. (1997) was used to classify stakeholders according to their possession of the three attributes discussed above.

2.5.4 SME STAKEHOLDERS

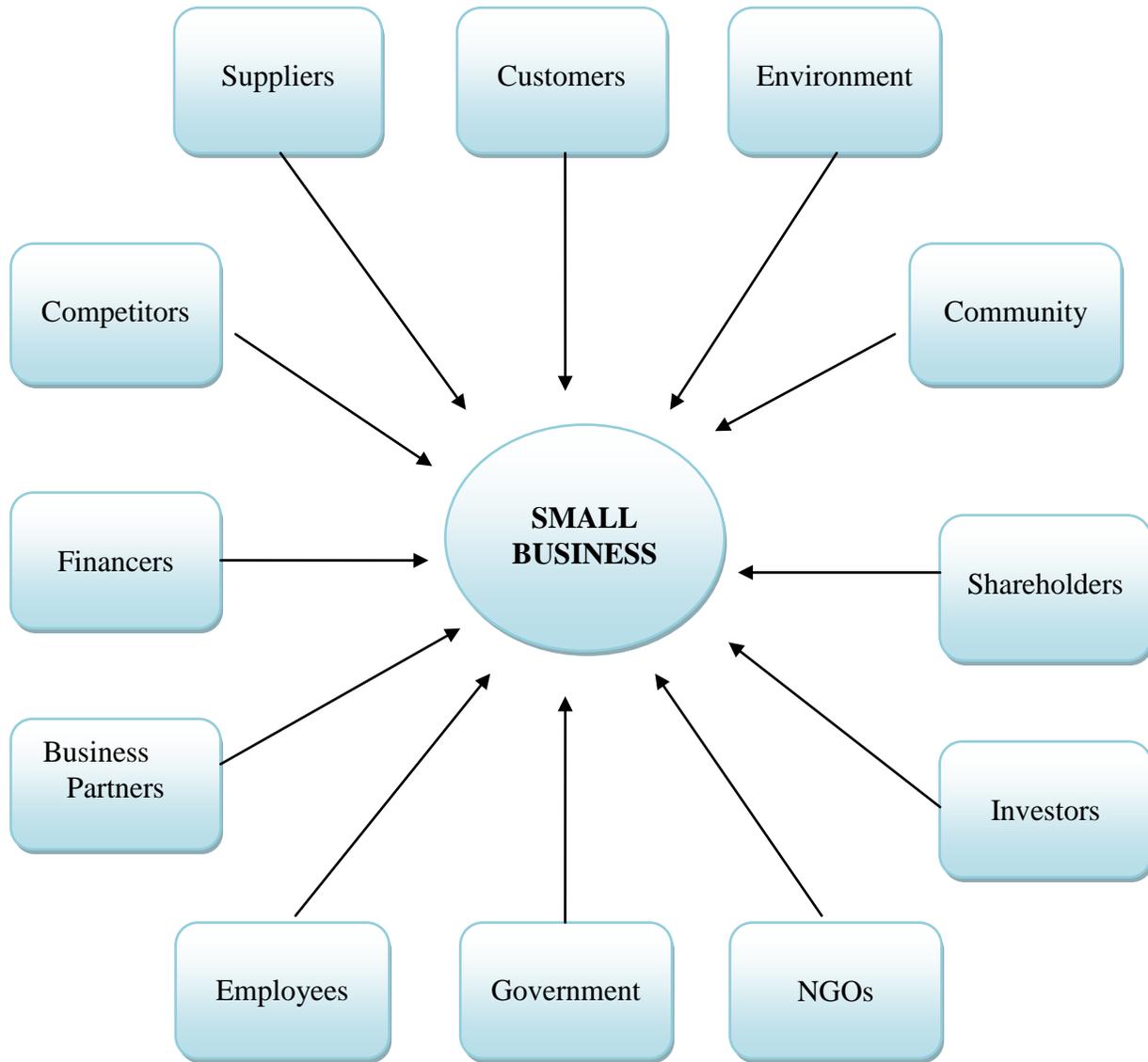
The previous sections provided a detailed overview of the stakeholder theory and the concept of stakeholders in business. In broadening the scope of traditional stakeholder theory, a growing body of academic literature has developed. It includes the bi-directional influences that may exist, not only between groups and individuals who are instrumental in ensuring the success of the firm (primary stakeholders), but crucially between groups who are not engaged in transactions with the corporation and are therefore not essential for its survival (secondary stakeholders). Eventually, the latter group is included in literature pertaining to sustainable development and corporate social responsibility (Clarkson 1995; Mitchell et al. 1997). In relation to small enterprises, Hill and Wright (2001) describe

stakeholders as the owner's personal contact networks, defined as "the relationships and alliances that individuals develop or seek to develop between themselves and others in society".

Both the above explanations demonstrate the key function of secondary stakeholders in SMEs. SME stakeholders include not only those who are economically involved but also individuals who may not have any direct influence on the business.

To avoid any omission of possible stakeholders and to maintain the comparability of this study with Mankelow's (2003) findings, this research considers all the stakeholders previously identified by Mankelow, which were eventually derived from the studies of both large (Donaldson & Preston 1995) and small enterprises (Hill & Wright 2001; Perry 1985; Robbins et al. 1997). The diagram below (Figure 2.7) lists all the stakeholders including the large organization stakeholders identified by Donaldson and Preston (1995). Also note the bidirectional arrows indicating that businesses not only influence stakeholders but are also influenced by them at the same time, as was suggested by numerous authors (Hill & Wright 2001; Freeman & Reed 1983). The list of SME stakeholders in Figure 2.9 was neither intended to be exhaustive, nor aimed to be generalized but was an attempt to include all probable stakeholders of SMEs.

FIGURE 2.10 SME STAKEHOLDERS



Source: Developed from Mankelov (2003)

SME stakeholders presented in the figure above are ranked according to their salience following Mitchell et al.'s (1997) model (Figure 2.8) introduced in the previous sections. The Sequence of the stakeholders in Table 2.3 indicates the possible SME–stakeholder relationships. According to the stakeholder salience model (Mitchell et al. 1997), issues related to stakeholders higher in the ranking list are attended to by the SME owner-manager prior to issues related to lower ranking stakeholders. For example, employee or customer (dominant stakeholder) demands are expected to be addressed before political group or community (discretionary and/or potential stakeholder) expectations.

TABLE 2.8 SME STAKEHOLDERS' SALIENCE CLASSIFICATION

Stakeholder	Attributes Mitchell et al. (1997)	Salience classification Mitchell et al. (1997)
Owners	Power/Legitimacy/Urgency	Definitive
Employees	Power/Legitimacy	Dominant
Customers	Power/Legitimacy	Dominant
Suppliers	Power/Legitimacy	Dominant
Financiers	Power/Legitimacy	Dominant
Investors	Power/Legitimacy	Dominant
Advisors	Legitimacy	Discretionary
Governments	Power	Dormant
Family of owners	Legitimacy	Discretionary
Political groups	Legitimacy	Discretionary
Trade associations	Legitimacy	Discretionary
Trade unions	Legitimacy	Discretionary
Community	Legitimacy	Discretionary/Potential

Source: Mankelov (2003)

Whilst the above ranking is supposed to hold true in most situations, there is also a dynamic element (Alkhafaji 1989; Freeman 1984) that should be considered. A stakeholder may change in relative importance and classification due to changes in the internal and/or external environments. As an example employees, being dominant stakeholders, may turn into a definitive stakeholder by gaining the attribute “urgency”, if their skills are in demand. Similarly, the importance of family members of owners can vary significantly depending on their involvement with the business. A spouse of the owner in a senior management position becomes a definitive stakeholder whereas the same person is a discretionary stakeholder if he/she passively enjoys the business rewards.

2.6 JOHANNESBURG STOCK EXCHANGE (JSE)

2.6.1 OVERVIEW OF THE JSE

The JSE Ltd (“JSE”) is licensed as an exchange under the Securities Services Act, 2004 and Africa’s premier exchange. It has operated as a market place for the trading of financial products for nearly 125 years. In this time, the JSE has evolved from a traditional floor based equities trading market to a modern securities exchange providing fully electronic trading, clearing and settlement in equities, financial and agricultural derivatives and other associated instruments and has extensive surveillance capabilities. The JSE is also a major provider of financial information. In everything it does, the JSE strives to be a responsible corporate citizen.

In 1886, the discovery of gold on the Witwatersrand led to a boom in mining and financial companies and a stock exchange was soon needed. This was the beginning of the Johannesburg Stock Exchange’s Main Board. The JSE holds a treasured position as one of the top 20 exchanges in the world in terms of market capitalization. The majority of this market capitalization is based on the companies listed on the Main Board and the JSE’s top 40 stocks are also listed here. These stocks are highly regarded by both local and international investors. The JSE was therefore established as a stock exchange in 1887. In 1947 the first legislation applicable to the operation of exchanges is introduced with the Stock Exchanges Control Act and in 1963 the JSE became a member of the World Federation of Exchanges. In January 1999, the new Insider Trading Act is introduced based on recommendations made by the King Task Group on Corporate Governance, which included representatives from the JSE. The JSE establishes, in collaboration with South Africa’s four largest commercial banks, the electronic settlement system, STRATE, and the process to dematerialize and electronically settle securities listed on the JSE on a rolling, contractual and guaranteed basis is initiated. In 2003 The JSE launches the alternative exchange (AltX). The AltX was developed in partnership with the Department of Trade and Industry (DTI).

2.6.2 ALTERNATIVE EXCHANGE (ALT ex)

AltX, the alternative exchange, is a division of the JSE Limited. It is a parallel market focused on good quality, small and medium sized high growth companies. AltX provides smaller companies not yet able to list on the JSE Main Board with a clear growth path and access to capital.

To be eligible for listing, a company must appoint and retain the services of a registered Designated Advisor - a similar role to the current JSE sponsor but with different responsibilities. They also have to comply with other quality controls such as the director of education.

Alt X has been developed for:

- An entrepreneur who runs a small or medium business and it is doing exceptionally well and who needs capital to grow. The banking sector has been consulted but unfortunately with no luck. Maybe the business is too small to list...or is it? If the company meets the Alt X listing requirements and is committed to high growth and innovation, Alt X offers extensive benefits,
- Investors, i.e. investors are always on the lookout for exciting and fresh opportunities, searching for alternatives to the top 40 stocks investing in growing businesses.

Companies can join Alt X to issue new shares, raise funds, widen the investor base and have shares trading on a regulated market. The Alt X appeals to a diverse range of companies in all sectors including young and fast-growing businesses including start ups, management buy-outs and buy-ins, family-owned businesses, black economic empowerment companies and junior mining companies. The sample for this study was drawn from small businesses listed on the ALT exchange. The next chapter (chapter three) will discuss the population and sampling issues in detail.

2.7 CONCLUSION

In conclusion, the chapter clarifies that although it is not a new concept, CSR remains an emerging and elusive idea for academics and a contested issue for business managers and their stakeholders. The chapter addresses four broad areas which are: CSR, Stakeholder theory, ALT stock exchange, and small businesses. Issues around the absence of a universally accepted definition and the fact that CSR is still developing were addressed. The origins of CSR were also traced from the 1960s to the 21st century. The concept of CSR has evolved considerably since it first emerged in the 1950s (Carroll 1999; Freeman 1984:38; Carroll and Beiler 1977; Sturdivant 1977).

The literature search revealed the fact that CSR of SMEs has received relatively little attention. Little is known about what CSR means and how it is implemented in small and medium-size enterprises (SMEs). The focus of research on large firms assumes that CSR as it is understood from a large firm perspective is universally applicable to all firms.

CSR as understood for large companies cannot simply be “cut and pasted” onto the SME reality (Jenkins, 2006). SMEs are crucial to modern economies. Small and Medium-sized Enterprises (SMEs) form 90% of the worldwide population of firms and employ more than 50% of all labour in the private sector (United Nations, 2002). This study seeks to contribute to the gap and much needed literature on CSR in SMEs that was identified through the review of literature by developing a model that explains CSR from the perspective of SMEs in South Africa.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter deals with the more practical issues of choosing and justifying appropriate research strategies to answer the research questions, and then designing instruments to generate and analyse data used in this study to achieve the underlying objectives introduced in Chapter 1.

The chapter is divided into four major sections and structured that the first part reiterates the research problem and provides rationale for embarking on this study. The second part discusses and justifies the epistemological approach adopted for the study. The third part outlines the research design and how the qualitative methodology was operationalised. The final part of the chapter provides an overview of the data collection and analytical process followed for analyzing the results.

3.2 RESEARCH PROBLEM

This study looks at SR initiatives embarked upon by small businesses. This will lead to the development of a framework that explains the link between activities, practices and motivation for undertaking corporate social responsibility from the small business perspective. Chapter 2 reviewed the literature on this study's three parent disciplines – social responsibility, small businesses, and stakeholder theory. The study seeks to identify latent underlying or non-obvious issues around social responsibility initiatives embarked upon or undertaken by a very distinct type of entity – SME so that descriptions, explanations and processes of social responsibility can be explained. Accordingly, this will enhance the theory for social responsibility in small businesses. In essence this work addresses the following research questions:

- Social responsibility activities small businesses engage in.
- The motivation behind engaging in social responsible activities.
- Motivation for engaging in social responsible activities and how they are linked.

3.3 RESEARCH DESIGN

Having established the research problem, the study pursued the qualitative methodology. The qualitative methodology was chosen because there is very little or nothing known about small business social responsibility practices. The methodology was developed by systematic categorization of observations and interactive examination of the information in the annual reports and interview data until patterns emerged. The data that emerged was analyzed using the NVIVO software. The software will be discussed in detail in the data analysis section.

3.4 PHENOMOLOGICAL ISSUES

This section aims to create an understanding of how research methods for the study are *implemented* within a phenomenological approach.

TABLE 3.1 ASSUMPTIONS OF THE RESEARCH PARADIGM RELATED TO THE CURRENT STUDY

Assumption	Question	Positivistic Paradigm	Phenomenological Paradigm
Ontological	What is the nature of reality?	Reality is objective and singular, apart from the researcher.	Reality is subjective and multiple as seen by participants in a study. Content analysis is conducted to determine social responsibility initiatives and the motivation behind them.
Epistemological	What is the relationship of the researcher to the researched?	Researcher is independent from that being researched. <i>Data is collected via a research instrument</i>	Researcher interacts with that being researched. <i>The researcher conducted content analysis with annual reports for 24 companies over a 5 year period.</i>
Axiological	What is the role of values?	Value-free and unbiased. <i>Data analysis is done with a software package</i>	Value-laden and biased. <i>The researcher interacts with the data and does thematic analysis</i>
Rhetorical	What is the language of the researcher?	Formal. Based on set definitions and use of accepted quantitative words.	Informal and evolving decisions.
Methodological	What is the process of research?	Highly structured	In-depth investigations

Source: Adapted from Creswell (1994)

This study is venturing into a new area that calls for a qualitative approach and it is on that basis that the epistemological approach is phenomenological in nature. It would not have been appropriate and adequate to use the positivist approach because positivists view the social world, and believe that facts about this external world can be gathered through a specific set of methods (Easterby-Smith, Thorpe & Lowe 1991). These methods are usually objectively described and measured (Lincoln & Guba 1985).

Positivists are mostly concerned with the confirmation of theories (Deshpande 1983) and less with the discovery, development or “context of discovery” of theories (Lincoln & Guba 1985, p. 25).

Quantitative data collection methods, including controlled experiments and surveys, are used to test sets of hypotheses within this paradigm (Tsoukas 1989). A positivist paradigm was not suitable for this research for mainly three reasons:

- A lack of existing theories related to socially responsible behaviour in SMEs, especially in South Africa. There is very little theoretical material available for the researcher to test CSR in the South African context.
- This research involves the experiences and life stories of people and was concerned more with theory building/modifying than with theory testing. Positivists usually establish approaches that are used to support or reject hypotheses, or explanations of phenomena rather than trying to explain why and how the phenomena occurred. In contrast, this research aimed to explore and explain an existing phenomenon realistically. It should also be noted that this research finally evaluated the relevance of the stakeholder theory to explain SMEs’ approaches but does not test any existing SR theories.
- The positivist paradigm was not appropriate because this research investigated a business management practice in a situation that cannot be controlled.

Positivism was not considered as a suitable paradigm for this kind of research problem.

Within a research context, there exist numerous paradigms as identified by various authors. Easterby-Smith, Thorpe and Lowe (1991) group paradigms as positivist and phenomenological (interpretivist) based on deductive and inductive orientation. Lincoln and Guba (1994), Perry, Riege and Brown (1999) summarize paradigms as positivism, constructivism, critical theory and realism. In 2001, Jennings proposed six paradigms: positivism, interpretive social science approach, critical theory orientation, feminist perspectives, the post-modern approach and the chaos theory orientation. Whilst a detailed discussion of each category is beyond the scope of this research, an overview of the two major paradigms – positivist and interpretivist is shown in Table 3.2 below.

TABLE 3.2 OVERVIEW OF RESEARCH PARADIGMS

Dimension	Positivist viewpoint	Interpretivist viewpoint
Research position	Descriptive, causal, deductive, theory confirming, world is external and objective	
Direction of research inquiry	Measurement and analysis of causal relationships between variables that are generalised across time and content	Development of ideographic, knowledge based social experiences such as human ideas, beliefs, perceptions and values
Research strategies	Experiment, surveys	Case study, action research, etc.
Methodology	Outcome and verification-oriented	Process oriented, discovery Oriented
Causality	Cause and effect relationships	Causal tendencies, generative Mechanism
Interview questions	Mainly closed with limited probing	Open with probing
Judgment of research quality	External validity and reliability are critical	Construct validity is important
Sample size	Large	Small
Data collection	Structured	Semi-structured, unstructured (investigated in depth or over time)
Interaction of interviewer and phenomenon	Independent and value free, one-way, distant and unbiased	Mutually interactive, value-laden, close and biased
Perspective of respondent	Emphasis on 'outsiders' perspective being distant from data	Emphasis on the insiders' Perspective
Information per respondent	Varies according to question	Extensive (broader question)
Type of data gathered	Replicable, discrete elements, Statistical	Information rich and deep, contextual, non-statistical, somewhat subjective reality
Physical aids	Questionnaires, statistical software programs	Recorder, interview guides, visual methods

Source: Adapted from Lyon (2003), Bryman (1998), Creswell (2003), Easterby et al.(1991)

Owing to this subjective and exploratory theory building aspect of the research, an interpretivist paradigm seemed more appropriate than a positivist approach entailing an objective interaction (Jennings 2001). In the words of Perry and Coote (1999), “in many areas of the social sciences, existing deductive theory testing research methods do not adequately capture the complexity and dynamics of organizational settings”. Similar conclusions are drawn by Carson et al. (2001); Easterby-Smith, Thorpe and Lowe (1991) and Parkhe (1993) as they suggest an interpretivist strategy employing a realist epistemology can better access a “hidden slice of reality” such as managerial perceptions. This research undertook a qualitative study from an interpretivist perspective.

As shown in chapter two, there is no study in South Africa that has looked at small business social responsible initiatives. There are no studies that link SR initiatives and motivation. The most comprehensive study on small enterprise CSR in South Africa was conducted by Soobramoney Chetty, (2008). In his study, he looks at social responsibility among small and medium enterprises in one province, KwaZulu-Natal. He examined the perceptions and behaviours of the owners/managers of small and medium-sized enterprises regarding the social responsibility of their businesses. He also examined whether SMEs are less socially responsible than large organizations.

3.5 STUDY POPULATION

The target population of this research was SMEs listed on the ALT exchange (alternative exchange) The ALTX is a division of the JSE focused on good quality, small and medium sized high growth companies. Information about this population was gathered from ALT exchange. The total number of the ALT exchange listed small business is fifty two (52). The sectorial breakdown is as follows:

- Four (4) in construction,
- Seven (7) in mining,
- Eleven (11) in manufacturing,
- Eleven (11) in finance and insurance,
- Twelve (12) in Real Estate and Business Services,
- Five in Travel and Personal Services,
- One in Electricity, Oil, Gas and Water Supply, and
- One in Agriculture.

3.6 SAMPLING ISSUES

Twenty four (24) of the fifty two (52) companies listed on the ALT exchange were selected to be part of the study. Of the twenty four (24) a further five (5) was selected for interviews. The companies were selected from nine (9) industries – which included Construction, Mining, Manufacturing, Finance, Real Estate, Wholesale and Retail, Transport Storage and Communication, Transport, Electricity, Oil and Gas, and Agriculture. The annual reports analyzed were between 2008 and 2012. This process involved collating the electronic copies of the company’s annual reports of companies listed on the ALT exchange. The interviews involved open ended questions to verify the information gathered from the annual reports. This study made use of publicly available information or secondary data and data obtained from the interviews. Table 3.3 below outlines description of the sample.

TABLE 3.3 SAMPLE DESCRIPTION

Company name	Sector/ industry	Core business activities	Years in business	Total no. of employees	Turnover
Accentuate Ltd	Construction	Manufacture and supplier of floor covering materials	60	244	R282.67m (ar2012)
B&W Instrumentation	Construction	Electrical and instrumentation	40	733	R683.40m 2011
Brikor Ltd	Construction	Manufacturer and supplier of building and construction materials	12	566	R134.80m (ar2012)
ER Bacon investment holdings Ltd	Construction	Providing heavy civil engineering construction and commercial and industrial building services	6	2360	R1156.10m (ar2012)
Bioscience brands Ltd	Manufacturing	Manufacture of pharmaceuticals, medicinal chemicals and botanical products	8	10	R24.51m (ar2012)
Nutritional holdings	Manufacturing	Manufacture of pharmaceuticals, medicinal chemicals and botanical products	9	49	R41.07m (ar2012)
Rare holdings Ltd	Manufacturing	Manufacturing of basic chemicals, except fertilizers and nitrogen compounds			R315.20m (ar2011)
Chemical Specialities Ltd	Manufacturing	A paint and coatings company manufactures high-technology automotive, industrial and decorative paints and related products.	8	624	R380.80m (ar2012)

African dawn capital Ltd	Finance	Providing structured finance products to commercial enterprises	15	132	R31.50m (ar2012)
Blackstar group	Finance	Other financial intermediation	15	1020	R31.50m (ar2012)
Finbond group Ltd	Finance	Provides financial products to a significant portion of the economy that is not serviced by mainstream banking institutions.	12	463	R168.40m (ar2012) (r30.6m - net interest income)
Oasis crescent property fund	Finance	Real Estate activities with own or rented property	8		R59.50m (ar2012) (r37.5m - net rental income)
Stratcorp Ltd	Finance	Other financial intermediation	13	134	R81.30m (ar2011)
Vunani ltd	Finance	Security dealing activities	6	100	R107.89m (preliminary 2012)
African eagle resources plc	Mining	Manufacture of basic precious metals & non-ferrous metals	48		R107.89m (preliminary 2012)
Diamondcorp plc	Mining	Mining of diamonds	8	23	R0.00m (ar2010 - no revenue received for the year.)
WG Wearne Ltd	Mining	Stone quarrying, clay & sandpits	68	810	R384.50m (ar2011)
Imbalie beauty Ltd	Travel and personal services	Perfumes, cosmetics and other toilet preparations	10	450	R56.60m (ar2011)
Interwaste holdings Ltd	Travel and personal services	Production of organic fertilizer	7	1300	R455.90m (ar2011)
Telemasters	Travel and personal services	Telecommunications (b: infrastructure & related services,		47	R236.90m (ar2010) estimated profit r7.8m (net)
Workforce holdings Ltd	Travel and personal services	Labour recruitment and provision of staff	no information	no information	no information

Silverbridge	Estate and business services	Software solutions	18	83	R121.00m (ar2011)
Isa holdings ltd	Estate and business services	Computer & related activities	15	30	R 64.20m (ar2012)
Sable holdings Ltd	Estate and business services	Developing Real Estate	47	26	R 30.20m (ar2011) (r28.4m - rental revenue)

Source: Developed for this study

In summary, the conditions for the sample companies were stipulated so that:

1. Companies are listed on the JSE ALT exchange,
2. Companies must have issued and published audited annual reports between 2008 and 2012, and
3. Annual reports must have been available on the ALT exchange.

The research focused on medium enterprises who have developed to the extent of listing because as mentioned before this is an area that has not been explored in South Africa. It made sense to commence by investigating these small businesses with high growth before micro and small businesses are investigated. The researcher decided to look at the upper end which consists of the big competitors of this important sector of SMEs. The researcher would not have been able to consider all SMEs because of the magnitude of this sector. As mentioned in chapter 2 of this study the SME sector accounts for 90% of businesses in South Africa. Future studies could investigate at the lower end consisting of micro and small enterprises.

3.6.1 SAMPLE SIZE

As mentioned before there are fifty two (52) companies on the ALT exchange and the researcher decided to consider all of them to be representative of the study. Only companies that have published annual reports for the past five years were selected. The next stage was investigating only those companies that had generated annual reports over the last five (5) years and omitted those that have not been operating or publishing annual reports. The researcher then decided to categorise the companies according to sectors. The study started off by selecting all the listed companies and categorizing them into sectors as shown in table 3.4.

TABLE 3.4 STUDY SAMPLE

INDUSTRIAL SECTOR	POPULATION	SAMPLE	SAMPLE AS A % OF POPULATION
Construction	4	4	100%
Mining	7	3	43%
Manufacturing	11	4	36%
Finance and Insurance	11	6	55%
Real Estate and Business Services	12	3	25%
Travel and Personal Services	5	3	80%
Wholesale, retail trade, catering & accommodation	0	0	
Transport, storage and communication	0	0	
Electricity, Oil, Gas and Water Supply	1	0	
Agriculture	1	0	
Total	52	24	

Source: Developed for this study

The table above and the explanation that was done before show that the selected samples were not randomly selected. They were selected on the basis of known attributes, criteria and features.

They were selected on the basis of being listed on the JSE Alt exchange, and publishing annual reports between 2008 and 2012. Denscombe (2008) argues that all cases studies need to be chosen on the basis of their relevance to the practical problems or theoretical issues being researched. The cases selected will give a clear representative of the items. The number of companies examined is fifty two (52) for the years 2008 to 2012 respectively. Companies, for which annual reports for the period between 2008 and 2012 could not be found, were omitted. Because of this condition and process four (4) industries (Wholesale, Retail Trade, Catering and Accommodation, Transport, Storage and Communication, Electricity, Oil, Gas and Water Supply, Agriculture) were omitted. Six (6) industries were represented, i.e. Construction, Mining, Manufacturing, Finance and Insurance, Real Estate and Business Services and Travel and Personal Services.

3.6.2 STUDY SETTING

The study will be carried out in South Africa with companies that are listed on the ALT exchange. There are fifty two (52) companies listed on the ALT Exchange, in the following sectors: four (4) in construction, seven (7) in mining, eleven (11) in manufacturing, eleven (11) in finance and insurance, twelve (12) in Real Estate and Business Services, five (5) in Travel and Personal Services, 0 in Wholesale, Retail Trade, Catering and Accommodation, 0 in Transport, storage and communication, one (1) in Electricity, Oil, Gas and Water Supply, and one (1) in Agriculture. It's a longitudinal method, whereby companies' annual reports from a number of years, were selected.

Of these companies, only those with published annual reports over 5 years (2008 to 2012) were used for the purposes of this study. The sectors contribute the following to GDP:

Mining: 10% Manufacturing: 12.3% Finance, Real Estate and Business Services: 21.2% Construction: 3.9% Electricity and Water: 2.6% Wholesale, Retail and motor trade: 16.2% Transport, Storage and Communication: 9% Government Services: 16.7% Personal Services: 5.9% Agriculture: 2.2%.

Percentages based on 2012 GDP data from Statistics SA.

All the companies included in the study were according to categories in industry and are listed in Table 3.4.

3.7 QUALITATIVE DATA COLLECTION

The preceding sections described the research paradigm and justified the research methodology and sampling procedure that was adopted for this research. This section describes the data collection activity that was undertaken through analyzing annual reports and semi-structured in-depth interviews following the protocol developed for this study.

3.7.1 Research Instruments

This research used annual reports and interviews as a data source. There are advantages in using annual reports as a data source because it is readily available and accessible. Since it is a secondary data source, information disclosed in annual reports does not involve any subjectivity. Also, annual reports are the chief communications path for the transmission of communication of environmental and social information from the companies to their stakeholders. Since information in annual reports was audited under the bounds of corporate law, annual reports are considered to be more formal, authoritative and accurate for researchers. The annual reports will be accessed from the ALT exchange, a division of the JSE which caters specifically for small to medium enterprises with high growth but that are not yet eligible to list on the JSE.

3.8 INTERVIEWS

There are mainly three interview types, i.e. structured interviews, semi-structured interviews, and unstructured interviews (Jennings 2001; Merriam 1998; Minichiello et al. 1995). Structured interviews are described as “oral surveys”, in which the same standardized, carefully ordered questions are asked of each respondent (Minichiello et al. 1995). They use a broad research topic to formulate a set of interview questions used to guide the conversation. It allows scope for the researcher to ask probing questions in order to clarify responses (Minichiello et al. 1995). The other type is the unstructured interviews without any formal interview schedule.

Semi-structured interviews were adopted for this study. The semi-structured interviews technique was adopted because of its ability to collect detailed information. (Jennings 2001).

The advantages of semi-structured interviews are outlined in this section. The section justifies its use in this research. See table 3.5.

TABLE 3.5 ADVANTAGES OF SEMI-STRUCTURED INTERVIEWS

ADVANTAGE	SOURCE
Useful when informants cannot be directly observed	Creswell 1994
Allow the researcher to gain some control over the line of questioning	Creswell 1994
Permit collection of detailed information like values and opinions more accurately	Jennings 2001
Useful for clarification of responses, along with deeper exploration of research issues	Jennings 2001
Provides a more relaxed interview setting	Jennings 2001

Source: Developed for this study

3.8.1 IN-DEPTH INTERVIEWS

In-depth interviews have been described by Slocum et al (1995) as face to face discussions between an interviewer and interviewee for the purpose of gathering detailed information on particular social phenomena. These are complimentary to questionnaires as they capture some of the data omitted by questionnaires. An in-depth interview allows the researcher to probe into issues such as those addressed in research question 3. An in-depth interview allows the researcher to probe further so as to establish the extent to which companies have engaged the communities they are operating in.

More in-depth interviewing, carried out on a one-to-one basis over a period of one to two hours, is able to provide a more detailed understanding of people’s thoughts, feelings, and behaviour on important issues. The aim of in-depth interviews is to explore the reasons underlying a problem or practice in a target group and to gather ideas and information. The table below outlines the strengths and weaknesses of in-depth interviews:

TABLE 3.6 STRENGTHS & WEAKNESSES IN-DEPTH INTERVIEWS

STRENGTHS	WEAKNESSES
Has the ability to be empowering and/or therapeutic for the participants because of the narrative response.	Expertise in qualitative analysis is required to produce a quality report.
People will often provide much more detailed information in a one-on-one interview or discussion than they will in a public forum.	It is generally not possible to interview all community members.
Is useful to gain views on sensitive or complex issues.	Can be resource intensive.
May be conducted in languages other than English.	
Is effective when working with people with limited literacy.	

Source: Developed for this study

3.8.2 INTERVIEW INSTRUMENT

Marshall and Rossman (1999) suggest that methods of data collection should relate to the type of information sought. The research objectives of this study provided the foundation for the construction of the questions which guided the semi-structured interviews. This was established through the formulation of the research questions after a thorough review of the literature in Chapter 2. Table 3.6 below outlines the relationship between the research questions and their respective interview questions.

TABLE 3.7 INTERVIEW INSTRUMENT

RESEARCH QUESTION	INTERVIEW QUESTIONS
What are the social responsibility activities that small businesses engage in?	Are you familiar with the term Corporate Social Responsibility? What do you understand is meant by the term Corporate Social Responsibility? Is there any other term (other than Corporate Social Responsibility?) that you know? Are you using the term Corporate Social Responsibility? Is there any other term (other than CSR?) you would prefer to use? What does the concept of Social Responsibility mean to your company? Does your organisation have a policy on CSR? If so, how could this be best summarised? What is your company doing in the area of CSR? What initiatives are you involved in?
What is the motivation behind engaging in social responsible activities?	Are there any future CSR plans for your company? If so, what are they? What are the main drivers or motivations for your company to address questions of CSR? How are decisions on CSR taken in your company? To what extent do your stakeholders influence such decisions? Do you communicate your social responsibility initiatives?
How are activities linked to the motivation for engaging in social responsible activities?	What are the barriers to CSR? How can your company be encouraged to participate in CSR activities? What challenges do you face to undertake CSR? What do you think would encourage you to think or act more on CSR? How have you approached these barriers in order to overcome them?

Source: Developed for this study

3.8.3 TELEPHONE INTERVIEWS

Telephone interviews are largely neglected in the qualitative research literature and, when discussed, they are often depicted as a less attractive alternative than face-to-face interviewing. The absence of visual cues via telephone is thought to result in loss of contextual and nonverbal data and to compromise rapport, probing, and interpretation of responses. Telephones may allow respondents to feel relaxed and able to disclose sensitive information. Evidence is lacking that they produce lower quality data. This apparent bias against telephone interviews contrasts with a growing interest in electronic qualitative interviews.

Although used less often than face-to-face interviews in qualitative research (Opdenakker, 2006; Sweet, 2002), telephone interviews may nevertheless be a “versatile” data collection tool (Carr & Worth, 2001). Respondents have been described as relaxed on the telephone, and willing to talk freely and to disclose intimate information. Qualitative telephone data have been judged to be rich, vivid, detailed, and of high quality (Chapple, 1999; Kavanaugh & Ayres, 1998; Sturges & Hanrahan, 2004).

When compared to in-person interviews, the advantages of using the telephone include decreased cost (Chapple, 1999), increased access to geographically disparate subjects (Sturges & Hanrahan, 2004; Sweet, 2002; Tausig & Freeman, 1988), decreased space requirements (Sweet), increased interviewer safety (Carr & Worth, 2001; Sturges & Hanrahan), and the ability to take notes unobtrusively (Carr & Worth; Smith, 2005; Sturges & Hanrahan; Tausig & Freeman). Telephones allow participants to remain on “their own turf” (McCoyd & Kerson, 2006), permit more anonymity (Sweet; Tausig & Freeman) and privacy (Sturges & Hanrahan), decrease social pressure, and increase rapport (McCoyd & Kerson). Reported disadvantages include absence of visual cues (Garbett & McCormack, 2001), and the potential for distraction of participants by activities in their environments (McCoyd & Kerson, 2006; Opdenakker, 2006), although such distractions were also reported during in-person interviews (Sturges & Hanrahan, 2004).

Practical suggestions offered for conducting telephone interviews include establishing contact or rapport in person prior to conducting telephone interviews (Burke & Miller, 2001; Carr & Worth, 2001) and using a prepared script to introduce the study at the beginning of the first telephone interview (Burke & Miller). Face-to-face interviews have long been the dominant interview technique in the field of qualitative research. In the last two decades, telephone interviewing became more and more common.

Due to the explosive growth of new communication forms, such as computer mediated communication (for example e-mail and chat boxes), other interview techniques can be introduced and used within the field of qualitative research. This research used telephone interviews because of the advantages mentioned above. Six out of the selected 24 companies were interviewed. The interviewed companies were selected on the basis of availability and willingness to participate. The companies that were interviewed are as follows: Accenture, Silverbridge, Sable, Vunani, B & W Instrumentation, and Blackstar.

3.9 PILOT CASE STUDY

Yin (2009) recommends case study researchers conduct pilot case studies in order to refine the data collection process, mainly the content of data and procedures to be followed. Such a formative step helps to clarify prior theory and research questions. Zikmund (1997) defines a pilot study as “any small-scale exploratory research technique that uses sampling but does not apply rigorous standards”.

Objectives of pilot studies include the formulation of a research instrument, refinement of data collection plans in terms of content and procedures, development of relevant lines of questioning, conceptual clarification of study design and lastly, improvement of field procedures like making appointments, note taking and use of tape recorders (Carson et al. 2001; Perry 1998a, Perry & Coote 1994).

In this research, two pilot case studies were designed, based on the criteria of accessibility. The plan was to conduct telephone interviews. Low response rates, despite a well planned approach and difficulties in gaining access to relevant informants restricted the researcher from undertaking the process. As a result, necessary amendments (although very few) were made after consultation with the supervisor and continued on an ongoing basis during data collection.

3.10 ANALYSIS GUIDE

The population of the ALT exchange listed companies to be sampled is 52. Of these companies, only those with published annual reports over five (5) years (2008 to 2012) were used for the purposes of this study. The annual reports were analyzed to answer the following questions:

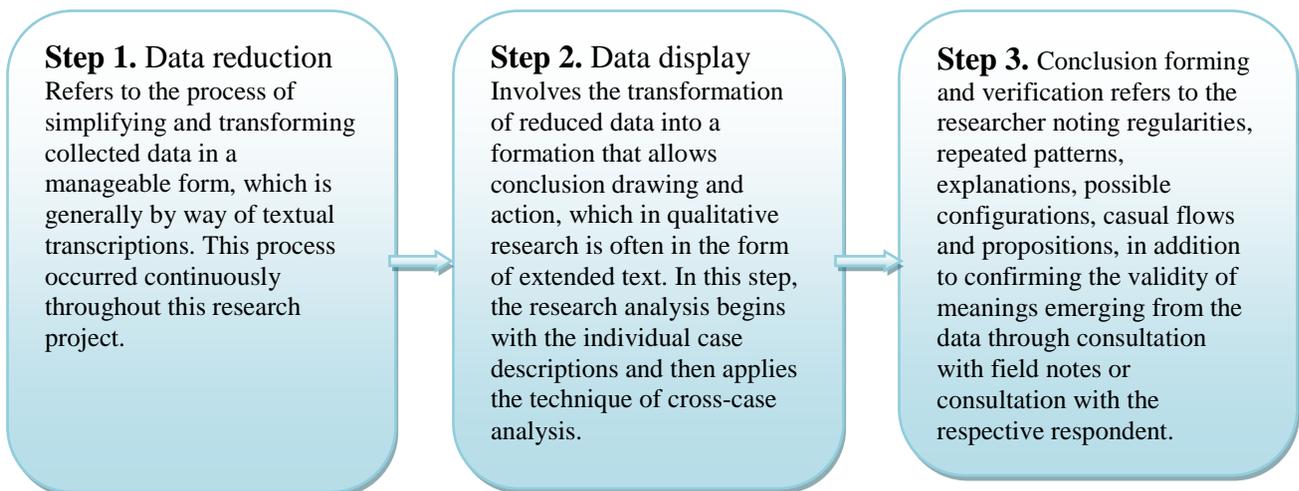
- What are the social responsibility activities that small businesses engage in?
- What is the motivation behind engaging in social responsible activities?
- How are activities linked to the motivation for engaging in social responsible activities?

- The results of the study were:
 - A small business SR practice framework consisting of SR activities and their relation with the motivation for engaging in SR activities. This was a new contribution to management theory.
 - This study contributed to the clarification of the term preferred by small businesses to refer to CSR.
 - SR Studies are mostly restricted to developed countries and to large companies. Very few studies have been done for small businesses in developing countries like South Africa. This study was based in South Africa and it filled the gap.
 - This study produced a new theory of corporate SR in small businesses in South Africa.

3.11 DATA COLLECTION AND ANALYSIS

In this section, the researcher provides evidence on how data was collected using annual reports and interviews from the samples outlined above. Written literature in the form of professional and academic journals, books, published and unpublished articles, and documents is recognized as library research. Library research was utilized to define key terms, concepts and in reviewing the concept of SR in small businesses. Data for analysis was collected from the audited annual reports of the selected companies. There is no single best qualitative data analysis method which is widely accepted (Neuman 2003). Data analysis in this research is closely related to the way the data was collected. The three-stage process proposed by Miles and Huberman (1994) was adopted. Their suggested process consists of 1) data reduction, 2) data display, and 3) conclusion forming and verification. Miles and Huberman (1994) describe the steps for undertaking this process of analysis as:

FIGURE 3.1 PROCESS OF ANALYSIS



Source: Developed for this study

Data collection and the analysis of that data was interactive (Corbin & Strauss, 1990). The analysis approach remained responsive to findings in the data collection, integrating findings into ongoing investigation and observations. While an initial plan for coding and analysis was followed, new information was examined based on the findings of prior data examination throughout the investigation. “The research process itself guides the researcher toward examining all of the possibly rewarding avenues to understanding” (Corbin & Strauss, 1990). Discovery reinforced confirmation in the observations led to concepts that were grounded in the reality of the data. The investigative questions initially guided the data coding, compilation and analysis.

The investigative questions probed in seven areas, outlined as follows:

- How was social responsibility covered, if at all, in stated annual reports?
- Which social responsibility topics were covered in the annual reports?
- What kind of information was provided regarding SR activities and what information was communicated regarding the activities?
- Which principles motivating SR participation were addressed if any?
- To what extent did SMEs link corporate social responsibility and business strategy in their disclosures?
- What benefits, if any, of SR activities were adopted by the companies? Data gathering captured SR benefits that were stated as benefits to the company, to customers, to the environment, to employee motivation and to the community.
- What were the differences in the results across industries?

These investigative questions supplied data coded to provide the framework for building Theories. The investigative questions evolved over the course of the study, taking into account what was learned from observations. Rather than tracking information in the categories listed above, for example, after the first round of data analysis, a list of seven communication elements or questions (mentioned above) was developed incorporating elements observed when examining the first three research questions. Thereafter, information was gathered to determine if each of the companies included these elements.

Coding the content of the annual reports involved noting the types of material contained in each company’s annual reports, in topic areas addressing the interests among the different stakeholder groups (Community, Environment, Suppliers, Customer, Business Partners, NGOs, Government, Shareholders, Employees), and considering the SR topics covered.

Supplementing this data was a wealth of quotes expressing the messages of the companies regarding social responsibility. These quotes revealed both communication elements and the overall messages being conveyed regarding SR.

3.12 ANALYTICAL TOOL (NVIVO)

Justification for content analysis methodology

In order to answer the research questions, the researcher carried out a thorough content analysis of the annual reports published by the selected companies of our sample for the year 2008 to 2012.

Content analysis is defined as a method of codifying text into different groups depending on selected criteria (Weber, 1990). Content analysis as a research method is also a systematic and objective means of describing and quantifying phenomena (Krippendorff 1980, Downe-Wamboldt 1992, Sandelowski 1995). Cole (1988) describes it as a method of analyzing written, verbal or visual communication messages. It is also known as a method of analyzing documents. This research method has been used extensively to investigate CSR reporting.

Content analysis allows the researcher to test theoretical issues to enhance understanding of the data. Through content analysis, it is possible to distil words into fewer content related categories. It is assumed that when classified into the same categories, words, phrases and the like share the same meaning (Cavanagh 1997). Content analysis is a research method for making replicable and valid inferences from data to their context, with the purpose of providing knowledge, new insights, a representation of facts and a practical guide to action (Krippendorff 1980). The aim is to attain a condensed and broad description of the phenomenon, and the outcome of the analysis is concepts or categories describing the phenomenon. Usually the purpose of those concepts or categories is to build up a model, conceptual system, conceptual map or categories. The process of content analysis of company disclosures is relatively objective, consistent and repeatable. It avoids problems of subjectivity associated with other methods of research because an attempt is made to measure all variables as they normally occur and no manipulation of independent variables is attempted (Neuendorf, 2002). The restrictions relating to sample size are not so rigorous and content analysis is better able to deal with incomplete sets of information presented in annual reports.

Content analysis is the longest established method of text analysis among the set of empirical methods of social investigation, Titscher, et al. (2000). Bryman, (2004) states that qualitative content analysis is

"probably the most prevalent approach to the qualitative analysis of documents" and that it "comprises a searching-out of underlying themes in the materials being analyzed."

According to Cohen et al. (2007), Content Analysis in a broader sense refers to the process of summarising and interpreting written data whereas, in a narrow context, it is a "strict systematic set of procedures for rigorous analysis, examination and verification of the content of written data." Content Analysis as a research method has been used across a number of disciplines and draws on naturally occurring data sources (e.g. the media, consumer diaries, historical documents, and email communications, (Townsend, Amarsi, Backman, Cox & Li, 2011). Content analysis has been the most commonly used method to measure CSR in the academic literature, Tewari, (2011). Many studies in literature on CSR reporting have used this technique to measure the CSR activities (Bravo, Matute, & Pina, 2012).

Krippendorff, 2004 says Content analysis is a research technique for making replicable and valid inferences from texts or other meaningful matter to the contexts of their use. As a research technique, content analysis provides new insights, increases a researcher's understanding of particular phenomena, or informs practical actions. Content analysis is a scientific tool. The most important strength of the qualitative content analysis method - whether it plays a primary or secondary role - is its focus on context and extracting meaning from textual and non-textual data. Indeed, "the drawing of inferences is the centrepiece of this research technique, (Krippendorff, 2013). Qualitative leaning researchers like Krippendorff agree that it is the contextual meaning to be gained from content analysis method that makes it so valuable. Content Analysis can be an effective method in tracking changes or monitoring trends, (Krippendorff, 2013).

The content analysis method allowed the researcher to use large files of data and systematically evaluate it, and pull out relevant information consistently.

Content research is unobtrusive. Research can gather data from documents of an event rather than interviewing those who attended. The documents may give the complete record, whereas a participant may consciously or unconsciously leave out crucial information. This prevents bias from corrupting the data. In addition, the researcher can find answers to the questions they need rather than searching through irrelevant or inappropriate information. Data analysis involves examining, sorting, categorizing, evaluating, comparing, synthesizing, and contemplating the coded data and reviewing the raw and recorded data. The data in this research was analyzed using NVivo software.

The software was used to explore the data collected to summarize and analyze the SR initiatives embarked on by small businesses and to dig deep to understand SR practices in small businesses. NVivo's powerful query tools let you uncover subtle trends, and automated analysis features let you sit up above your data and drill down into it, for example, search for an exact word or words that are similar in meaning to quickly test theories or to direct you to the areas that need further analysis.

This can be helpful when working with lots of data, like in this research. NVivo software coding scheme was used to further ensure accurate data collection in this study. The advantages of using such software to capture data include ease of result generation and compulsory data input.

When an annual report is opened the program provided step-by-step instructions. For instance, the coder is required to indicate the industry type, and tick the content categories provided. The location and word/sentence counts are also mandatory.

There is no single best qualitative data analysis method which is widely accepted (Neuman 2003). Data analysis in this research is also closely related to the way the data was collected. The three-stage process proposed by Miles and Huberman (1994) was also adopted. Their suggested process consists of: Reduction of data, Display of data and, Forming of conclusion and verification.

Miles and Huberman (1994) describe the steps for undertaking this process of analysis as:

Step 1 - Data reduction refers to the process of simplifying and transforming collected data into a manageable form, which is generally by way of textual transcriptions. This process occurred continuously throughout this research.

Step 2 - Data display involves the transformation of reduced data into a formation that permits conclusion drawing and action, which in qualitative research is often in the form of extended text. In this step, the research analysis begins with the individual case descriptions and then applies the technique of cross-case analysis.

Step 3 - Conclusion forming and verification refers to the researcher noting regularities, patterns, explanations, possible configurations, casual flows and propositions, in addition to confirming the validity of meanings emerging from the data.

3.13 UNIT OF ANALYSIS

Neumann (2006: 58) defines a unit of analysis as *the unit, case, or part of social life that is under consideration. Unit of analysis is key in concept development, empirically measuring or observing concept, and in data analysis.* According to Cooper and Chandler (2008: 234) the unit of analysis describes the level at which the research is performed and which objects are researched.

In accordance with the definitions of unit of analysis by Neumann (2006) & Cooper & Chandler (2008), and as highlighted by Neumann (2006) there can be more than one unit of analysis in one research: in this research the unit of analysis is entities/companies (small businesses that are listed on the ALT exchange, and that have been in operation for the last five years, and have published and posted their annual reports for the past 5 years).

3.14 VALIDITY AND RELIABILITY ISSUES

In qualitative research this refers to truthfulness. It refers to how well an idea fits with actual reality. Qualitative researchers pursue authenticity rather than an absolute truth. Nuemann (2006) defines authenticity as: *Giving a fair, honest, and balanced account of social life from the viewpoint of someone who lives it.* This study aimed to give a fair, honest, and balanced account of SR of small businesses listed on the Alt exchange.

3.14.1 Validity

Saunders, Lewis & Thornhill (2003) define validity as the extent to which the data collection method and/or related methodologies accurately measure what they are intended to measure, as well as the extent to which the research findings are really about what they profess to be about. According to Bless & Higson-Smith (1995), content validity is achieved by referring to the literature relating to the area of study. Construct validity is to establish correct operational measures for the concepts being studied (Perry 2001). It is “the ability of a measurement instrument to measure a construct or concept” (Aaker & Day 1980). The construct validity of this research commenced with a comprehensive review of the literature that formed the theoretical foundation of the study. A chain of evidence presented components of the research in a structured manner which includes the research problem, research questions, and audited annual reports, transcripts and data storage. Multiple sources of evidence were also obtained through a comprehensive literature review (Chapter 2). Further, the research question guide was developed in consultation with the supervisor and gradually modified to address minor issues as they emerged from the first few questions.

Guba and Lincoln (1989) elaborated on six techniques to ensure credibility which were used in this research:

(a) Prolonged engagement – Time was spent carefully analyzing the annual reports used in this study until saturation was reached – in other words until no new information was emerging.

The study also worked with annual reports published from 2008 to 2012. While the exact time spent analysing these annual reports was not quantified in the publication, the researcher presented sufficient evidence for prolonged engagement.

(b) Persistent observation - The researcher did an in-depth study to gain detail about SR in small businesses. The most relevant characteristics, which is stakeholders in this study, terms used to refer to SR and the reasons for engaging in SR was clearly identified. Enough details were gathered and sufficient depth been added to the scope which was gained through prolonged engagement.

Depth and detail was also enhanced by employing different research methods. Description of the study methods (discussed before) provided evidence of persistent observation.

(c) Peer debriefing - The researcher engaged in an ongoing discussion with the supervisor and other colleagues during the research process. The conclusions were shared during the research process.

(d) Progressive subjectivity - Progressive subjectivity focuses on monitoring bias. The researcher's conceptions changed during the process of the study and did not mainly find what was already expected.

The results of this study challenged most of the literature summarized on SR in small businesses in chapter 2. Therefore, it can be concluded that the researcher not only found what was expected, but developed a model for SR in small businesses in South Africa.

(e) Member checks - Member checks address research participants' input in the interpretations and reports. The data and interpretations were re-checked with the annual reports information. Since annual reports are audited and they are documents that are final in that they cannot be amended or changed after being published the findings and Interpretations of this study can be re-checked and confirmed by the used in the study.

3.14.2 Reliability

Reliability refers to how consistently a technique measures concepts so that other researchers get the same results when the same process is repeated (Perry 2001; Yin 1994). The same studies procedures on a particular phenomenon can be repeated in the same conditions and produce the same results (Neumann, 2006: 188). The reliability of a content analysis study refers to its stability, or the tendency for coders to consistently re-code the same data in the same way over a period of time; reproducibility, or the tendency for a group of coders to classify categories membership in the same way; and accuracy, or the extent to which the classification of a text corresponds to a standard statistically.

This research used audited annual reports from 2008 to 2012. These documents are probably one of the most important documents that a company publishes. This in itself ensures that the information is stable and re-coding can be done the same way over a period of time accurately. This is because once audited results are published they cannot be changed. Its sensitive information for any company therefore when they publish they make sure that they are as accurate as possible.

The validity and reliability issues as discussed above were succinctly summarized by Yin (2009: 41).

TABLE 3.8 VALIDITY AND RELIABILITY

TESTS	Case Study Tactic	Phase of research in which tactic occurs
Construct Validity	Use multiple sources of evidence	Data collection
	Establish chain of evidence Have key informants review draft case study report	Data collection Composition
Internal Validity	Do pattern matching	Data analysis
	Do explanation building	Data analysis
	Address rival explanations	Data analysis
	Use logic models	Data analysis
External validity	Use theory in single case studies	Research design
	Use replication in multiple case studies	Research design
Reliability	Use case study protocol	Data collection
	Develop case study	Data collection

Source: Yin (2009)

This thesis will utilize the content analysis tactics as outlined in column two of Table 3.6 above to enhance the validity and reliability of the thesis.

3.14.3 Transferability

Transferability parallels external validity and generalisability. It refers to the degree to which research results can be applied to a context apart from where they were gained or with different subjects. Situational variations might produce atypical effects. It indicates determining the extent to which findings can be applied in other contexts or with other respondents, the similarity between sending and receiving context. The researcher facilitates the transferability judgment by a potential user through “thick description” and purposeful sampling. Thick description, a term coined by Geertz (1973), is not only dense and rich in detail, but an interpretive description. The description includes the intentions of the actors and what gives actions meaning from their point of view.

What constitutes proper thick description is not completely resolved, because what are irrelevant or relevant changes, depending on the research question and the context of an inquiry.

Potential users will be provided with a database as comprehensive as possible. In this study participants are selected purposefully. The guiding idea was to select participants that are information rich that contributed the most to answering the research questions.

3.14.4 Dependability

Paralleling the concept of reliability, dependability refers to the stability of findings over time. Dependability answers the question whether research results would be the same, were the study replicated with the same or similar participants in a similar context, Bitsch, V. (2005). Detailed and comprehensive documentation of the research process and every methodological decision done in this study ensured the dependability of research findings. The longitudinal approach to this study (given the fact that the study used annual reports published between five years – 2008 to 2012 and the variety of cases studied, indicated a strong effort to ensure dependability of results.

3.14.5 Confirmability

Parallel to objectivity, confirmability deals with the issue of bias and prejudices of the researcher. Data, interpretations, and findings are supposed to be anchored in individuals and contexts apart from the researcher, Bitsch, V. (2005). The researcher's underlying epistemological assumptions and personal involvement with the research was clearly explained. The integrity of qualitative research is based upon the data themselves and the research process. Quality assurance of the research process depends on its elaborate documentation. The audit trail in this study allows data to be tracked to their sources. The logic used to integrate interpretations into a coherent research narrative is also clearly visible.

Data, research procedures, and results have been documented in different publications and can be made available for audit. The results were validated using telephone interviews. This was mainly to confirm the information on the annual reports, to confirm that those who did not report did not engage, and to ensure validity and reliability.

3.14.6 Credibility

The researcher used participants' actual words in the theory (refer to various quotes in chapter four of extracts from annual reports). Using participants' own language can add to the credibility of findings. Table 3.9 outlines the steps that were undertaken to ensure credibility.

3.9 STEPS TAKEN TO ENSURE CREDIBILITY

Credibility	Participants guide the inquiry process	The annual reports guided how the research was done
	Check the theoretical construction generated against participants' meanings of the phenomenon	NVivo software checked similar words or phrases with the same meaning as the one searched.
	Use participants' actual words in the theory	There are quotes in chapter four extracted from the annual reports
	Articulate the researcher's personal views and insights about the phenomenon explored by means of (a) Post comment interview sheets used as a tool (b) A personal journal (c) Monitoring how the literature was used	There was careful monitoring of how the literature was used and the researcher kept record of everything.
	Specify how and why participants in the study were selected - Fittingness	A clear description of reasons why and how the participants were selected was given earlier in this chapter.
	Delineate the scope of the research in terms of the sample, setting, and the level of the theory generated	The sample and the study setting were clearly explained earlier.
	Describe how the literature relates to each category which emerged in the theory	Chapter four and chapter five gives a clear description of how the literature relates to what emerged in theory

Developed for this study

It is important to acknowledge the potential for distorting or inaccurately representing a participant's intended meaning of a word, relationship, oration (speech), especially when using single words or segments of interview data for describing the phenomenon. In this study, this issue was addressed by the use of the NVivo software. The software captures words and their synonyms and all the information related to the particular word being searched or analyzed. The word "environment", was found to have different meanings consequently, the word "empowering" was described in terms of the different meanings it had to participants.

During the study, the theoretical construction generated was checked against participants' meanings of the phenomenon. There were two levels of checking the theory constructed. First, as codes developed (based on incoming data from the annual reports), questions on the analysis guide were changed and modified.

Secondly, as the theory was constructed, codes were checked and verified, through NVivo software for their relevance to the “reported” meanings/ interpretations. This allowed the researcher to refine, develop and revise the emerging theoretical structure. “The environment” was consistently expressed in relationship to “employees”. This relationship between the two codes was checked against intended meanings in the annual reports.

In this study, purposive sampling was used because data analysis was done until theoretical saturation of data was achieved. Saturation is the point at which data replicates and no new information emerges from the interviews (Morse et al. 2002). This was achieved with the annual reports over five years of twenty four (24) small businesses listed on the ALT exchange, describing the literature pertaining to each category which emerged in the theory to demonstrating the probability that the research findings have meaning to others in similar situations (i.e. transferability), For example, it was discovered that small businesses in SA do not prefer to use the term CSR.

In qualitative research, two of the major tools to ensure validity are the use of member checks and audit trails (Denzin and Lincoln, 1994). Member check is when the researcher has an outsider, though with experience in qualitative research and knowledge of the subject matter, to read the notes, questions scripts and then the data analysis and findings. This enables the outsider to check if the explanation fits the description, if the explanation is credible (Hirschman, 1986). This thesis used the member check method. It obtained the acceptance of an experienced scholar and academic to review the final thesis to check that the explanation fits the description.

The audit trail is when there is careful documentation of the conceptual development of the project which leaves an adequate amount of evidence which interested parties can reconstruct the process to reach the research’s conclusion (Hirschman, 1986). The audit trail has six types of documentation: raw data, data reduction, and analysis products, data reconstruction and synthesis products, process notes, materials relating to intentions and dispositions, and instrument development information (Denzin and Lincoln, 1994).

This thesis ensured that there is a careful documentation of all the steps in the development of this thesis and an adequate amount of evidence was provided for all the steps which can allow for a reconstruction, and be used as an audit trail by interested parties. The use of the member check and the audit trail will enhance the validity of this thesis.

3.14.6 Generalisability

In qualitative research, some authors substituted “generalisability” as a term for transferability (Denscombe, 2002). Saunders *et al.* (2007) defined generalisability as: “*the extent to which the findings of a research study are applicable to other settings*”. Kalof *et al.* (2008) pointed to doubt about generalizing the results from qualitative research studies. In this study the doubt will be reduced by using reliable sources of data for example audited annual reports for small businesses listed on the ALT exchange – a division of the JSE.

The generalisability of one's conclusions, then, is very dependent on how one determines concept categories, as well as on how reliable those categories are. It is imperative that one defines categories that accurately measure the idea and/or items one is seeking to measure. Similar to this is the construction of rules. Developing rules that allow one, and others, to categorize and code the same data in the same way over a period of time, referred to as stability, and is essential to the success of a conceptual analysis. Reproducibility, not only of specific categories, but of general methods applied to establishing all sets of categories, makes a study, and its subsequent conclusions and results, more sound.

3.14.7 Chain of evidence

Maintaining a chain of evidence is important for increasing the reliability and validity of the information presented in a case study (Yin 2003). It is useful for the researcher to ensure that each step of the study provides clear cross-referencing to methodological procedures and to the resulting evidence (Yin 2003).

3.15 LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

There are several limitations in this research. The study is limited to South African companies listed on the ALT and JSE. A number of limitations of the study are associated with the research design. The study focused on examining disclosures available through annual reports and did not consider survey responses, interviews. Internal communications, including confidential management communications and communications directed to employees and suppliers, also were not examined or considered in this study. There was also a reliance on researcher objectivity in coding and analysis of data. The researcher was careful to ensure that there are no personal connections to the companies included in the study. Furthermore, to support objectivity, specific coding keys were developed for all topics coding to support objectivity in the assessment of information.

Even though there is a requirement through the social ethics act there are not regulations, follow up or mandatory disclosure guidelines that companies can follow. What companies have disclosed may or may not match the guideline that is appropriate for a particular study. Therefore, information disclosed does not have a standard and it can be difficult for researchers to collect. This then becomes a suggestion for future research. Future research can look into other possible sources that companies disclose their social responsibility information.

3.16 ETHICAL CONSIDERATIONS

Business research ethics are “the codes of behaviour adopted by a group, suggesting what a member of the group ought to do under given circumstances” (Zikmund 2000). Ethical problems may arise in business research if “there are conflicting perspectives about behavioural expectations” (Zikmund 2000). There was need to consider any ethical issues that may affect this research. The researcher paid attention to all aspects of research ethics regarding the rights and obligations of both the researcher and listed companies. This study avoided any kind of deception. The annual reports were not altered in any way. The information was used as it was published by the companies. In addition, this research will strictly be adhered to SBL University’s code of ethics.

3.17 CONCLUSION

As illustrated in the first part of this Chapter, this study embraces a phenomenological approach complemented by a qualitative inquiry in an attempt to provide a rich description and fruitful explanation of SR initiatives embarked upon by small businesses. This was done to increase reliability, minimize biases and improve internal validity (the truth-seeking value) of the research.

This chapter presented the selection and justification of the content analysis study research methodology which was used to address the research issues raised in Chapter 2. It included descriptions of research design, the sampling procedure, the data analysis strategy and various steps to ensure the validity and reliability of this study.

Since limited information is known about social responsibility, qualitative research was pursued for this study. Exploratory analysis was conducted using content analysis of annual reports of small businesses listed on the ALT exchange. The study focused on listed on the ALT exchange. A framework was developed to present the findings using grounded theory describing the information companies communicate associated with their social responsibility.

Particularly since social responsibility disclosures have increased significantly in recent years (Brammer & Pavlin, 2004), this is an opportune time to add to the understanding of explaining how small businesses participate in social responsibility initiatives. The following chapter analyses the collected data and finally identifies the research findings.

CHAPTER 4: DATA ANALYSIS

4.1 INTRODUCTION

The first chapter provided an overview of the current issues in the area of Social Responsibility (SR) with particular attention to Small businesses. The discussions were followed by an outline of the rationale for this research, the emerging research problem and the identification of literature associated with it. In the second chapter, a thorough analysis of the literature, ‘CSR’, ‘SMEs’, ‘Stakeholder Theory’, and ‘CSR in SMEs’ was undertaken. It concluded with the formulation of three research questions which required further investigation to address the research problem. Chapter 3 justified the chosen qualitative study methodology for the research problem identified in Chapter 1. Chapter 3 also explained the sampling procedure, data collection, and data analysis, steps that ensured the credibility of this study, limitations of case study, ethical considerations, and finally the conclusions.

Chapter 4 now discusses the data analysis in detail. Information from annual reports from each company was categorized under each of the industries, the years and the three research questions. Data across the cases were then compared and analyzed. The emerging themes and inferences in the form of research findings drawn at the end of this chapter strictly reflect the concepts as they emerged from the collected data. All existing, advanced and new knowledge gained from the data analysis are compared and evaluated with the literature, along with critical insights and discussion in Chapter 5.

4.2 ALT EXCHANGE

It is a parallel market focused on good quality, small and medium sized high growth companies. The Alt X provides smaller companies not yet able to list on the JSE Main Board with a clear growth path and access to capital. This process involved collating the electronic copies of the company’s annual reports for companies. This study only made use of publicly available information or secondary data.

The economy of South Africa is the largest in Africa. It accounts for 24% of Africa’s Gross Domestic Product, and is ranked as an upper-middle income economy by the World Bank, which makes the country one of only four countries in Africa represented in this category (the others being Botswana, Gabon, and Mauritius, (The richest.org, 2012). According to official estimates, a quarter of the population is unemployed, (Bloomberg, 2010), and a quarter live on less than US \$1.25 a day, (UNDP, 2011).

The study was carried out in South Africa with companies that are listed on the ALT exchange. There are fifty two (52) companies listed on the ALT Exchange in the following sectors: four (4) in construction, seven (7) in mining, eleven (11) in manufacturing, eleven (11) in finance and insurance, twelve (12) in Real Estate and Business Services, five (5) in Travel and Personal Services, 0 in Wholesale, Retail Trade, Catering and Accommodation, 0 in Transport, Storage and Communication, one (1) in Electricity, Oil, Gas and Water Supply, and one (1) in Agriculture. It's a longitudinal method, whereby companies' annual reports from a number of years were selected. Of these companies, only those with published annual reports over five (5) years (2008 to 2012) were used for the purposes of this study.

The sectors contribute the following to GDP:

- Mining: 10%
- Manufacturing: 12.3%
- Finance, Real Estate and business services: 21.2%
- Construction: 3.9%
- Electricity and water: 2.6%
- Wholesale, retail and motor trade: 16.2%
- Transport, storage and communication: 9%
- Government services: 16.7%
- Personal services: 5.9%
- Agriculture: 2.2%

Percentages based on 2012 GDP data from Statistics SA.

As mentioned in Chapter 3, this research aimed to investigate up to fifty two (52) SMEs listed on the ALT exchange.

TABLE 4.1 STEPS UNDERTAKEN TO OBTAIN THE FINAL SAMPLE

STEP 1	Number of SMEs targeted (Total listed)	52
STEP 2	Number of sectors represented	9
STEP 3	Number of SMEs with annual reports for between 2008 and 2012	24
STEP 4	Number of SMEs sectors represented	6
STEP 8	Number of SMEs that finally participated	24
STEP 8	Number of SMEs considered for telephone interviews	24
STEP 9	Number of SMEs available and interviewed	5

Source: Developed for this research

4.3 ANALYSIS OF INDIVIDUAL CASES

This section gives an overview of all the cases that have been studied. Later in the chapter the data is reduced by data coding to enable themes to be analyzed *across* cases. For each SME, a brief introduction to the business is provided prior to the data being collected, reduced and discussed in the light of the research questions. Direct quotations from the annual reports (in italics) have been added occasionally to allow a first-hand understanding of the context.

Table 4.3 below lists the main research questions, their corresponding further questions and the outcomes of respective research questions. The outcomes of each research question highlighted particular areas of SME management with occasional overlapping between responses to different research questions.

TABLE 4.2 OVERVIEW OF THE COMPANIES STUDIED

Company name	Sector/ Industry	Core business activities	Years in business	Total no. of employees	Turnover
ACCENTUATE LTD	Construction	No information	60	244	R 282.67m (AR2012)
B & W INSTRUMENTATION	Construction	Electrical and instrumentation	40	733	R 683.40m 2011
BRIKOR LTD	Construction	Manufacturer and supplier of building and construction materials	12	566	R 134.80m (AR2012)
ERBACON INVESTMENT HOLDINGS LTD	Construction	Providing heavy civil engineering construction and commercial and industrial building services	6	2360	R 1156.10m (AR2012)
BIOSCIENCE BRANDS LTD	Manufacturing	Manufacture of Pharmaceuticals, Medicinal Chemicals and Botanical Products	8	10	R 24.51m (AR2012)
NUTRITIONAL HOLDINGS	Manufacturing	Manufacture of Pharmaceuticals, Medicinal Chemicals and Botanical Products	9	49	R 41.07m (AR2012)
RARE HOLDINGS LTD	Manufacturing	Manufacturing of Basic Chemicals, Except Fertilizers and Nitrogen Compounds	No information	No information	R 315.20m (AR2011)
CHEMICAL SPECIALITIES LTD	Manufacturing	A paint and coatings companies and manufactures high- technology automotive, industrial and decorative paints and related products.	2005	624	R 380.80m (AR2012)
AFRICAN DAWN CAPITAL LTD	Finance	Providing structured finance products to commercial enterprises	15	132	R 31.50m (AR2012)

BLACKSTAR GROUP	Finance	Other Financial Intermediation	15	1020	R 31.50m (AR2012)
FINBOND GROUP LTD	Finance	Provides financial products to a significant portion of the economy that is not serviced by mainstream banking institutions.	12	463	R 168.40m (AR2012) (R30.6m - Net Interest Income)
OASIS CRESCENT PROPERTY FUND	Finance	Real Estate Activities With Own or Rented Property	8	No information	R 59.50m (AR2012) (R37.5m - Net Rental Income)
STRATCORP LTD	Finance	Other Financial Intermediation	13	134	R 81.30m (AR2011)
VUNANI LTD	Finance	Security Dealing Activities	6	100	R 107.89m (Preliminary 2012)
AFRICAN EAGLE RESOURCE	Mining	Manufacture of Basic Precious Metals & Non-Ferrous Metals	48	No information	R 107.89m (Preliminary 2012)
DIAMONDCORP PLC	Mining	Mining of Diamonds	8	23	R 0.00m (AR2010 - No revenue received for the year.)
WG WEARNE LTD	Mining	Stone Quarrying, Clay & Sandpits	68	810	R 384.50m (AR2011)
IMBALIE BEAUTY LTD	Travel and Personal services	Manufacture of Perfumes, Cosmetics and Other Toilet Preparations (a: South African Companies)	10	450	R 56.60m (AR2011)
INTERWASTE HOLDINGS LTD	Travel and Personal services	Production of Organic Fertilizer	7	1300	R 455.90m (AR2011)
INTERWASTE HOLDINGS LTD	Travel and Personal services	Telecommunications (b: Infrastructure & Related Services, Incl Hardware, Networking & Convergence)	No information	47	R 236.90m (AR2010) Estimated Profit R7.8m (Net)
WORKFORCE HOLDINGS LTD	Travel and Personal services	Labour Recruitment and Provision of Staff	No information	No information	No information
SILVERBRIDGE	Real Estate and Business Services	Software solutions	18	83	R 121.00m (AR2011)
ISA HOLDINGS LTD	Real Estate and Business Services	Computer & Related Activities	15	30	R 64.20m (AR2012)
SABLE HOLDINGS LTD	Real Estate and Business Services	Developing Real Estate	47	26	R 30.20m (AR2011) (R28.4m - Rental Revenue)

TABLE 4.3 SUMMARY OF SOCIAL RESPONSIBILITY INFORMATION IN ANNUAL REPORTS

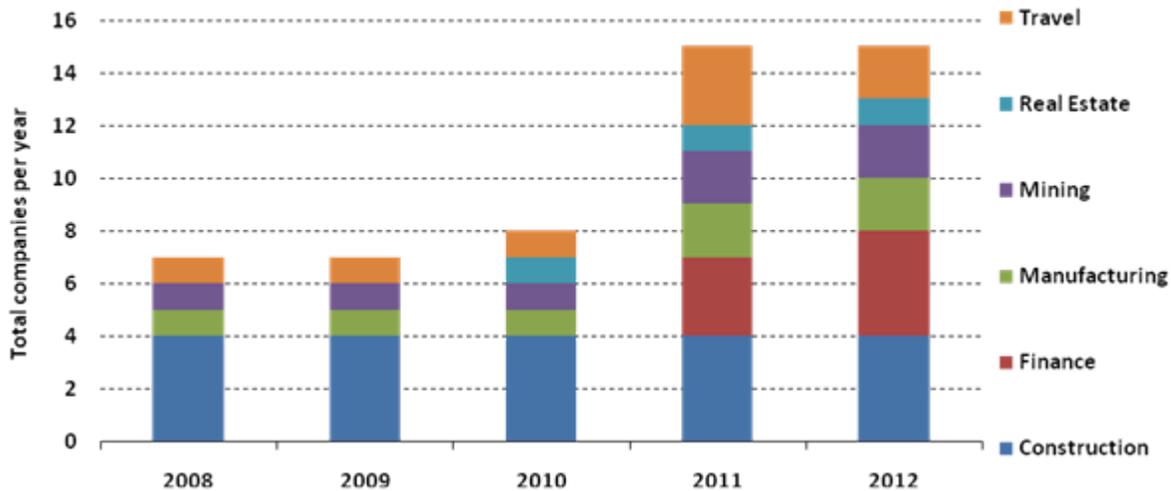
COMPANY	ANNUAL REPORTS				
	2008	2009	2010	2011	2012
MANUFACTURING					
Rare Holdings	No Information	No Information	No Information	No Information	No Information
Nutritional Holdings	No Information	No Information	No Information	Yes – Under Sustainability Report	Yes – exactly same info as last year
Bionscience Brands	No Information	No Information	No Information	Sustainability Report mentions Corporate Citizenship but nothing much	Sustainability Report -Yes – exactly same info as last year
Chemical Specialities	Yes Under Sponsorships	Yes Under Sponsorships	Yes Under Sponsorships	Yes Under Sponsorships and Under Strategy	Yes Under Sponsorships and Mission
CONSTRUCTION					
Accentuate	Yes – Under CSI	Yes – Under CSI	Yes – CSI Under Sustainability Report	Yes – CSI Under Sustainability Report	Yes - Under Sustainability Corporate Social Investment Report
B & W Instrumentation	Yes – CSI Under Sustainability Report	Yes – CSI Under Sustainability Report	Yes – CSI Under Sustainability	Yes – CSI Under Social Review	Yes – Under Performance – Socio-Economic Dvt
Brikor	Yes – Under CSI	Yes – Under CSI	Yes – Under Sustainability	Yes – Under Sustainability	Yes – Under CSR
E R Bacon	Yes – Under CSR	Yes – Under CSR	Yes – Under CSR	Yes – Under CC Corporate Citizenship	Yes – Under CC – Corporate Citizenship

FINANCE & INSURANCE					
African Dawn Capital	No Information	No Information	No Information	No Information	No Information
Blackstar	No Information	No Information	No Information	No Information	No Information
Finbond	No Information	No Information	No Information	Yes – Under Social Responsibility	Yes – Under Social Responsibility
Oasis	No Information	No Information	No Information	Yes – Under Social Responsibility but not much information	Yes – Under Social Responsibility but not much information
Startcorp	No Information	No Information	No Information	Yes – CSI Under Social Performance	Yes – CSI Under Social Performance
Vunani	No Information	No Information	No Information	No Information	No Information
MINING					
Diamond Corp	No Information	No Information	No Information	No Information	No Information
African Eagle Resources	Yes – Under Corporate and Social Responsibility	Yes – Under Corporate and Social Responsibility			
W G Wearne	No Information	No Information	No Information	Yes – Socio-Economic Dvt under Sustainability Review	Yes – Socio-Economic Dvt under Sustainability Review

REAL ESTATE AND BUSINESS SERVICES					
Isa Holdings	No Information	No Information	Yes – Under Corporate Governance - But very little and they mention that they intend to do something Showing that They are actually not doing anything	Yes – Same Infor - Under Corporate Governance - But very little and they mention that they intend to do something Showing that They are actually not doing anything	Yes – Corporate Social Development – Under Sustainability
Sable	No Information	No Information	No Information	No Information	No Information
Silverbridge	No Information	No Information	No Information	No Information	No Information
TRAVEL AND PERSONAL SERVICES					
Imbalie	No Information	No Information	No Information	No Information	No Information
Interwaste	No Information	No Information	No Information	Yes – Under Sustainability	Yes – Under Sustainability
Telemasters	No Information	No Information	No Information	Information - Under Corporate Governance - But very little and they mention that they intend to do something showing that They are actually not doing anything	Information - Under Corporate Governance - But very little and they mention that they intend to do something showing that They are actually not doing anything
Workforce	Yes – Under Social Report	Yes – Under Social Report	Yes – Under Sustainability Review	Yes – Under Sustainability Review	Yes – Under Sustainability Review

4.4 CONTENT ANALYSIS FINDINGS

FIGURE 4.1 NUMBER OF COMPANIES ENGAGING IN CSR ACTIVITIES



The chart above shows the number of companies engaging in SR since 2008. The heights of the bars represent the total number of companies in a particular year and the different blocks constituting the bar show the contribution by each sector from the analyzed companies.

From the chart, we can observe that the number of companies engaging in SR activities increased during the observation period, with the numbers increasing from seven (7) in 2008 and 2009 (from a sample of the twenty four (24) analyzed companies), to eight (8) in 2009 and peaking at fifteen (15) in 2011 and 2012. The increase in the total number of companies engaging in SR shows an improvement engagement in SR related issues. Additionally, the increase in the number of sectors engaging in SR shows the continuing development of SR as a concept ant that it has been embraced by different sectors of the economy under study. In 2008 and 2009, four (4) out of the six (6) surveyed sectors reported on engaging in SR activities. In 2010 five sectors were involved. In 2011 and 2012 all six (6) sectors at least reported on some SR engagement.

TABLE 4.4: SOCIAL RESPONSIBILITY ACTIVITIES TRENDS FROM 2008 TO 2012

Number of Companies engaging in CSR activities						
	2008	2009	2010	2011	2012	Total per Sector(Analysed)
Construction	4	4	4	4	4	4
Finance	0	0	0	3	4	6
Manufacturing	1	1	1	2	2	3
Mining	1	1	1	2	2	3
Real Estate	0	0	1	1	1	3
Travel	1	1	1	3	2	4
Total per Year	7	7	8	15	15	

The rows in the table above show the number of companies engaging in SR activities per sector. The columns show the numbers per year. The bottom row is the total number of companies per year whilst the last column represents the number of companies analyzed during the analysis period.

The table shows that the Construction sector has been the most consistent in engaging in SR activities with all the companies giving feedback in all the five (5) years under study. Four (4) out of four (4) companies were active from 2008 till 2012. Judging from the data, the financial services sector and the Real Estate sector seemed to be last sectors to embrace SR since it only started engaging in 2011 and 2010 respectively whilst all others started earlier (2008) during the observation period. The Real estate industry has still not fully embraced SR with only one (1) of the three (3) analyzed cases engaging in SR activities.

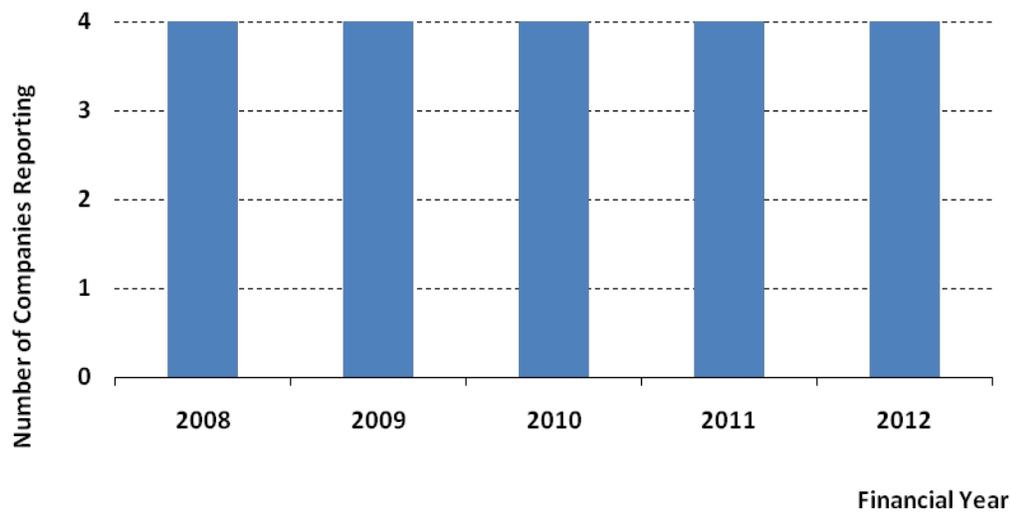
In 2008 and 2009 two of the sectors sampled – finance and real estate did not engage in social responsibility activities. In 2010 real estate started engaging. From 2011 we see the finance industry starting to engage in social responsibility activities. The construction industry has been consistent in engaging in social responsibility activities since 2008. All four sampled companies were involved in social responsibility activities.

4.5 DETAILED ANALYSIS PER SECTOR

In this section the blue bars represent the number of companies engaging in SR and red bars represent the number of companies not engaging.

Construction Sector

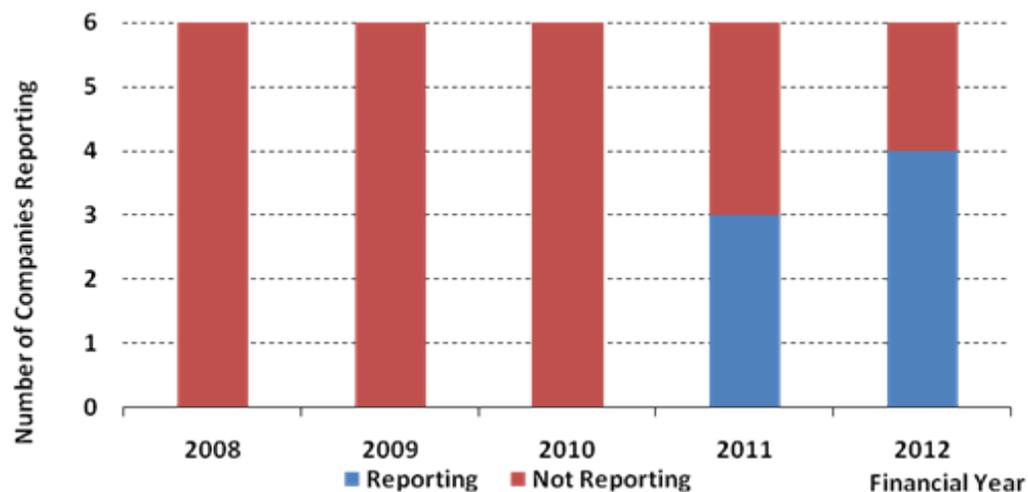
FIGURE 4.2: NUMBER OF COMPANIES ENGAGING IN SR ACTIVITIES



As mentioned above the blue bars represent the number of companies engaging in SR and red bars represent the number of companies not engaging. The sum of the two bars is the total number of companies in the sector. From the chart, we can see that the total number of companies in the construction sector is four. Of the four construction companies observed, all of them actively engaged in SR activities during the period of observation. No red bars for the construction sector.

Finance Sector

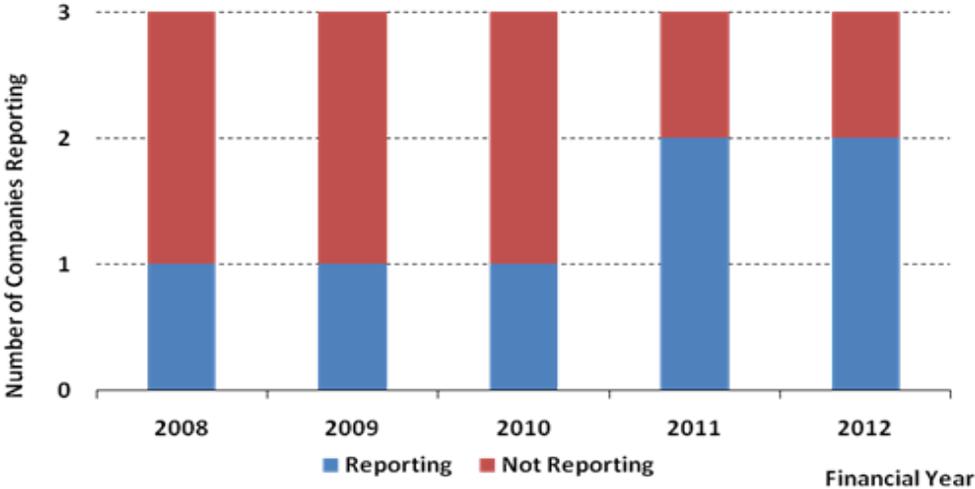
FIGURE 4.3: NUMBER OF COMPANIES ENGAGING IN SR ACTIVITIES



As mentioned before the blue bars represent the number of companies engaging in SR and red bars represent the number of companies not engaging. The sum of the two bars is the total number of companies in the sector. From the chart, we can see that the total number of companies in the finance sector is six. Of the six finance companies observed, none of them engaged in SR activities during the first three financial years of the observation period. Judging from the data, the financial services seemed to be last sector to embrace SR since it only started engaging and being active in 2011 whilst all others started earlier during the observation period. Unlike the construction sector, not all companies had embraced engaging in SR activities by the end of the 2012 financial year with three (3) out of six (6) engaging in 2011 and four (4) out of six (6) in 2012. There is an improvement as far as year on year numbers are rising.

Manufacturing Sector

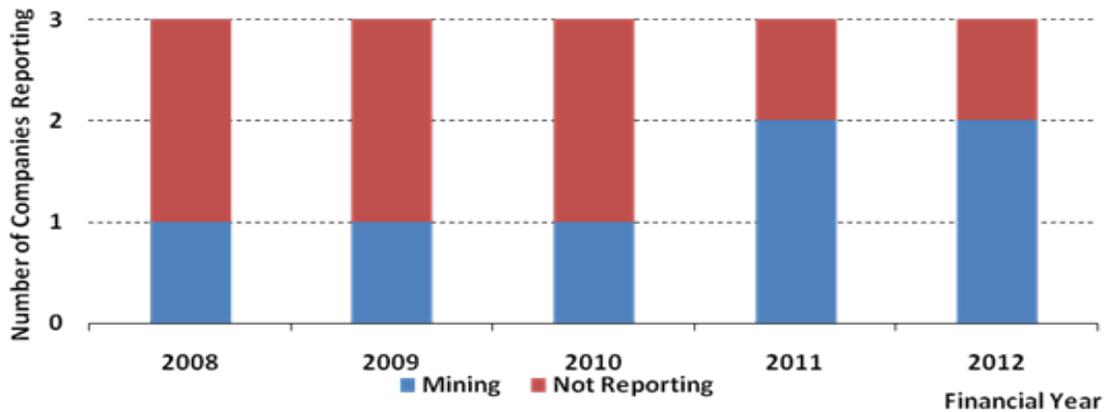
FIGURE 4.4: NUMBER OF COMPANIES ENGAGING IN SR ACTIVITIES



The graph shows that the total number of companies in the manufacturing sector is three (3). Between 2008 and 2010 only one of the three engaged in SR activities. 2011 and 2012 shows an improvement with two (2) of the three (3) companies engaging in SR activities although not all companies had embraced engaging in CSR activities by the end of the 2012 financial year.

Mining Sector

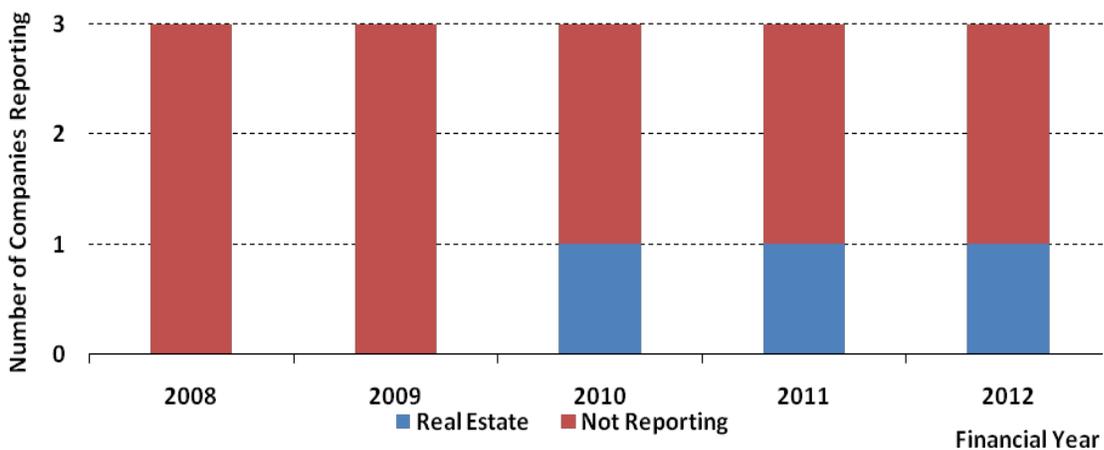
FIGURE 4.5: NUMBER OF COMPANIES ENGAGING IN SR ACTIVITIES



The blue bars represent the number of companies engaging in CSR and red bars represent the number of companies not engaging. The sum of the two bars is the total number of companies in the sector. The mining sector shows similar results to the manufacturing sector discussed before.

Real Estate Sector

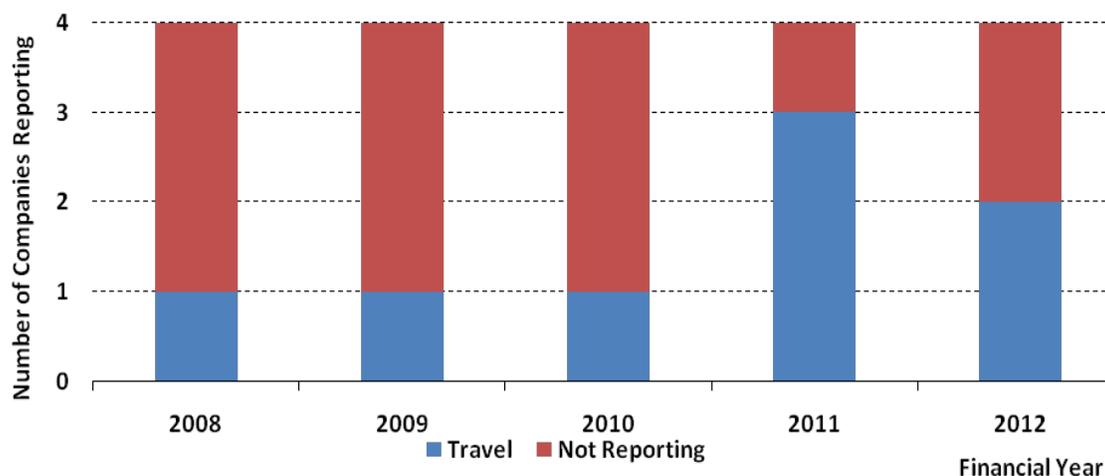
FIGURE 4.6: NUMBER OF COMPANIES ENGAGING IN SR ACTIVITIES



None of the three companies in the Real Estate sectors engaged in SR activities in 2008 and 2009. Between 2010 and 2012 one (1) of the three companies analyzed got involved. The results show that the Real Estate sector has been very slow in embracing SR.

Travel

FIGURE 4.7: NUMBER OF COMPANIES ENGAGING IN SR ACTIVITIES



The chart shows that the total number of companies analyzed in the Travel sector is four (4). Between 2008 and 2010 only one (1) of the four (4) engaged in SR activities. 2011 shows a big improvement with three (3) of the four (4) companies engaging in SR activities although there is a slight decrease in 2012 with two (2) out of the four (4) engaging.

4.6 TERMINOLOGY PREFERENCE FOR SOCIAL RESPONSIBILITY

Table 2 below, shows nine terms associated with social responsibility that were identified and drawn from literature and in annual reports of companies listed on the Alt X. The most frequently cited term is “sustainability”, cited 114 times in annual reports from 2008 to 2012 followed by corporate social investment which was cited 29 times during the same period.

TABLE 4.5 SOCIAL RESPONSIBILITY TERMS IN ANNUAL REPORTS

Terms vs. Year	2008	2009	2010	2011	2012	Total
Sponsorships	2	4	4	1	1	12
Corporate Citizenship	2	2	0	1	4	9
Corporate Social Responsibility	1	1	4	4	0	10
Corporate Social Investment	4	4	4	8	9	29
Social Economic Development	0	0	0	0	1	1
Social Responsibility	2	2	1	0	0	0
Business Social Responsibility	0	0	0	0	0	0
Sustainability	4	6	15	32	57	114
Social Performance	0	0	0	6	6	12

As depicted in Table 4.5, the use of the word “sustainability” has increased by more than ten (10) fold from 2008 to 2012, while the terms “Corporate Social Responsibility” and “Social Responsibility” disappeared from annual reports in 2012. Corporate Social Investment has been consistently used since 2008 but doubled its use in 2011 and 2012. Social Responsibility was used between 2008 and 2010. It disappeared from 2011. Social economic Development was only used in 2012 but was mentioned only once. Corporate Social Responsibility increased in 2010 and 2011 but disappeared in 2012. Social performance was not used between 2008 and 2010. The term was significantly used in 2011 and 2012, in third place, after Sustainability and CSI. Sponsorships had mostly been used in 2008 and 2009. A decrease is seen in 2011 and 2012. None of the surveyed cases used the term Business Social Responsibility. The results clearly show that “sustainability” is the preferred term by the surveyed small businesses to refer to SR

FIGURE 4.8: SOCIAL RESPONSIBILITY TERMS IN ANNUAL REPORTS

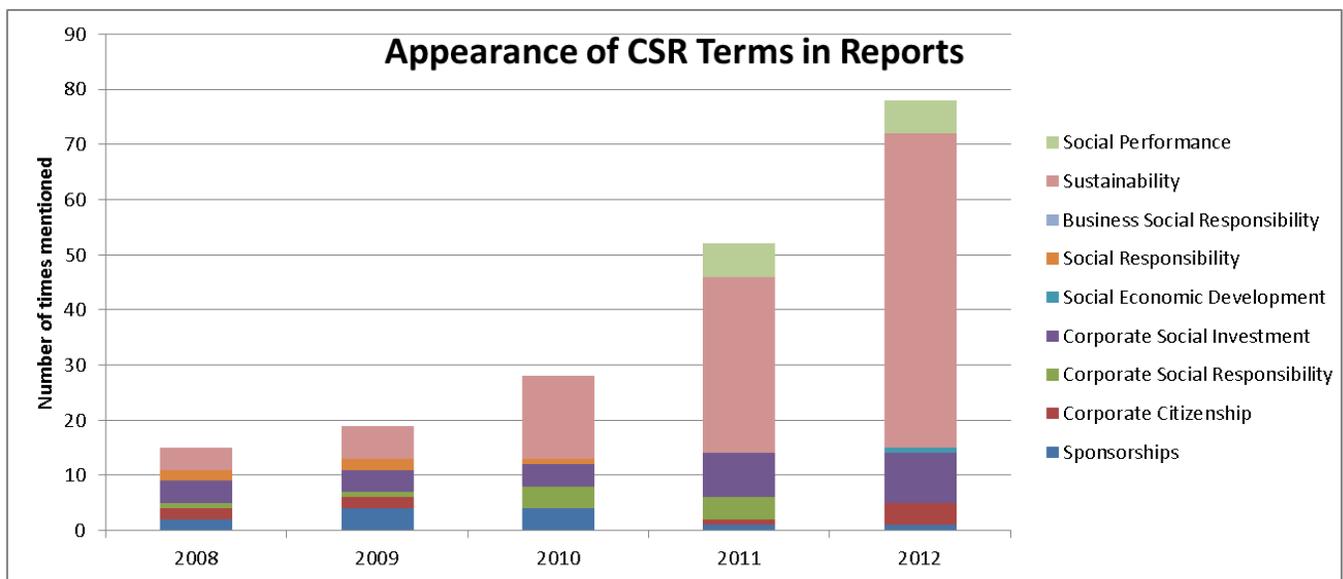


Figure 4.8 shows the appearance of terms used to refer to SR in the annual reports of the analyzed company, as explained before.

4.7 ANALYSIS OF SOCIAL RESPONSIBILITY ACTIVITIES

The activities small businesses engaged in were analyzed based on what the companies do for the different stakeholders that they interact with. The analysis shows that all the initiatives that the small businesses engaged in were focused on a particular stakeholder. The stakeholders that were identified and adopted from literature (and from the annual reports) are Community, Environment Suppliers, Customers, Employees, Shareholders, Business Partners, Government, and NGOs.

TABLE 4.6 SOCIAL RESPONSIBILITY INITIATIVES PER SECTOR

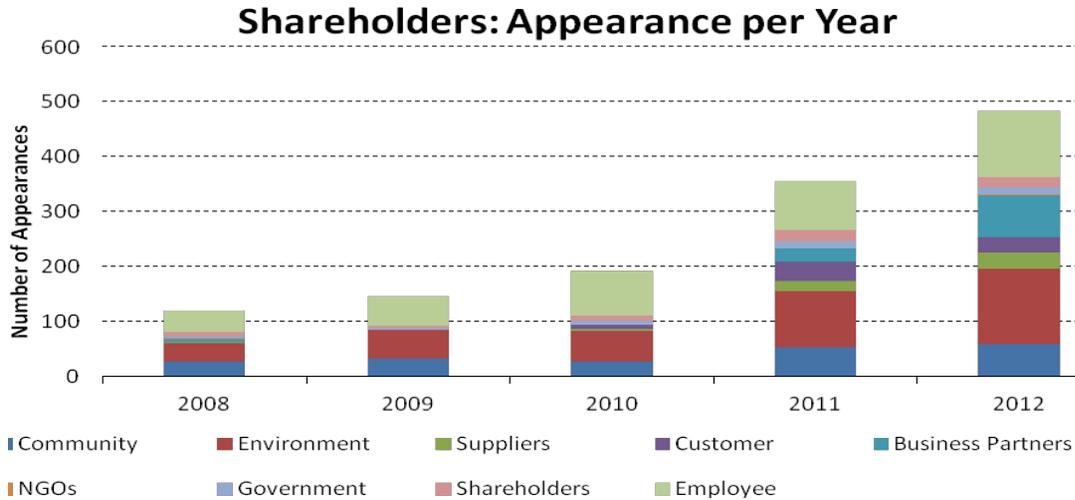
Stakeholders	2008	2009	2010	2011	2012	Total
Community	27	33	27	54	58	199
Environment	33	51	56	101	139	380
Suppliers	2	1	3	19	29	54
Customers	1	0	8	35	28	72
Business Partners	6	0	0	25	76	107
NGOs	1	0	0	0	2	3
Government	3	3	7	12	12	37
Shareholders	9	5	10	21	20	65
Employees	38	53	82	88	120	381
Total	120	146	193	355	484	

Table 4.6 shows nine (9) stakeholders that companies closely associate with in their day to day business. The company’s CSR initiatives as explained above are centered round these stakeholders. The table shows that CSR initiatives embarked on by small businesses focus on employees. In 2008 most initiatives focused on employees followed by the environment and the community respectively. There was very little done for shareholders and business partners as shown in the table. The government, suppliers, customers and NGOs came in at the bottom of the list.

In 2009 the table reflects the same results as in 2008. There is a slight difference in that there were no initiatives that were focused on customers, business partners, and NGOs. The year 2010 saw an increase in the initiatives being embarked upon by small businesses focused on customers. The results reflect the same as in 2010 except that companies were starting to focus on customers. In 2011 we see a shift in that most SR initiatives were focused around the environment. Employees came in second with the community consistently occupying the third place. SR initiatives focusing on customers, suppliers and shareholders significantly increased in 2011. Business Partners who had not been included in 2009 and 2010 also showed a sharp increase. The year 2012 showed that the environment was still dominating. Most small businesses’ SR initiatives are focused around the environment. Employees take second place with business partners overtaking the community to take third place.

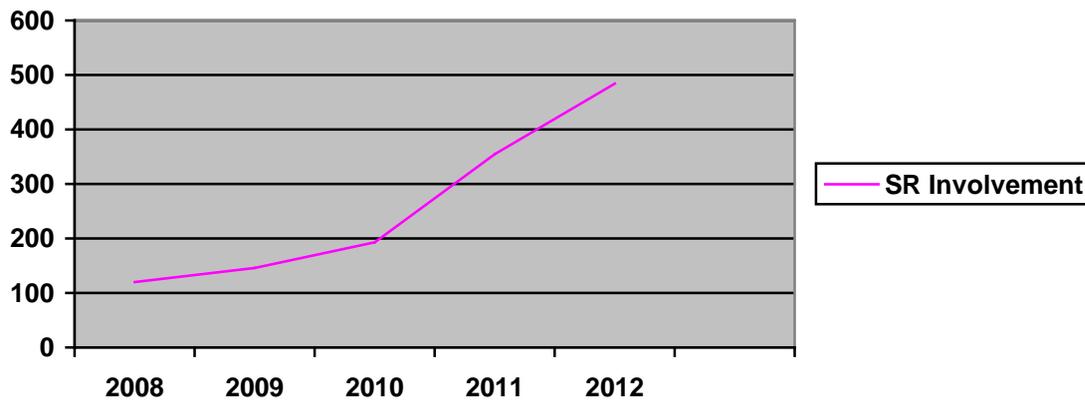
The graph below shows SR involvement per stakeholder as explained above.

FIGURE 4.10 SR INVOLVEMENT PER STAKEHOLDER



The above graph depicts the results shown in the table that was explained above. The SR initiatives of small businesses that are listed on the ALT exchange are mainly focused on issues pertaining to the environment and employees. The results show that most SR initiatives are focused around employees, the environment and the community. Small businesses are striving to act in a responsible manner by mostly providing for the above mentioned three stakeholders. SR involvement has seen a steady but high increase from 2008 as shown in the graph below. Between 2008 and 2012 there was a 247% increase in SR involvement by small businesses.

FIGURE 4.11 SR INVOLVEMENT 2008 - 2012



Below is a list of the common specific activities that small businesses contributed to the above mentioned stakeholders. These are direct quotes for initiatives embarked on by small businesses:

- *Workforce recognizes its responsibility towards the families of employees and communities influenced by its operations.*
- *We provide financial support to employees to enable them to study for professional and postgraduate qualifications. With this support, two of our employees have been awarded Masters Degrees in Geology at the prestigious Rhodes University. We encourage all our staff to attend training courses and conferences to further their knowledge and experience. We have several senior employees today who started with African Eagle as casual and now have sound technical skills and a more assured future.*
- *E R Bacon recognizes that the nature of its activities could impact upon the environment.*
- *In response to this awareness, the company has undertaken to identify possible impacts that may arise from its activities, implement mitigation measures to prevent, reduce, and minimize these impacts, create awareness amongst all employees and subcontractors, and incorporate environmental issues into business strategy.*
- *Our role as responsible corporate citizens is to support the environment in which we operate, through sound community development and responsible environmental action. Accéntuate's CSI program is deliberate, focused and progressive. It is aligned to the company's business objectives and is guided by a formal policy framework with the objective that it be mutually beneficial to the company, its relevant stakeholders and the environment.*
- *Creating a safe and healthy work environment for all employees.*
- *Commitment to the advancement and development of its employees in accordance with the prevailing legislation.*
- *Incorporate environmental issues into business strategy that are linked to or benefit employees or relatives of employees.*
- *Principles of consultation for the benefit of management and employees.*
- *Operations can be made to benefit our host communities.*
- *Assistance to a number of welfare organizations delivering specific services.*
- *Ensure the sustainability of its profits in the future.*
- *Two feeding programmes, child education and computer training centres.*
- *Appropriate education and awareness to employees regarding HIV/AIDS.*
- *A healthy work environment is created for all employees and appropriate education is provided.*
- *Community development in Alexandra town ship.*
- *Goals of employment through development, training and a further study bursary.*
- *Company is committed to the development of all employees.*
- *The development of all employees and providing equal opportunities for all.*

4.8 ANALYSIS PER SECTOR

TABLE 4.7: COMMUNITY

	2008	2009	2010	2011	2012
Construction	13	15	10	7	22
Finance	0	0	0	4	7
Manufacturing	1	1	1	11	8
Mining	7	6	6	15	5
Real Estate	0	0	1	1	2
Travel	6	11	9	16	14
Community Total	27	33	27	54	58

The table above and the graph below show involvement of SR activities pertaining to the community, per sector. In 2008 the construction industry dominated in their involvement with activities focused on the community. The mining industry followed and then the travel sector. The finance and Real Estate industries had no activities with the community as centre. This is also because the two industries did not engage in any activities in 2008 and 2009. The year 2011 shows a change pertaining to the travel industry taking the lead followed by the mining sector. The manufacturing sector is third and construction which dominated from 2008 to 2010 came in fourth. The finance industry shows a big improvement coming in ahead of Real Estate, which was also last in 2012. In 2012 construction reclaimed the leading position with travel coming in second. Manufacturing comes second with finance improving taking the third place.

FIGURE 4.12: COMMUNITY

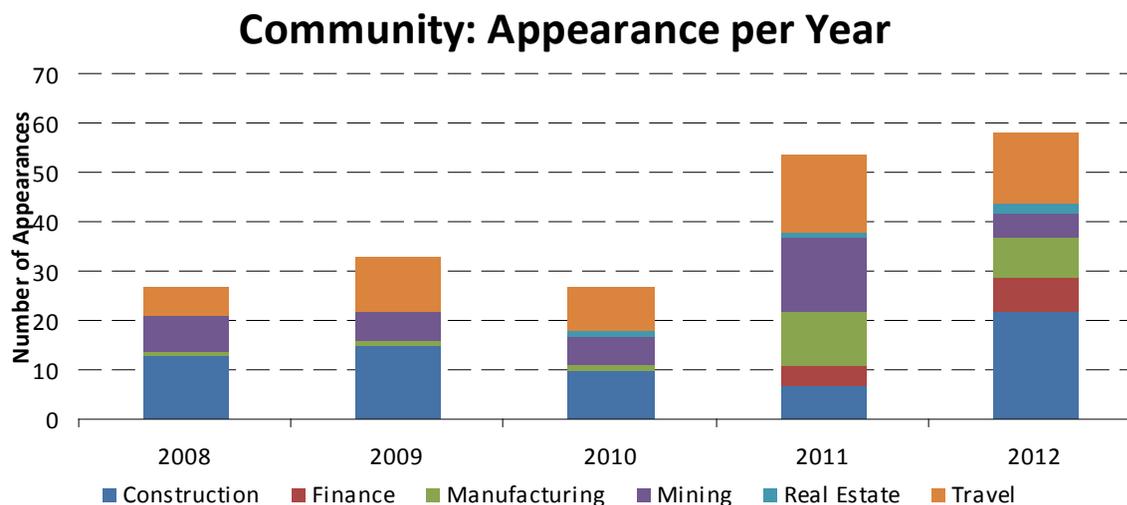
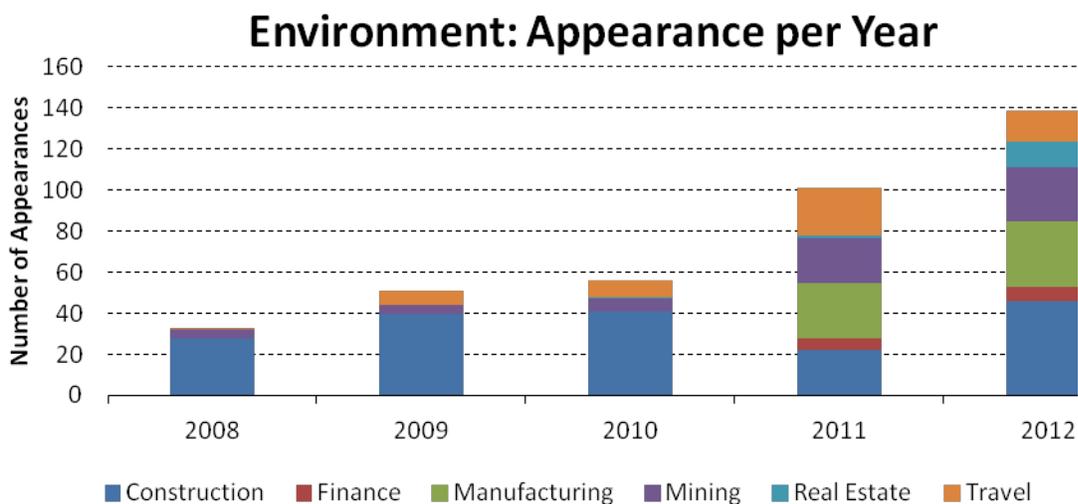


TABLE 4.8: ENVIRONMENT

	2008	2009	2010	2011	2012
Construction	28	40	41	22	46
Finance	0	0	0	0	7
Manufacturing	0	0	0	27	32
Mining	4	4	6	22	26
Real Estate			1	1	13
Travel	1	7	8	23	15
Environment Total	33	51	56	101	139

The table above and the graph below show SR initiative and involvement pertaining to the environment per sector. In 2008 the construction industry dominated in their involvement with activities focused on the environment. The Mining industry followed and then the Travel sector. The Finance, Manufacturing and Real Estate sectors had no activities around the environment in 2008 and 2009. In 2009 and 2010 the Travel sector came in after construction although there is a huge gap. Then 2011 showed a change with the manufacturing industry taking the lead followed by the travel sector. The mining and construction sectors came in third with real estate right at the bottom. The year 2012 Construction reclaimed the leading position with Manufacturing coming in second. Mining came in third, followed by travel and Real Estate respectively. The Finance sector came in last.

FIGURE 4.13 ENVIRONMENT



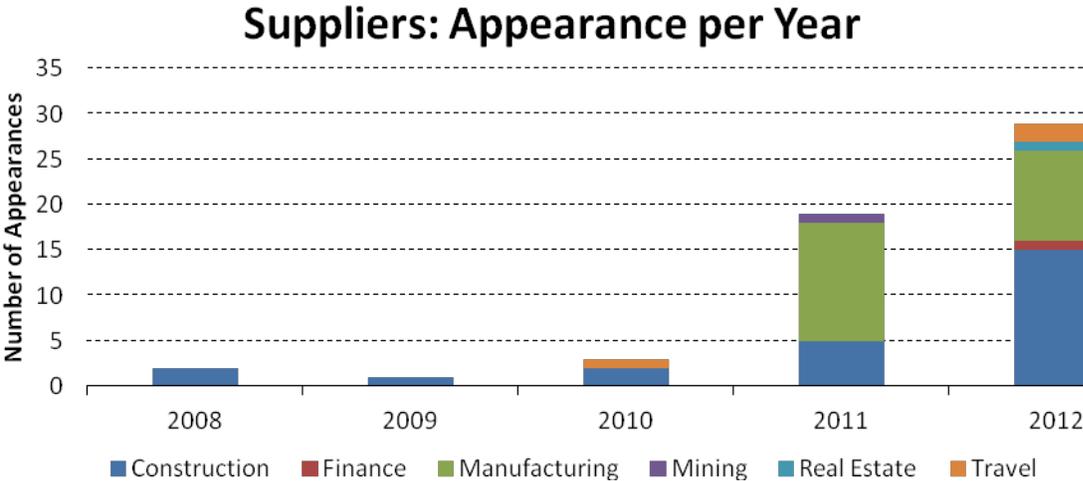
The table above and the graph below show SR activities' involvement pertaining to the suppliers per sector. In 2008 and 2009 the Construction industry dominated in their involvement with activities focused on suppliers. No other sector engaged in SR activities focused on suppliers.

In 2010 the Travel sector joined in engaging in SR activities. Finance, Manufacturing, Mining and Real Estate did not engage in any SR activities related to suppliers. In 2011 the Manufacturing sector lead followed by the Construction and Mining industries, respectively. Then in 2012 there was a significant increase in SR activities aimed at suppliers. The Construction industry goes back to first position followed by the Manufacturing industry. Travel is third, followed by Finance and Real Estate. The Mining sector did not engage in activities related to suppliers in 2012.

TABLE 4.9: SUPPLIERS

	2008	2009	2010	2011	2012
Construction	2	1	2	5	15
Finance	0	0	0	0	1
Manufacturing	0	0	0	13	10
Mining	0	0	0	1	0
Real Estate	0	0	0	0	1
Travel	0	0	1	0	2
Suppliers Total	2	1	3	19	29

FIGURE 4.14: SUPPLIERS

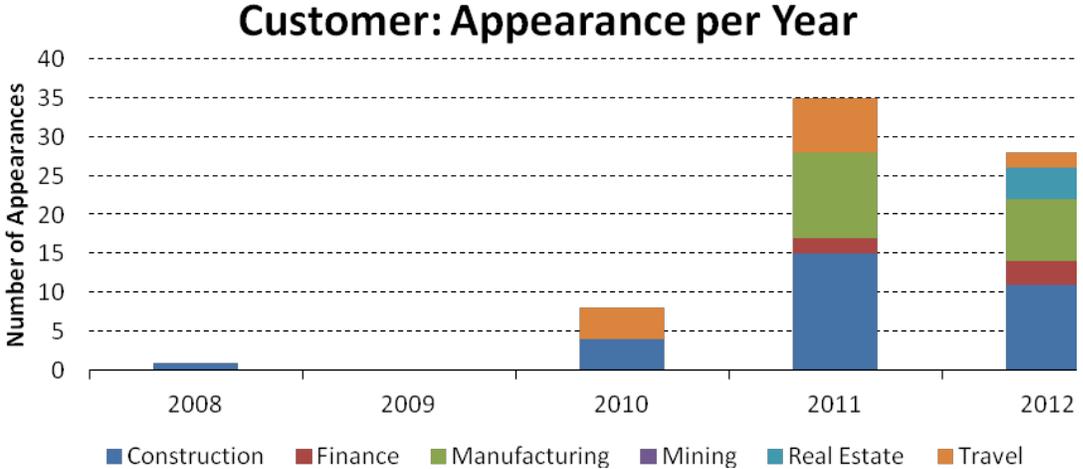


The rows in the table above show the sectors engaging in CSR activities per year. From the table, the Construction sector has been the most consistent in engaging in CSR activities focused on customers. In 2008 the Construction sector was the only sector involved. In 2009 the Construction sector did not engage in such activities and neither did the other five sectors. In 2010 the Construction and Travel sectors were involved. In 2011 the Finance and Manufacturing industry joined. Mining and Real Estate were not involved. In 2012 the Real Estate sector started getting involved with the Mining sector still not involved.

TABLE 4.10: CUSTOMERS

	2008	2009	2010	2011	2012
Construction	1	0	4	15	11
Finance	0	0	0	2	3
Manufacturing	0	0	0	11	8
Mining	0	0	0	0	0
Real Estate	0	0	0	0	4
Travel	0	0	4	7	2
Customer Total	1	0	8	35	28

FIGURE 4.15: CUSTOMERS



The rows in the table above show the sectors engaging in CSR activities relating to Business Partners per year. From the table, the Construction is the only one that engaged in CSR activities focused on business partners in 2008. In 2009 and 2010 none of the sectors was involved. In 2011 two sectors – construction and manufacturing were engaged in SR activities that focus on business partners.

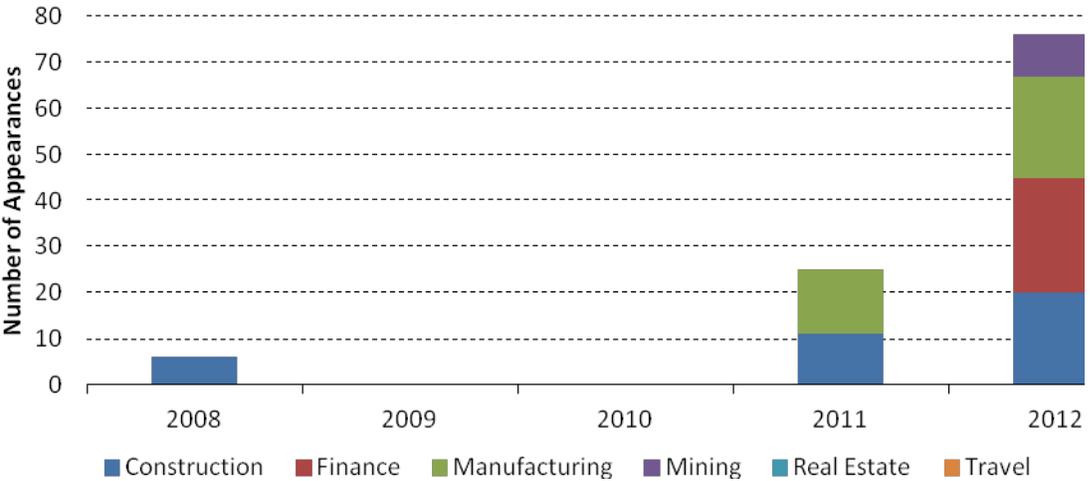
In 2012 we see a huge improvement in activities relating to business partners. The finance industry starts engaging and they claim the first spot. The manufacturing and construction industry are second and third respectively followed by Mining. Real Estate and travel did not get involved during the period under study.

TABLE 4.11: BUSINESS PARTNERS

	2008	2009	2010	2011	2012
Construction	6	0	0	11	20
Finance	0	0	0	0	25
Manufacturing	0	0	0	14	22
Mining	0	0	0	0	9
Real Estate	0	0	0	0	0
Travel	0	0	0	0	0
Business Partners Total	6	0	0	25	76

FIGURE 4.16: BUSINESS PARTNERS

Customer: Appearance per Year

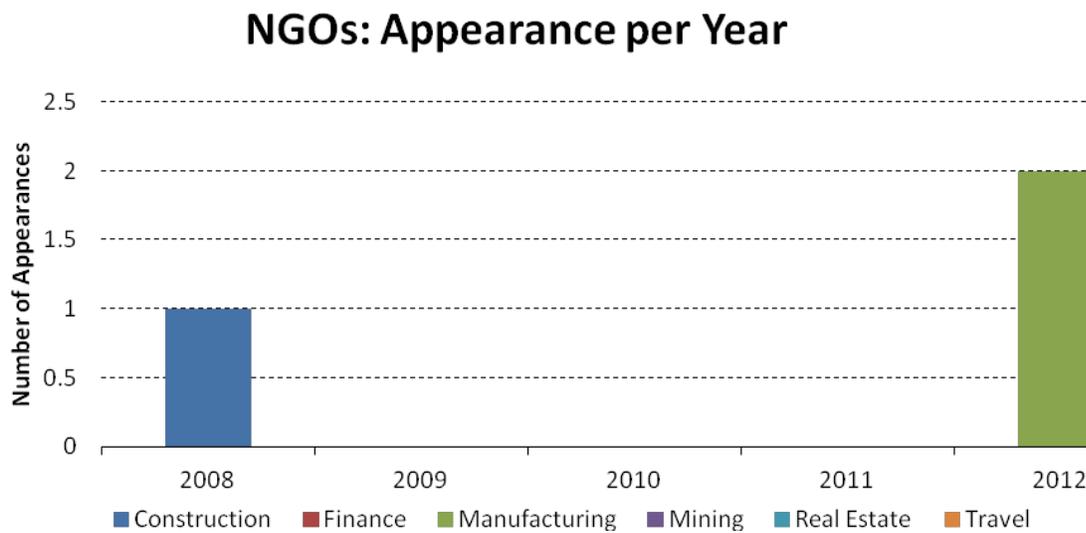


As mentioned before the rows in the table above show the sectors engaging in CSR activities relating to NGOs per year. From the table, the Construction the only sector that engaged in activities related to NGOs in 2008. From 2009 to 2011 none of the sectors got involved in activities relating to NGOs. In 2012 only the manufacturing sector was involved. The results show that activities relating to NGOs are not common. None of the sectors focus their attention on these.

TABLE 4.12: NGOS

	2008	2009	2010	2011	2012
Construction	1	0	0	0	0
Finance	0	0	0	0	0
Manufacturing	0	0	0	0	2
Mining	0	0	0	0	0
Real Estate	0	0	0	0	0
Travel	0	0	0	0	0
NGOs Total	1	0	0	0	2

FIGURE 4.17: NGOS



The rows in the table above show the sectors engaging in CSR activities relating to the government per year. From the table, the Construction sector has been the most consistent in engaging in CSR activities focused on the government, having been involved every year from 2008 and 2012. In 2008 only the construction sector engaged in SR activities. In 2009 and 2010 the travel sector also got involved in supporting the government. In 2011 and 2012 all except the Real Estate sector were involved. The Finance sector came in first with travel following.

TABLE 4.13: GOVERNMENT

	2008	2009	2010	2011	2012
Construction	3	2	4	4	2
Finance				3	4
Manufacturing					1
Mining				1	2
Real Estate					
Travel		1	3	4	3
Government Total	3	3	7	12	12

FIGURE 4.18: GOVERNMENT

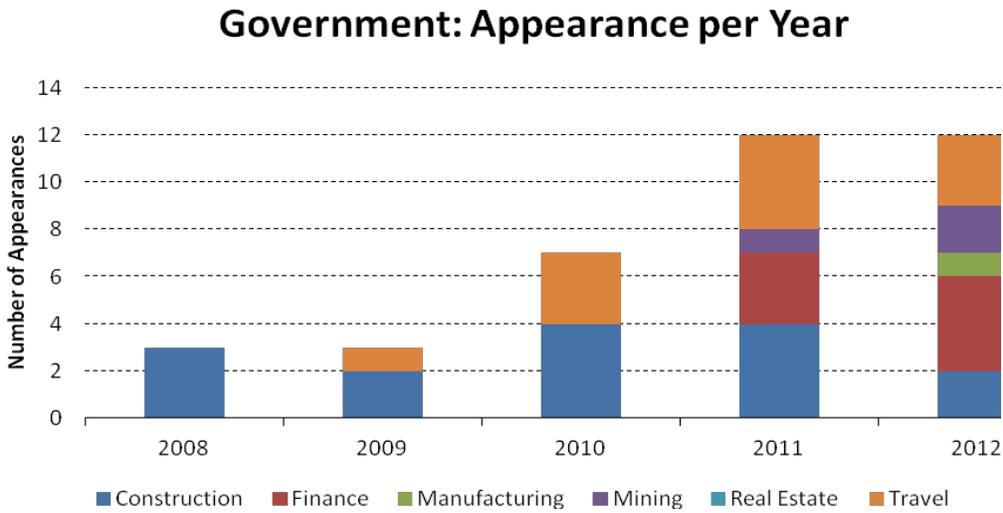
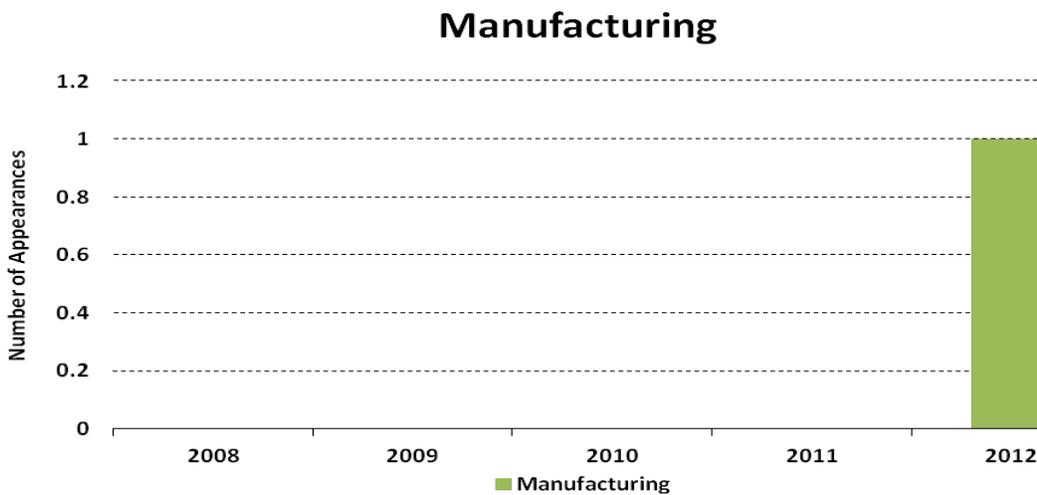


FIGURE 4.19 MANUFACTURING



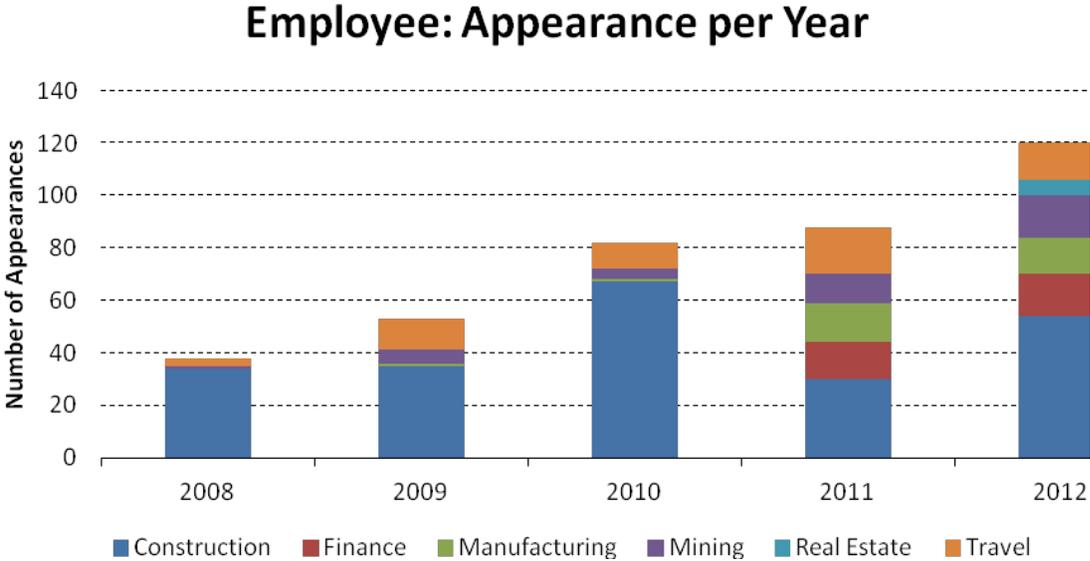
The rows in the table above show the sectors engaging in CSR activities relating to employees per year. From the table, 50% of the sectors engaged in SR activities focused on their employees in 2008. The Construction sector dominated with the Travel and Mining sectors also being involved. In 2009 and 2010 the Manufacturing sector also joined. In 2011 the Finance sector also got involved in SR activities. In 2012 all the sectors were involved.

The Construction industry leads with the Finance and Mining sectors coming second. Manufacturing and Travel came in third with Real Estate at the bottom.

TABLE 4.14: EMPLOYEES

	2008	2009	2010	2011	2012
Construction	34	35	67	30	54
Finance				14	16
Manufacturing		1	1	15	14
Mining	1	5	4	11	16
Real Estate					6
Travel	3	12	10	18	14
Employee Total	38	53	82	88	120

FIGURE 4.20: EMPLOYEES



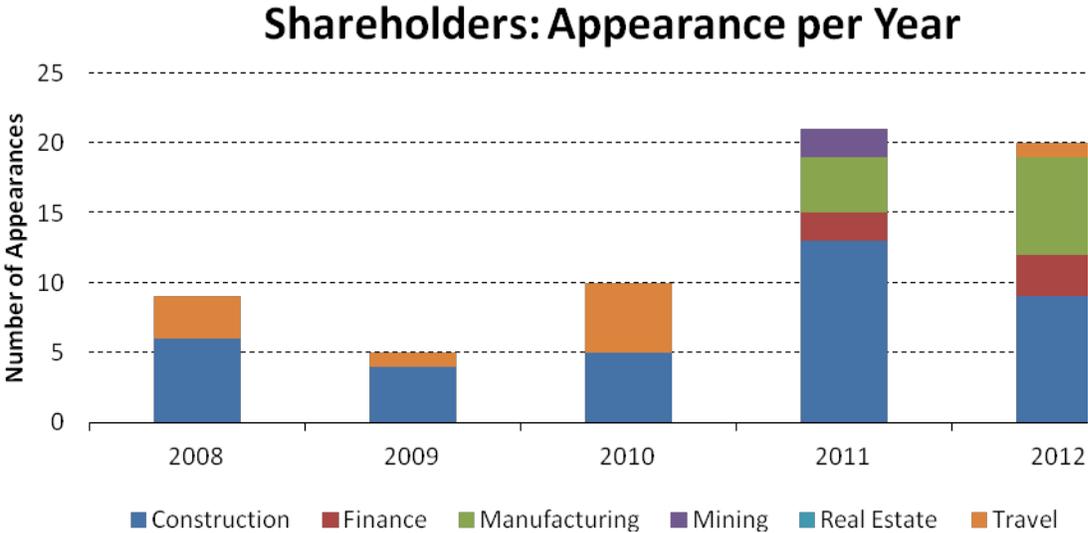
The table above and the graph below show SR activities pertaining to shareholders per sector. Between 2008 and 2010 only two sectors, construction and travel were involved in SR activities.

In 2011 finance, manufacturing and mining also join while travel is not involved. In 2012 mining and Real Estate were not involved. The construction industry is again consistent in their involvement in SR activities focusing on shareholders.

TABLE 4.15: SHAREHOLDERS

	2008	2009	2010	2011	2012
Construction	6	4	5	13	9
Finance				2	3
Manufacturing				4	7
Mining				2	
Real Estate					
Travel	3	1	5		1
Shareholders Total	9	5	10	21	20

FIGURE 4.21: SHAREHOLDERS



The construction industry dominates in terms of engaging in social responsibility activities if the number of companies is used as a unit of comparison. None of the finance industry companies engaged in social responsibility activities between 2008 and 2010. The results show that there is improvement year on year in terms of social responsibility reporting. In 2008 and 2009 only 7 companies reported on social responsibility issues and in 2012 and 2013 the number increases to 15. The research is based on medium sized enterprise.

It would be interesting in future to research on small and micro enterprises to see how they fare. If we use the number of sector as a unit of comparison to determine which sector dominate in terms of engaging in SR activities the construction sector takes the lead.

The construction sector has been consistent even over the years. The research investigated nine(9) terms adopted from literature to determine what the small businesses engaged in the study refer to social responsibilities as.

From the results it is clear that the medium enterprises used in the study are moving towards the word sustainability. In 2008 the term Corporate social investment and sustainability dominated reference to social responsibility activities. In 2009 sustainability starts to dominate and we also see the term sponsorships dominating together with Corporate social investment. In 2010 Sustainability clearly dominates with Corporate Social responsibility coming into the picture. In 2011 and 2012 the most popular term being used is Sustainability. In 2012 terms like social responsibility and sponsorships disappear . Social economic development started appearing in 2011 but has failed to make an impact. The term Business Social responsibility has never been used by the profiled medium enterprised.

The research investigated nine (9) terms adopted from literature to determine what the small businesses engaged in when it comes to social responsibilities as. From the results it is clear that the medium enterprises used in the study are moving towards the word sustainability.

4.9 MOTIVATION FOR SOCIAL RESPONSIBILITY INVOLVEMENT

Motivation of companies for participating in SR initiatives is primarily to build and improve the company's image. That is why the results show that the focus is on employees, the environment and then communities. It is also to a very small extent for economic reasons. The fact that employees and the environment come up tops shows that they want to invest in employees so that they could benefit, which brings out the, "economic reasons part". The results also show legal compliance but to a very small extent. The table below shows the motivation behind engaging in SR as derived from the analysis. The phrases in the table were quoted directly from the annual report. The second column in the table shows the initiatives that the companies engage in. It clearly shows the link between the motivation and the initiatives that companies embark on.

TABLE 4.16 MOTIVATION BEHIND INITIATIVES

MOTIVATION	INITIATIVE
Our commitment to transformation, reconstruction and development....	.....therefore focused into the areas of education, social development and health. The focus is on assisting the most vulnerable amongst us, the children and specifically those suffering from, or as a result of, HIV and Aids
....responsible corporate citizen... takes cognizance of the local realities	Contribute towards the sustainable upliftment of the communities in which we operate
Our employees are crucially important to our reputation and success.....	Strive to treat all staff fairly and responsibly, to assist them to achieve their full potential and to respect their personal and community commitments. The group makes every effort to remunerate its staff and directors fairly and equitably
....organizations in order to help drive transformation at group level and to remain a responsible corporate citizen	.....supports a wide range of community-based charity organizations
.....projects Brikor will reduce local unemployment and create sustainable small businesses for the development of the local community.	.....is currently in the process of developing two projects which would have a direct impact on SME development as well as job creation. One of the projects entails land being made available to local historically disadvantaged South Africans who will be trained and employed as participants to the vegetable farming project
Concern for the environment is fundamental to operations.....	.....aims to create and maintain a safe and healthy environment in which levels of risk to employees, equipment and the community are minimized
The group endeavours to act with honesty, responsibility and professional integrity	during its dealings with employees, shareholders, customers.....
.....our integrated sustainability goals.....	will only be achieved through paying greater attention to the world in which we operate.....
As a responsible corporate citizen.....	.....committed to minimizing the implications of HIV/AIDS through proactive workplace programs
Interwaste's employees are its greatest asset and their safety and well being is a Group priority.....	.....focuses on instilling a strong culture of health and safety at every level and health and safety policies are strictly applied. Through the ongoing identification, management and mitigation of risks posed by the Group's operations, and regular training of employees, safety incidents are minimized
The overall well-being of the group's employees is regarded as very important and the group.....	.....encourages its employees to raise any issue with the executive directors
.....productivity and the organization's bottom line	In the long term, it is believed this will lead to healthier and happier employees, which in turn will positively influence productivity and the organization's bottom line
.....has a moral obligation to its employees	that they can work in a safe environment and return home unharmed each day
The social and ethics policy ensures that the group and its subsidiaries undertake its activities in a socially, ethically and environmentally	including the ethical treatment of employees, customers, shareholders, suppliers and its' communities

responsible manner	
.....to comply with all relevant labour legislation and best practice in this regard	endeavours to ensure that all employees are treated fairly..... to ensure that all employees are equitably and appropriately rewarded
.....to avoid causing long-term damage to the environment or atmospheric pollution	An effort has been made to educate all employees in best practice so as to avoid causing.....
Be a good corporate citizen.	deliberations can be made to benefit our host communities.....
..... aim to share prosperity by offering the opportunity to hire employees from local communities and strengthening local capacity through training	.....by offering the opportunity to hire employees from local communities and strengthening local capacity through training
.....to exercise due diligence in all areas of its business to promote sustainable development	
We regard our employees as critical to our success and our most valuable asset	.....the Group engaged with all employees to ensure that all jobs align with the increased demands of business. Our employees are also trained in environmental issues Employment equity initiatives are viewed by all employees as being necessary and socially responsible
Concern for the environment is fundamental to operations	.....aims to create and maintain a safe and healthy environment in which levels of risk to employees, equipment and the community are minimized
As a responsible corporate citizen, Accéntuate is committed to the sustainable development of South Africa.....	.....and invests in community-and nation-building initiatives while also taking into account the effects of our activities on the environment
.....to produce sustainable profits	
Our role as responsible corporate citizens	.....is to support the environment in which we operate, through sound community development and responsible environment action
.....in which levels of risk to employees, equipment and community are minimized	.....bases environment management on its standard environment plan which is then modified on each project to align with the client's specific environment procedures and practices
As a responsible corporate citizen accepting sustainability.....	
.....complying with all relevant safety, health and environmental legislation	.....enhancing awareness amongst employees.

Developed for this study

Table 4.17 above shows that the small businesses in this study are mostly motivated by being seen as “good corporate citizens” when engaging in SR activities, *“as a responsible corporate citizen operating in the global economy, takes cognizance of the local realities and therefore we have an integrated Corporate Responsibility Program in place”*. The results also show that the companies are to a very low extent also motivated by productivity and the organization’s bottom line, concern for the environment is fundamental to operations, complying with all relevant labour legislation and best practice, and to avoid causing long-term damage to the environment. The results do not show any motivation for financial gain. Reputation stood out as the most important reason/motivation for SR, even focus around employees is for reputation, *“our employees are crucially important to our reputation and success”*.

4.10 LINK BETWEEN INITIATIVES AND MOTIVATION

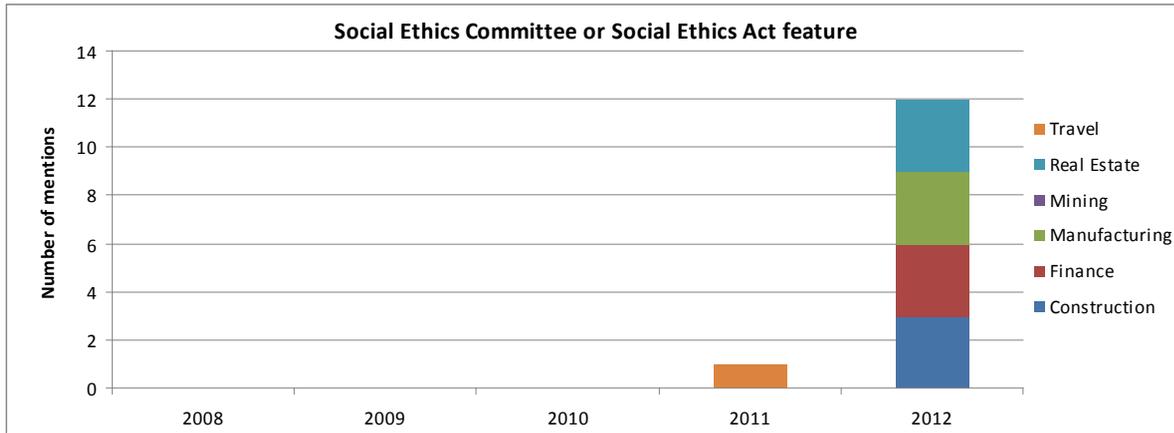
The results show that the initiatives that small businesses engage in are directly linked to their motivation to do so. The small business engaged in initiatives that satisfied their “desire“ to achieve something for example because one of the small businesses motivation was *“...responsible corporate citizen... takes cognizance of the local realities”* they focused on contributing *“towards the sustainable elevation of the communities in which we operate”*.

“commitment to transformation, reconstruction and development is focused into the areas of education, social development and health. Focus is on assisting the most vulnerable amongst us; the children and specifically those suffering from, or as a result of, HIV and Aids” – The results show a link in commitment to transformation, reconstruction, and development focusing on the most vulnerable and education.

4.11 SOCIAL ETHICS COMMITTEE

Section 72 (4) of the Companies Act, 2008 and regulation 43 (2) states that every state owned company, listed company, companies with significant public interest, and any other company that scored above 500 points in any of two of the previous five years is required to have a Social and Ethics Committee. The introduction of social and ethics committees emphasizes that companies have a significant social impact on the societies in which they operate. They have to be responsible corporate citizens – as the Third King Report on Corporate Governance stated. The graph below shows that between 2008 and 2010 none of the companies in the sectors surveyed had a Social Ethics committee. In 2011 only the Travel Industry had a Social Ethics committee. There is an improvement in 2012 because four of the six surveyed sectors had established Social Ethics committees.

FIGURE 4.21: SOCIAL ETHICS COMMITTEE



4.12 PHRASES/WORDS THAT YEILDED NO RESULTS

Synergy – No results

ISO 26 000 - No results

UN Global – No results

Legitimacy – No results

A search was done for the above mentioned phrases and it yielded no results. This shows that none of the small businesses analyzed, adhere to the standards of these internationally recognized measures. None of the companies adheres to ISO 26000 which provides guidance on how businesses and organizations can operate in a socially responsible way.

The **United Nations Global Compact**, also known as **Compact** or **UNGC**, is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

The study revealed that none of the small businesses adhere or refer to this initiative. This shows that the surveyed companies are not motivated by compliance to engage in SR initiatives. If they were motivated by compliance they would adhere to these international standards. Legitimacy and synergy also yielded no results showing that the companies are not motivated by synergies to engage in SR initiatives.

4.13 TELEPHONE INTERVIEW RESULTS

From the findings of the quantitative analysis, it is clear that social responsibility is still evolving. The summary of findings is covered under section 5.3. Telephone interviews were conducted to validate the information that the researcher gathered from the annual reports. Six out of the selected 24 companies were interviewed. The companies are as follows: Accenture, Silverbridge, Sable, Vunani, B & W Instrumentation, and Blackstar.

All of the six companies that were interviewed confirmed the information that was gathered from the annual reports. The information that was identified from their responses was the same as the information on the annual reports. Blackstar for example does not have any information on social responsibility and the telephone interview produced the same results. They confirmed that they do not engage in SR activities. Accentuate on the other hand had the same results of their extensive involvement in SR from annual reports and the interview. They spend 3% of their net profit after tax on SR activities. They are also involved in a number of community projects like the children's homes and upgrading health and educational facilities in the communities that they operate in.

4.13 CONCLUSION

Chapter four dealt with analyzing the data used for this study. A number of concepts emerged from the analysis done in attempting to answer the three research questions that this study aimed to answer. The discussion and explanation was done in chapter five.

CHAPTER 5: CONCLUSIONS AND IMPLICATIONS

5.1 INTRODUCTION

Small businesses, despite being significant contributors to local and national economies, have often been overshadowed by multinationals and large organizations, both in practice and literature.

In particular, social responsibility is an area of business management that has focused mainly on large organizations. As a result, some investigations of SR in small businesses have used multiple theories, some of which successfully explained large organization practices, but remain inconclusive on issues of small business social responsibility. This led to a need of knowledge that could possibly assist policy makers, practitioners and academics to understand the reality of social responsibility from the perspective of small businesses with the aim of building a comprehensive understanding of the issue. The topic of this research was framed as:

“An analysis of small business social responsibility practices in South Africa”.

5.2 DISCUSSIONS OF RESEARCH FINDINGS

Three research questions emerged from the review of literature pertaining to SR in small businesses and a qualitative content analysis methodology was applied to explore the concept of. Based on the research findings, this section discusses the conclusions to each research question with reference to the literature and the stakeholder theory.

5.2.1 DISCUSSIONS ON RESEARCH QUESTION 1

Research Question 1: *What are the social responsibility activities that small businesses engage in?*

The aim of this question was to investigate what activities small businesses engage in. This question was addressed in relation with the stakeholder theory. During the analysis it emerged that all the activities or initiatives that were surveyed companies engaged in was focused on a particular stakeholder. It made sense to get the best results for this question to address it in relation to the various stakeholders that the small businesses are in contact with.

This question was also very important given the socio economic problems that South Africa has. The Government cannot address these alone. Companies have a significant social impact on the societies in which they operate and therefore have a responsibility to contribute through SR activities and operate as responsible corporate citizens.

The most crucial finding for this research question was that small businesses mainly focus their SR activities on their employees. This is followed by the environment and then the community.

There is very little information on government and NGOs. NGOs mainly exist to raise funds and to mobilize donations. To address socio economic problems and assist in the countries that they operate in. Since government and NGOs are also involved in activities aimed at addressing socio economic problems the results suggest that the small businesses prefer to get involved directly rather than channel their efforts and activities through NGOs or the government. This correlates with the results of research question two (2) that show the main motivation for small business SR is reputation. If the companies were not concerned about reputation they would simply contribute financially to the NGOs and the government and let them deal with the day to day issues of these activities. The fact that they want to be seen to invest in being involved directly shows that they want to be perceived as responsible and to be associated with their SR initiatives.

The findings provide new knowledge to literature because no empirical study in South Africa according to the extensive literature search done suggests that small business stakeholders focus their SR activities on the motivation behind it then links the motivation to the initiatives embarked on. The most comprehensive study done in SA on SR in small businesses was conducted by Chetty, (2008). In his study, he investigates Corporate Social Responsibility among small and medium enterprises in KwaZulu-Natal. He concentrated on the perceptions and behaviours of the owners/managers of small and medium-sized enterprises regarding the social responsibility of their businesses in Kwazulu-Natal. He also looked at whether SMEs are less socially responsible than large organizations. Soobramoney touched on the issue of activities being focused on employees, the community and the environment but it was in relation to the success of the business. His findings in contrary to the findings of this research suggest that SMEs have a low level engagement in issues pertaining to the environment. He did not focus on the issue of the motivation behind engaging in SR activities and the link that the motivation has with the initiatives embarked on Soobramoney's study suggests the use of the term, "small business responsibility", a term that did not feature at all in the small businesses surveyed in this research. The results of this study suggest that small businesses prefer using the term "Sustainability". Soobramoney's study adopted the DTI definition of a small business while this study adopted the JSE definition. He focused on one province in SA – KZN while this study focused on the whole of SA. SMEs were found to actively engage with their employees. The environment followed by community stakeholders.

This refutes the long-held assumption that participation of SMEs in social activities is poor (e.g. Thomson et al. 1993) and confirms Chrisman and Fry (1982) who found that small businesses are in touch with social expectations and Mankelov (2003) who found that the SR activities of small businesses focused more on discretionary stakeholders. In relation to primary stakeholders, social activities of small businesses were associated mostly with employees and not with their customers as was mentioned by Thomson et al. (1993).

One of the findings from RQ1 identified that employee issues are at the forefront of SR in small businesses. The majority of socially responsible activities undertaken by such organizations involve discretionary stakeholders with lower salience. It also became evident that social activities of small businesses are mainly confined to their employees with very few initiatives involving their customers and suppliers and almost none for Government and NGOs. This behaviour demonstrates that even if stakeholders (customers and employees) are comparable in salience, SR activities for these two groups vary. Stakeholders' salience is not a factor that guides or explains SMEs' extent of social participation.

The results show that during the period studied, the Construction, Mining and Travel sectors dominated engagements focused on the community. The same is true for the environment. In 2011 and 2012 all but Real Estate focused on employees.

5.2.2 DISCUSSIONS ON RESEARCH QUESTION 2

Research Question 2: *What is the motivation behind engaging in social responsible activities?*

The question addresses the reasons behind small businesses engaging in SR activities. It digs deep into what gives the companies the drive and what stimulates their interest in engaging in these activities. The question also addresses other issues related to motivation for engaging in SR that came out of the analysis. These include issues to do with SR budgets, compliance to international SR standards, and preferred terminology to refer to SR activities. It is a requirement by Section 72 (4) of the Companies Act, 2008 and regulation 43 (2) for all companies to establish a social ethics committee. The results have also shown that there is no monitoring or accountability and as a result most of the companies have not made an effort to establish the committee. What then is the motivation for these small businesses to engage in all the activities that they engage in is the question that this study answered. There are also international standards like ISO 2600 and the UN Global compact and the study has established that the small businesses do not comply.

Through the application of stakeholder theory, Mankelov (2003) found small businesses to be structured, consistent and strategic in their social participation. Even though a proactive approach was noted in small businesses whose SR activities brings them close to their communities, the planning and budgeting process of SR among the analyzed companies of this study is not structured, formalized or strategic. The results show that only one has a SR budget.

Most of the literature on small businesses and their SR activities focus on their intertwined ownership and management (Nooteboom 1994) and the close alignment of owner's personal ethos with business behaviour (Fuller & Tian 2006; Spence 2007). However in this research the intention of the small businesses and their SR activities indicated a different scenario. It appeared that social interaction with stakeholders strongly influences responsible behaviour in small businesses suggesting a presence of powerful governance arising out of social control.

The findings of this research question indicate that small businesses participate in SR with motivations ranging from the philanthropic to economic and strategic. Although the most common among them is building business reputation, there is an inclination towards philanthropic motives like personal satisfaction and portraying an image as a good community member. Weaker reasons noted from the data include government requirements and regulations and fulfilment of stakeholder expectations. This research can therefore conclude that economic objectives and stakeholder expectations are not the major motivations for SR activities in small businesses.

An investigation into the future plans demonstrated that small businesses plan and participates in SR although they do not set aside a set budget for it. This shows that the emerging strategic orientation of small businesses is not a standard practice in South Africa. The small businesses were motivated to engage in social activities proactively with the objectives of being good corporate citizens. Since there is legislation for participation in social activities for companies listed on the stock exchange in South Africa, it was also understood that small businesses do not participate in SR to satisfy regulatory requirements as was claimed by Williamson et al. (2006). This is because even though there is legislation most of the small businesses surveyed do not even have a social ethics committee.

Since the primary motivation of SMEs is to build the reputation and goodwill of the business, they try to exploit their strong relationships with all stakeholders built out of trust, reputation and legitimacy. The multiple interpretations captured from the annual reports of the analyzed small businesses' social responsibility did not focus exclusively on economic and legal responsibilities.

Small businesses saw participation in such activities as a means of fulfilling the responsibilities they felt they had towards their communities. Whilst this supports Garriga and Mele's (2004) conclusions, it partially disagrees with the "uncomfortableness" noted by Murillo and Lozano (2006) in their study of Catalan medium-sized enterprises. The issue with the terminology 'CSR' seemed to persist among most of the participating small businesses and tends to cause such businesses to be disconnected from the concept. The surveyed SMEs mostly use "sustainability" rather than all the other terminology to refer to in literature and in the annual reports (Sponsorships, Corporate Citizenship, Corporate Social Responsibility, Corporate Social Investment, Social Economic Development, Social Responsibility, Business Social Responsibility, Sustainability, and Social Performance). SR is an effort to look at the company's long-term interest and ensure that the company's future is well sustainable. The preference is to use the term "sustainable".

The acceptable term "sustainability" emerging from the data is still unique and different from the terms proposed by various authors contributing to SME-CSR literature for example Soobramoney Chetty, (2008).

Of the 24 companies in the study sample only one company has a budget for SR. This shows that the concept of SR in small businesses has not yet been incorporated into business strategy by small businesses. It is also because though some companies focus on specific stakeholders they are not consistent with their funding and others change project by project, and as noted from the annual reports some of the companies assess case by case as they arise.

5.2.3 DISCUSSIONS ON RESEARCH QUESTION 3

Research Question 3: *How are activities linked to the motivation for engaging in social responsible activities?*

That is, businesses are getting more and more interested in being seen as socially responsible with the view of creating a positive image in their communities so that they are able to among other things attract and retain world class employees, and be perceived by customers, investors and suppliers as "special".

From a strictly business point of view, SR provides a strategic management tool for gaining and maintaining sustainable competitive advantage. SR is a means of matching corporate operations with stakeholder values and demands. Linking initiatives and the motivation to engage in these initiatives ensures the small businesses are as productive as they could be in their SR engagement. SR is much more than a cost, a constraint, or a charitable deed as the results show.

It is a source of opportunity, innovation, and competitive advantage. Small businesses are able to identify all of the effects, both positive and negative, they have on society, determine which ones to address, and suggest effective ways to do so. Strategically, social responsibility can become a source of tremendous social progress, as the business applies its considerable resources, expertise, and insights to activities that benefit society.

The findings show that there are no significant similarities among the six sectors analyzed in terms of SR practices. Stakeholder-driven SR principle however, was the most preferred SR principle across the six sectors although the engagement with the different stake holders differed.

Similarities of SR practices across the six sectors were found. This research also found similarities of SR stakeholder issues among six sectors. Environment issue and quality of life of employee stakeholders were discussed by many companies in the six sectors. The study found differences and similarities across six sectors for example the Finance sector did not engage in SR initiatives between 2008 and 2010 while the Construction industry has been consistent from 2008 to 2012. This study identified similarities in that employees were the most discussed issue in all sectors and was the focus of most of the SR initiatives. Whilst some sectors like Finance, Mining and Manufacturing did a lot in terms of SR, others like Finance and Real Estate did not.

5.3 SUMMARY OF FINDINGS

- There is no consensus of the definition of small businesses in South Africa. The DTI defines small businesses significantly different from the JSE.
- The results clearly shows that “Sustainability” is the term preferred by the surveyed small businesses to refer to SR.
- From 2008 employees have consistently dominated with the regards to where companies focus their SR initiatives. The environment has also been consistently following behind employees. SR initiatives focusing on the community come third.
- Motivation is not profits or profitability but reputation – being a good corporate citizen. In 2011 and 2012 most initiatives were focused on the environment. Analysis shows the environment is improved to benefit employees – so most activities focus around the employees.
- The motivation for engaging in SR initiatives is not compliance because they don’t even adhere to the requirements of forming a social ethics committee or to CSR international standards if the incentive was compliance they would adhere to establishing a social ethics committee.

- The requirement for Section 72 (4) of the Companies Act, 2008 and regulation 43 (2) for establishing a social ethics committee is generally not adhered to although there were signs of improvement in 2012. This is because there is no follow up and companies are not held accountable for not complying.
- There is also no consensus as to what companies refer to as SR. There are a number of terms that were identified from literature and the annual reports (CSR, CSI, SR, SP, CC, and Sustainability). The results show that the sample sectors analysed prefer to use the term “Sustainability”.
- Companies in the Finance sector generally do not engage in SR activities. A few are beginning to get involved though. Future research can look into the reasons why.
- Companies focus their SR activities on employees, the environment and the community.
- From 2011 the situation changed significantly – more and more small businesses started to engage in SR activities. The concept is becoming more and more widely and positively accepted
- Engaging in SR activities and reporting is not consistent – For example some companies in the finance sector do not engage or report at all.
- The increase in the number of sectors engaging in SR shows the continuing development of SR as a concept and the development in it being embraced by different sectors of the economy as an important concept.
- Judging from the data, the Finance sector seemed to be last sector to embrace SR since it only started engaging and being active in 2011.
- Not all companies surveyed, have embraced SR.
- The results show that the Real Estate sector has been very slow in embracing SR.
- The Construction and Mining sectors are big on supporting the environment. This is because of the hazardous nature of their business.
- SR has gained prominence in recent years because it is now seen as an important part of business
- SR is still evolving.

5.4 CONCLUSION ON THE RESEARCH PROBLEM

This study addressed the research problem related to social responsibility in small businesses from an interpretivist epistemology point of view and using a qualitative content analysis methodology. The annual reports of twenty four (24) small businesses listed on the alt exchange for 2008 to 2012 were analyzed. Three research questions emerged from the literature review. Small businesses, defined as businesses eligible to meet the requirements of listing on the alt exchange, as discovered from the literature search done are not miniature versions of multinationals or other large companies, therefore the need to focus the study on small businesses.

The study established that small business participation in SR is primarily focused on employees. Other than operating in an ethical manner, no other SR activities of SMEs involve their suppliers and customers. The concept of the stakeholder is a very familiar one among small businesses. These organizations clearly identify their stakeholders. Through participation in SR, small businesses aim to create a favourable image of the business. Even though they are not strategic about such activities, proactive civic engagement helps them to create a social network and relationships with different community members. Most small businesses participate in SR for building their reputation whereas a few have narrower focuses like staff motivation, philanthropy and the fulfilment of stakeholder expectations.

The study also established that small businesses seem to be more and more informed about SR as the years progressed from 2008. Even though the understanding and activities of the concept varied between organizations, it appeared that most of them understood social responsibility as involving voluntary activities beyond economic and legal compliance.

The results show that the motivation for engaging in SR activities is not for economic gains. Small businesses have a positive attitude towards SR activities as a moral obligation of the business.

The term CSR continues to be an issue for small businesses to connect themselves with the concept. The term “Sustainability”, emerging from this study, is expected to be more meaningful for all businesses. To conclude, it became evident that small business-SR relationships are ideally explained from a stakeholder perspective, and small businesses participate in SR activities to build their reputation.

5.5 CONTRIBUTIONS OF THIS RESEARCH

The Table below shows the research questions which are presented in column 1, the findings which are summarized in column 2, the comparison with the literature displayed in column 3 and lastly the impact on the literature is mentioned in column 4. The third column precisely evaluates whether the findings existed in the literature outlined in Chapter 2. Presence of findings in literature is classified under three categories. ‘Yes’ implies the finding was **regularly found** within literature, ‘**limited**’ implies **occasional reference** or part of larger findings. ‘**None**’ implies **no reference** was made in the literature examined for this study. Column 4 analyzes the findings in terms of their impact on prior literature under four categories: “**new**”, “**added**”, “**supported**” and “**not supported**”. Even though each of these findings was strictly classified and judged **on the basis of the literature discussed in Chapter 2**, other studies may have alternative research outcomes and views on similar research questions.

TABLE 5.1: CONTRIBUTIONS TO THEORY

Research questions	Summary of findings	Presence in prior Literature	Impact of finding on literature
(1) What are social responsibility activities that small businesses engage in?	F1.1 SR participation in SMEs is predominantly with employees. F1.2 The Construction on and Mining sectors are big on initiatives focused on the environment. F1.3 The Finance industry is the last to embrace SR.	Yes None None	Supported New New
(2) What is the motivation behind engaging in social responsible activities?	F2.1 SMEs perceive CSR as activities that increase their reputation. F2.2 SMEs cannot relate to the term CSR. F2.3 Sustainability is a more relevant and meaningful term in comparison to SR for small businesses. F2.4 SMEs are aware of their social responsibilities. F3.5 SR budgets are largely ad hoc and are therefore not strategically oriented in SMEs. F5.1 Motivation of SMEs for participating in SR activities is primarily to build and improve the company’s image.	Limited Yes None Limited Yes None	Added Supported New Added Supported New
(3) How are activities linked to the motivation for engaging in social responsible activities?	F3.6 SMEs that are close to their communities actively participate in community orientated SR. F4.3 Employees are at the forefront of SR decisions in SMES. F5.2 SMEs do not participate in SR just for economic reasons. F5.3 SMEs are not strategic about SR activities. F5.4 Bigger SMEs tend to be proactive in SR participation	Limited Limited Limited Limited None	Added Added Added Supported New

Source: Developed for this research

Table 5.2 below illustrates the exploratory nature of this research. Out of fourteen (14) findings sighted above from the analysis, five (5) had no presence in the literature, six (6) had limited presence and three (3) already existed in literature. As a result, the impact on the literature is five (5) new findings, six (6) added, and three (3) supported. The predominance of “new” and “added” findings highlights the limited and fragmented nature of studies undertaken in the area of business social responsibility in small businesses.

TABLE 5.2: ORIGINAL FINDINGS AND INSIGHTS

Original Findings	Original Insights
Small businesses perceive SR as activities that are ethical(the right thing to do) and/or philanthropic(community)	SR is not a competitive disadvantage, legal requirement, economic gain nor an initiative to hide the mistakes made by the management.
Sustainability is a more relevant and meaningful term in comparison to CSR and the other discussed terms for small businesses.	Sustainability appeared to be a more acceptable terminology in the South African small business sector in comparison to the terms (for example Business social responsibility) proposed by previous researchers. SR is still evolving.
Small businesses in general do not budget for SR costs but most of them are able to accommodate these expenses in various ways.	They acknowledge their social and environmental impacts on the community and the need to address them.
Amongst the stakeholders that the companies deal with, SR activities of small businesses are mostly confined to their employees.	Whilst stakeholder theory suggests that businesses should give equal importance to similar salient stakeholders, this proposition does not hold true for SR activities in small businesses. Some stakeholders are often more involved in social activities than others within the same group in this case employees.
There is no consensus on the definition for small businesses	
Small business to not adhere to international standards for SR – specifically ISO 26000 and UN Global compact	While the Company’s act.... Requires every listed company to establish a social ethics committee only very few small businesses actually have this committee.
From 2008 to 2010 very few companies engaged in SR activities. From 2011 the situation changed significantly – more and more small businesses started to engage in SR activities.	SR is developing as a concept and its acceptance among small businesses is growing.
SR in SA is lagging behind in that none of the small businesses adhere or make reference to well known, common SR international standards and initiatives: ISO 26000 and the UN Global compact	SR as a concept is lagging behind in terms of being compliant with international standards

Source: Developed for this research

Table 5.2 explains in detail the new findings and the insights drawn from the findings.

5.6 CONTRIBUTIONS TO STAKEHOLDER THEORY

The most frequently practical theory in studies on social responsibility in business is the Stakeholder Theory. Valuable insights to the Stakeholder theory have been realized through the research analysis. Stakeholder theory, since its integration by Freeman (1984) and the development of the stakeholder salience model by Mitchell et al. (1997), has classified stakeholders according to their ownership of three attributes: power, legitimacy and urgency. Based on these attributes, all stakeholders are categorized and ranked. The emerging issue is with the notion of attributes that community stakeholders were initially assigned. Mankelov (2003) followed Mitchell et al.'s (1997) stakeholder salience model and ranked community stakeholders as the lowest in salience and identified them as discretionary or secondary stakeholders. The findings of this study, however, do not support this assigned level of salience. Based on the evidences and data collected in this study, it can be argued that this group of stakeholders might have now gained the two other attributes, power in the form of social control and urgency in the form of support for the business' survival. Thus, community stakeholders can now be considered as definitive stakeholders of small businesses. It was also mentioned in the literature that the inclusion of urgency as an attribute will explain the dynamics of any change in the level of salience for any stakeholder. Whilst this can be a contextual factor that may vary in some sectors or locations, it is not sufficient to justify the emerging attitude of all small businesses in relation to SR. The traditional model of stakeholder theory is therefore not as appropriate in SMEs as it is in large organizations.

5.6.1 CONTRIBUTION TO SOCIAL RESPONSIBILITY IN SMEs

Traditionally theories on SR have generally focused on large organizations, and most of the research in this area has been conducted in the US and Europe. Very few attempts have been made to explore SR practices in South African small businesses. One of the biggest concerns is the continued application of traditional theories to small businesses that were initially developed for and applied to large organizations. Small businesses Communities and employees are now scrutinizing organizations' behaviour more closely. Pressure from the society is growing faster than ever and expectations placed on businesses to create social good have escalated. Recent economic turbulences have further aggravated the situation worldwide. As a result, small businesses are under increased threat. Under these emerging conditions, SR has become a source of competitive advantage for all businesses and a survival strategy for most small businesses, in particular. Small businesses are now more engaged with their communities, employees, the environment and other stakeholders to reduce their business risks and to be responsible citizens. The study contributed new insights to SR in small businesses as discussed before.

5.7 IMPLICATIONS OF RESEARCH FINDINGS AND FURTHER RESEARCH

DIRECTIONS

The investigation of the research problem raised a number of implications for theory and Identified areas that need further validation. The section below discusses each of these areas.

5.7.1 FURTHER RESEARCH DIRECTIONS

In the attempt to explore, develop and critique the new societal balance from the perspective of social responsibility, the “grandness” of the small businesses is overshadowed by a focus on large multinational companies. It also matters considerably for the global economy, especially the South African economy to understand the extent and modalities small businesses engage in social responsibility activities. Small businesses’ social responsibility engagement in South Africa deserves more attention due to its potential impact on the economy. As mentioned earlier, small businesses make up the largest business sector in South Africa – it contributes between 50 and 57% to the GDP. They are dominant in terms of absolute numbers, and are also the key drivers of employment and economic growth (Jones 2005).

In view of the limited research that has been conducted on the social responsibility of small enterprises, further research needs to make a meaningful contribution towards expanding the body of knowledge on social responsibility in a number of ways.

This research raises the possibility of future investigations into different political and economical environments, locations and industries. Since there is a lack of similar studies in the literature, particularly in South Africa more empirical studies of SR participation in small businesses using the same or different methodologies need to be conducted. Even though this research produced new insights and enriched the quality of existing literature, the summary of contributions (Table 5.1) indicates that there are a number of areas where findings did not support the theory or prior research. Confirmation of the new knowledge gained and investigation of contradictory findings would assist in developing a comprehensive theory of SR in small businesses.

There are a few areas that require immediate attention. This study focused on small businesses listed on the stock exchange - we can refer to these as the upper end of small businesses. Future studies can be extended to include other SMEs in South Africa, specifically micro enterprises and comparisons formed by a larger population may demonstrate and explain trends more clearly.

Also, the differences between state-owned, private South African-owned and internationally-owned firms may be interesting, as these firms may have different exposure to legitimacy factors. The results of this study indicate a change has occurred in the attitudes of small businesses from 2008 to 2012 towards social responsibility. A longitudinal study investigating SMEs' participation in SR in different economic conditions could test the findings of this research by establishing why there has been a change in attitude.

The results of this study need to be compared with large companies listed on the JSE in SA. This study is motivated by a number of factors. First, this study is conducted in arguably Africa's most vibrant economies. The study could be extended and compared to other African economies.

Further research is needed to find whether the companies and sectors which have pertinent and effective SR information and report in their annual reports is consistent with their socially responsible activities outside of the publishing. In addition, based on the result of this study, future studies could be detailed to focus on the public sector SR activities, CSR principles, processes, and stakeholder issues to find differences and similarities of SR activities of private organizations.

5.8 CONCLUSION TO THIS CHAPTER

This research examined the research topic: *An analysis of small business social responsibility practices in South Africa*

A qualitative content analysis methodology produced fourteen (14) findings that generated new knowledge, added to and improved the existing body of knowledge about SR in small businesses, and highlighted the recent developments in this area which will assist future researchers to build a coherent and comprehensive theory related to social responsibility in small businesses.

This study analyzed the annual reports of small businesses operating in six (6) different sectors (Construction, Manufacturing, Mining, Finance, Real Estate and Travel) listed on the alt exchange in South Africa, to examine the SR practices of small businesses.

In recent years, there has been a significant increase in the number of major companies to consider their social responsibility credentials and publish the information in their annual reports to be good corporate citizens. A large amount of research has demonstrated the importance of corporate social responsibility in past the decades. Companies have begun to report social responsibility or sustainability reports in their annual reports, but this has mainly focused on large companies while small businesses have been neglected.

The research problem and the research questions were restated since they were the basis for the conclusions. Findings of each research question were discussed and compared to the literature before the final conclusion on the research problem was drawn. Contributions of this research were then highlighted, showing how this exploratory study has successfully improved the existing body of knowledge. The implications of the research contributions to individual theories and practice were then discussed. Future research areas were then identified followed by a discussion of the limitations of this study that should be taken into consideration before applying the research findings elsewhere.

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APPENDICES

APPENDIX A: INTRODUCTORY LETTER



AN ANALYSIS OF SMALL BUSINESS SOCIAL RESPONSIBILITY PRACTICES IN SOUTH AFRICA

My name is Spiwe Masarira and I am a Doctor of Business Leadership candidate at Unisa School of Business Leadership, South Africa. As part of my doctoral studies, I am conducting research on the Corporate Social Responsibility in Small and Medium Enterprises South Africa. The focus is on companies that are listed on the ALT Exchange. The supervisor for this research is Professor Pumela Msweli, Executive Dean of the Faculty of Management and Law of the University of Limpopo.

Similar to most countries around the world, the SME sector in South Africa contributes significantly towards the growth of the economy, and towards solving the many socio economic problems confronting the country. While corporate social responsibility of large companies is an area that has been investigated thoroughly in academic literature, there is lack of comprehensive knowledge about the same concept from the perspective of SMEs.

The purpose of this research is to gain a thorough understanding of corporate social responsibility in SMEs. You are kindly invited to take part in this research by agreeing to participate in a telephone interview during which you will share your opinions and experience about the research topic. Each interview will take approximately 20 minutes. Should you agree to participate; the interview will take place at your offices or any other venue that is most suitable for you. The interview can also be done over the phone if that is what you prefer.

I will ensure the confidentiality of the information that you will provide during the interview. As an interviewee, you will be asked to sign an informed consent form, in which you give your permission that the information collected in the interview may be used in this study, without identifying you or your company name except your role or position within the company. The research findings may be submitted for publication.

Your true and accurate feedback is highly appreciated in helping us understand the state of CSR amongst SMEs in South Africa. I hope and trust that the outcome of this research will provide future direction in the areas of CSR in SMEs

I look forward to speaking with you and learning more about Corporate Responsibility in SMEs.

Yours Sincerely

Spiwe Masarira

Doctoral student, School of Business Leadership, University of South Africa

APPENDIX B: CONSENT FORM



INFORMED CONSENT FORM

Title of research project:

AN ANALYSIS OF SMALL BUSINESS SOCIAL RESPONSIBILITY PRACTICES IN SOUTH AFRICA

Name of researcher: **Spiwe Masarira**

Name of Supervisor: **Professor Msweli**

Tick the box that applies, sign and date and give to the researcher

	Yes	No
I agree to be interviewed and to take part in research project specified above		
I have been provided with information at my level of comprehension about the purpose of this research, including any likelihood and form of publication of results.		
I understand that my participation is voluntary.		
I understand that I can choose not to participate in part or all of this research at any time, without negative consequences to me.		
I understand that neither my name nor any identifying information will be disclosed or published.		
I understand that all information gathered in this research is confidential.		
I am aware that I can contact the supervisor or researcher at any time with any queries.		

Participants Name:

 Participants Signature:

.....
 Date:

 Email:

APPENDIX C: INTERVIEW GUIDE

SECTION A: Demographics

Company name:	
Sector/industry:	
Core business activities:	
Years in business:	
Total no. of employees:	
Turnover:	
Respondent's name:	
Gender:	
Function/position:	
Address:	
Phone:	
Email:	
Company website:	

SECTION B: Interview Guide

- IQ1. Are you familiar with the term Corporate Social Responsibility?
- IQ2. When and how did you first learn about Corporate Social Responsibility?
- IQ3. What do you understand is meant by the term Corporate Social Responsibility?
- IQ4. Is there any other term (other than Corporate Social Responsibility) that you know?
- IQ5. Are you using the term Corporate Social Responsibility?
- IQ6. Is there any other term (other than CSR) you would prefer to use?
- IQ7. What does the concept of social responsibility mean for your company?
- IQ8. Does your organization have a policy on CSR? If so, how could this best summarized?
- IQ9. What is your company doing in the area of CSR? What initiatives?
- IQ10. Does the company commit a percentage of the budget to the purpose of CSR work annually?
If yes how much is it?
- IQ11. If you have not been involved in any such initiatives, what are the main reasons?
- IQ12. Does the company raise awareness within the company in relation to CSR issues?
- IQ13: Does the company publicly report on CSR issues or facts that are relevant to the company?
- IQ14: Do you consider social responsibility as a part of your business strategy, as something you do on the side of the business operations or as something you do not work with at all?
- IQ16: Are there any future plans of your company about CSR? If so, what are they?
- IQ18: What are the main drivers or motivations for your company to address questions of social responsibility?
- IQ20: Could you please tell me how decisions of CSR are taken in this company?
- IQ21: To what extent do your stakeholders influence such decisions?
- IQ22: Do you communicate your social responsibility initiatives?
- IQ23: What are the barriers to CSR? How can your company be encouraged to participate in CSR activities?
- IQ24: What challenges do you face to undertake CSR?
- IQ25: What do you think would encourage YOU to think or act more on CSR?
- IQ29: What do you consider the greatest barriers to work with social responsibility?
- IQ30: How have you approached these barriers in order to overcome them?

Is there anything else you find important in the discussion about social responsibility that has not been asked about in this interview?

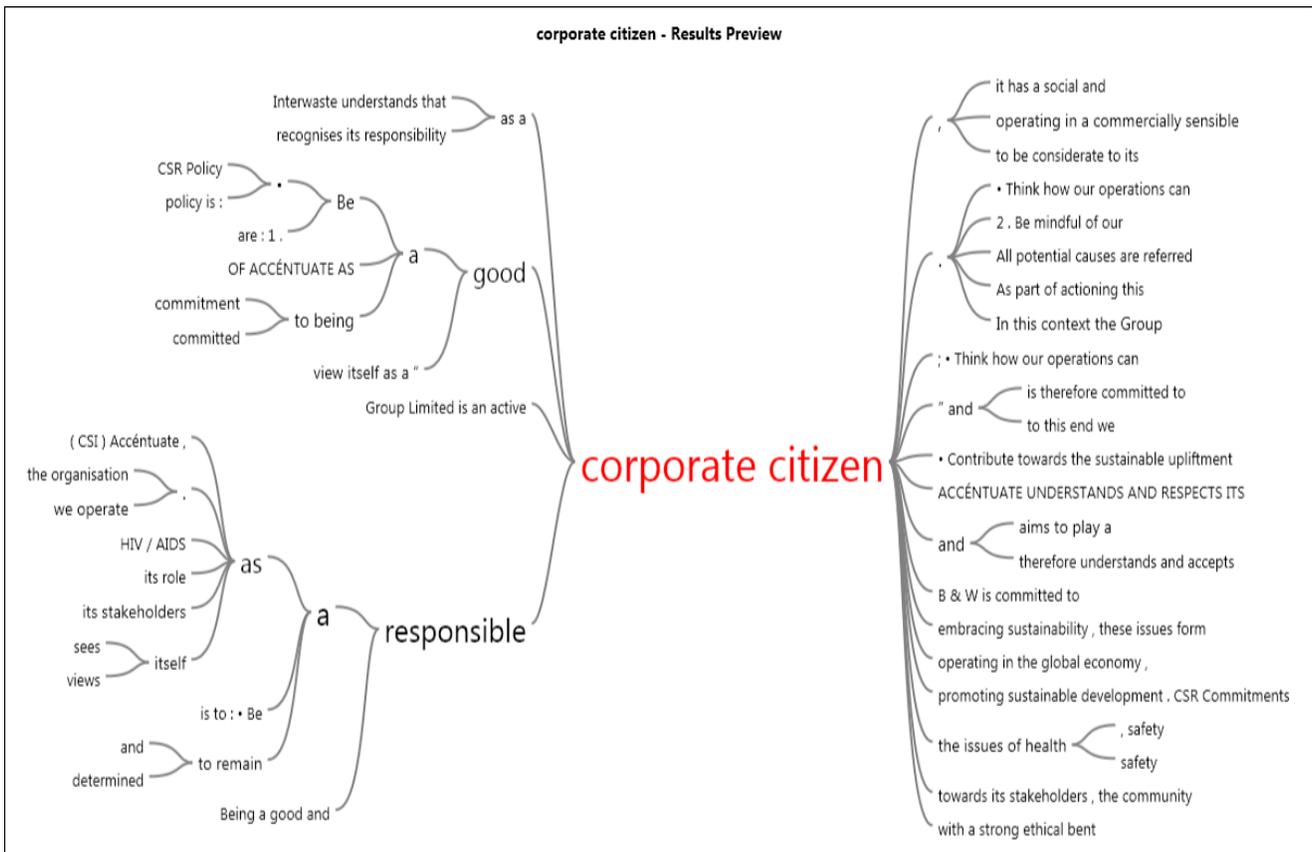
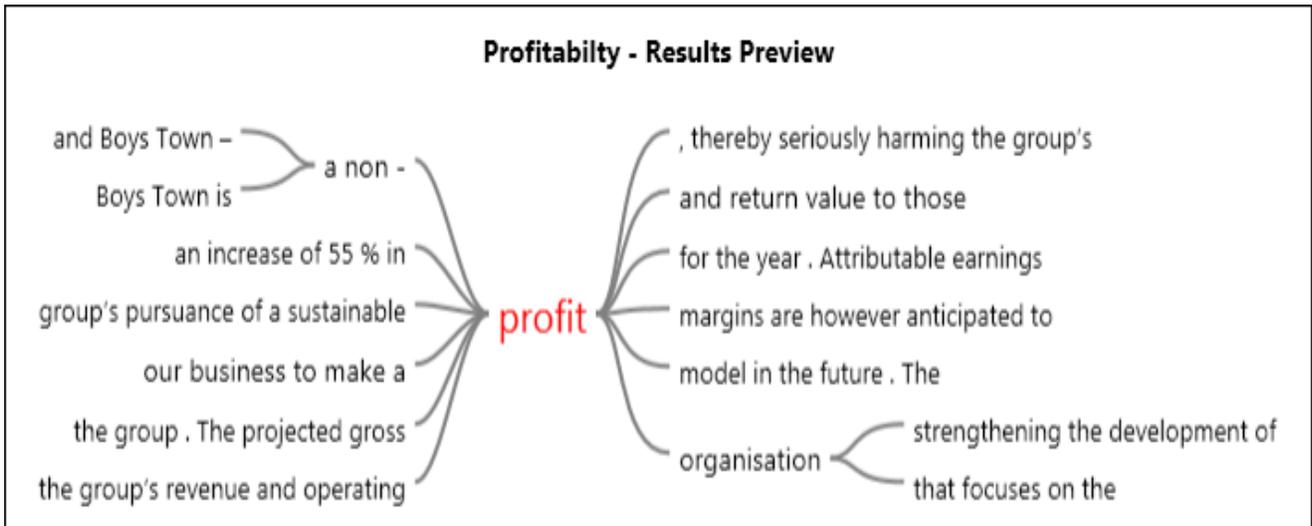
Describe briefly what benefits do you think your particular company could reap from engaging in CSR?

What incentives would encourage your company to implement CSR practices?

IQ10. Is there any predetermined budget for such expenses? If so, what factors affect them?

Thank you very much for sacrificing your valuable time to complete this questionnaire. It is greatly appreciated.

APPENDIX D: TREE WORD DIAGRAMS



Programme - Results Preview

group's customer satisfaction rating (CSR) / Safety, Health and Environmental (SHE) / apprenticeships - Expanded Public Works group is embarking on supported as required by to underprivileged schools through a six - month work readiness attended the "Coach the Learner" part of the SHE - Audit the ABCD/FACE RGA - company remains committed to its reported on monthly. The vital part of our

Human Resources selected for the Enterprise and training ChemSpec's with government's Integrated Development Programme and the overall countering Absenteeism management programme in this area. An embarked on an extensive leadership establishing of a social upliftment Fanatic is a water sports forum meets on a regular has an operating Occupational Health has an alien vegetation removal a Health and Safety highly effective "Rally to Read" attend a compulsory SHE induction improvements. A revised group country. Internship programme Workforce's recognised throughout the country. registered on our current The objective of the Workforce started a new

achieve desired outcomes and regional level in our country community upliftment projects service, incorporating a component of link into candidates on registered participating in pathway programme pilot project. to manage

skills development and employment to the relevant authorities majority are women. The Skills Development Strategy a successful training and participating in its internal support of the involved in a second Performance management Employment equity registered on our current

governance/oversight training. The group's and theory. internship programme to face counselling Absenteeism an industry HIV/AIDS incorporated into our talent managers attended an embedded knowledge include an ongoing medical surveillance of Practice. A regional rural and township schools or initiating a regular exercise backgrounds Our Workers for Workforce Workforce placed on a succession plan in our country. The Rewards for Waste have an integrated Corporate Responsibility to its Corporate Social responsible environmental action. Accretate's CSR currently establishing a Masonry awarded the Work and completing the City of Salt's corporate social investment through a prioritised social investment initiative and donations status. The company peer educator

Launched in September 2012 on 22 July 2011 1% of MPAT CDE and certifying skills development economic and social sectors formally appointed once finalised of Gauteng in stages on corporate social investment programme produced for SuperSport from the Western Cape to practical work experience is responsible for implementing line. The components of October 2008. 89 completed are two. theme on balance still active

The group's New Venture Creation the group's reward and recognition this there is an active Rewards for Waste Programme see huge benefits in the previously disadvantaged communities - month vocational education and and legislation. The WIC our business currently going through HIV/AIDS issues an IG Safe accredited B & W commenced its during the annual induction (Workforce Industry Knowledge) modular at all levels. The their communities. The group's of 261 learnerships Employee part of the health and an employee health and will continue with the current work and skills 100 000 workforce. To offer a mentoring

programme

this consists of a developmentally (Western Cape) The group was and the KwaZulu - Natal Central Policy amongst other interventions. In the and 44 highpotential individuals were awarded to Workforce four years three years is currently being reviewed to occupational health and safety prevention part of a mass recruitment to empower permanent staff members which centres on facilitating learnerships includes unemployed and and

A significant increase from the All our quarters achieved the An internship is a six Brikor's intention is to uplift development in rural areas Integrated Evaluation and data collection processes Launched in September 2012, the More than 90 % of the Permanent placements for the remaining Stream A is straightforward placement. The client has 10 centres There are currently 160 000 These individuals, from key positions This training will be an 60 of these were internal and being a good and facilitate the linkage give back to measure three levels also aim to educate learners are also subjected to have been at work is reflected in the successfully securing jobs - and the overall programme includes all at the end

are to identify health risks around HIV/AIDS, to continue before being allowed to enter blends workplace skills with life by embarking on various projects combining theory and practice that funded and underpins internships. comprises the integration of job continued during the past financial to be well supported continues to show good progress continuing and measuring its long - contacts (only gaining momentum towards covers a broad spectrum of Education programme Health risk assessment features various water sporting activities finished in June 2012. The 2011 was to provide 2012 remains to provide all its permanent staff its employees. In 2011, longer forms part of our longterm transformation from SEPZA to assist in guidelines and conducting regular baseline attracted considerable interest and developed to improve established and is implemented since 2008. how been implemented and have participated in the low Health risk assessment Hospital admission impact will be carefully monitored August 2008 for 60 phase. As a truly which unwanted vegetation is includes crew training applicable on government initiative to positive contributor to aimed at empowering employees also available to all with staff required with staff required deliberate, focused and progressive ongoing and companies a ensure the availability give graduates valuable launch, all HIV - positive employees launched during 2011, is aimed Learnership Programmes support the goals moved into its third phase collecting recyclable waste in corrective actions. Strong CSR recognition of prior learning on waste disposal. As an organised by industry bodies as produced for SuperSport, the programme seeks to identify and establish targets the unemployed youth (aged teaches skill - sets which can that enables graduates with qualifications

group is in the special projects division training division assumes number of learners trained three year contract with Work and Skills 100 contract awarded in October programme aims to give through this internationally recognised institution. enable them to interpret identify and eliminate the monitor and guide the via a clinic at its launched last year to started over 10 days where all employees will be whereby the Company through its aims to transfer reading focuses on integrating education has been in operation provides for risk assessment will be rolled out to include 24 hour call with work and / or to within Accretate was launched over Workforce has 261 learners registered Workforce's internship programme comprises funded

Right thing to do - Results Preview

issues, responsibilities and accountabilities .

- issues, responsibilities and accountabilities ;
- which it operates
- which we operate
- within the organisation
- accepts its role
- amongst its stakeholders
- Health and safety
- Investment (CSI) Accéntuate ,
- Erbacon sees
- Accéntuate Group views
- itself
- as
- site . HIV / AIDS
- to be considered
- decent work Workforce is
- products and services , in
- The policy further fosters
- is determined
- level and
- to remain
- which is to : • Be
- all of its operational disciplines . •
- and • Being a good
- education to support safe
- frontline management , are accountable
- identified as a caring
- our commitment towards sustainability
- through sound community development
- to occupy more skilled
- a socially , ethically
- viable and socially
- and environmentally
- by the Group
- concept of stewardship
- and the
- for which all management
- HIV peer educators who
- managers and site managers
- are
- regional employment equity committees
- As a signatory to the "
- committees will continue
- expects all individuals
- skills development committees
- The HR committee
- will
- be
- by the safest and most
- In addition each
- world . Ultimately , every
- employee
- Group human resources department
- Group's Employment Equity Committee
- Harley , Corporate Safety Manager ,
- of each operating group
- Health and Safety
- The chief executive
- officer
- overseeing sustainability matters and
- RISK MANAGEMENT The board
- also include the training
- lead in the area
- of the growing importance
- position within the realms
- of a systems division solely
- organisation . As well as being
- processing plant . B & W was
- recognise our duty to implement
- a duty towards its
- a commercially sensible
- as being necessary
- and
- socially
- its position as a
- sustainable profits . Our role as
- the environment by offering innovative ,
- The safety officer is generally
- the United Nations Principles for
- and initiatives
- their communities .
- Our approach
- to
- sound sustainability practices equate

responsible

, fair and enlightened employment practices .

- During the year B & W
- Sustainability focus areas Stakeholder engagement
- The Group has established an
- actions
- allowing for environmental protection .
- to exercise a high
- and
- legally compliant waste management
- sustainable business behaviour , the
- behavioural attitude amongst all employees
- business practices .
- HEALTH AND SAFETY
- In line with
- Our commitment is
- Care
- " standard , Interwaste is required to
- As a signatory to
- business by all its
- citizen
- All potential causes
- As part of
- In this context
- Contribute towards the
- and
- aims to
- therefore understands
- B & W is
- embracing sustainability , these
- operating in the
- promoting sustainable development .
- the issues of
- citizens is to support
- citizenship
- , therefore , is to
- has been to
- 20 StratCorp
- 22 StratCorp
- decisions . SOCIAL PERFORMANCE
- disposal of printer cartridges are
- the group is committed
- employer
- and
- business partner . The
- is committed to
- proactively meets its
- environmental action . Accéntuate's CSI programme
- advising the company on
- building the capacity of
- creating awareness and distributing
- defining group policy and
- driving the achievement of
- ensuring that the group's
- health and safety
- , and
- at
- his / her own safety
- for
- implementing the
- necessary structures
- programme's guidelines
- monitoring the group's activities
- setting employment equity targets
- the
- 11 kv / 6 ,
- daily implementation of
- day - to - day
- full implementation of
- implementation of this
- sustainability of the
- total process of
- their own health and
- Investment (" UNPRI ") . Oasis Group Shari'ah
- investors to provide information to
- management of resource use . We
- manner
- , mindful that we are
- . This includes the ethical
- that minimises any potential
- manufacturing and the development of
- means available
- , to reduce environmental
- to reduce environmental
- ncorporate citizen , Accéntuate is committed
- organisation During the period under
- positions within the Group . Employment
- to ensure consistency and uniformity

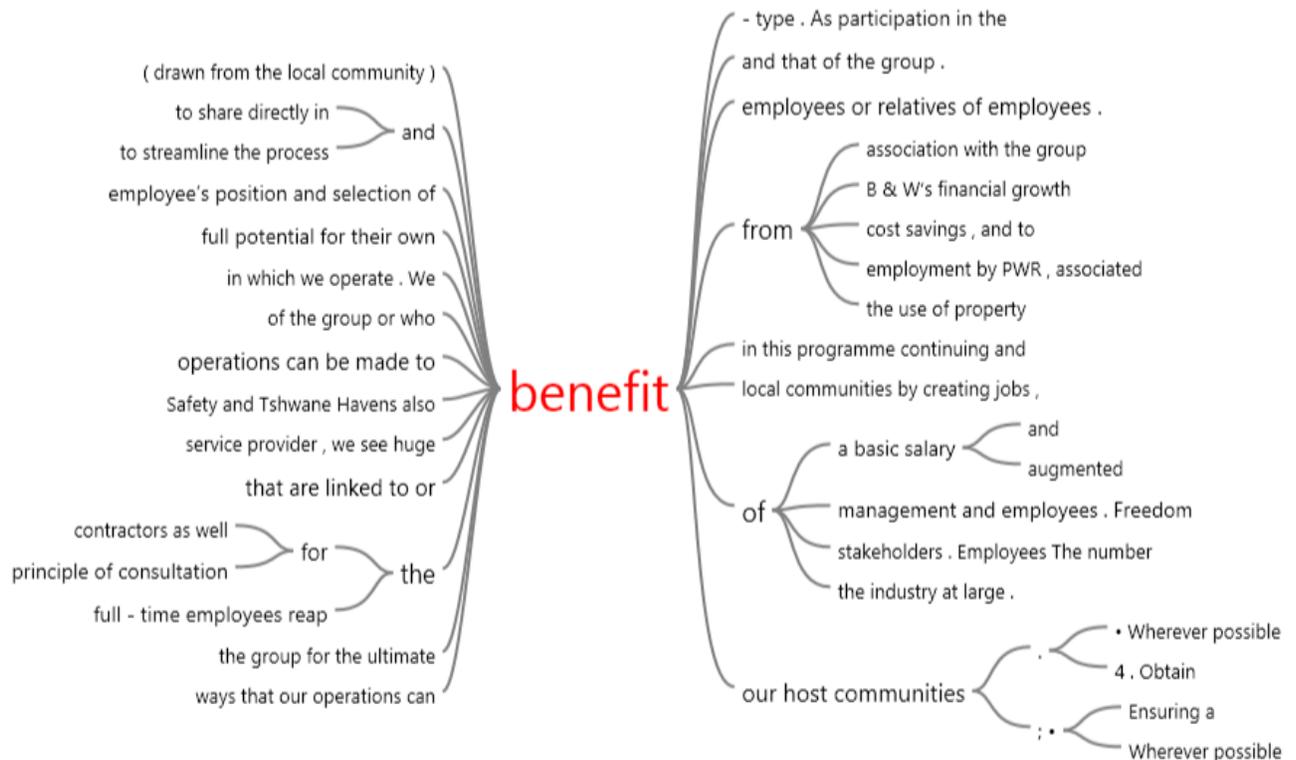
Strategy - Results Preview



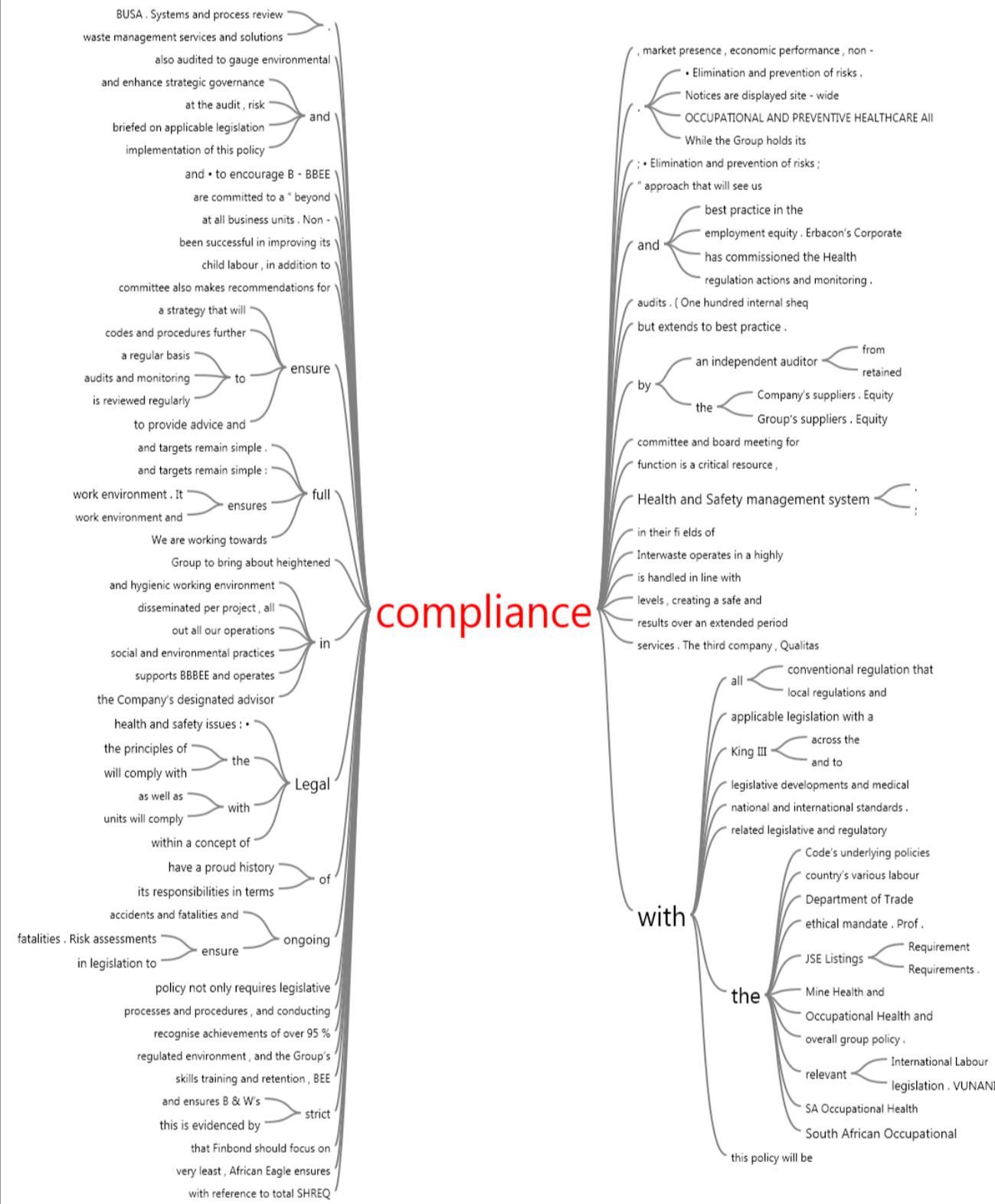
Social Ethics Committee or Social Ethics Act - Results Preview



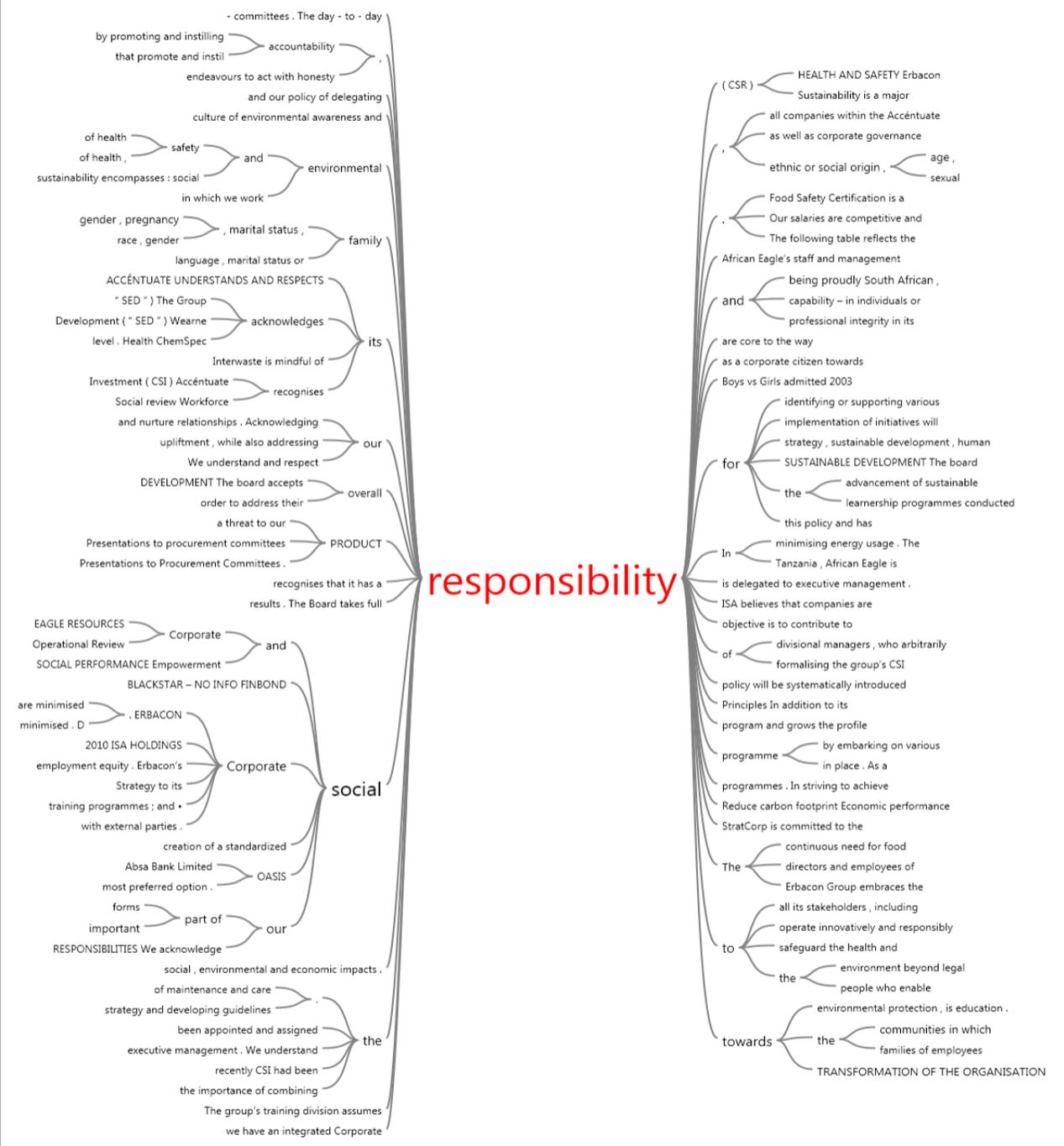
Benefits for CSR - Results Preview



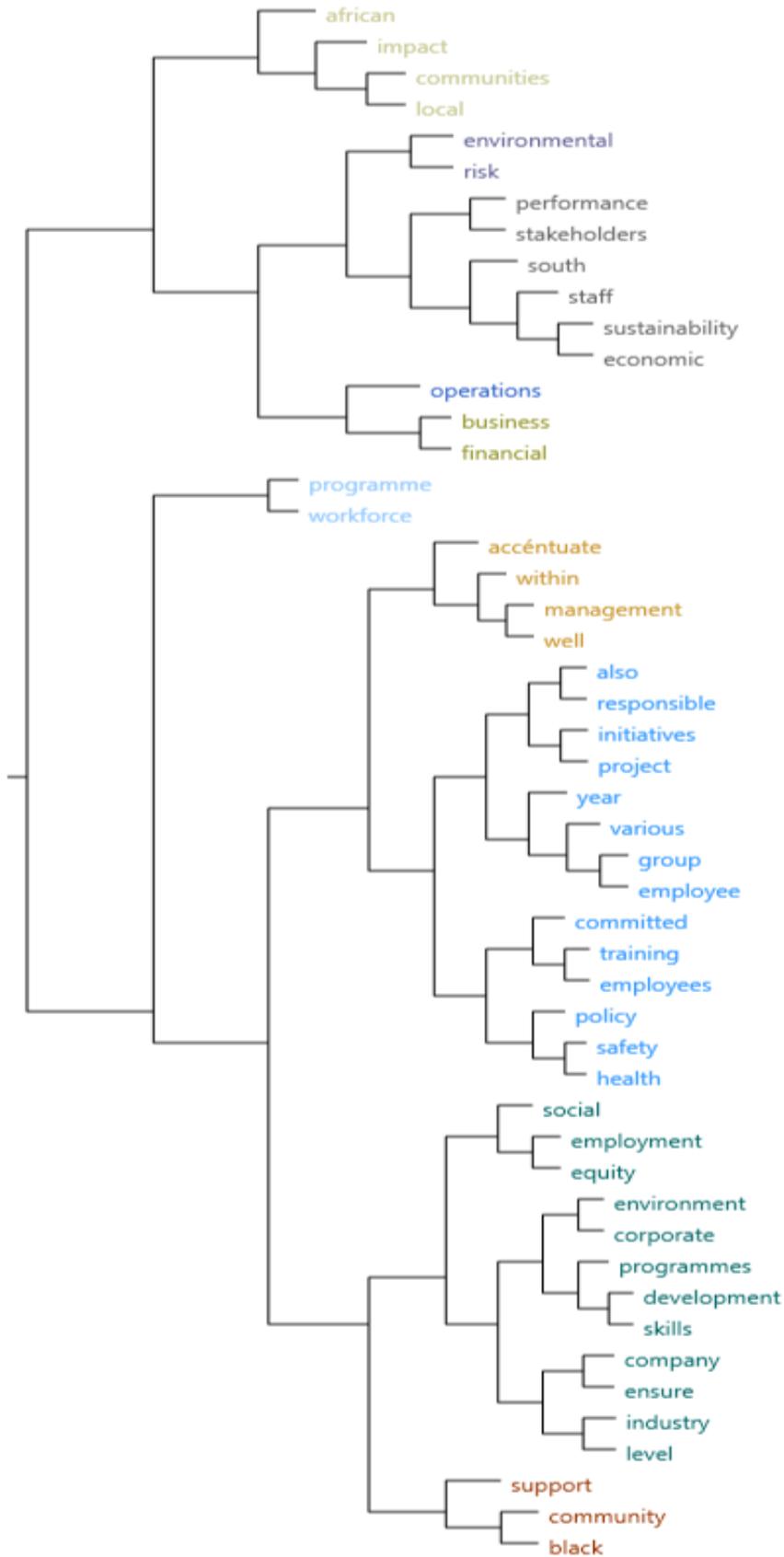
Compliance - Results Preview



Responsibility - Results Preview

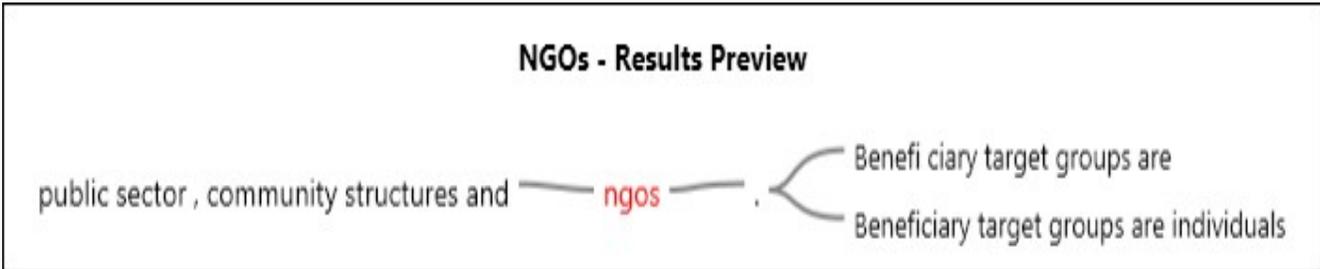
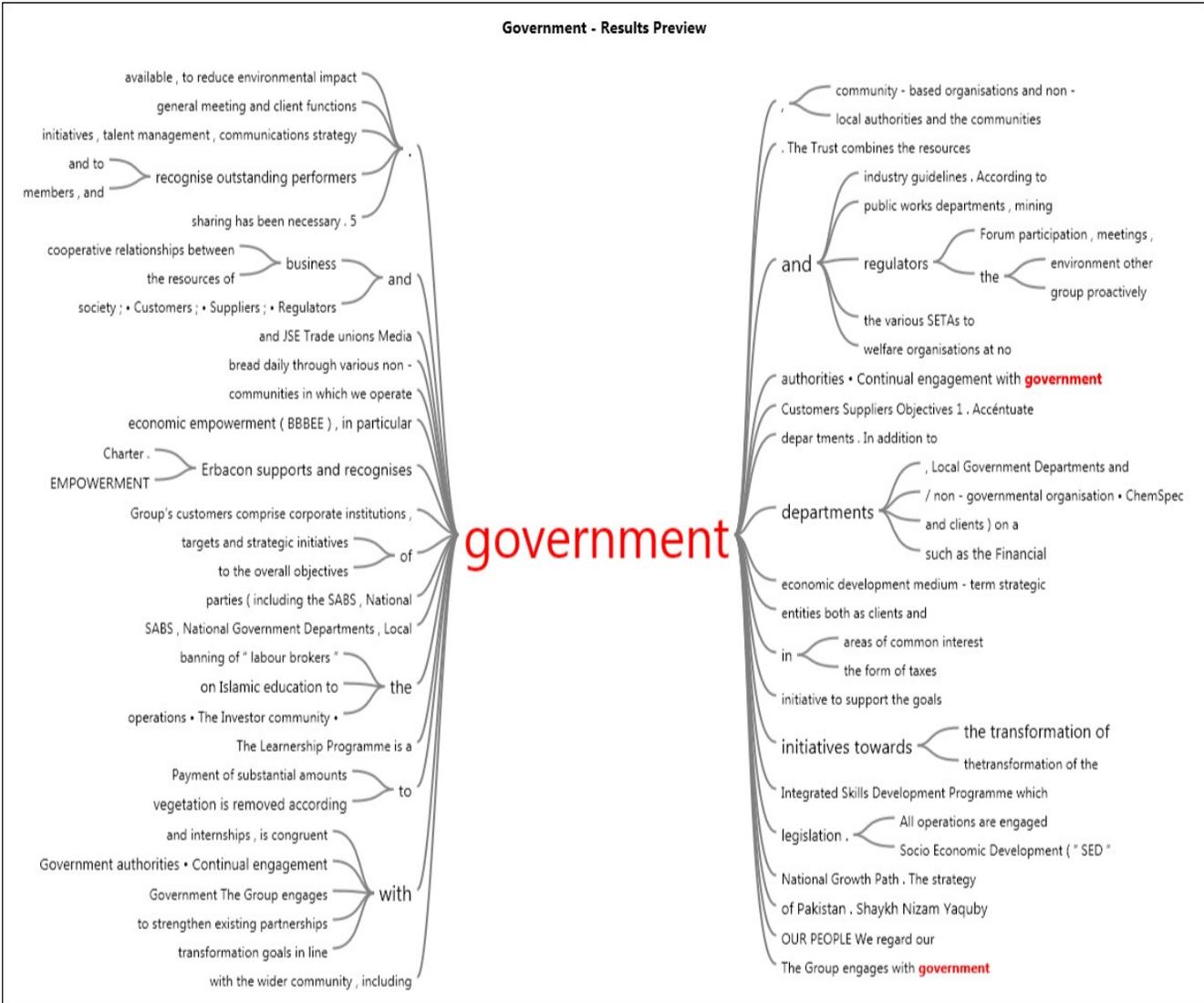


Common Words in CSR



Customers - Results Preview





Suppliers - Results Preview

