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Corporate social responsibility

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Corporate social responsibility – a SMME perspective

S Viviers
Danie J L Venter

Abstract. The purpose of this study was to ascertain South African Small, Medium and Micro Enterprise (SMME) owners'/managers' perceptions regarding the importance of corporate social responsibility (CSR) in this sector of the economy. Their views were gauged by means of a questionnaire based on Carroll's (1979, 1991) CSR hierarchy. Descriptive and inferential statistics, based on 262 questionnaires, show that SMME owners/managers viewed CSR as a very important business practice in South Africa. Given the critical role that SMMEs can play in addressing South Africa's socio-economic needs, it is recommended that more SMME owners/managers be educated as to what CSR entails and how it can be implemented.

Key words: Corporate social responsibility, SMMEs, economic responsibilities, legal responsibilities, ethical responsibilities, philanthropic responsibilities.

Introduction

Although the concept of Corporate Social Responsibility (CSR) has been described as "...a fuzzy one with unclear boundaries and debatable legitimacy", it generally refers to a commitment by businesses to contribute to sustainable development and to improve the quality of life in the workplace and in society at large (Lantos, 2001: 595; World Business Council for Sustainable Development, 2002).

Within the South African framework, CSR refers to businesses' contribution to society and community that are extraneous to their regular business activities. These contributions may include, but are not limited to: development programmes for woman, youth, people living with disabilities, support of health and HIV/AIDS programmes in the community as well as support of education and training initiatives (Kloppers & Kloppers, 2006: 5).

According to a report by the United Nations Industrial Development Organisation (UNIDO, 2002: vii), the key drivers of CSR globally have been the globalisation of trade, the increased size and influence of companies, the repositioning of governments and a rise in the strategic importance of stakeholder relationships, knowledge and brand reputation. The most prominent drivers of CSR in South Africa have been identified by De Cleene and Sonnenberg (2004: 15) and Visser (2004: 4) as:

- the publication of the second King report on corporate governance in 2002;
- the launch of the FTSE/JSE Social Responsibility Index in 2003;
- the development of several broad-based Black Economic Empowerment (BEE) sector charters; and
- improved corporate disclosure on sustainability-related issues.

These drivers have not only affected large listed businesses but also Small, Medium and Micro Enterprises (SMMEs). It is estimated that SMMEs make up over ninety percent of enterprises worldwide and account for approximately sixty percent of total global employment (UNIDO, 2002: vii). Statistics from the South African Department of Trade and Industry indicate that local SMMEs also account for almost 75 percent of employment in South Africa and contribute approximately 28 percent to Gross Domestic Product (Wadula, 2005).

The UNIDO report (2002: ix) shows that, despite facing numerous constraints, SMMEs worldwide are increasingly embracing the concept of CSR, albeit a 'silent' form thereof. In South Africa, SMME owners/managers are likewise expressing a stronger interest in the topic (Kloppers & Kloppers, 2006: 3; Visagie, 1996: 35). As in the case of their international counterparts, many local SMME owners/managers exhibit a willingness to be socially responsible but do not know how or where to contribute. Kapelus, Hamman, Agbazue and Hein (2004: 54) even argue that SMMEs' closeness to their stakeholders (in terms of face-to-face interaction) and the fact that they often provide employment to the poorest segment of the population provide prima facie evidence of socially responsible behaviour on their part.

Given the lack of CSR research in the local SMME sector, this research set out to ascertain local SMME owners'/managers' perceptions regarding the importance of CSR in this sector of the economy. Their views were gauged by means of a self-administered survey

Dr Suzette Viviers is a lecturer in the Department of Business Management at the Nelson Mandela Metropolitan University. She conducts research into areas relating to corporate social responsibility, socially responsible investing, business ethics and small business management.

Danie Venter is a senior lecturer in the Department of Statistics at the Nelson Mandela Metropolitan University whose research interests centre on research methodology, the measurement of latent variables, multivariate data analysis and methods of paired comparison.

questionnaire based on Carroll's (1979, 1991) CSR hierarchy. As depicted in Figure 1, CSR is seen by Carroll (1979, 1991) as consisting of economic, legal, ethical and philanthropic responsibilities.



Fig. 1: The pyramid of corporate social responsibility
Source: Carroll (1991: 42)

Particular attention was paid to whether an ordinal relationship, as suggested by Carroll (1979, 1991), exists between economic, legal, ethical and philanthropic responsibilities. To test whether a descending sequence of importance exists, the following null-hypotheses were formulated with regard to the population of SMMEs:

- $H_{0,1}$: The scores for Economic and Legal responsibilities are equal;
- $H_{0,2}$: The scores for Legal and Ethical responsibilities are equal;
- $H_{0,3}$: The scores for Ethical and Philanthropic responsibilities are equal.

The questionnaire, initially developed by Aupperle, Hatfield and Carroll (1985: 446), was contextualised for the SMME sector in South Africa and distributed to SMME owners/managers in the Nelson Mandela Bay region (Port Elizabeth, Uitenhage and Despatch) in April 2005. Hypotheses were tested by means of inferential statistics, based on 262 usable questionnaires.

In the next section the literature review will be presented, followed by an overview of the research design and methodology, the results of the empirical investigation, as well as some conclusions and recommendations.

Literature review

Carroll's model of CSR

As indicated in Figure 1, ***economic*** responsibilities form the foundation or basis of Carroll's (1979, 1991) CSR pyramid. Economic responsibilities imply that businesses have an obligation to (1) produce goods and services which society requires, (2) which are sold to them at a fair price, (3) which would provide profits adequate to ensure the perpetuation and growth of the business and (4) which would adequately reward investors for the risk they are taking (Carroll & Buchholtz, 2000: 33).

Legal responsibilities indicate that the goal of profit maximisation is to be approached within the confines of written law (Carroll, 1991: 44). It should be noted that laws are often seen as a reflection of society's minimal standards of acceptable conduct. The primary source of legislation pertaining to CSR in South Africa is the Codes of Good Practice on Broad-based BEE drafted in terms of section nine of the Broad-based BEE Act (Act No 53 of 2003).

The third element of Carroll's (1979, 1991) CSR pyramid reflects the ***ethical*** responsibilities of businesses. In the most elementary sense business ethics represents the set of moral principles or values guiding human behaviour within the economic setting (Rossouw, 2004: 2). As indicated in Figure 1, ethical behaviour is generally on a level above the law (Carroll & Bucholtz, 2000: 122). In this regard Earl Warren, chief justice of the USA in the 1960s remarked that "...in a civilized society, law floats on a sea of ethics" (quoted in Schwartz, 2003: 196). SMME owners/managers who excel at meeting their ethical responsibilities are thus those who respond to emerging social expectations even though the law does not yet require it.

Finally, the ***philanthropic*** responsibilities of a business involve being a good corporate citizen and include participation in initiatives or programmes that promote human welfare or goodwill. Examples include contributions to charities, the development of social infrastructure as well as education and health care programmes. Such activities are generally geared towards external stakeholder groups (Carroll, 1979: 499).

Having discussed the dimensions of CSR, attention will now be directed to the question of whether SMMEs should in fact engage in CSR activities.

Should SMMEs engage in CSR activities?

The debate as to the appropriateness and implications of CSR dates back to 1970 when Nobel-prize winner, Milton Friedman, argued that CSR was a fundamentally subversive doctrine in a free society (Friedman, 1970: 37). Although views have changed in the past 30 years, critics still argue that CSR imposes costs on stakeholders e.g. costs on employees (by reducing salaries), customers (by charging higher prices) and most importantly on business owners (by lowering returns). Researchers such as Aupperle et al. (1985: 446) as well as Waddock and Graves (1997: 306) argue that firms engaging in CSR suffer a competitive disadvantage as these costs could have been avoided altogether or could have been borne by others, mainly by the government.

What is often overlooked is the fact that Friedman actually made a distinction between the socially

responsible actions of *managers* and *individual proprietors* (such as SMME owners).

Friedman (1970: 32) argued that it is highly inappropriate for *managers*, who act as agents for the owners of businesses, to engage in any activities that might harm their interests. "The business executive's responsibility is to conduct the business in accordance with the owners' desires, which generally will be to make as much money as possible while conforming to the basic rules of society, both those embodied in the written law and those embodied in ethical custom".

In terms of *individual proprietors* Friedman (1970: 124) remarked that: "if he (the proprietor) acts to reduce the returns of his enterprise in order to exercise his 'social responsibilities', he is spending his own money, not someone else's. If he wishes to spend his money on such purposes, that is his right, and I cannot see that there is any objection to his doing so". As there are still costs involved for customers and employees, SMME owners/managers should continue to weigh up the advantages and costs of proposed CSR activities.

Proponents of CSR argue that firms with high levels of engagement in CSR activities have an advantage of being viewed as better managed and therefore less risky (Moore, 2001: 306). They further suggest that economic performance is enhanced as a result of such businesses avoiding expensive fines, reducing waste and recruiting and retaining higher calibre employees. Other benefits to the firm of undertaking CSR activities include (UNIDO, 2002: x):

- attracting and retaining loyal customers;
- improving business reputation and positive publicity;
- maintaining and improving a licence to operate in the local community;
- cost and efficiency savings; and
- networking opportunities.

A plethora of research on the relationship between corporate social performance (CSP), a measure of CSR, and corporate financial performance (CFP), a measure of shareholder wealth creation, has been undertaken since Friedman sparked the CSR debate in 1970. Griffin and Mahon (1997: 6) evaluated previous studies of this nature and attributed the divergent findings (as summarised in Table 1) to conceptual, operational and methodological differences in the definitions of CSP and CFP.

TABLE 1:
Studies on the relationship between corporate social performance and corporate financial performance

Decade	Positive	No effect/inconclusive	Negative	Total
1970s	12 (70,6%)	4 (23,5%)	1 (5,9%)	16
1980s	14 (40,0%)	5 (14,3%)	16 (45,7%)	27
1990s (up to 1994)	7 (70,0%)	0 (0,0%)	3 (30,0%)	8
Total	**33 (53,2%)**	**9 (14,5%)**	**20 (32,3%)**	**51**

Source: Griffin & Mahon (1997: 6)

More recent studies on the relationship between CSP and CFP still report inconsistent findings, despite using more refined definitions and methodologies (McWilliams & Siegel, 2000: 603; Moore, 2001: 299; Orlitzky, Schmidt & Rynes, 2003: 409) Most findings however seem to suggest that businesses which take their social responsibilities seriously tend to be more profitable than their counterparts which focus purely on their economic responsibilities. As such it is strongly suggested that more SMMEs engage in CSR activities. Not only do they stand to benefit financially, but also the communities in which they operate (in terms of job creation, skills development etc.).

Kapelus *et al.* (2004: 54) also remark that "...by themselves, SMMEs have small social and environmental impacts, compared to large, capital and resource intensive companies, but collectively their direct and indirect impacts on social issues, such as HIV/AIDS, labour conditions, crime and pollution may be considered very significant". To minimise negative impacts and enhance positive impacts, SMMEs clearly need to give more attention to CSR issues.

Against this theoretical background focussing on the definition of CSR and measurement thereof, the research design and methodology will now be discussed.

Research design and methodology

In this section a description will be given of the research instrument, sample selection as well the choice of data collection and analysis techniques.

Research instrument

A self-administered survey questionnaire was developed to extract primary research data. Section A of the questionnaire focused on the demographic characteristics of the respondents and their businesses, whereas Section B dealt with SMME owners'/managers' perceptions regarding the importance of CSR in this sector of the economy.

Section B consisted of 48 statements, initially formulated by Aupperle et al. (1985) which focussed on the economic, legal, ethical and philanthropic responsibilities of businesses. As indicated in Table 2, the questions were divided into four sets of twelve statements each corresponding to the four levels of Carroll's (1979, 1991) CSR hierarchy. For measurement purposes a semantic differential scale was utilised with a possible response continuum between 1 (*Not important at all/Strongly disagree*) to 5 (*Very important/Strongly agree*).

TABLE 2:
Statements relating to economic, legal, ethical and philanthropic responsibilities respectively

Statements relating to Economic responsibilities	
B1	It is important to perform in a manner consistent with the expectations of the owners/shareholders of the business.
B5	It is important for a business to maintain a strong competitive position.
B9	It is important to be committed to being as profitable as possible.
B16	It is important to maintain and expand market share.
B18	It is important to try and ensure long-term survival by being a profitable business.
B22	It is important that long-term return on investment is maximised.
B25	It is important to regularly examine new product and market opportunities.
B33	It is important to pursue those opportunities which will enhance profitability.
B30	It is important to pursue investments solely on their ability to enhance profitability.
B37	It is important that a successful firm be defined as one which is consistently profitable.
B43	It is important to commit organisational funds primarily on the basis of ensuring improved profitability.
B45	It is important that profit margins remain strong relative to major competitors.
Statements relating to Legal responsibilities	
B2	It is important to perform in a manner consistent with the expectations of government.
B6	It is important for a business to maintain a strong affirmative action programme.
B11	It is important to be committed to abiding by laws and regulations.
B14	It is important to comply with various governmental regulations.
B20	It is important to try and ensure long-term survival by being a law-abiding business.
B21	It is important that information to which owners/shareholders are legally entitled is not kept from them.
B26	It is important to comply promptly with new laws and court rulings.
B31	It is important to provide goods and services that are legally safe and sound.
B34	It is important to avoid discriminating on racial or sexual grounds.
B38	It is important that a successful firm be defined as one which fulfils its legal obligations.
B41	It is important to provide employees with a legally safe and secure working environment.
B47	It is important that safety violations are not ignored in order to complete a project.
Statements relating to Ethical responsibilities	
B4	It is important to perform in a manner consistent with expectations of societal and ethical norms.
B8	It is important for a business to maintain a ensure customers/clients are not given preferential treatments in the form of large gifts or lavish entertainment.
B12	It is important to be committed to moral and ethical behaviour.
B13	It is important to recognise that the ends do not always justify the means.
B19	It is important to try and ensure long-term survival by being a morally and ethically responsible business.
B24	It is important that when securing new business, promises are not made which are not intended to be fulfilled.
B28	It is important to recognise and respect new or evolving ethical/moral norms adopted by society.
B32	It is important to advertise goods and service in an ethically responsible manner.
B36	It is important to prevent social norms from being compromised in order to achieve corporate goals.
B39	It is important that a successful firm be defined as one which satisfies the ethical expectations of society.
B42	It is important to avoid compromising societal norms and ethics in order to achieve organisational goals.
B48	It is important that "whistle blowing" is not discouraged at any level within the business
Statements relating to Philanthropic responsibilities	
B3	It is important to perform in a manner consistent with the expectations of the community regarding charitable donations and activities.
B7	It is important for a business to maintain a policy of increasing charitable donations and activities of the business over time.
B10	It is important to be committed to black economic empowerment.
B15	It is important to financially assist in the fine and performing arts.
B17	It is important to try and ensure long-term survival by being a charitable corporate citizen.
B23	It is important that the business supports HIV/AIDS initiatives in the community.
B27	It is important to regularly investigate new opportunities which can improve the standard of living of all South Africans
B29	It is important to provide financial assistance to private and public educational institutions.
B35	It is important to support, assist and work with previously disadvantaged and women business owners.
B40	It is important that a successful firm be defined as one which does more than what is expected from businesses in general.
B44	It is important to give substantial managerial opportunities on a racial and/or gender basis.
B46	It is important that the quality of the worklife of employees is improved voluntarily.

Sample selection

The target population consisted of all SMMEs operating in the Nelson Mandela Bay (NMB) region (Port Elizabeth, Uitenhage and Despatch) irrespective of industry. Although no statistics are available on the precise number of SMMEs operating in the NMB region, estimates by the Port Elizabeth Regional Chamber of Commerce and Industry indicate that there may be as many as 18 000 SMMEs operating in the area (Personal communication Mattheus, 2005).

Data collection and analysis

Field workers distributed 350 questionnaires to SMMEs in the NMB region in April 2005. Convenience sampling was used in selecting respondents in anticipation of the low response rates generally associated with mail and

telephonic interviews (Collis & Hussey, 2003: 58). Only 262 questionnaires were suitable for statistical analysis. Thirty respondents (11 percent of the sample) were called to verify responses.

Item analyses were conducted and descriptive and inferential statistics calculated using the BMDP Release 7.0 statistical package.

Results of the empirical investigation

The following discussion will focus on the sample distribution, item analyses and correlations between factors.

Sample distribution

The results reveal that the majority of the respondents (75,2%) were male whereas only 24,8% were female. This gender bias should however be viewed in the light of the fact that there are almost twice as many male entrepreneurs in South Africa as females (Orford, Wood, Fischer, Herrington & Segal, 2003: 22). The bulk of respondents (76,7%) had in excess of five years' business experience, almost two thirds (61,4%) had some form of tertiary education and just more than half (51,9%) were both the owner and active manager of the business.

The private company (40,8%) and closed corporation (33,6%) were the most popular forms of enterprise, whereas most respondents operated in either the retail/wholesale industry (43,5%) or the business or personal services industry (34,4%).

More than half of the respondents (58%) owned and/or managed *small* businesses whereas 24,4% were classified as medium and 17,6% as micro enterprises. This distinction is based on the National Small Business Act (Act No 102 of 1996) which uses annual turnover, total assets and number of full-time employees as criteria to classify SMMEs as *small*, *medium* or *micro* (1979, 1991). As SMME owners/managers are generally hesitant to provide information on the first two measures (for fear of espionage or calls from the South African Receiver of Revenue), the number of full-time employees was used in this study as a proxy for firm size. According to the Act, *micro* enterprises employ fewer than 5 full-time workers, whereas *small* businesses employ between 5 and 50 workers, and *medium-sized* businesses between 51 and 200 employees.

These and other details on the sample distribution are summarised in Table 3.

TABLE 3:
Sample distribution

Gender			**Branch of industry**		
Male	197	75,2%	Manufacturing	34	13,0%
Female	65	24,8%	Retailing/Wholesaling	114	43,5%
Total	262	100,0%	Business or personal services	90	34,4%
			Building and construction	21	8,0%
Number of years experience in business			Agriculture/Forestry/ Fisheries	2	0,8%
Less than a year	6	2,3%	Other	1	0,4%
Between 1 and 5 years	55	21,0%	Total	262	100,0%
Between 5 and 10 years	56	21,4%			
More than 10 years	145	55,3%	**Size of the business**		
Total	262	100,0%	Micro (1-4 employees)	64	24,4%
			Small (5-50)	152	58,0%
Position or title in the business			Medium (51-200)	46	17,6%
Owner (silent partner)	14	5,34%	Total	262	100,0%
Owner and active manager in the business	136	51,91%			
Employed manager (CEO or functional manager such as financial, marketing or production manager)	112	42,75%	**Estimate of annual turnover**		
			< R500 000	23	8,8%
			R500 001 to R1 250 000	29	11,1%
Total	262	100,0%	R1 250 001 to R2,5 million	24	9,2%
			R2 500 001 to R5 million	24	9,2%
Level of education			R5 000 001 to R15 million	19	7,3%
Grade 11 or lower	11	4,2%	R15 000 001 to R25 million	12	4,6%
Grade 12 or equivalent qualification	90	34,4%	More than R25 million	36	13,7%
National Certificate or Diploma	77	29,4%	Not willing to say	95	36,3%
Bachelors degree	47	17,9%	Total	262	100,0%
Honnours degree	21	8,0%			
Masters degree /MBA	16	6,1%			
Total	262	100,0%			
Form of enterprise					
Sole trader	42	16,0%			
Partnership	19	7,3%			
Close corporation	88	33,6%			
Private company	107	40,8%			
Trust	6	2,3%			
Total	262	100,0%			

Item analyses

To determine whether the 48 items in Section B of the questionnaire could be used to calculate summated scores with acceptable levels of internal consistency, four factor analyses were conducted. As indicated in Table 4, the Cronbach's alpha coefficients for all four factors were in excess of 0,8 which confirms the reliability of the derived summated scores (Nunally, 1978: 226).

TABLE 4:
Results of Factor Analyses (n = 262)

Factor	Items	Factor Loading	Factor	Items	Factor Loading
1. Economic	B18	0.772	**3. Ethical**	B39	0.769
	B33	0.768		B28	0.758
C.α = 0.87	B9	0.730	C.α = 0.87	B19	0.737
%Var = 42%	B37	0.716	%Var = 43%	B36	0.737
	B22	0.701		B42	0.736
	B45	0.682		B12	0.728
	B16	0.634		B4	0.692
	B30	0.593		B32	0.625
	B25	0.563		B48	0.583
	B5	0.511		B24	0.484
	B43	0.503		B8	0.410
	B1	0.491		B13	0.408
2. Legal	B20	0.807	**4. Philanthropic**	B23	0.760
	B26	0.779		B7	0.748
C.α = 0.89	B11	0.768	C.α = 0.87	B35	0.746
%Var = 47%	B38	0.763	%Var = 43%	B27	0.742
	B14	0.745		B29	0.702
	B47	0.744		B3	0.677
	B41	0.737		B17	0.669
	B34	0.713		B10	0.660
	B31	0.626		B15	0.628
	B21	0.550		B44	0.512
	B2	0.505		B40	0.473
	B6	0.395		B46	0.424

C.α = Cronbach's coefficient alpha
%Var = Percentage variance explained

Inspection of Table 5, which presents some descriptive statistics for the summated scores, reveals that SMME owners/managers in the NMB region did in fact view ***economic*** responsibilities (with a summated score of 4,48) as the most important obligation of an enterprise, followed by ***legal*** (4,43), ***ethical*** (4,15) and ***philanthropic*** (3,50) responsibilities.

The high mean scores of the ***legal***, ***ethical*** and ***philanthropic*** factors indicate that respondents are critically aware of their responsibilities towards the government and to society at large. South African entrepreneurs however often cite regulatory compliance as a major obstacle to the growth of their businesses and the sector as a whole (Paton, 2004; Van Eeden, Viviers & Venter, 2003: 13).

All the individual items relating to ***economic***, ***legal*** and ***ethical*** responsibilities had average scores above 3,33 which indicate that SMME owners/managers view these responsibilities as very important. All but five items pertaining to the ***philanthropic*** factor had average scores in excess of 3,33. These items mainly dealt with donations to educational institutions as well as donations to the fine and performing arts in South Africa. It is likely that respondents viewed such donations only as moderately important as the benefits thereof are not directly observable (Kloppers & Kloppers, 2006: 54).

Further analysis of Table 5 reveals a very strong positive correlation between the ***legal*** and ***ethical*** factors (r = 0,774) as well as a relatively weak positive relationship between ***economic*** and ***philanthropic*** factors (r = 0,336). The former relationship might be attributed to the inter-relatedness of the two concepts i.e. regulation generally depends on the prevailing ethical standards in a society, whereas ethical behaviour is usually seen as actions which transcend the letter of the law. This relationship is clearly illustrated in Carroll's (1979, 1991) CSR hierarchy (Figure 1).

The positive association between the ***economic*** and ***philanthropic*** factors might indicate that SMME owners/managers realise the financial benefits of strengthening relations with their stakeholders. The fact that philanthropy in the form of donations to educational institutions as well as the fine and performing arts in South Africa were only viewed as moderately important highlights the important distinction made in CSR literature between *strategic stakeholder management and social issue participation* (Clarkson, 1995: 100; Swanson, 1995: 53; Wood, 1991: 710).

Hillman and Keim (2001: 125) for example revealed that shareholder value is improved by *strategic stakeholder management* i.e. by means of building better

TABLE 5:
Descriptive statistics for summated scores (n = 262)

	Measures of central tendency and variability							Correlations		
Factor	**Mean**	**S.D.**	**Min.**	**Q1**	**Median**	**Q3**	**Max.**	**Legal**	**Ethical**	**Philanthropic**
Economic	4.48	0.44	1.33	4.25	4.58	4.75	5.00	0.572	0.487	0.336
Legal	4.43	0.51	1.00	4.17	4.58	4.83	5.00		0.774	0.661
Ethical	4.15	0.59	1.17	3.75	4.25	4.58	5.00			0.655
Philanthropic	3.50	0.70	1.00	3.08	3.50	4.00	5.00			

relationships with primary stakeholders (employees, customers, suppliers and communities) but negatively affected by the *social issue participation* i.e. by using corporate resources for social issues that are not related to primary stakeholders.

According to Hillman and Keim (2001: 128) *strategic stakeholder management* deals with investments (financially and otherwise) in primary stakeholder relationships i.e. with employees, customers, suppliers and communities. These relationships have been shown to increase a firm's competitive advantage and corporate financial performance. In contrast social issue *participation* pertains to a more broad definition of CSR beyond the primary stakeholder exchange. Using corporate resources to pursue social issues (such as the donations mentioned above) has been shown to decrease corporate financial performance (Mitchell, Agle & Wood, 1997: 834). As most growing SMMEs face financial constrains it makes sense that they prioritise primary stakeholder management above that of social issue participation.

Finally, to test the stated null-hypotheses, one tailed t-tests were conducted and Cohen's d statistics were calculated to determine the statistical and practical significance of inter-factor differences between the four factors, in accordance with theory (Carroll, 1979). As indicated in Table 6, it was found that only two of the three postulated inter-factor differences were of statistical and practical significance, namely between ***legal*** and ***ethical*** responsibilities and between ***ethical*** and ***philanthropic*** responsibilities.

The ordinal relationship between ***economic***, ***legal***, ***ethical*** and ***philanthropic*** responsibilities, as proposed by Carroll (1979, 1991), could thus only be partly supported by the data. As no statistically nor practically significant differences were found to exist between the scores of the ***economic*** and ***legal*** factors in the population, $H_{0,1}$ cannot be rejected. $H_{0,2}$ and $H_{0,3}$ can, however, be rejected as both statistically and practically significant differences do exist between the scores of the ***legal*** and ***ethical*** factors and the ***ethical*** and ***philanthropic*** factors respectively.

Coonclusions and recommendations

The purpose of this study was to ascertain local SMME owners'/managers' perceptions regarding the importance of CSR in this sector of the economy. As suggested by Carroll (1979, 1991), SMME owners/managers in the NMB region placed the greatest importance on their economic responsibilities followed by their legal, ethical and philanthropic responsibilities, in this order. It is encouraging to note that SMME owners/managers view ethical behaviour in the corporate environment as very important as well as building and maintaining relationships with primary stakeholders.

The fact that respondents view their ethical and philanthropic responsibilities as very important corresponds to existing research findings which show that many SMME owners/managers are engaging in a 'silent' form of social responsibility (UNIDO, 2002: ix), whereas others are willing to engage but do not know where and how to get involved (Kloppers & Kloppers, 2006: 3; Visagie, 1989: 79; Visagie, 1996: 35).

Given the crucial role that SMMEs can play in addressing the socio-economic needs of average South Africans (primarily in terms of job creation) as well as the potential benefits of CSR for their own businesses, it is recommended that entrepreneurs and SMME owners/managers are better educated as to what CSR entails and how it can be implemented. This could be accomplished by placing more emphasis on CSR in entrepreneurship and small business programmes at secondary and tertiary level as well as in training programmes offered by the government and various non-governmental organisations.

Future papers will report on the results of investigating the relationships between demographic variables and the four CSR responsibilities factors as well as analyses relating to the categorisation of SMMEs according to their scores for the four factors.

TABLE 6:
Inferential statistics for factor scores (n = 262)

95% Confidence Interval boundaries		
	Lower	**Upper**
Economic	4.42	4.53
Legal	4.37	4.50
Ethical	4.08	4.22
Philanthropic	3.41	3.58

		Statistical and practical significance of inter-factor differences (significant values in bold)								
Factor 1	**Factor 2**	**Mean 1**	**Mean 2**	**S.D. 1**	**S.D. 2**	**Difference**	**S.D.**	**t-stat.**	**p-value**	**Cohen's d**
Economic	Legal	4.48	4.43	0.44	0.51	0.04	0.44	1.53	.127	0.09
Legal	Ethical	4.43	4.15	0.51	0.59	0.29	0.37	12.43	<.0005	0.78
Ethical	Philanthropic	4.15	3.50	0.59	0.70	0.65	0.55	19.3	<.0005	1.18

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Address correspondence to:
Dr S Viviers
Department of Business Management
Nelson Mandela Metropolitan University
P.O. Box 77000
Port Elizabeth, South Africa, 6031
E-mail: suzette.viviers@nmmu.ac.za