



**The impact of Corporate Social Responsibility on the
performance of selected Small, Medium and Micro-sized
Enterprises in the Butterworth area**

By

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(Btech: Management, ND: Management)

A dissertation submitted in fulfilment of the requirements for
Master's Degree in Management Science
Department of Business Administration
Faculty of Management Sciences
Durban University of Technology

Supervisor: Prof Syden Mishi

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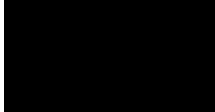
2018

APPROVED FOR FINAL SUBMISSION

Supervisor: Dr Syden Mishi (PhD)_  _____ Date: 2019/03/15

Declaration

I, undersigned, hereby declare that, *The Impact of Corporate Social Responsibility on performance of selected small, micro and medium sized enterprises in Butterworth area*, except where indicated, is my own work, and that the references, to the best of my knowledge are accurately acknowledged and reported.



Lwando Xinwa

21649299

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Dedication

This dissertation is dedicated to my late father, Mbekiswa Lottering Xinwa – I hope I made you proud, dad.

My mother, Nokuzola Mdunyelwa, I pray to God to give you strength and be around for a long time. You really are a queen and my heroin – ndyabulela Mamgebe ngenxaso yakho emangalisayo qina ntomb' endala uqhubeke uqhayise ngo Thixo wakho.

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To my daughter, Elethu, education is never enough baby – get more and more.

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Abstract

Small, medium and micro-sized enterprises (SMMEs) face challenging difficulties in competing with large enterprises all over the world. They try many strategies to keep up and fight for their market competitiveness, with one of these strategies being corporate social responsibility (CSR). Although CSR is a well-established term in the business world, there is a need to investigate how CSR can impact the performance of SMMEs given their size and their financial status. Most of the literature on CSR has focused on large corporations with few studies focusing on SMMEs, particularly in rural areas of South Africa.

This study has investigated and examined the impact of CSR on the performance of SMMEs in Butterworth. This study's main objectives were to explore the different types of CSR activities that SMMEs are engaged in, to explore the different drivers of CSR for SMMEs as well as the assessment of the perceptions of SMMEs about CSR and performance. Predominantly, this study has focused on determining the impact of CSR on SMME performance. The sample studied was 163 SMMEs in various sectors around Butterworth. A quantitative research method was applied in order to achieve the objectives of this study, however a non-probability sampling technique was used because of the assumptions that since the targeted population consisted of busy entrepreneurs there would be incidents of non-response.

The study found that even though CSR has been associated with large corporations, SMMEs in Butterworth know about the existence of the relationship between CSR and performance and understand that a business that has higher levels of CSR is more likely to perform better as compared to those that do not practice CSR. The results of the study revealed that most of these SMMEs are not only compelled by the law to act socially responsible but are driven by the profits that are linked with the involvement in these activities. It is also recommended that for SMMEs to enjoy the benefits that CSR imposes in business, they should start considering incorporating CSR into their business activities.

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Acronyms

ANOVA	Analysis of variance
CSI	Corporate social investment
CSR	Corporate social responsibility
DTI	Department of Trade and Industry
EU	European Union
GDP	Gross domestic product
ILDP	Industrial leadership development programme
MSME	Micro, small and medium enterprises
NSB	National Small Business Act
SA	South Africa
SMB	Small medium business
SME	Small, medium enterprises
SMME	Small, medium and micro-sized enterprises
UN	United Nations
UNIDO	United Nations Industrial Development Organization
USA	United States of America
WB	World Bank
WTO	World Trade Organization

CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1. INTRODUCTION

The role of small, medium and micro-sized enterprises (SMMEs) in advancing economies and creating job opportunities is known and acknowledged globally. As a result, strategies to grow economies have been directed at creating an enabling environment for SMMEs' growth and viability, with South Africa (SA) not an exception. It suffices to argue that there is great need to understand the SMMEs sector deeply, what affects their performance and viability, especially given that most SMMEs do not survive beyond five years and the majority fail to translate into large corporations, thus remaining small forever (Bowen, Morara & Mureithi, 2009:16).

Furthermore, SMMEs face fierce competition with big businesses (Bowen et al., 2009:16) and they also attempt to engage in activities that will attract customers and help keep them. One such strategy is corporate social responsibility (CSR), a theory that is well established within the business world. Despite being a noble endeavour, there is a need to investigate how this gesture can impact on the performance of SMMEs regarding their small size, financial muscle also their limited sphere of service (there are many SMMEs competing in a small space with virtually related products and/ or services) (Longenecker et al., 2006 cited in Bowen et al., 2009:16). This is not only a concern to SMMEs but is also one for big corporation – see for example studies like those of Sedri and Mikhalkina (2014:161). As international competitiveness endures to follow important trends, Porter and Kramer (2006:79) claim that CSR is projected to be an active strategy for energizing the operations and competitiveness of SMMEs. CSR has become more and more important to the ability of small, medium and micro-sized enterprises to be more competitive (Turyakira, Venter & Smith, 2014:157).

With the background of the above, this study set out to investigate and examine the impact of corporate social responsibility on the performance of SMMEs, using selected cases from Butterworth, Eastern Cape. The motivation for the study is encouraged by the realism that SMMEs in South Africa contribute 57% of the gross domestic product (GDP) (National Treasury, 2008 cited in Makakane, 2014:3). The

findings are critical to the SMMEs sector in determining optimal levels of corporate social responsibility. The objectives of this study include investigating the impact of corporate social responsibility on the performance of selected SMMEs in Butterworth.

Research in this field of corporate social responsibility has mostly been focusing on large corporations and developing countries with few aiming at addressing the corporate social responsibility of SMMEs. Therefore, this research will bridge that gap and add to SMMEs in rural parts of SA understanding the impact of the link between corporate social responsibility and performance.

1.2. CONTEXT OF THE STUDY

CSR is severely related to the impression of company reputation and hence positive reputations have time and again been related to positive monetary returns. SMMEs are perceived as playing a vital role in the markets of a lot of countries, including South Africa (Ramasobana & Fatoki, 2014:283). However, CSR has become more and more imperative to the competitiveness of SMMEs. Vives (2005 cited in Pastrana & Sriramesh, 2014) added that the responsiveness of CSR has improved over the past years and even though its definition still creates debate, a great deal of consideration is being paid to this notion. Conferring to Perrini (2006:308) CSR amongst SMMEs has, nevertheless, established quite little attention. This is particularly real in rural business, such as in the Butterworth areas of the Eastern Cape in SA. This hold-up is strengthened by inadequate information and persuasive management of CSR in these companies. A positive connection between the CSR actions of SMMEs and their improved performance occurs at least if a long-term perspective is implemented (European Competitiveness Report, 2008:106). The socio-economic approach assumes that, the organization should be seen externally as an part of society which attends to society's interests (Marx, Van Rooyen, Bosch & Reynders, 1998:130). The fundamental theory that advises that a higher level of CSR behavior leads to a higher level of business competitiveness is Freeman (1984) stakeholder theory. The stakeholder theory suggests that, the success of an organisation depends on the organisation's ability to manage the link with its stakeholders (Madueño, Jorge, Cornesa & Martínez-Martínez, 2015:57). However, this study questions the capacity of SMMEs in handling CSR initiatives on the one

hand, and the possibility of SMMEs benefitting from such initiatives on the other hand, through assessing to what extent CSR impacts firm performance.

1.3. PROBLEM STATEMENT

According to Charitoudi, Sariannidis and Giannarakis (2011:20) CSR is seen as an important idea that all companies of all kinds and sizes must realize and address. But, among SMMEs in many developing countries, this seems to be less appreciated and understood as an effective competitive strategy (Turyakira et al., 2014:158). It is clear that SMMEs in several African countries still do not have enough actual knowledge of contemporary competitiveness methods such as CSR (Turyakira 2017:465). Thus far CSR has been known as a possible tool for improving competitiveness amongst companies (Filho, Wanderley, Gómez & Farache, 2010:294). In recent times, there has been a certainty that business existence is more than for economic goals and profits, while the society is expecting something else from the businesses. Consequently, the novel notion of CSR involving the growth of profits has been modified (Flammer & Luo, 2017:170). Even though business needs to generate profits, they also need to consider the social and economic goals. Society is contingent on business to achieve social as well as economic goals which indicates that on the matter of social and economic goals the society relies on businesses. Furthermore, despite the well-known practical and theoretic attention in CSR and its influence on the competitiveness of SMMEs, there are very little academic and experimental contributions (Hildebrand, DeMotta, Sen & Valenzuela, 2017:750). On the other hand, in practice and literature, CSR is essentially connected with big companies, since they are of a higher profile and hence attract more attention from the media. However, Lin (2011) argued that size does matter, but only in so much as to why and how CSR has to be done. Therefore, the belief that CSR is for bigger business as they are often considered 'better-resourced' and better able to invest in CSR is refutable.

CSR is argued to have an effect on performance of SMMEs; however, the impact depends on how CSR is implemented, with a strategic approach resulting in a positive effect (Jamali, Thomsen & Jeppesen, 2017:16). It is in this regard that this study aimed to investigate if CSR is having any impact on performance of SMMEs and if performance of SMMEs engaging in CSR is statistically different from that of

those not having CSR. It is costly to engage in CSR (Connell, 2007:15) and the SMMEs sector needs to be adequately informed on the impact of CSR so that resources can be apportioned strategically to ensure viability of the business. Little is however known about this problem, more so in the case of South Africa, grappling with high inequality, unemployment and low economic growth – pinning hopes of growth and viability of this sector.

1.4. SIGNIFICANCE OF STUDY

There are mixed and unclear results on the actual effect of CSR on company performance (Bianca, 2016: para. 4, line 1); hence the field needs more investigation to better advise SMMEs on how to engage in this kind of initiative with a possible positive effect on profitability and firm value. There is also a body of literature such as Waddock and Graves (1997) that found bi-directional causality between CSR and performance of an SMME, implying that CSR leads to high performance and performance leads to more CSR initiatives (Simons, 2014:5). Such results pose a challenge in decision making by SMMEs as there is no clear understanding of which variable is dependent on which one. This study, however, hypothesises that CSR impacts on performance. According to the stakeholder theory which implies that the success of an organisation depends on how well it manages its stakeholders, SMMEs in Butterworth should have knowledge about the importance of the relationship that exists between CSR and performance. By understanding the impact of CSR on performance, it will be possible to identify best practices that can be used to develop a viable SMMEs sector. Perrini (2006:307), however, reported that CSR for SMMEs has acknowledged comparatively little attention. However, there is lacking literature on SMME involvements in developed countries and even less in developing countries. More exploration is necessary to further the improvement of CSR in SMMEs of SA.

1.5. AIM OF THE STUDY

The aim of this study was to investigate the impact of corporate social responsibility on the performance of SMMEs in Butterworth.

1.6. STUDY OBJECTIVES

The main objective of this study included investigating the impact of corporate social responsibility in the performance of selected SMMEs in Butterworth. The following were the specific objectives:

- To explore the different types of corporate social responsibilities engaged by SMMEs in Butterworth
- To examine the drivers of CSR amongst SMMEs in Butterworth
- To assess SMMEs' perceptions of CSR in Butterworth
- To determine the impact of CSR on performance of SMMEs in Butterworth
- To make recommendations based on the findings of the study.

1.7. RESEARCH QUESTIONS

- What types of CSR exist among SMMEs in Butterworth?
- What drives CSR among SMMEs in Butterworth?
- How do SMMEs perceive CSR in Butterworth?
- What is the impact of CSR on performance of SMMEs in Butterworth?

1.8. DEFINITION OF KEY TERMS

1.8.1. Corporate social responsibility (CSR)

A normal meaning of corporate social responsibility according to Benabou and Tirole (2010:2) is that CSR is a sacrifice of business profits in the interest of the society, and that for the firm to be making a sacrifice it must go further than its genuine and contractual responsibility and be acting voluntarily.

1.8.2. Small, medium and micro-sized enterprises (SMME)

SMMEs have been defined as companies with fewer than 50 employees that tend to be managed by the owners and are independent (Spence, 1999:169). However, a South African definition of an SMME is any company with fewer than 200 employees with an yearly gross revenue of less than R5 million, assets of less than R2 million and is directly managed by the owner (Mago & Toro, 2013:19).

1.8.3. SMME performance

Businesses have many possibilities for defining performance; the most common way is to define performance using certain indicators. Some use profitability or goal achievement as a measure of performance, so businesses would determine their performance by the achievability of their goals (Mišanková, 2018:2).

Summary

The chapter is very important in this study as it entails the significant topics of this study. The chapter has outlined the problem statement as well as the significance of the study. In this chapter the aims and objectives of this study were discussed to lay a direction for the study. Definition of key terms has also been done in this chapter. The next chapter will dwell more on the literature review where the previous studies regarding the CSR relationship with performance will be looked into.

CHAPTER 2

LITERATURE REVIEW

2.1. INTRODUCTION

A literature review is an appropriately vital part of any academic project. The literature review gives a solid background for advancing knowledge about a certain subject or topic, it facilitates the process of developing theory, it helps close gaps in parts wherever there is shortage of knowledge existing and it uncovers areas of research (Webster & Watson, 2002:13). In this chapter, previous studies are discussed, dealing with the outlook of what other researchers have said about the subject. It entails of the definitions found of CSR and the definitions found of SMMEs. Further, the chapter affords an outline of the association that exists between CSR and SMME performance.

2.2. DEFINING CORPORATE SOCIAL RESPONSIBILITY

For decades, CSR has been the most important debate among academics all around the world. The concentration has remained on the part of companies in the communities in which they do business (Galbreath, 2008:109). Surroca, Tribò and Waddock (2010) stated that CSR has been divided into various components by many writers, every single one of them with their own motives. These consist of concepts such as corporate responsibility, corporate citizenship, sustainability, and corporate social performance as well as business social responsibility. Holmes and Watts (2000) argued that CSR is the ongoing commitment by business to act ethically and contribute to economic development while enhancing the quality of life of the employees and their families together with that of the local community and society at large. Growthier and Aras (2009:11) stated that CSR have been defined according to the European Union (EU) as a notion whereby businesses include social and environmental issues in their practices and in their relations with the interested parties voluntarily. This has been echoed by other researchers where they claim CSR is well-defined as a notion that companies integrate social and environmental concerns in their business procedures and in their relations with their stakeholders on a voluntary basis (European Multi Stakeholder Forum on CSR, 2004:4). Cochiuș (2006 cited in Ramasobana & Fatoki, 2014:283) pointed out that for a business to be

considered CSR involved it should not spoil the neighbourhood it functions in, and should voluntarily become involved in contributing to solving neighbourhood problems. CSR is a business's commitment to integrate policies, decisions and act in a manner that is appropriate in terms of the principles and goals of the society, even if the word CSR is used or is not. This means the enterprise has the best interests of the community in mind in their actions while not forgetting those of the business (Megginson, Byrd, Scott & Megginson, 1997:580). Fihlo et al. (2012:296) added a definition of CSR as a method of organization that is well-defined by its principled affiliation and transparency of the enterprise with all its stakeholders that have a relationship with the business. This includes the formation of business objectives that are well-suited with the justifiable improvement of society, preservation of environmental and cultural resources for future generations, respecting diversity and promoting the reduction of social problems.

Siwar and Md-Harizan (2004:3) suggested two dimensions that support this claim that CSR is all about managing transformation at a business level, in a socially responsible way. That means, internally: CSR actions that generally deal with the workforce and are related to things like investing in human health and being environmentally responsible; and externally: CSR involves an extensive series of stakeholders being customers, business partners, public authorities and non-governmental organisations representing local communities as well as the environment.

CSR mainly focuses on the concept of businesses using their resources to achieve positive and noticeable contributions for social issues (Rootman & Zeka, 2013:1). CSR talks about the promise to improve the well-being of the community through flexible and open business practices and the contributions of company resources to the society. CSR includes a variety of issue areas including protection of the environment, opposing bribery, respecting employees' rights and charitable activities as well (Nagypal, 2014:327). CSR can be well-defined as the on-going obligation by companies to act decently and donate to economic improvement while cultivating the quality of life of the workers and their dependants, as well as improving the society at large. CSR is about engaging in production processes that are responsible, socially responsible employee relations, involvement in the community and sustainability. Basically it is all about doing the right thing.

2.3. BACKGROUND OF CSR IN SOUTH AFRICAN HISTORY

The emergence of CSR in South Africa must be seen in the context of its history, especially the legacy of colonialism and apartheid (Kapelus et al., 2004). South African business is to a certain degree built on a refugee labour system, workplace discrimination, a racial separation of labour, and racial discriminatory pay policies. During the apartheid times, many companies were given permission to cause environmental damage, which then affected both the ecology and the well-being of employees and the communities who resided in areas surrounding industrial plants (Fig, 2005). These environmental encounters are also found in the new democratic South Africa. Another characteristic left by the legacy of the previous government system is that the national priorities during the apartheid area were the development of key industrial sectors, which led to a highly concentrated industrial sector in terms of ownership and firm size. As a result of this, SMMEs came to play a secondary role in the industrial sector (Jeppesen & Hansen, 2004).

While there is general agreement that SA business was associated with the apartheid regime and often also did benefit from its policies, there is also evidence of business engaging in activities promoting a more just society. An example of this is the Urban Foundation that was formed by many South African firms in the late 1970s. This foundation wanted to improve the conditions in black townships through the development of infrastructure and raising political awareness. Such communal business practices are still important to this day, which may explain a strong emphasis on corporate social investment (CSI) in South Africa (Kapelus et al., 2004). The South African approach to CSR has been dominated by activities best described as being CSI (Hönke et al., 2008), and CSR is a term that is used mainly in a South African context and has been described as being a business's contributions, monetary or non-monetary, to people, establishments or societies that are external to the business (Rossouw, 2006:12). Presently, CSR and company ethics are importantly linked from both a scholarly and practical perception (Rodriguez-Fernandez, 2015:138).

A certain amount of legislation enacted since 1994 can be connected to CSR. These acts are in different policy fields and can be grouped in a number of ways. One

possible way of arranging some of the most notable legislation is into three policy fields (Visser, 2005:13).

2.4. SOUTH AFRICAN LEGISLATIONS LINKED TO CSR

Table 2.1 lists various South African legislation that is linked to CSR.

Table 2.1: South African legislation linked to CSR

Socio-economic Development	Reconstruction and Development Fund Act 7 of 1994, Development Facilitation Act 67 of 1995, Broad-based Black Empowerment Act 53 of 2003
Environment Health and Safety	Occupational Health and Safety Act, 85 of 1993, National Water Act 36 of 1998, National Environmental Management Act 107 of 1998
Labour, Governance and Ethics	Employment Equity Act 97 of 1998, Promotion of Access to information Act 2 of 2000, Prevention and Combating of Corrupt Activities Act 12 of 2004

It was established by Andreassen (2011:34) that the current understanding of CSR refers to five magnitudes: the environmental, social, economic, stakeholder, and voluntariness dimensions and that a mutual understanding of what creates the core subjects of CSR is emerging. The stakeholder dimension of CSR was examined and then the part of public strategy in encouraging CSR was discussed. Four main public sector responsibilities for the advancement of CSR were presented: assigning, assisting, associating, and approving. Over the last 30 years, CSR has emerged as a significant concern in the business world and even though it takes different kinds of CSR for different sectors and businesses, similar challenges exist for all (Hodgetts & Kuratko, 2008:20). They further stated that there are several different areas affected by social obligation including environmental issues, fair business practices and community involvement. The studies have found that there are distinct differences in the attitudes of socially responsible behaviour that businesses display (Hodgetts & Kuratko, 2008:20).

The authors further stated that some companies simply respond to social concerns by acting within the boundaries of the law, some react more actively by accommodating responsibility for various societal programmes, and still some are

extremely proactive and are even determined to be assessed by the public for their activities. According to UNIDO (2002:1), the reason why CSR is becoming so essential is linked to the supplementary growing competition. Together with improved size and impact of companies, this further refers also to cutback or relocating of the state and its parts and the battle for talent. Firms are fighting for talent and growing worldwide civil society involvement. Also, increased significance of intangible resources is one of the key motives behind the growing importance of CSR.

2.5. DEFINING SMALL MEDIUM AND MICRO ENTERPRISES

According to the Industrial leadership development programme (ILDP, 2014:8), in South Africa they use the term “SMME” for small, medium and micro-enterprises, and some other countries in Africa, the term MSME is used to define micro, small and medium enterprises. The abbreviation "SME" is used mostly in the EU and by international organisations like the World Bank (WB), the United Nations (UN) and the World Trade Organisation (WTO). The term "small and medium businesses" or "SMBs" is mostly used in the United States of America. Small companies have been differentiated from big corporations by conditions such as financial income, properties, market share, number of employees and ownership (Lepoutre & Heene, 2006:258). The endpoint levels that are chosen along those magnitudes, however, differ extensively between studies and are sometimes not even stated. Lepoutre and Heene (2006:258) took the EU definition for small businesses, including micro-businesses in their definition, to start with. They referred to small businesses as businesses that have not more than 50 employees with a turnover or total in the balance sheet which that is not more than e10 million. Furthermore, small businesses have been defined as businesses with less than 50 employees that tend to be managed by the owners and are independent (Spence, 1999:169).

As mentioned, the term SMMEs covers a wide variety of definitions. Over time, countries and multifaceted institutions have in fact accepted different definitions of SMMEs based on the number of employees, annual turnover, and assets value, status of the enterprise and structure of ownership. It thus appears that there is no mutually agreed definition of SMMEs, both in developed and developing countries (Possenti, 2012:9). According to Soni, Cowden and Karodia (2015:16), defining SMMEs is definitely a difficult mission. Most nations have their own definitions.

Therefore, there are more than one definition of SMMEs that is available. The difficulties of generating a common meaning is also derived by the distinctive features of diverse businesses where the solicitation of some of the essential measures in one sector might result to all businesses being categorised as small, while the essential measures when applied to a different sector, might not be the same result (Soni et al., 2015:16).

However, a South African definition of an SMME is any company with less than 200 workers with a yearly revenue not more than R5 million, with assets that amount to R2 million or less and is managed by the owner directly (Mago & Toro, 2013:19). However, Soni et al. (2015:16) claimed that In SA, the struggle of generating a definition of small business and specifying the conditions that distinguish small, medium and micro businesses is no less pronounce. Other writers, like Mutyeniyoka and Madzivhandila (2014), have attempted to propose a definition of SMMEs; “SMMEs include registered businesses with less than 250 employees”. The definition given by these authors is not sufficient to distinguish micro, small and medium enterprises from one another. The National Small Business Act of 1996 as amended by the National Small Business (NSB) Amendment Acts of 2003 and 2004 defined a small business. It defined it as “a separate and different business entity, co-operative enterprises and Non-governmental organisations included, that are controlled or owner managed, including its outlets or affiliates, if any, is mostly carried on in any sector or sub sector of the economy”. According to Ramasobana and Fatoki (2014:283), a micro enterprise is a company with fewer than five total full-time paid workers, total yearly income fewer than R150 000 and total gross fixed assets value (fixed property excluded) of less than R100,000. Micro enterprises consist of the smallest (by size) of the small business segment.

Table 2.5 below is a comparison of the various SMME categories in South Africa and the EU.

Table 2.2: Defining SMMEs in South Africa and the European Union

SOUTH AFRICA				EUROPEAN UNION			
Category	Employees	Turnover (R)	Gross Assets (R)	Category	Employees	Turnover (R)	Gross Assets (R)

SOUTH AFRICA				EUROPEAN UNION			
Micro	Up to 5	0-0.2 Million	0-0.1 Million	Micro	up to 10	up to 2 Million	Up to 2 Million
Very Small	Up to 20	Up to 6 Million	Up to 2 Million	Very Small	N/A	N/A	N/A
Small	Up to 50	Up to 32 Million	Up to 6 Million	Small	Up to 50	Up to 10 Million	Up to 10 Million
Medium	Up to 200	Up to 64 Million	5-23 Million	Medium	Up to 250	Up to 50 Million	Up to 43 Million

Sources: RSA National Small Business Amendment Act, 2003:8,9; European Commission, 2010.

2.6. IMPORTANCE OF SMMEs IN THE ECONOMY

The SMME sector in SA is anticipated to contribute towards the fight of alleviating poverty and creating employment and global competitiveness (Berry, Von Blottnitz, Cassim, Kesper, Rajaratnamand & Van Seventer, 2002:7). They are corresponding policy goals. Tools that are presented to encounter these objectives are different. They range from equipping people with knowledge and advising them with technology. It has become serious to define clear importance clusters in the levelling of further efficient promotion events directed at more useful SMMEs. Ladzani and Seeletse (2012:90) claimed that one problem in antagonising policy architects at both radical or governing level is how to best cultivate a method for SMMEs that would achieve a satisfactory degree of organisation between supply-side effort and the potential of demand.

Inyang (2013:125) stated that SMMEs make an important impact in the markets of both advanced and emerging countries concerning job creation and growth impressions. He further uncovered that SMMEs are responsible for about 91% of the formal businesses backing up to 57% of GDP in SA while being responsible for almost 60% of employment. According to the Sector Education and Development Agency (SEDA, 2016:5), SMMEs perform an important part in an economy. According to Chimucheka (2013:783), South African SMMEs endure to positively contribute to the economy of the country. Chimucheka (2013:783) observed that nowadays, SA and other emerging countries are being faced by socio-economic

challenges that require immediate attention. Those challenges according to Chimucheka (2013) include extremely higher rates of unemployment, shortage of skills, and a high rate of illiteracy, an ever-increasing level of crime and poverty in the rural areas. These problems are dominant in rural societies (Charela, 2007:9).

Chalera (2007) claimed that SMMEs must be allowed to participate in alleviating some of these challenges. In SA, SMMEs are differentiated and function in different trades including retailing, wholesaling, tourism, mining, farming, manufacturing, construction and services (Chimucheka, 2013:783). SMMEs in SA are experiencing encounters that hinder their progress and existence, just like SMMEs in other developing countries, whereas SMMEs can actually be key role players in economic growth, innovation and employment creation. In SA, government identifies the significance of this section of business practice, so much that a new Ministry of Small Business Development was introduced in early 2014. The purpose of this Ministry was to simplify the development and promotion of small businesses. These enterprises have an impact on the country's GDP and have shown to be the biggest contributors to employment creation (DTI, 2008). Also, studies like Martins and Anelich (2000) agree that SMMEs have proved to be major job creators in SA and are increasingly extending their influence on the country's economy. In line with this, Singh and Belwal (2008) portrayed SMMEs as frequently being the drivers through which lower income earning and groups of unemployed individuals in communities gain access to economic opportunity. SMMEs are generally known as effective instruments for job creation and growing the economy. Also in countries that are well developed and have large corporations such as the USA, SMMEs still contribute significantly to creating employment opportunities, and they are supplying goods and services to customers and large companies. Cozigbo and Ezeaku, (2002:2) claim that the fast revolution of high-performing countries in Asia like Malaysia, India, Indonesia, Taiwan and Hong Kong also offers confirmation that SMMEs play an important role in developing economies. In Africa as a whole, the private sector, in broad, is not well developed yet; SMMEs can significantly contribute in encouraging poverty alleviation and economic growth (Beyene, 2002:1). The ILDP (2014:5) in SA is behind other countries in its capability to nurture successful new SMMEs compared to countries like Brazil, Ghana and Zambia to name a few. Furthermore, structures that are currently in the retail and wholesale industry which are behind informal and

SMME companies seem to be insufficient to back business start-ups, their long-term growth and sustainability. There needs to be an understanding of both drivers of growth and sustainability as well as their obstacles to initiate economic growth in this segment as our economy endures to grow at a lower rate matched to other economies with levels of unemployment currently exceeding 25% (ILD, 2014:5). Turyakira et al. (2014:116) acknowledged that in any country, SMMEs provide the foundation for economic growth and stability. However, SMMEs could achieve a great deal of effectiveness by just adapting certain CSR activities without having to increase their actual size (Turyakira et al., 2014:116).

2.7. CORPORATE SOCIAL RESPONSIBILITY AND SMMEs

According to Pirnea, Olaru and Anaheluta (2012:203), CSR is a popular term in the world of business and certainly one of the challenges of the future. Yet for so long in SMMEs it is still seen as a somewhat less important subject. However, CSR is the systematic use of an approach which incorporates the economic, environmental and social impact of a company with the activities of that enterprise. Therefore, sharing this strategy with key stakeholders (shareholders, government, employees, suppliers and clients) is a significant part of CSR. Giovanna, Alfredo and Lucio (2012:329) argued that SMMEs do not normally accept the concept of CSR and find it as a less important concept that is only used by large organisations. Murillo and Lozano (2006:227) claimed that other scholars revealed the necessity to embark more on deeper field studies to discover the organisational culture, the problems and the views about CSR in SMMEs. Giovanna et al. (2012:325) in their study provided various understandings on the subject of CSR and SMMEs. The results of their survey showed that SMMEs are usually not aware of the meaning of CSR, and they do not report their activities although they may be engaged in CSR activities to their closest participants. Pirnea et al. (2012:203) agreed with the notion that various SMMEs could not be rightfully aware of their impact in the society and environment, especially micro-businesses that do not regularly measure or record their performance.

The main objectives of the study by Turyakira et al. (2014:106) were to detect CSR aspects that have an impact on the competitiveness of SMMEs. They also aimed to develop a theorised model which will be tried on SMMEs. Turyakira et al. (2014:106)

claimed that SMMEs have become the strength of the economy; however, their existence rate and effectiveness attract concern. They believe that CSR activities are the hope for SMMEs to advance their continued existence rate and provide great opportunity for local and global business competitiveness. Empirical research on CSR in the context of South African SMMEs is limited (Dzansi & Okyere, 2015:470), leading to very insufficient scholarly knowledge currently available to improve activities of SMMEs in CSR and performance (Inyang, 2013:123). This leads to a problem in SA whereby it is impossible to prove SMMEs perceptions of CSR (Dzansi & Okyere, 2015:470). However, all types and sizes of businesses are urged to practise social responsibility, to be ecologically sustainable and economically competitive. However, CSR has experienced a very different development in SMMEs than it has in large companies. SMMEs normally show specific strategies and structures, not that formalised and mostly depending on the nature, contribution, and ability to plan strategies of the owners and managers. Their strategies often confuse the improvements made possible by CSR as they compare it to actions of big companies. While CSR is turning into a conventional problem for most businesses, much of the literature that is available today focuses on CSR in large companies more than in SMMEs, and thus it is likely seen as a value for large companies only (Perrini, Russo & Tencati, 2007:285). According to Chetty, Naidoo and Seetharam (2015:194), research was conducted with the aim to clarify the existing link between CSR and financial performance of both well developed nations like the USA and Britain and the developing countries like Nigeria, Taiwan, Brazil, Turkey and Indonesia.

However, a gap exists in the works regarding South Africa. SMMEs are normally understood to seriously focus on economic fundamentals more than social objectives, strictly due to their survival strategy and the fact that they have fairly inadequate financial resources. Though, CSR involvement of SMMEs is seen in their enthusiasm and financial availability to contribute significantly in carrying out their social responsibility (Munasinghe & Malkumari, 2012:169) Dzansi and Okyere (2015:473) added that the community, employees, the environment and customers create the most important stakeholders of an SMME. And so, an SMME must find CSR activities associated to these stakeholders and follow them strongly. CSR as practised by SMMEs is normally based on a practice of consumerism, employee

relations, environmental protection and community relations (Megginson et al., 1997:580). Nagypal (2014:329) regarded it as problematic that CSR tools are typically established and accessible to big firms with distinct management practices and argued that even those SMMEs that want to carry out social responsible behaviour tend to lack necessary CSR tools, making it impossible for them to realise the advantages of their positive attitude towards CSR.

According to Santos (2011:491), CSR at the standard of SMMEs is related to financial sustainability and economic performance. Businesses supportive of the notion of social responsibility have the belief that the business could improve its performance levels should it engage itself with CSR (Bampton et al., 2010:205). Birch (2005:73) is of the view that a business can fulfil the societal expectations of the community that it operates in and generates profits from should it implement CSR strategies.

2.8. BENEFITS OF CSR ENGAGEMENTS

SMMEs can benefit from CSR by properly implementing the CSR activities (Turyakira et al., 2014:116). Pirnea et al. (2012) argued that by carefully managing CSR, businesses will witness many advantages. Pirnea et al. (2012:207) noted that CSR also has benefits for employees such as better working conditions, decreasing risk of workplace accidents, better knowledge of employee rights, better communication with management and a better remuneration-work correspondence level. Low and Kalafut (2002:1) identified several benefits associated with CSR for all types of businesses, SMMEs included. In their opinion, CSR can assist SMMEs to maintain and set standards because of the continuous response they would get from interacting and dealing with the community. Nevertheless, they counselled that SMMEs might be deceived into believing that CSR have no benefits attached to it since basically these are intangible benefits, and are mainly obscured. CSR has emerged as a vital and irreversible part of business activities. When carried out in an effective way, these programmes and ventures can create greater rewards in terms of business image and financial performance as well as enhancing employee loyalty and job satisfaction (Fihlo, 2010:298).

Chimucheka (2013) confirmed that the business benefits of CSR initiatives impact businesses on several ways, such as the company image and reputation, competitive

advantage, cost reduction and increase in sales, as well as employee engagement. Pirnea et al. (2012:207) added gaining reliable partners, improving company image, increased competitiveness, increased staff turnover and participation at tenders as the benefits enjoyed by businesses involved in CSR. Pirnea et al. (2012) insisted that the prime reason for companies participating in CSR is to enhance the appearance of the business in the society it operates in. The escalating devotion received by CSR is based on its ability to impact business performance. Many scholars in this arena looked at how CSR can offer businesses continuous improvements. For instance, researchers have looked at buying targets, increased sales, improved reputation, and improved employee determination, as value-adding aspects of CSR (Pirnea et al., 2012:205).

Vershoor (2001:21) emphasised that CSR in SMMEs have the power to help the performance of a business, even worse when it involves ethical business practice. The initiatives of CSR when applied in SMMEs, as implied in Prahalad (2004:54 cited in Ladzani & Seeletse, 2012:88), may improve competitiveness of the SMMEs, therefore assisting in poverty alleviation in the society where the SMME operates.

2.9. CSR AND PERFORMANCE

Most discussions of an enterprise revolve around choosing the right goal and it would therefore be an oversimplification to focus simply on profits. This could lead the entire enterprise in the wrong direction, ultimately threatening its existence (Marx et al., 1998:129). As ethical and social ideologies changed, pressure groups emerged that contended that enterprises in principle have a responsibility towards the community and their employees (Marx et al., 1998:130). The socio-economic approach requires the business to be perceived externally as a part of the society that addresses society problems (Marx et al., 1998:130). According to Freeman (1984 cited in Madueño et al., 2015:57), the stakeholder theory is the fundamental theory which recommends that advanced CSR practices result in a greater level of business performance. Regarding the stakeholder theory, an organisation's success depends upon the organisation's ability to manage the relationship it has with its stakeholders (Madueño et al., 2015:57). From an academic understanding, the background of the connection between CSR and financial performance was set out by the stakeholder theory (McGuire et al., 1988), whereby interest groups claim business assets and by

doing so are indirectly obliged to have proper business behaviour, such as respect for the environment and worry for reasonable and fair labour practices. Pava (2008) argued that for businesses that do not act socially responsible, the consequential expenses could become momentous and result in financial distress thereby leading to reduced profits and decreasing the social awareness of that entity. In contrast, if businesses that apply socially responsible policies make more profits, then socially responsible investments will provide an encouragement for these businesses to improve their involvement in CSR programmes. According to Giovanna et al. (2012:326), respectable management may generate an economic advantage for the business, meaning they claim CSR should stop being seen only as an ethical behaviour but also as a tactical means used to enhance the competitiveness of a business and create worth. Studies that have researched CSR among SMMEs have found experiential outcomes that differ from those that are valid for large businesses and they thus advise that more in-depth investigations must be done to enhance the understanding and level of knowledge on this matter (Giovanna et al., 2012:326). However, some of the researchers on the subject found that CSR is about constant enhancement and must be considered as an organ of the present model of business excellence. Jenkins (2009:21) also added that integrating CSR in the company core is very crucial to its success.

Moore, Petty, Palich and Longenecker (2008:38) contended that only one CSR activity of an enterprise to use its assets and get involved in activities that are made to escalate their returns so long as the business stays within the guidelines of the game, is to honestly participate in an open and free competition. Furthermore, most people think that an ethical business is only one that honestly treats its customers and workers fairly, but also needs to act as a vital part of the society. Some consider CSR as a fee of free will to function freely in a free economy. They trust that the community has certain social anticipations concerning business conduct not all of which are required by law (Moore et al., 2008:42). Madueño et al.'s (2015) interest in discovering any promising relationship between CSR and business performance began more than four decades ago. Beurden and Gossling (2008 cited in Madueño et al., 2015) claimed that most literature confirms that a firm's determination to engage in CSR activities enhanced firm competitiveness (Beurden & Gossling, 2008 cited in Madueño et al., 2015). Dzansi and Okyere (2015:473) revealed that CSR can

positively influence the competitiveness of SMMEs in many ways, including the increased levels of employee motivation, improved quality in products, loyalty of customers increasing, innovation and creativity improving, cost reduction and improved profitability, and an opportunity to increase networking ability with business people and a greater good brand image.

A study by the Inter-American Development Bank on CSR policy and practices for CSR in eight different Latin American countries found that SMMEs often practise what they referred to as 'silent CSR' which means that they are implementing social and environmental practices without categorising them as CSR (Cici & Ranghieri, 2008). The role of different actors in fostering the adaptation of CSR practices in SMMEs was examined. Actors included were multidimensional development organisations, national governments, local authorities, business associations, and civil society. One main conclusion of the study was a call for increased co-operation between the examined actors (Cici & Ranghieri, 2008).

There is limited literature connecting CSR involvement and performance of firms, while most studies currently available define competitiveness by linking it to productivity and financial performance (Olsson, 2011:20). Ladzani and Seeletse's (2012:95) findings about CSR and performance of SMMEs were limited to Gauteng province – this doesn't consider the fact that in SA there are nine provinces and the other eight of these provinces are inferior to Gauteng considering the overall development and prosperity. Moreover, their study could not be generalised to other provinces and areas like Butterworth, as it was too small and differences in dynamics of the various provinces. The primary objective of many other studies such as those of Turyakira et al. (2014) was to seek understanding of the adoption of CSR activities by SMMEs and how they would affect competitiveness; however, they did not focus on the impact of CSR on the performance of SMMEs. Furthermore, they used valid and reliable items taken from previous empirical studies to operationalize the factors investigated and in their study they focused on a few selected CSR factors with their hypothesised model. However, they did not pay much attention to other CSR factors such as economic and ethical factors and therefore a gap exists in literature on the impact of these factors on the performance of SMMEs. Pirnea et al. (2012), in their study, focused on analysing the impact of CSR on Romanian companies compared to Italian ones. However, since their focus was a comparative analysis of the

significance of incorporating CSR factors in SMMEs and the impact it has on firm performance in Rumania and Italy and thus it cannot be generalised to Butterworth SMMEs because the sample statistically does not represent the sample under study.

Flores-Araoz (2012: para. 3, line 1) stated that CSR is not just a common topic for debate and conversation in SA, but is something receiving much attention by many businesses. The Institute of Directors in South Africa (IoDSA, 2009:52) states that even though a business is an economic establishment, it is still a part of society and therefore it must accommodate economic, social and environmental policies. The approach called the triple bottom line approach improves the chances of a company creating monetary value. However, it monitors the responsible use of the economic, social and environmental resources that a business needs to remain competitive. By considering more than instant economic advantages, the business makes sure its image is protected since image is the business's most precious asset. Moreover, the understanding that social and environmental issues affect financial performance is growing. However, the South African Companies Act 61 of 1973 is not obligating companies to participate in CSR activities, but the IoDSA (2009:52) known as the King report clearly states the essential need and importance for businesses to recognise all stakeholders and to embrace a "triple-bottom line" method.

According to the suggested draft of CSR regulations in section 135 of the Companies Act 2008 (2013:2), CSR actions could mostly be piloted as either new ventures or ongoing programmes but excluding programmes that are adopted to pursue the normal functions of the business. The CSR Commission set up under section 135 intend to ensure that the CSR policy of businesses must include identifying ventures and programmes to be adopted and to prepare a list of projects or activities a business wants to engage in. In addition, the business will need to identify modalities of implementation for the areas selected as well as execution plans for the same. Furthermore, CSR ventures or activities of a business can also focus on incorporating business models with social and environmental aspects with their main concern being to create shared value. Russo and Perrini (2010) claimed that companies need to understand and know how to manage CSR. However, the lack of understanding among SMME managers regarding CSR, the close relationships with stakeholders and the habit of using casual communication instruments is why emerging research is being conducted.

In their study, Mackey, Mackey and Barney (2007:817) addressed the ongoing discussion focusing on whether companies should participate in CSR activities by introducing a theoretical model that the supply and demand for CSR investment opportunities must decide if these engagements will enhance or reduce or stay neutral in business market value. The model revealed that managers in publicly traded companies could finance CSR initiatives that don't increase the current value of the business's cash flow yet still enhance the business's market value. However, this proposed method did not include SMMEs maximising the market value of the firm and their proposed theory did not include CSR of SMMEs.

Castro et al. (2015:276) studied and analysed the impact of CSR on the level of competitiveness in Mexican SMMEs and revealed that CSR has positive effects at the SMME competitiveness level (Castro et al., 2015:276).

CSR engagement has led to companies understanding that growing their specific influence in broader social and environmental issues will be important in safeguarding their future goals (UNIDO, 2002:1).

2.10. DRIVERS OR MOTIVATING FACTORS OF CSR ENGAGEMENT

According to Castro et al. (2015:276), society's way of doing business is changing, as well as the rules of competitiveness between businesses and this is demanding that businesses become more intricate in the pieces of ethical business behaviour. Therefore, the notion of CSR has developed its significance as an upcoming strategy between companies and society. In the FSB (2007:19) findings they stated that many SMMEs are not motivated by any profit-making or economic gain from participating in CSR issues and thus see these projects as good and responsible business behaviour. Giovanna et al. (2012:325) establish that some owners of businesses are best expected to manage the social activities themselves, such as those involving workers and the society, e.g. sport clubs, churches and local associations. Munasinghe and Malkumari (2012:168) revealed in their study on CSR that the most cited stakeholder was the community and the environment, customers and employees. Every industry that was sampled indicated that the inspiration for engaging in CSR is to create a good firm image, motivate employees and improve the economic performance of the firm whilst the factors that were seen as least important motivators of CSR participation were ethical and moral reasons.

to the study by FSB (2007:6) found that most of the industries surveyed, mentioned personal views and beliefs as the reasons they engage in CSR environmental activities. Others mentioned that they only engage in CSR because it is good business practice, with over 50% citing that they are motivated to reduce their environmental impact. Some regard it as a public relations benefit by demonstrating being environmental responsibility. Furthermore, the FSB (2007:6) added that other factors that lead to CSR in business are peer pressure from other businesses, public opinion expectations, and pressures from government, suppliers, customers and employees as well as commitment to reduce environmental impact and a good for business image.

Inyang (2013:127) identified many motivating factors that drive SMMEs to engage in CSR. There are perceived to be internal and external motivators that help, endorse and oblige SMMEs to recognize, be involved in and execute CSR activities. In addition to that, Kusyk and Lozano (2007) added that these motivators, both internal and external to SMMEs' social responsibility, are centred on in-house verdict assembly independence and external market force. Inyang (2013:127) identified these as the internal motivators of engagement in CSR. Firstly, ethical considerations and personal values of managers and morality levels have a major influence in determining how committed they are to the implementation of CSR programmes in their businesses. Secondly, SMMEs regard their CSR commitments as their means of doing what they think is right by charitable offerings to the community and feeling the need to be good citizens in the society they operate in.

Next, the "business case" is important as well when the business expects to benefit from CSR involvement or generosity. These benefits might include enhanced business image in the community, better economic profits and better customer loyalty. Lastly, the tough credentials of the community also act as a driving force for SMMEs' CSR participation.

Inyang (2013) also noted the following external motivators that influence SMMEs' CSR participation:

- The pressures large organisations feel from the supply chain assist them in adopting ethical and responsible behaviour to maintain their business relationship with big corporations.
- Societal pressures, the media and NGOs and community-based organisations mostly put pressure on SMMEs to tackle the issues of social involvement.
- The necessity to conform to the laws and regulations and avoid disapproval and bad public relations is one of the drivers forcing SMMEs to engage in CSR activities. It is acknowledged in South Africa that South African SMMEs that are launching their brand images in the mind of their consumers using the promotion of CSR activities have yielded positive business performance at different levels (Irwin, 2003:306).
- One of the important problems is customer loyalty. SMMEs improve their level of service and perform responsible practices to uphold their business image and level of integrity to maintain and attract customers regularly.

In addressing the attitude of SMMEs towards CSR it is very important to briefly acknowledge Friedman's (1970) ongoing and never ending debate about CSR (Dzansi & Okyere, 2015:472). The economic receptivity of CSR was headed by Friedman in the early 1970s. Those who disagree with this, use many arguments to create a solid case to critique CSR. A very obvious one by Friedman claims that CSR does not make much sense and is believed to decrease the wealth of shareholders. From this viewpoint, Dzansi and Okyere (2015:472) reasoned that CSR is more philanthropic not due to expectations of economic gains but against shareholder value maximisation objectives of the company. Furthermore, the key circumstance opposing CSR is just that it decreases turnover (Dzansi & Okyere, 2015:472). The authors added that the question which needs to be answered is, 'Do limited financial resources of SMMEs lead to CSR involvement?' It was reported in the study that SMMEs often fail to see the bigger picture by approaching each CSR issue as a discrete area of activity and that CSR practices in SMMEs often are limited due to financial constraints and lack of expertise (Perera, 2008).

The followers of Friedman (1970), therefore, proposed that duties of societal well-being are the duties of the government and should be left to the government. Another line of disagreement against CSR acknowledged by Carroll and Shabana (2010) and

which endures likeness to that of the 1970 study by Friedman asserted that CSR deviates from the general objectives of the enterprise which is to increase shareholders' wealth (Carroll & Shabana, 2010). Conferring to Carroll and Shabana (2010), distractors claim people managing businesses do not possess the necessary social skills to handle CSR issues. However, on the other hand, Kruse (2014 cited in Dzansi & Okyere, 2015:472) and the followers contended that engaging in CSR goes beyond a philanthropic purpose. This is because it can elevate the shape of a company, strengthen morale of employees, as well as encourage teamwork and relationships which will improve employee performance on the job. Spence's (2007) thoughts on SMMEs' CSR choice provide a stimulating view on why SMMEs choose to assume or participate in CSR. According to Spence (2007), the CSR involvement of SMMEs is dependent on the owner's personal motivation, decision by managers or owners regarding the reasons for the need to engage in CSR, the businesses involvement in the community that affects the social responsibility of the business, the significance of the informal relationship of CSR and the competitiveness of the firm. The essential part played by human resources in SMMEs' CSR attracts greater commitment of the enterprise to the workers and their dependants. Further, the sector which SMMEs operate in directly impacts the approaches on how to handle CSR activities. Many scholars agree with the reasons stated above, such as SMMEs could obey the above standards when choosing their CSR projects grounded on the beliefs or values of SMME founders or managers (Murillo & Lozano, 2006). Jenkins (2009:28) approved that CSR selections or methods differ subject to different personalities and different management structures. Jenkins (2009:31) added that since personal values impact decision making regarding the use of company resources, the same impact applies for decisions to choose which CSR programme to pursue and how it should be executed.

Dzansi and Okyere (2015:479) in their findings revealed that irrespective of whether SMMEs have to be CSR compliant to stay alive or not, there is a crucial need for owner and managers of SMMEs to enhance their attitudes toward CSR as a whole. The authors claimed that in South Africa today most public entities hardly give out tenders without CSR being one of the qualifying factors. Jenkins (2009:25) recommended that business's main drivers were internal pressures rather than external pressures that motivated CSR behaviour.

CSR practices can be defined as practices that increase the social, economic, and environmental impact of a company further than governing requirements (Dahlsrud, 2009). Limited documentation exists on the implementation of CSR practices in South African SMMEs and on how the context in which these firms operate influences these practices, including whether government policies contribute to promoting CSR practices in SMMEs.

Even though CSR has been argued mostly in the perspective of big companies, it is a tactical method to be used to improve the performance of SMMEs (Szabo, 2008:17). Jeppesen (2009), in a literature study of CSR and SMMEs in development, pointed out a limited though growing focus on CSR in SMMEs in developing countries. Jeppesen (2009) suggested some areas where there is a need for research. He claimed that first there is a need for studies focusing on Southern perspectives, in order to find out how SMMEs in developing countries perceive and practise CSR. Jeppesen (2009) also pointed out the importance of context, i.e. acquiring in-depth local knowledge and using context-sensitive approaches in the research. Jeppesen (2009) added that a common perception of SMMEs as being miniatures of large firms often results in research that focuses on the lack of formal management systems and dedicated positions addressing CSR issues in SMMEs, concluding that SMMEs are CSR laggards. Jeppesen (2009) therefore called for CSR research focusing on SMMEs in their own right.

2.11. THE DIFFERENT DIMENSIONS OF CSR

Dzansi and Pretorius's (2009:252) framework identified community involvement, employee relations and consumerism as the three main dimensions, which comprised their outcomes and elements of stakeholders and shareholders. However, Dzansi (2004:89) asserted that these dimensions represent the key stakeholders that have been identified for SMMEs operating in the rural parts of Africa. Community involvement was mentioned as the first dimension including charitable assistance for community issues and the funds spent on social causes. The second dimension was consumerism which included customer loyalty issues, dealing with aspects such as: how quickly the companies respond to the complaints of customers, the politeness of their interactions with their customers, how honest they are in their marketing strategies, with the most significant element being their commitment to customer

satisfaction. These elements have been labelled as very crucial when seeking to attract and retain a great deal of customer loyalty which is very significant in the success of small businesses. Employee relations was the third dimension which means that to determine at what level SMMEs communicate with their workers, information on some crucial workforce issues is needed. Comprised in Dzansi and Pretorius's (2009) framework are provisions for health care, lack of child labour, employee incentives – sometimes referred to as benefits, and the freedom to determine the amount of overtime to take.

2.11.1. Workforce-oriented CSR

Ramasobana and Fatoki (2014:288) recommended that to guarantee the workers' support, owners and managers must involve them when developing the vision and values of the company. According to Turyakira et al. (2014:109), CSR that is concerned with employees focuses on how fair the organisation treats its employees. It is mostly interested in the ability of the organisation to attract and retain employees, how the organisation improves working conditions and the levels of job satisfaction, work life balance, diversity, staff training and workforce development, decision making including workers, and fair remuneration and financial support. However, Scarborough and Zimmerer (1996:68) claimed that other stakeholders are not as important to the organisation as its workforce. Therefore, it is very crucial that a relationship between employees and the business should include a CSR issue.

It is mostly stated that the workforce influences the other key stakeholders such as the customers. The fact is that for customers to trust the business is largely up to the impression created by the employees who are regarded as the human face of the organisation. An unhappy employee can easily communicate their bad attitude caused by dissatisfaction to a customer. SMMEs are the most affected in this regard since in SMMEs employees are usually closer to customers, since a large number of SMMEs recruit workers from the communities they operate in where their customers reside (Dzansi & Pretorius, 2009: 248).

Therefore, the important question is: how should the enterprise deal with its workers? According to Kuratko and Hodgetts (2001:160), a business's key CSR issue regarding employees should include upgrading health and safety of employees, assisting in educating disadvantaged employees, training and developing the

workforce and the provision of child day care for working parents. In addition, Scarborough and Zimmerer (1996:69) identified respecting the opinion of employees, their participation in decision making, and rewarding workers fairly. According to Turyakira et al. (2014:160), a workforce-oriented CSR focuses on offering staff training and staff development to improve the working conditions, offering equal opportunities and uplifting diversity, and assisting in maintaining work life balance. Accordingly, SMMEs' main focus area of CSR activities aimed at employees is motivating them and retaining them (Jenkins, 2009:23). According to Mandl and Dorr (2007:41), a large number of businesses in Austria revealed that treating employees equally, giving them fair remuneration and fair contracts is a vital workforce-oriented CSR practice. Also, the European Commission (EC, 2005:11) exposed that the companies that executed workforce-related CSR practices achieved a positive financial response. Without the positive financial gain, businesses claim that workforce-related CSR activities still have a positive impact on the business image and the ability to attract and keep employees. This result of CSR engagement influences SMME competitiveness positively in the long run. Likewise, the results of a study on social responsibility in United Kingdom (UK) SMMEs discovered that companies that improved work life balance of their workforce or invested in staff training and development increased their competitiveness due to increased market share (Jenkins, 2009:28).

Studies such as those of Turyakira et al. (2014:168) also submitted that enterprises that dedicate their resources to develop their workforce and ensure job security are more likely to enjoy improved competitiveness in the long run. SMMEs are strongly advised to continue enhancing their employees' skills by training and developing them, therefore retaining them, providing them with a safe and favourable workplace, fair and reasonable salaries and giving them flexible working hours. This will improve their motivation levels and ensure greater levels of job satisfaction. In this way they will be able to gain and retain a competitive advantage. Effectively, SMME managers and owners need to maintain significant social commitment to their workforce. In the study by Gillis and Spring (2001 cited in Dzansi & Pretorius, 2009:249), the main concern of current employees and potential employees was the salaries, health and safety, training and development and corporate advancement and other employee benefits. Given the above, it is argued that SMMEs must focus on employee health

and safety, staff training and development, day care facilities for children of working parents, as well as fair and reasonable wages due to the poor communities they operate in (Dzansi & Pretorius, 2009:249). Because of the well-known “Ubuntu” expression, an African belief that wants an individual to be the guardian of others, it is relevant to note that in regard to this philosophy, in most cases, workers in SMMEs are likely to be related or coming from the same communities. Hence local communities emerge as important CSR stakeholders for SMMEs (Dzansi & Pretorius, 2009:249).

Ramasobana and Fatoki (2014:287) found that CSR initiatives engaged by SMMEs include the provision of external training for workers. Some organisations have services in the workplace that are there to ensure health and safety of the workers, such as a First aid kit, while others have facilities that provide safety and security of the workers, such as firefighting equipment and upholding diversity by not discriminating on the basis of sex, race and disability. According to the study by Munasinghe and Makulmari (2012:171), all the businesses have modified practices which are beneficial to the workers in their companies. Although they are not fully aware of the term CSR, they have been practising some CSR activities in their business to support their workers. Regarding the findings of the FSB (2007:11), SMMEs were labelled as the strong point of the economy because they created 13.2 million jobs, which accounted for more than 50% of the private sector workforce in the UK. Further, it has been claimed that most small business are family businesses and over a quarter of those are co-owned by spouses.

A major problem for many SMMEs that has been broadly recognized is the employment of highly skilled workers with the relevant skills needed (FSB, 2007:11). Expectedly then, race, age, gender and disability are irrelevant when recruiting new staff in SMMEs as long as the candidates possess the necessary skill set. However, the difficulties involved in hiring skilled workers motivate the SMMEs to try by all means to retain their employees. These are the special impediments experienced by SMMEs when hiring and trying to retain their staff (FSB, 2007:11), together with the distance companies are willing to undergo to satisfy their human resources and create a good working environment. The drivers are sometimes not motivations or completely commercially attentive and the FSB (2007:11) findings indicate that some of the actions are referred to as common sense by many companies.

It has been mentioned in the FSB (2007) report that the viewpoint of SMMEs is mainly based on their perception of the environment and their staff. Therefore, the FSB (2007:11) found that 63% of companies recruited people of different ages and disabled people, while 60% of these businesses believed in staff training and development, and more than half mentioned staff involvement in decision making on important things as essential. Again, more than half of these businesses got involved in family-friendly activities. Attempts to promote well-being and health of employees and support for community events were rated high. SMMEs who invested in workers in these described ways viewed it as highly beneficial. Retention of efficient employees is crucial to all businesses but is mostly essential to the survival of these smaller businesses. Inyang (2013:128) also added that the workers are a very important participant in the engagement of CSR, and considering this, SMME owners must develop a positive relationship with their employees. The major issue with employees relating to social responsibility is, among others, the promotion of health and safety, education for disadvantaged workers, developing and training employees, fair and reasonable remuneration and employee involvement in decision making. These aspects improve employee satisfaction and motivate them to be more passionate and committed to the company. It is therefore crucial to note that SMMEs provide great job opportunities in the society and hence this is seen as a social responsibility initiative.

2.11.2. Society-oriented CSR

According to Turyakira et al. (2014:109), CSR aims at improving social solidarity in the broadest sense in the local society in which the business operates. It includes the job market and social incorporation at community level, infrastructure improvement, and charitable donations to the society. Further, according to Turyakira et al. (2014:161), the aspect of society-oriented CSR engagement addresses activities related to community sports activities, fitness and health programmes, education, helping financially challenged households, and community involvement.

Polasek's (2010:140) study mentioned the following CSR activities as the most important for SMMEs, "namely: financial and in-kind (material) donations, volunteerism, education of the public, support of various kinds for the local quality of life (e.g. sports, culture, etc.) and collaboration with local schools, authorities and

various organisations". Businesses rely on the well-being, wealth and strength of their local communities in which they do business. Ramasobana and Fatoki (2014:287) added that businesses that prefer hiring people from the same community they operate in, provide charitable donations and sponsorships to the community, support community activities like sport, cultural or social activities and are involved in the environmental protection, are seen as practising community-oriented CSR activities. Inyang (2013:127) added that the practical personality of SMMEs enables the local community to know the employees and owners of SMMEs because the SMMEs have made a name for themselves in the community by being socially responsible serving as a major external driver.

Therefore, it is important for SMMEs to get involved in community-related CSR activities like sport and recreation, health and education, and other altruistic programmes. By doing so, the company has a good image in the eyes of the community. The image of the business in the local community and its reputation as an employer and a provider of goods and services as well as an active organ of the community improves its competitiveness (Polasek, 2010:56). It is further asserted that businesses who are perceived as CSR active benefit from the good image and reputation within the society and business community, therefore increasing their ability to grow their competitiveness (Schiebel & Pöchtrager, 2003:119).

Lindgreen and Swaen (2010:3) claimed that businesses have noticed that the adoption and implementation of CSR activities provided a win-win situation for all stakeholders especially the society and the business. Turyakira et al. (2014:168) went on to say that SMMEs should involve themselves in the entire well-being of the society by participating in community activities. They can do that by giving charitable donations, giving grants and educational scholarships to children who are academically deserving and assisting the community to generally develop and empower itself by improving their health and well-being programmes. In turn this will improve their community relations which leads to a positive public image and improved competitiveness. On the other hand, CSR must also be regarded as a business strategy (Philips, 2006:23). This means that businesses must be seen as socially responsible in order to enhance their public image in the community and with their customers, shareholders and suppliers, which in turn will help them to attract and keep well qualified employees.

From a business perspective, CSR provides a strategic method of achieving and keeping a competitive advantage. In the African context, it is argued differently. It is right to claim that SMMEs in Africa should involve themselves in CSR activities because of the growing scale of social problems that still prevail in the continent at large, and the failure of governments to address these issues (Philips, 2006:23). And the SMMEs being expected to have the ability to deal with these issues more than larger enterprises do. Enforcing CSR in the business scale of African SMMEs in order to encourage social transformation besides the business case is dictatorial (Dzansi & Pretorius, 2009:249).

According to Dzansi and Pretorius (2009:249), SMMEs are seen as focusing mostly on customer, employee, and community-related activities. Considering the environmental clashes of the greater world and Africa included, it becomes obvious that a framework that addresses these three key participants while recognising the necessary activities relevant to the African context is vital for the SMMEs to have an impact on the communities and for their long run survival. In other words, despite the inadequate proof that confirms the SMMEs' business case of CSR engagement, they established that it is beneficial for both business and other stakeholders when business is engaged with CSR, irrespective of size. Businesses function in communities and these communities are part of the social and natural environment. Therefore, without a healthy environment there can be no society and without society the business could not achieve its objectives of making profits and maximising share value. This belief emphasises the vital importance of CSR engagement as a social investment method to sustain the natural environment in which business is done (Thorne, Ferrell & Ferrell, 2008:317).

2.11.3. Market-oriented CSR / Consumer-related CSR

According to Inyang (2013:128), although on a different level from that of large businesses the customers also play a huge role in driving CSR engagement of SMMEs. SMMEs in this regard are responsible for providing their customers with quality products and services and protecting their well-being as this leads to greater profits. Consumerism includes honest advertising, product safety, quality products, fair and reasonable prices and responding to the needs of their customers. In fact, SMMEs are very close to the customers they serve and thus it is easy to understand

the needs of customers and satisfy them voluntarily. Turyakira et al. (2014:161) asserted that market-oriented CSR activities involve how businesses focus on their customers and how they respond to their needs and handle their complaints. Further, these businesses are able to respond promptly to their customers' orders and quality improvement suggestions, they are open during convenient times and keeps customers informed, their prices are fair and reasonable and their profits are generated honestly and lawfully. This situation is sometimes referred to as responsible customer relations. Dorian (1996 cited in Dzansi & Pretorius, 2009:248) argued that business can only be certain of sporadic operations when they practise good customer relations. That is why the most important group of stakeholders is perceived to be the customers (Scarborough & Zimmerer, 1996:83).

According to Longenecker et al. (2000:369), consumerism is about honest advertising, product safety, reliable and durable products, fair pricing, customer after-care and politeness towards customers. These studies revealed that SMMEs generally like consumerism since they have a solid and flexible ability of meeting the consumers' needs, for example they have a close relationship with customers and understand their needs. Thompson and Smith (1991 cited in Dzansi & Pretorius, 2009:248) agreed that customer satisfaction is a main focus of SMMEs. Nowadays, customer satisfaction has to comprise more than quality, honest and dependable advertising; it also needs good customer care (Dzansi, 2004:87) that requires SMMEs to participate actively and have a dependable workforce (Dorian 1996 cited in Dzansi, 2004:87). A business that promotes social responsibility is expected to perform its activities transparently and to uphold a positive relationship with its customers. For a business to succeed in the long run strongly depends on how they maintain their high quality sales network for their products and services (Polasek, 2010:138). However, market-oriented CSR activities can be used as tools to attract and retain customers, thereby securing long-term survival of the business (Turyakira et al., 2014:161).

Ali, Rehman, Yilmaz, Nazir and Ali (2010:477) agreed with the claims that businesses with good customer-related CSR activities witness an increase in customer loyalty as well as improved competitiveness. According to Turyakira et al. (2014:109), this is associated with issues important to the market in which a business operates. It entails the improvement of product quality and safety of products, paying

suppliers and business partners in time, reasonable pricing policies and commitment to be involved in local establishments or society-based business alliances.

In their study, Ramasobana and Fatoki (2014:287) found that businesses perceive CSR as activities to maintain the quality of goods and services they provide and allowing the return or exchange of damaged goods for new ones or a refund or to have them repaired.

2.11.4. Environment-oriented CSR activities

According to Turyakira et al. (2014:161), environment-oriented CSR activities apply to the activities a company takes to avoid damaging impacts on the natural environment. These activities include processes a business can take to minimise its damaging effect on the natural environment, such as the conservation and commercial usage of natural resources, consuming ecologically friendly packing, reutilising and waste minimising. A study on the European SMMEs showed that CSR activities aimed at the environment mostly focus on creating environmentally friendly products or manufacturing processes as well as involvement in reutilizing actions (Mandl & Dorr, 2007:47). A study on local SMMEs conducted in the Nelson Mandela Bay area in SA discovered a favourable relationship between environmentally-orientated CSR activities and enhanced competitiveness as far as profitability was concerned (Viviers, 2009:48). A study about environmental attitudes revealed that willingness to get involved in environmental issues is linked to greater chances of improved competitiveness for SMMEs (Peters & Turner, 2003:3).

According to Turyakira et al. (2014:109), environment-oriented CSR involvement refers to policies, production management and reporting associated with environmental impact of all activities of the company. It includes policies, operational management and reporting in relation to the environmental impact of all activities of the business (European Competitiveness Report, 2008:2). The most important environment-oriented CSR activities concern the depletion of materials and energy, management of pollution and waste management in the best possible environmentally friendly way for its products (EC, 2005:33). Polasek (2010:141) stated that companies that attempt to minimise the damages to the environment will benefit through new business opportunities. For example, businesses that show high concern for the environment tend to stand a good chance of getting big business

contracts with large companies as well as with the public sector, thereby they increase the possibility of attracting new customers that are very environmentally conscious.

Examples of environment-oriented CSR activities include environmentally friendly production processes, environmentally friendly packaging for their products and environmentally friendly distribution processes, recycling and re-use as well as energy and water saving processes and the provision of sufficient environmental information on products, services and processes. Theoretically it has been revealed that a positive relationship exists that links environmental practices, customer loyalty and competitiveness. Business profitability benefits related to environment-oriented CSR activities result in a reduction of costs, saving resources, improved innovation, retention and improved customer loyalty as well as enhanced morale of the employees (Kassins & Soteriou, 2003:13). Saedi, Sofian, Saeidi, Saedi and Saaedi (2015:342) argued that there is more to the relationship between CSR and firm performance than researchers have been writing about. However, viable competitive advantage that has been misplaced as the main outcome from satisfied customers is believed to be one of the key mediators in this relationship. Consequently, the authors tested this and established a broader connection between CSR and firm performance by introducing three intermediaries (customer satisfaction, reputation, and sustainable competitive advantage) as the anticipated gains of CSR.

Inyang (2013:128) stated that SMMEs have started to show consideration for the environment by developing environmentally friendly products, packages and production processes. More SMMEs are likely to keep considering the environment by tackling huge scale projects that are environmentally responsible practices.

According to the FSB (2007:5), SMMEs generally do not receive a great deal of exposure concerning their assessments and involvement related to environmentally-related CSR activities and in the past they have been perceived as not interested in CSR activities related to the environment. The major issue for many SMMEs has never been indifference but that they do not concentrate on what they are expected to do to achieve greater environmental results regarding waste disposal and other aspects (FSB, 2007:5). Although SMMEs have perceived major problems like climate change as a reality, they consider these problems to be the responsibility of large

corporations. However, the FSB (2007) study reported that many SMMEs have shown an attitudinal move and proactive approach to tackle environmental problems and they are taking action to limit environmental issues.

The expectations of customers, partners and workers have changed with those of the society regarding CSR; however, current issues are very broad and complex globally and are changing more rapidly than ever before (Rexhepi, Kurtishi & Bexheti, 2013:533). The study by DiSegni, Huly and Akron (2015:131) statistically assessed the link between business characteristics, contribution to the environment and competitiveness. They found that businesses that actively and positively support social responsibility and environmental sustainability are benefitting by higher profit margins.

Ramasobana and Fatoki (2014:288) recommended that SMMEs must strategically develop a plan that will integrate and combine their commitments and expected actions with regard to key stakeholders. Moreover, they need to guide and manage the execution of environmental, customer, employee and supplier responsibility. SMMEs should include CSR in their vision as one of the key elements. In order to get the support of employees, businesses should involve their employees in the decision-making process when determining how to realise the vision (Ramasobana & Fatoki, 2014:288).

According to the results obtained in the study of Guzman, Castro and Torres (2016:573), it can be concluded that the social, environmental and economic scales are good judges of CSR in businesses. With that being stated, when businesses seek to undertake and involve themselves in CSR activities they should not focus only on the benefits of their employees, suppliers and customers but also on addressing activities that protect the environment. However, these activities have to introduce economic advantages that ensure improvement of quality in employees' lives and the population of the societies in which these SMMEs do business. Furthermore, it can be concluded that a business with a higher level of CSR involvement will benefit from higher levels of business performance. Therefore, businesses should develop economic initiatives to allow quality improvements in terms of workers' lives and those of the population in which these SMMEs are situated. Furthermore, it is also possible to conclude that a greater level of CSR

adoption and implementation allows higher levels of business performance (Guzman et al., 2016:573).

Dzansi and Pretorius's (2009:245) study about CSR of SMMEs aimed at providing a logical and sound structure for addressing and assessing CSR. Specifically focusing on African SMMEs, their framework recognised customers, the community and employee-oriented forces as the main CSR issues facing SMMEs in Africa. Moreover, they stated that environmentalism is not a key problem for most SMMEs since most of them are in retail and services with less impact on the environment, which makes less concerned about environment-oriented CSR. Dzansi and Pretorius (2009:245) defined environmentalism to be a responsibility of larger businesses.

The literature review in the study by Turyakira et al. (2014:110) revealed a number of CSR variables that led to improved competitiveness in SMMEs, and proposed a hypothesised tool that explained the relationship connecting the dependant variables, i.e. workforce-related, market-related, society-related and environment-related CSR activities, and the mediating variables, i.e. satisfaction of employees, business image and customer loyalty. They further stated that these in turn lead to increased competitiveness (dependant variable) which has been measured by profitability, market share, sales and growth rate.

The most important finding in Battaglia, Testa, Bianchi, Iraldo and Frey (2014:886) was the solid and progressive relationship linking a variety of CSR-related variables and business performance and CSR-related variables and competitiveness in terms of both innovation and intangible performance. The study found only one type of CSR that showed a weak and unclear relationship with the competitiveness variable and that was the workforce-related CSR with which it was revealed that the relationship with competitiveness was deemed not important compared with that of other CSR types.

The study concluded that there is a lack of association or rather no connection at all linking to such variables as motivated human resources and business image and reputation. In spite of CSR being reflected as important by most of previous studies, SMMEs in the fashion industry did not perceive CSR as a pressing matter (Battaglia et al., 2014:886). This situation is partially due to the fact that the SMMEs that were

interviewed in the research they conducted have a small workforce and are dealing with few key or large customer bases. These issues are mostly accompanied by 'thin' business policies such as its either they are not interested or they are unable to measure employee motivation and human resource productivity and by insufficient attention given to business reputation. Battaglia et al. (2014:886) conducted a study with results showing that outcomes of CSR strategies on business profitability, turnover and business reputation are not easily interpretable. This is the case even though it has been revealed that there's a positive relationship emerging when the focus of the analysis is only on the adoption of customer-oriented CSR activities such as voluntarily promoting environmental care initiatives and a sustainable strategy to manage supply based on what has been agreed with the partners.

Large businesses are putting excessive pressure on SMMEs forcing them to act responsibly in regard to the society. These large businesses continuously include environmental and social criteria in formulating their business policies, thereby positively influencing CSR behaviour towards suppliers. Large businesses require their suppliers to obey the requirements they set when doing business and play an important role in educating their partners in the supply chain about CSR-related activities. For that reason, SMMEs that provide goods and services to big businesses, ensure that their CSR policies regarding the environment and social and workforce-related problems are in place (Inyang, 2013:128).

Madueño et al. (2016:58) added that the few studies dealing with the SMME perspective indicate that one should discard any fundamental connection claiming organisations are not going to benefit from their association with CSR initiatives. As a result, it can be claimed that any relationship that links these variables must embrace the social impact hypothesis which expects positive reaction from stakeholders originating from progressive CSR business behaviour. The authors' study tested the hypothesis that the introduction of CSR behaviour enables SMMEs to improve their competitiveness. Ramasobana and Fatoki (2014:287) concluded that the owners of SMMEs have a good attitude towards CSR. The findings were that most of the participants in the study did not train their employees properly and therefore they did not discriminate when hiring their employees in any discriminatory measure, i.e. gender, disability and race. The findings, however, showed a that there is a major

level of supplier and customer CSR interest but a lower interest shown in community and environmental responsibility.

When businesses of all sizes undertake CSR, significant benefits can be reaped both by businesses and stakeholders (Van Marrewik, 2003:97). The IISD (2002 cited in Dzansi & Pretorius, 2009:250) stated that the most significant benefits to the society are charity offerings, volunteering employees, educational support by businesses, sport and recreation support, and safety of products. Kuratko and Hodgetts (2011:160) and Scarborough and Zimmer (1996:69) pointed out employee benefits to be health and safety of employees, training employees and developing them, reasonable wages and day care facilities for children of working parents. According to Dzansi and Pretorius (2009:250), the fundamental components of CSR involve: obligation to perform and function with economical conscious behaviour and appreciating the interests of stakeholders.

The theoretical background helped to recognise the key stakeholders, namely the employees, the community and the customers of the SMMEs and not just recognising the shareholders. However, shareholders expect profits, customers demand quality goods and services, reasonable prices, and workers require fair wages, health and safer working environment, and value training and development. Furthermore, the community perceives charity offerings, volunteerism and employing people from the community as essential. The level of attempting to collectively meet these expectations enables measuring and evaluating SMME performance related to CSR and the impact it has on competitiveness. Results obtained in a study by Castro et al. (2015:281) revealed that managers or owners of SMMEs generally reflect the environment, society and economical dimensions when developing their business. Pirnea et al. (2012:205) agreed that in this sense, because managers/owners notice the positive influence reaped from CSR involvement they are increasing their investments in these CSR activities. Furthermore, a number of SMMEs do implement CSR in their daily activities. However, although most businessmen consider themselves significant role players in the society committed to improving the community, they fail to apply CSR in that regard in their companies (Castro et al., 2015:282).

Vogel (2005:2) argued that there are many reasons leading to some businesses choosing to be more involved in CSR without being legally bound to do so. These reasons range from strategic and defensive reasons to just philanthropic reasons. The fundamental belief that it is good for businesses to be involved in CSR is the main driver forcing businesses to behave responsibly (Kotler & Lee, 2005). Following this belief that it is competitively advantageous for businesses to behave responsibly Porter and Kramer (2006), echoed by Castro et al. (2015:282) agreed that businesses who involve themselves in social responsible behaviour stand to achieve greater performance levels compared to those that do not engage in CSR. Thereby, they distinguish themselves from other competition and improve their reputation and public image, developing a new and improved customer loyalty with motivated workers

In the study done by Turyakira et al. (2014:168) their findings confirmed a positive relationship that links all CSR variables, i.e. independent mediating and dependant variables leading to competitiveness of SMMEs. However, their findings showed that there is a negative link between business performance and environment-oriented CSR practices. It is therefore recognised (Mandl & Dorr, 2007:45) that SMME activities related to CSR can possibly affect the business internally as well as externally in the respect of the community, customers and the environment. However, it is not compulsory that all CSR practices comprise both internal and external effects but most situations have internal effects, such as improved employee morale, which leads to external effects, being improved customer loyalty because of better service (Mandl & Dorr, 2007:45). SMMEs can also initiate CSR activities that focus on addressing issues of proper working conditions, health and safety in the workplace, human rights and social development, ethical business practices and environmental protection in their business processes (Lantos, 2001:4).

This means that every time a business engages in customer-related CSR practice, such as fair treatment of customers and quick response to customer complaints and orders and complaints, they stand a better chance of improving their performance in the long run. Rootman and Zeka (2013:1) argued that even though there are many forces driving the involvement of different businesses in CSR, on a global scale a business cannot run away from the responsibility of engaging in CSR activities, despite the motivation for doing so. However, the traditional economic debate that

claims the main purpose of companies is to make profits for their shareholders still exists among some SMME managers and owners. The fact that a business has to fulfil its main objectives of making profit for its shareholders cannot be ignored; however, the business also has the responsibility to bear in mind that they function in a surrounding environment comprising interdependence principles (Rootman & Zeka, 2013:2).

According to DiSegni, Huly and Akron (2015:131), for a very long time, there have been engagements to try and find a suitable response to the broadly spread belief that an organisation has no responsibility to the community whatsoever other than to maximise its profit and make wealth for the shareholders. The notion that there are other groups and people that businesses have to consider as their responsibility has been known as the stakeholder theory. This theory, however, come across with headstrong theoretical complications in giving reliable principles for managers who are busy with more important topics such as the impact of businesses on the environment that do not affect any human beings inside the company or those involved in dealings with the company. Furthermore, decision making in businesses involves a consideration of these stated values, although they may not be included in the stakeholder theory. With the recognition of CSR, an improvement in the quality of the life of consumers is observed, instead of the focus being strictly on economic benefits, and this has fast tracked the economy's ethical concerns in business behaviour (Dafmna et al., 2015:131).

Results from the study by Famiyeh (2017:16) indicated ample evidence concerning the connection linking CSR and firm operational competitiveness in respect of cost, quality, flexibility and delivery. Famiyeh's (2017:16) findings were that companies had a chance to reduce production costs, increase compliance, have quality improvement and enhanced performance when getting involved in CSR. Moreover, companies who involve themselves with CSR initiatives are likely to enjoy improved performance in terms of cost-effectiveness, growth in sales, improved return on investment as well as growth in market share (Famiyeh, 2017:16). Under the stakeholder theory, there is a belief that a firm can increase its public image and reputation by engaging in addressing other stakeholders' expectations, leading to a rise in its financial performance (Famiyeh, 2017:16). Even Jenkins (2009:25) found that companies felt that by simply showing support to the local economy, being profitable and employing

people showed that they were being socially responsible and also recognising the significance of other social obligations. Moreover, Jenkins (2009:25) stated that the main stakeholders that the respondents in the study engaged with included the environment, workers, society and the suppliers, of which the level of importance differed from business to business. Organisations engaged in a variety of CSR activities such as initiatives aimed at environmental management, community projects and training and development of employees.

Ramasobana and Fatoki (2014:286) stated that the majority of the participants in their study were in agreement with the belief that businesses who dedicate their resources in improving the quality of life of the community stand to enjoy long-run profits. Adding to this notion, the majority of the respondents agreed that businesses that do not participate in CSR are not likely to achieve a competitive advantage. According to Famiyeh (2017:17), for managers this in fact points out that it is vital to invest in CSR initiatives since these investments are likely to enhance their functioning performance abilities when it comes to cost, quality, flexibility, delivery and performance. Benefits like these have the possibility to make businesses tougher and very competitive. However, these findings implicate both a manager and the business. Therefore SMMEs want to improve their performance significantly by making it essential to involve CSR as more than just as an elemental business strategy in their organisation but also as part of their daily practices. These activities will help the business's product or service to acquire a positive result consistently. SMMEs will then have a better image and a good reputation in the eyes of the suppliers, employees, and the community (Guzman et al., 2016:573). In addition, Guzman et al. (2016:573) suggested that SMMEs must adopt and execute economic activities that will focus on improving their employees' standard of living and that of the general society and they must support the cultural and community activities as much as it is financially possible.

Also, managers need to be involved in various charitable activities and play a role in the society at large, which will lead to the business image being improved, products and services being improved and the organisation being seen as a responsible organ of the society, which is highly believed to generate high performance levels.

According to Jenkins (2009:25), businesses could start making a business case with all their CSR activities and enjoy a variety of benefits that are associated with it, such as enhanced brand image, improved reputation and a greater market share with more business coming their way as a result of new customers, increased job satisfaction of employees and cost reduction of products/services. Marín et al. (2012 cited in Madueño et al., 2015:58) argued that efforts to partake in CSR activities influence the emergence of stakeholders reacting positively to the business and thus it affects more than just the value of the firm, but also enhances the business performance. Crane and Matten (2007:47) asserted that some businesses participate in CSR activities because they want to be seen as being responsible to their society to attract customers.

A business that ignores social responsibility could be negatively affected by that behaviour due to unfavourable customer actions such as defections. Contributing to the community can be worthwhile in the future, because that can lead to a stable environment in which to do business (Rootman & Zeka, 2013:3). Moreover, benefits that are enjoyed by businesses as a result of CSR behaviour include customer loyalty, employee job satisfaction, and better stakeholder relations. However, McWilliams, Siegel and Wright (2006:18) are of the view that the key force compelling SMMEs to strategically adopt CSR is the belief that the use of philanthropic behaviour leads to a competitive advantage over those businesses that do not practice it.

Frederick (2002:304) claimed that businesses must familiarise themselves with strategies that involve CSR in order to ensure their survival in the competition sphere. Jenkins (2009:21) agreed that including CSR in the main business strategies is important to the existence of the business. Another aspect of CSR in SMMEs is community development, which relates to the businesses' involvement in community programmes, trying to improve the quality of life of the people residing in those communities (Visser et al., 2010:76). Carroll and Buchholtz (2006:472) reckoned that besides obeying the law, behaving ethically and making profits, businesses have a very vital impact on the society through monetary and non-monetary donations towards the development of the community. Through community development, businesses can improve the quality of life of people living in communities they operate in. Rootman and Zeka (2013:3) argued that CSR, using programmes like

diversity, environmental awareness, community development and stakeholder relations, can allow a business to unlock very many benefits such as positive brand image.

The competitiveness or business performance level of businesses can be measured using the sales turnover for business growth, profits, rates of return on investments, expansion productivity as well as cost reduction and employment turnover (Alasadi & Abdelrahim, 2007:7). However, there are various ways that indicate the performance of a business.

2.12. DRIVERS / FORCES OF CSR

Altman (2007:12) stated that companies can make additional financial profit and improve their brand image by involving CSR in its activities. Further, Berkhout (2005:15) suggested that CSR may provide the beginning point for enterprises to start moving to sustainability. According to Visser (2008:1), there are internal forces and external forces in CSR which are divided into national drivers and international drivers.

2.12.1. National drivers

2.12.1.1. Ethnic traditions

CSR frequently pays more attention to deep-rooted indigenous cultural traditions of humanity, business ethics and community involvement.

2.12.1.2. Politically

It is impossible to remove CSR from the socio-political strategies, which mostly motivate businesses to integrate social and ethical concerns in their business processes.

2.12.1.3. Socio-economic concerns

The socio-economic environment concerns that business operate in are the developers of most direct CSR initiatives. However, Laudal (2011:239) added that SMMEs are typically family-owned businesses displaying a very strong humanitarian approach. Furthermore, they are very close to the community and are more likely

linked to the civil and cultural environment and therefore they are more aware of the society needs

2.12.1.4. Governance gaps

CSR is seen as a tool to bridge the gap left by corrupt, weak and unconcerned governments that failed to deliver some social services.

2.12.1.5. Market access

CSR maybe used as a tool for businesses in underdeveloped countries to access the market in well-developed countries.

2.12.2. International drivers

2.12.2.1. International standardisation

Companies wishing to operate as global players use the CSR code, guidelines and standards as their key motivation.

2.12.2.2. Investment incentives

CSR is given as an encouragement by the introduction of the term SRI which stands for socially responsible investment (SRI) where funds are allocated on the basis of ethical, social, and environmental criteria

2.12.2.3. Stakeholder activism

CSR is motivated by the involvement of stakeholders and influential groups that are acting to tackle the failure of the market and the government.

2.12.2.4. Supply chain

CSR of SMMEs is motivated by the fixed requirements which multinational companies demand of their suppliers.

2.13. BARRIERS TO APPLICATION OF CSR

According to the FSB (2007:12), the results from their survey revealed that a number of businesses do not engage in CSR due to lack of interest. Some businesses indicated they did not think about it, some claiming not enough resources such as staff and some said they could not find the relevant information and advice on how to

proceed. In addition, some did not see any benefits whatsoever in engaging with CSR with a large number claiming lack of time and costs as the fundamental barrier. Ramasobana and Fatoki (2014:287) portrayed the obstacles to the adoption of CSR by SMMEs which were that many SMMEs see costs, with no perceived benefits and unavailability of relevant information to be the key barriers to their involvement with CSR. According to the FSB (2007:12), SMMEs are usually hindered by size, making it impossible to do as much as they wish, which is why most of the surveyed SMMEs mentioned size as their reason for not adopting CSR. According to emerging literature, there are a number of obstacles and constraints that hinder the participation of businesses in CSR. Inyang (2013:129) listed these barriers as the following.

- When SMMEs lack financial resources, they tend to perceive CSR implementation as too costly.
- Since SMME managers are mostly busy with the day-to-day operations of the business, they usually do not have enough time to focus on CSR execution.
- There is a huge shortage of information to help SMMEs in the CSR spectrum available.
- SMMEs have little or no awareness of the benefits associated with CSR behaviour.
- SMMEs have insufficient space to collect and analyse data in sustainable development.
- There is a shortage of systematic benefits and methods available to engage in CSR programmes.
- The existing methods or guidelines that are currently available only cater for large businesses and are irrelevant when it comes to SMMEs.

According to Dzansi and Pretorius (2009:253), if implemented well, CSR could result in better business performance because of increased employee morale, and a decrease in employee turnover, increased productivity by employees and loyalty of customers. The planned model endorses that growth in sales, growth in gross profit, and the total sum invested in CSR activities measured as a profit before tax. These interferences are normally related to reduce local unemployment, improved quality of

life of the community as a proportion of gross profit, social and commercial presence; social consistency in the society; customer satisfaction; job satisfaction, skills development, employability, and work life balance (Dzansi & Pretorius, 2009:253).

However their framework recognises the community, customers and the workers to be the most three significant stakeholders hence they are considered as the basic stakeholders besides the shareholders of each and every enterprise who needs to prioritise the CSR agenda for African SMMEs. These important stakeholders have their everyday problems that are affecting their everyday lives, so for each of them every group of stakeholders and their respective country or community, managers can recognise main problems that are normally most important to stakeholders and allocate resources, be it monetary or non-monetary to try and address these issues. It is therefore expected that the stakeholders whom are regarded as beneficiaries will respond by patronizing and extending their level of commitment to the business. All in all, all the stakeholders will benefit from CSR including the owners who will gain from the outcomes as well (Dzansi & Pretorius, 2009:253).

2.14. ATTITUDES TOWARDS CSR AND PERFORMANCE

In a study by Ghasemi and Nejati (2013:33), they employed a qualitative research methodology when exploring the perceptions of business professionals in Iran, about the benefits, motivation and barriers of CSR irrespectively. When results were analysed the findings revealed that most of the respondents perceived CSR as directly threatening the business or a threat just in the beginning; there were some respondents who claimed that CSR could be an opportunity for the business in the community (Ghasemi & Nejati, 2013:35). Those who argued against CSR claimed that there is not yet any positive relationship between CSR and the society in Iran, whereas those who were in favour of CSR said that CSR brings long-term opportunities.

According to Mustafa, Othman and Perumol (2012:899), when it comes to reputation, CSR could affect the company reputation externally. The company will experience financial benefits occurring because of the positive reputation created by the involvement in CSR projects and society issues. Previous literature has recommended that businesses that are involved in CSR may have a better reputation, thereby leading to improved competitiveness. The common claim is that

key stakeholders improve a company image and reputation and by so doing improve financial performance; on the other hand, not living up to the expectations of these stakeholders may have a negative impact on the business image and reputation. Disappointing these groups may decrease a company's reputation, which will negatively affect the financial performance of the business.

The stakeholder theory's social impact claims that the financial results depend on the external reputation of the business, meaning that a favourable reputation may lead to a favourable financial results. Moreover, addressing the needs of the key stakeholders enhances the reputation of the business, thereby improving the business performance and market position. However, Mustafa et al.'s (2012:902) study suggested that since they studied only companies that are public listed companies in Malaysia, a gap in knowledge exists because they ignored other companies like SMMEs. In particular, they strongly recommended research be done on the relationship between SMMEs and business performance level as a result of CSR.

According to the FSB (2007:19), several SMMEs engage in CSR not because they are driven by economic benefits that come from social and environmental involvement but because they see CSR as a responsible way of doing business. About more than a quarter of the participants perceived social and environmental responsibility to be a tool that can be useful for marketing but some of the respondents seemed unsure about how CSR can help with marketing. Some businesses that were studied claimed that they think it is not necessary to report their CSR activities. However, results from the study indicate that businesses that are seeing the importance of reporting their CSR activities would get assistance from other businesses in this regard. Moreover, over a quarter of the participants were convinced that enterprises that engage in CSR programmes were more likely to succeed in the business market, while most of the businesses regarded themselves as being socially and environmentally responsible (FSB, 2007:19).

There was confusion regarding the term and concept of CSR (FSB, 2007:19) with 60% of participants associating CSR with a business behaving responsibly and some regarding CSR to be normal business behaviour. Even though much research has been done in the relationship that exists between business and the society, it has

been recognised that CSR in African SMMEs still need exploration (Dzansi & Pretorius, 2009:245). Dzansi and Pretorius (2009:245) focused on addressing questions like what the common SCR initiatives are of SMMEs in Africa or how the SMMEs perceive and apply CSR. Moreover, they claimed that these questions are not answered yet due to the unavailability of a measuring framework that addresses the focus of SMMEs in Africa. Dzansi and Okyere (2015:470) claimed that experimental research on CSR in the context of South African SMMEs is insufficient, leading to the emergence of many issues, for instance in South Africa it is almost impossible to identify the attitude of SMMEs towards CSR. However, research such as that of Ramasobana and Fatoki (2014:284) on the CSR of SMMEs in South Africa studied the attitudes of SMMEs towards CSR as well as the engagement of SMMEs in CSR and they analysed the factors blocking SMMEs from partaking in the activities of CSR. Dzansi and Okyere (2015:471) focused on adding a good or introducing a better understanding of the perceptions of SMMEs in South Africa and how they see CSR. In order to address this aim in more detail, It would have been fruitful to study the whole of South Africa geographically, and include all types of SMMEs in the sample of the study. However, the study was limited to SMMEs in the manufacturing industry in Botshabelo industrial estates.

Although many theoretical angles are available to gain this understanding, their study adopted the stakeholder theory. However, the finding on the attitudes towards CSR as stated by Ramasobana and Fatoki (2014:286) reveal that SMMEs have a good attitude towards CSR. Their findings agreed with the belief that SMME involvement in community programmes and engagement in programmes designed to improve the community quality of life will lead to an improved long-run productivity. Adding on this, their study findings contradict the belief that businesses that do not contribute to the community could perform better than a business that do contribute. Idowu and Filho (2009 cited in Filizoz & Fisne, 2011:1406) emphasised that organisations that do not involve themselves in CSR would not survive beyond the short term. Kernet (2008 cited in Filizoz & Fisne, 2011:1406) believes that this would be because irresponsible behaviour in CSR is punished by massive drops in share value. Possibly stakeholders penalize organizations more as the number of CSR issues such as legal issues and fines increases, but when these organizations participate in

CSR activities such as using environment-friendly products to help the community they do not get much of a recognition (Alikaj, Nguyen & Medina, 2017:407).

The opposite relationship between CSR activities and organization competitiveness increases when organizations are functioning on a multinational level; however, Alikaj et al.'s (2016:407) study was restricted by various limitations. Major concern on their study is that it is cross-sectional, therefore, restricting endorsement of interconnection; however, literature in the future can ensure causality by providing longitudinal analysis. They can again provide some regulations specifically for that certain country that obliges organization to make CSR related information available publicly. Future researchers can put their focus on countries in which such regulations are already in place and compare them with those countries that allow organizations to decide on their own whether or not to publicly avail their CSR-related activities. (Alikaj et al., 2017:407). The influence of investments in CSR activities on the performance of organizations to this day is still a debatable issue, and still remains a topic of great interest in the academic world throughout the wide range of disciplines. According to Ramasobana and Fatoki (2014:286), the awareness of CSR is required to balance the power of the company and to monitor and minimise irresponsible business practice. Furthermore, businesses are seen as organs of the society and therefore should fulfil their social responsibilities. Moreover, the society expects more than just effective production of goods and services from today's businesses.

According to Isa (2012:327), CSR has emerged as a vital business strategy in businesses and although a great deal of attention has been directed to the definition of CSR, more literature on the emergence of CSR is needed. Isa's (2012:334) work has defined CSR to be a highly disputed concept because it draws continued debates as to the real meaning which can be extracted from different sources. Being a company that behaves socially responsible is thus much more significant than before (Rexhepi et al., 2013:533)

The study by Aminudin (2013:764) investigated the relationship between CSR and organisational identification and found that CSR may come from various dimensions. The study by Turker (2009 cited in Aminudin, 2013:764) identified five types of CSR,

which are society-related CSR, employee-related CSR, customer-related CSR, government-related CSR and environmental-related CSR.

In agreement with the theoretical approach adopted, Madueño et al. (2016:58) added that a positive mutuality should exist connecting the business and the stakeholders. However, higher CSR determinations should yield positive results from key stakeholders on the basis of improved business image. Thus, the significance of relations with stakeholders is highlighted, with the relationship being an element of analysis to determine mutual variables (Madueño et al., 2016:58). According Pirnea et al. (2012:203), CSR is a significant aspect in business nowadays and surely a challenge for the future. CSR can also be viewed as a method to inspire development because of the positive connection linking business strategy and social performance. Moreover, CSR can be used as a tool to create value for shareholders as well as for other businesses and stakeholders (Pirnea et al., 2012:203). Pirnea et al.'s (2012:203) study aimed at simplifying the meaning of CSR and the relationship linking CSR with performance of SMMEs.

According to Ramasobana and Fatoki (2014:288), SMMEs need to have strategies that will include certain obligations and stated plans of action that are focused on their stakeholders and that serve as a blueprint on how they will engage in their responsibility towards the key stakeholders, namely the environment, employees, customers, suppliers and community. Moreover, SMME owners must design comprehensive, measurable and obtainable goals to execute and improve CSR involvement. Furthermore, SMMEs must focus on clearly stating their vision, mission and values for the business. One of the key elements of their vision should be CSR. Large corporations can use educating SMMEs as one of their CSR initiatives. Government agencies, however, need to encourage and advise SMMEs to participate in CSR activities and provide them with training so that they can better understand CSR and its important elements. It is however the responsibility of these SMMEs to gather information on ethical conduct and make time to practice this conduct (Ramasobana & Fatoki, 2014:288). Turyakira et al. (2014:116) admitted that SMMEs are the base on which any country's economic growth and stability rests. A number of benefits associated with CSR for SMMEs have already been clearly stated. In this regard, CSR is not an easy route to business success but rather an investment that is set to produce good returns in the future. CSR involvement can be

beneficial when it comes to recruiting, motivating, retaining and developing employees, customer loyalty, reputation of the business and competitiveness.

CSR is thus a vital part of the survival of any business. Given the fact that businesses have a relationship with the community in which they operate, CSR is being adopted in every organisation of any size or sector. Also, in today's business world, organisations irrespective of size and market have to work to gain society's blessing and to retain it in order to survive the competition. They will only get the blessing of society once they are convinced that the operations of their business will benefit the society and will not harm the natural environment (Akindelle, 2011:114).

Alikaj et al. (2016:401) in their study distinguished between CSR strength and concerns and focused on multinational enterprises (MNE) and United States of America domestic firms. The findings showed that more participation in CSR and well reductions in the concerns of CSR have a positive impact on the performance of organizations. The results also advised that MNEs were more beneficial when addressing these concerns as compared to domestic businesses in the US. Furthermore, they hypothesised that strength from CSR and having less CSR concerns would have a positive impact on financial performance which is in-line with the allegations that CSR involvements can be used as a strategy to improve financial performance.

However, Alikaj et al. (2016:407) delivered further perceptions by testing the regulating effect of SMMEs on the impact of CSR on financial performance. Their finding revealed that addressing CSR concerns highly impacted performance of MNEs in the US more than domestic organizations. These findings advised that MNEs would reap more benefits from CSR investments since they have a wide range of stakeholders who might be more sensitive towards CSR related issues. Furthermore, the literature revealed that less CSR concerns are linked with higher business financial performance than CSR strengths are. This can be explained by submissions of the prospect theory, concluding that individuals value losses more than gains (Alikaj et al., 2017:401).

According Saedi et al. (2015:341), many scholars have studied the direct relationship linking CSR with firm performance, thus this relationship appears to be bogus and

vague, because many variables are influencing this connection. Therefore, their research considered maintaining business competitiveness, business reputation and satisfying customers as the intermediaries facilitating the relationship between CSR and firm performance. The results obtained from 205 respondents in manufacturing and consumer product firms in Iran showed that the relationship between CSR and firm performance is a fully mediated connection (Saedi et al., 2015:341). The impact that CSR has on competitive advantage, business image, and customer loyalty is one of positive firm performance. Moreover, the results revealed that the main mediators of the relationship between CSR and firm performance are the reputation and firm performance. Collectively, these results reveal that the part played by CSR in improving firm performance is by improving reputation and competitive advantage as well the satisfaction level of customers (Saedi et al., 2015:341).

As a positive relationship between CSR and firm performance is continuing to dominate the theme of a lot of literature around the world, there are some scholars who suggested that there is a negative or no relationship at all and these researchers thus studied the direct correlation linking CSR with firm performance (Saedi et al., 2015:341). They argued that positive, negative or no results achieved by the correlation of CSR and firm performance cannot be completely reliable, since this relationship could be affected by other prevailing factors that were not studied by other studies.

They also concluded that many the complications in the relationship between CSR and firm performance are more than previous studies indicate. Accordingly, their research aimed to incorporate previous studies on the relationship linking CSR and firm performance. By so doing, the question that arises is “are competitive advantage, reputation, and customer satisfaction intermediaries in the connection between CSR and firm performance?” Moreover, to aimed to confirm the benefits that were predicted in CSR such as customer loyalty, reputation, and competitive advantage, the connection between CSR and firm performance, which is more complicated than a lot of other studies revealed. Studies done in different environmental fields have suggested that customer satisfaction, reputation, and competitive advantage are the three main results of CSR (Saedi et al., 2015:341).

Without knowing that there is no link directly connecting CSR with enterprise performance, various studies tried to directly study the relationship. Positive relationships were found by some, some found the relationship to be negative and some found that there was a neutral relationship (Saedi et al., 2015:347). However, these previous studies did not have any clear explanation on how to link CSR to firm performance either positively, negatively or neutrally. However, some studies attempted to mention and apply the contingency approach when studying the relationship and they also argued that in order to analyse the impact of CSR on firms' financial benefit, unstudied mediators and moderators must be applied. Therefore, because of these coherent and rational assumptions and emergence of this gap, their research used three interrelated variables, i.e. reputation, customer satisfaction and competitive advantage as intermediaries showing the positive influence CSR has on performance. The results revealed that an increased customer satisfaction is a consequence of positive reputation and competitive advantage that is achieved after CSR engagement. Since the main objective of any firm is to maximise profits, improving their competitive advantage plays a very vital role in reaching this important objective. In this way, many businesses aim at achieving a sustainable competitive advantage.

CSR has stimulated over the past years, and according to Ghobadian, Money and Hillenbrand (2015:271), since the arrival of "Social responsibilities of the businessman" by Bowen, has stroked a new era in business and society research. In their article about the Past Present and the Future of CSR, they outlined the growth of business and society research to deliver a relative contextual to present works of CSR. As well as observing backward, however, they also argued that crucial changes in the present business environment could force CSR to new places in the future. In particular, Ghobadian et al. (2015:271) looked for the instruments by which CSR impacts on how stakeholders behave and suggested ways for researchers and professionals who want to use psychological developments to incorporate a CSR strategy to motivate human behaviour and to balance the business with the society.

According to Ghobadian et al. (2015:274), Bowen's book titled "Social responsibility of businessman", published in 1953, has always been perceived as the first definite book on the subject of CSR. Bowen (1953 cited in Ghobadian et al., 2015:274) posed a number of crucial questions that included much of what later studies asked, for

example, which noticeable benefits might be achieved if many SMMEs are concerned about CSR? It is amazing to realise that these questions by Bowen still exist even in today's world (Ghobadian et al., 2015:275).

Orlitzky, Schmidt and Rynes (2003:404) and Brammer and Millington (2008:1325) were amongst those researchers who were concerned about what links CSR to financial performance and their studies produced mixed results over the last few years. Although it may be a fascinating view to venture over the motives for these unstable outcomes in the past, existing literature have proved that some of the key motives behind the fluctuating results attained were caused by the diverse methodologies employed. According to Brammer & Millington (2008:1333) the diverse accounting or market methods used to define the financial performance part in the connection of CSR and financial performance characterize the dissimilarity in these methodologies. There are two dimensions that show the connection linking CSR and financial performance. The first dimension is the positive dimension. This states that CSR involvement has a positive effect on financial performance of enterprises in question (Ramchander et al., 2012:310) On the other hand, the negative dimension submits that financial performance is undesirably impacted by activities that are considered as good CSR activities (Chipeta & Vokwana, 2011:88).

Ramchander et al. (2012:13) showed a positive link between CSR and financial performance. Their findings were that businesses that are involved in CSR activities and practice a very good stakeholder management are benefitting from a positive market share reaction around the publication of CSR commitment. There we positive results however, found by researchers for businesses included to the KLD and/or DS400 directories, and negative results were seen from the businesses that were no longer in these indices. The DS400 index is a directory that businesses that are regarded as partaking better CSR performance when equated to their business and sector peers are listed. This study is a reflection of a affirmative relationship resulting in market measures of performance.

One vital part to surface from the previous studies is the necessity to influence the impacts of various business sizes. Larger companies are more encouraged to have a wider reason to participate in decent CSR activities. Some of the main causes behind this is a need to be business frontrunners, the avoiding of being targeted by NGO

protests or becoming victims regulations imposed by the government. Due to the diverse nature of their procedures, they are better prepared to handle more compound CSR strategies (Tang et al., 2012:1287).

According to Van Beurden and Gossling (2008:418) the impact of different sizes of businesses has the power to significantly shake the stability of the outcomes of a given study. The size of an organization has somehow an amount of effect on the relationship of CSR and financial performance of businesses. Charitable donations are described as an element of firm size among other variables. Generous offerings normally lead to enhancement in stakeholder thoughts, such as customer opinions regarding CSR actions of a business (Brammer and Millington, 2008:1331). It has been proved by previous literature universal agreement on the state of CSR impact on financial performance is still ambiguous. The most common tendency is the one that claims there a relationship does exist; however, there are other studies that have found no important link connecting CSR and firm performance. The ambiguity created by these contradictions in the previous studies reveals a need for future research on this topic (Ogola & Dreer, 2012:2235).

Lepoutre and Heene (2006:256) argued that the effect of the size of SMMEs on CSR is unclear. Others claim that SMMEs are involuntarily socially responsible, whereas some claim that the minor size of SMMEs could affect their ability to be socially responsible (Lepoutre & Heene, 2006:256). The researchers therefore in their study analysed present academic and practical studies on the influence of size on the CSR of SMMEs. More precisely, the study reviewed how size affected CSR based on four experiences of business actions which are: issue, personal, managerial and context features. It stated that the context of small businesses yield a problem when engaging in CSR; thus, there is a need to nuance the impact of minor firm sizes on CSR depending on various conditions. By critically analysing these conditions, they then suggested the opportunities to overcome these barriers holding SMMEs from being socially responsible.

In their study, after conducting a critical analysis, Lepoutre and Heene (2006:267) found that the contradictory evidence does not refute the distinctive problems of SMMEs in engaging in CSR, but it clearly states that the size of a small business CSR relationship depends on many conditions. This kind of conclusion is very

crucial, since these findings might help SMME owners and managers and other stakeholders to come up with ways that SMMEs can overcome problems facing SMME social responsibility. According to Lepoutre and Heene (2006:267), there are four areas in which all this is possible; however, the most important area is that a lot of SMMEs do not recognise particular CSR issues. More crucial than the everyday real-world issues of CSR engagement are the cognitive methods that miss out on these activities. If a problem is not identified then the possibility to engage in CSR is very low. The previous studies on CSR recognise the characteristics of differing issues and limited cognitive abilities as the most significant drivers of this low recognition issue.

The study has revealed that business owners or managers who can improve their flexibility, absorptive ability and their knowledge by getting involved in networks and assigning responsibility, are better positioned to identify CSR concerns and means to assist in solving them. Second, the situation of joint accountability and the establishment of organizations for shared obligation taking is persuasive. Lepoutre and Heene (2006:267) argued that it does not only improve the identification of CSR issues by giving SMME managers and owners the belief that their participation yields a recognisable impact in the determination towards CSR matters, it also offers opportunities such as mutual learning, shared risks, disabling scale disadvantages and gaining entrance to resources. Third, confirmation has been produced that private enterprise alone does not guarantee responsible behaviour; thus, SMME owners and managers that have already shown interest in partaking in CSR will benefit from entrepreneur features by identifying opportunities and engaging stakeholders

Finally, because of limited financial resources, SMMEs will witness a challenge compared to large businesses that have the finances to engage in CSR activities that will only benefit the business in the long run. Therefore, the SMMEs need systematic changes. Their lack of power can also make SMMEs more dependent on CSR than large businesses. However, those businesses that have the ability to incorporate CSR in their strategies, focus more on the benefits that result in returns (Lepoutre & Heene, 2006:267).

Pirnea et al. (2012:203) claimed that CSR very important in the business world and is definitely becoming a challenge for the future. CSR, however, has been perceived as a strategy to encourage development because of the positive relation existing between business strategy and the society. Furthermore, businesses can use CSR as a strategic tool to also benefit other companies but not just the key stakeholders. Moreover, it is assumed that a business becomes really interested in CSR when it covers the duties of the key areas, which are the economy, society and the environment..

According to Kaufman and Olaru (2012:8), the CSR actions of each company are voluntary and these actions are still not standardised. Currently, in the EU, many key people are demanding for the legislation that focuses on improving CSR activities and making them a compulsory component of business strategy. Advocates of this demand claim that businesses play a crucial part in the community and therefore they should participate in the growth of the society. Those opposing these demands argue that private companies should not be obliged to be responsible for activities that are basically the responsibility of government or public agencies. According to Shen, Govindan and Shankar (2015:3494), emerging business developments have forced the pressures of sustainable strategies on businesses – strategies such as CSR. CSR gained its popularity because of the ability it has on embracing sustainability in all dimensions whereas some other sustainability strategies may have limitations or may not succeed.

2.15. CHAPTER SUMMARY

The literature reviewed has shown that CSR plays an significant role in the performance of SMMEs and it adds great value to their existence and ability to compete. The chapter also revealed that SMMEs that have engaged in CSR practices has seen greater performance levels than those that do not engage in CSR. The literature reviewed in this chapter clearly showed that a relationship between CSR and performance exists.

CHAPTER 3

RESEARCH METHODOLOGY AND DESIGN

3.1. INTRODUCTION

Chapter two covered various theoretical concepts linked to the main objective of this study. In the literature review, the concept of CSR was discussed in detail, as well as the significance of CSR. The scopes of CSR that were used in this study were outlined. Brand image and business performance were also elaborated on. As the main objective of this study was to investigate the impact of CSR on performance of SMMEs, it is important to turn to the aspects of the empirical investigation, focused on attaining this primary objective. This chapter therefore further discusses the research methodology and design of this research.

This chapter discusses an overview of the research model applicable for this study and thereafter highlights the constructed hypotheses. The population studied, a description of the sampling technique and the measuring instrument used, are discussed in this chapter to provide the manner to explain the data collection methods used in this study. This chapter further discusses in detail how the data was analysed in this study. An explanation is provided of the statistical analyses performed to test the validity and reliability of the measuring instrument.

The excess of research methodologies often overawes researchers, making the choice of a suitable research design for a certain study tough. Researchers need knowledge of a huge variety of research designs for a study to choose one design to use, or a combination of designs, most appropriate for a certain study. Furthermore, a detailed study of the methodologies available is needed to make a detailed study of the in order to perform good research practice (Groenewald, 2004:2).

3.2. RESEARCH DESIGN

When doing a study, the researcher can use a qualitative, quantitative or (mixed methods) combination of the two designs (Saunders, Lewis and Thornhill, 2012:158). This study used the quantitative methodology because the study intended to measure the impact and explore the perceptions of SMMEs about CSR. To reach the

objectives of the research, the quantitative approach was appropriate in providing ways to collect and analyse data and therefore it was adopted for this study.

3.2.1. Quantitative research design

Dhingra and Dhingra (2012:22) stated that quantitative research generates data in a qualitative method which can be exposed to severe quantitative analysis in a proper and severe way. Quantitative study addresses research objectives through empirical assessments and involves numerical measurements, whereas qualitative research encompasses aims through methods that permit the investigator to afford explanations without being dependent on numerical measurements (Zikmund, Babin, Carr & Griffin, 2010:134).

Muijs (2004:1) defined quantitative research by using a definition stating that quantitative research is explanation of occurrences by gathering statistical data that is analysed using mathematically based methods, i.e. statistics in exact. What specifies quantitative study is definitely the use of numerical methods to collect data. That links with the definition's last part which states "analysed using mathematically based methods" therefore we can only use mathematical methods if the data is collected in numerical form (Muijs, 2004:2). Therefore, since quantitative study is all about data collected using numerical methods and using mathematically based methods to analyse it in order to explain a certain phenomenon, some questions were better suited to be answered using the quantitative method. This nature of research was relevant in this study hence it sought to confirm a hypothesis about a phenomena and the collected data consisted of numeric data. This approach allowed the researcher to study the association between two variables, namely CSR and SMME performance. The data obtained through this approach was employed to define the impact of CSR on SMME performance then therefore was used to make predictions.

3.2.2. Qualitative research design

According to Greener (2008:79), qualitative research is not the same as quantitative research and initially it may seem difficult to carry out; however, qualitative approaches have rules that administer and provide a mode of discovering concerns that are not easily explained with numbers. This type of research is mostly used in

social research and business research for the branch of enquiry that it has is different to the scientific positivism paradigm (Greener, 2008:80).

Moreover, Flick (2002:1) defined the term qualitative research as the method used in a different way to explain data as opposed to the way in quantitative research. Flick (2002:1) further stated that qualitative research has existed for quite some time and has a very rich background in many disciplines, including social research which generally started with approaches that nowadays can be explained under qualitative research. It is therefore asserted in Flick (2002:2) that qualitative research is comprised of several features, such as making use of texts as empirical tools instead of using numbers; starting with the view of the social assembly of certainties being studied; having interest in the perspective of the participants regarding practices and knowledge affecting the phenomenon under investigation.

However, qualitative research is defined as a placed act that seeks the person observing in the world (Denzin & Lincoln, 2005:3). It is made up of an amount of explanatory material that visualises the world, as well as a number of descriptions plus field summaries, dialogs, discussions, recordings and notes made to memorise also the photographs if there is need. Moreover, they stated that qualitative approach comprises of an explanatory, realistic approach to the universe, meaning that qualitative research involves studying subjects in their original regular settings, trying to find and understand occurrences in the real sense they have in people. Kumar (2014:132) added that the main focus of a qualitative research is understanding, discovering and explaining situations, attitudes, values, experiences, feelings and experiences of a number of individuals. Dhingra and Dhingra (2012:20) echoed these definitions claiming that qualitative research focuses on discovering the underlying reasons of human behaviour, and also explains the various factors that lead people into behaving in a certain way or what makes people like or dislike something. In this study, the qualitative method was introduced to discover the reasons SMMEs engage in CSR and their perceptions of the CSR concept.

3.2.3. Mixed methods research design

Punch (2012:234) asserted that the qualitative and quantitative approaches have important differences. However, despite these differences both methods are similar in various ways. The key differences emphasised between the two methods were in

the form of data and in techniques of data collection and data analysis. Though, these dissimilarities should not obscure the similarities in logic which makes it possible to combine these approaches. Moreover, there seems to be an overlap between the drives behind both methods than is normally recognised (Punch, 2012:235).

3.3. POPULATION\TARGET POPULATION

Burns and Grove (2001:236) defined population as all components or members of the group that meet the conditions to be included in a research study. Nkatini (2005:38) also echoed this definition stating that the population that meets actual conditions for inclusion in the study is the target. This study population were all SMMEs in the Butterworth area, in the province of the Eastern Cape in South Africa. These SMMEs were from all the different economic sectors. The total number of registered SMMEs in this area is 281, according to the Mnquma Local Municipality Business Support Unit of 11 October 2016. Due to costs and time constraints, the study considered a sample from the population compared to a census of all SMMEs in Butterworth.

3.4. SAMPLING METHOD

Nkatini (2005:38) defined sample as a smaller group of the population. Furthermore, the term sample in the research world arose due to the impossibility of the researcher studying all the individuals that are in the determined population.

There are two sampling groups one can use, namely probability sampling and non-probability sampling. The focus of the Probability sampling rests on the view that each item in the sample has the same chance to be selected to take part in the study under investigation (Zikmund et al., 2010:656). Non-probability sampling refers to the technique of choosing participants based on the preference of the researcher (Coldwell & Herbst, 2004:79). When choosing a non-probability sampling technique, chances of population participants being nominated are not known (Zikmund et al., 2010:655).

This study used Non-probability sampling techniques since there was a possibility of high incidences of non-response given that the targeted respondents are busy people as entrepreneurs. Convenience sampling was used since this type of

sampling technique allows the study to collect data basic data regarding the study without the hustles of using a randomised sample, that is those SMMEs owners who were open and keen to be part of the survey will be studied. This technique is easy and very flexible as the aim is for data saturation, given that the population can only be defined but the size is not known.

Having determined that the population size was 281 and having a confidence level at 95% and confidence interval at 5, the following formula provided by Creative research systems (2012) was used to decide the size of the sample that is needed:

$$SS = \frac{Z^2 * (P) * (1-P)}{C^2}$$

SS= Sampling Size

Z= Z value (1.96 for 95% confidence level)

P= Percentage picking choice expressed as decimal (5 used as sample size needed)

C= Confidence interval, expressed as decimal, i.e. 0.5= +-5.

The sample obtained from the above formula was then adjusted for the population of 281, to obtain a sample of 163 needed to ensure suitable representation. The study has had a very positive response rate as all the questionnaires that were disseminated were all returned, this maybe because the researcher administered the completion of the questionnaire.

3.5. DATA COLLECTION

There are only two options available to follow when collecting data. two ere are only two alternatives to follow when collecting data. Cooper and Schindler (2001:295) suggested that one of the options includes observing conditions, people or processes observing behaviours and events. The other alternative involves communication with people. The aim of the research, however, was the main determining factor of which choice should be used.

There are many different methods that could be used to collect data, namely interviews, focus groups, questionnaires and surveys, documents and reports.

Because of the nature and purpose of this research, the measuring instrument that was used was a structured questionnaire.

3.5.1. Measuring instrument

A further distinction exists between the two types of questionnaires. That is the open-ended questionnaire where the participant is given the opportunity to present their answers freely, which means they are allowed to state their case and also give reasons. The closed questionnaire is where the participant is not allowed to be broad and is only required to give brief answers like ticking the relevant answer from a list of options (Mahlangu, 1987:24). The study made use a questionnaire with closed and open-ended items structured to better guide the collection of data. Items included in the instrument emanated from literature and were guided by the objectives to be met as set out in this study.

A questionnaire is used as a data collection instrument when the study will employ a quantitative design (Harris & Brown, 2010). This study used a structured questionnaire for data collection. A questionnaire usually has higher response rate than other forms and if administered by the researcher, as in this study, the potential exists to have all items answered providing full results (Hancock, Ockleford & Windridge, 2009:20).

The researcher distributed the questionnaires and the researcher administered the completion of the questionnaire. The Participants were then given a chance to complete the survey with the researcher administering to ensure that all items were answered.

3.5.2. Instrument pretesting

It is important to initiate a pilot test on a measuring instrument and to revise it according to the results obtained (Mahlangu, 1987:82). The questionnaire was compiled in English with a translation to IsiXhosa, the main local language for participants who are not fluent in English, and the supervisor checked the questionnaire for validity.

However, a pilot study was conducted with a group of 20 respondents, who were part of the intended population but would not be part of the selected sample for the actual study, to determine whether the questionnaire items were measuring the desired measurements and whether they were clear and unambiguous (Tuckman, 1978:225 cited in Mahlangu, 1987:82).

The pilot study is very vital in testing whether the instrument is relevant and that it will measure what it was designed to measure. Given the nature of this study, the data was checked for trustworthiness through cross-checking of information obtained by the respondents.

The designed instrument was tested in Idutywa, a small town like Butterworth situated 40km away from Butterworth. The population from this town was not part of the study but they have similar characteristics with the study area, for example language, level of education, nature of SMMEs. The purpose of this pilot study was to decide whether participants would be able to answer all questions and if all items in the survey instrument were measuring what they were meant to measure (reliability of instrument), that is, whether respondents understood the items in the same way as the researcher intended them to be understood. After pretesting and checking any inconsistencies, corrections were made and the instrument was prepared for the actual survey.

3.6. INSTRUMENT PRETESTING: RELIABILITY AND VALIDITY

3.6.1. Validity

Validity in this case means the researcher wants answers to the question “are we measuring what we want to measure?” According to Muijis (2004:65), even though this seems understandable it is often not that easy. Most of the concepts that need to be measured, such as self-concept or attitudes cannot be measured directly. Self-esteem is an intellectual notion that in some means is engaged into reality by being measured. It is not possible to know how people feel or what they are thinking by just plugging straight into their heads and retrieve what they have been experiencing (Muijis, 2004:65); it is in that logic a concealed variable meaning a variable that cannot be straight measured.

3.6.2. Reliability

Reliability is defined as the manner whereby the findings obtained in the study are consistent. If an accurate population has been represented and whether the findings of the research can be repeated if a comparable method of study is used, then the research instrument is regarded as reliable (Dhingra & Dhingra, 2012:47). Although reliability is sometimes referred to as a concept used to test and evaluate quantitative research (Dhingra & Dhingra, 2012:50), the idea is likely to be used often in all research types. If the notion of testing is regarded as a way of eliciting data, then the most crucial experiment of any qualitative research is its quality.

3.6.3. Validity and reliability/trustworthiness

The data collection instrument must be able to collect data that is consistent and measures what is supposed to be measured. For this study, the instrument was validated by using the split half method and reliability was tested using SPSS software to obtain Cronbach alpha. The alpha value needed to be at least .70 to indicate that the researcher had a reliable instrument.

3.7. DELIMITATIONS/SCOPE

This study only considered SMMEs in Butterworth area as a 'snapshot' at one particular point in time and therefore generalisation of the results needed to consider this.

3.8. ANONYMITY AND CONFIDENTIALITY

When dealing with human participants it is important to protect them from harm that may arise as a result of the research, whether directly or indirectly. Anonymity is crucial so that no one can link the responses to any individual which will help respondents to speak freely and provide credible data. On the other hand, it is important to be discrete with data collected and keep it in secure place with no information allowing the identifying of individual respondents. A covering letter asserting the significance of the research accompanied the questionnaire, how to fill the data collection instrument, the time it is expected to take when completing the questionnaire and also included the contact details of researcher for any enquiries. Individuals were required to give their consent by signing the attached consent form

before participating in the study. No incentive whatsoever was given to the respondents and this was made clear from onset.

3.9. ETHICAL CONSIDERATIONS

The study involved interviewing people and therefore consent, confidentiality and anonymity needed to be taken into account. Further, the researcher had to ensure that proper procedures were followed. Ethical clearance was granted by the University before undertaking the survey. Every targeted partaker was given an opportunity to understand the research and make a choice of whether to participate or not – willingness to participate was indicated by signing the consent form. Participants were informed that they can pull out from the survey at a point should they not feel comfortable in continuing. Names were not solicited and no any information that can link responses to particular individuals, companies or groups was obtained. The data was used in aggregated form and confidentiality was ensured.

3.10. DATA ANALYSIS

Quantitative data was cleaned, sorted, coded and captured in Microsoft Excel in preparation for analysing it in SPSS. The qualitative data was organised to allow related data of the study to be captured and then used by the researcher to interpret the opinions and results of the research – as they are addressed in the next chapter. The analysis was broadly comprised of two categories – one of which was descriptive statistics where frequency tables, cross tabulations and charts were generated to see how respondents were distributed. Zikmund (2003:402) described descriptive statistics as statistics that focus on describing and summarising gathered information about the studied population or stated sample. Collis and Hussey (2003:346) echoed this description, elaborating that descriptive statistics involve a collection of statistical techniques that are to define or show quantitative data that will later be used in exploratory data analyses. It is also known to be used to measure numbers.

As mentioned previously, this study used two statistical techniques, the descriptive statistical technique which was explained briefly earlier and inferential statistics. Inferential statistics were described by Zikmund et al. (2010:413) as a set of statistics

to project characteristics from a sample to the population as a whole. Coldwell and Herbst (2004:110) elaborated that the main purpose of inferential statistics is to assume generalisation of a stated sample to the population it represents. This type of statistic tool is used to test hypotheses about relationships and dissimilarities amongst the population by using the data from the sample.

Inferential statistics were utilised to test the stated hypotheses. Student independent samples t-tests (with binary variables like gender), ANOVA F tests, correlations (Pearson R vs Spearman rho, depending on the data) and regression analysis were conducted on the stated hypotheses. The primary objective of this study was to investigate the relationship between CSR and performance of SMMEs. In order to determine and assess the perceptions of the respondents in this study, a t-test and analysis of variance (ANOVA) test were necessary for this purpose. An assessment to determine whether the perceptions of the respondents were influenced by selected demographic variables, was undertaken. Therefore, a t-test and ANOVA tests were performed for this purpose. A t-test is used to determine whether two means are significantly different between two groups of respondents (Collis & Hussey, 2003:262; Cohen, Manion & Morrison, 2007:546). A t-test is used to compare only two means at a time. These data analyses tools were useful to analyse the different types of data that was collected to address this study's objectives, as this study had diverse objectives that needed different data analyses. Some of the objectives in this study required associations in order to find the relationship between CSR and performance. The qualitative data of the study was transcribed and organised into themes. Thematic and content analysis was done as data analysis. The research made use of Nvivo, a computer-based qualitative data analysis package.

3.11. SUMMARY

In chapter three, the methodology used in this research was discussed and the other types of methodologies that could have been used were discussed and analysed. The population was identified, a sample method and technique were discussed, and the sample selected for the study was presented. Additionally, the data collection method employed in this research was discussed as well as the pretest that was done to determine reliability and validity of the instrument. Data analysis, ethical consideration, anonymity and confidentiality were also dealt with.

CHAPTER 4

PRESENTATION OF THE RESULTS AND DISCUSSION OF THE RESULTS

4.1. INTRODUCTION

Chapter 4 focuses on the presentation of the results that were obtained. The results were analysed in ways to interpret the findings. The first section presents the descriptive analysis of the demographics, which is then followed by the inferential analysis.

4.2. DEMOGRAPHIC ANALYSIS

4.2.1. Age of respondents

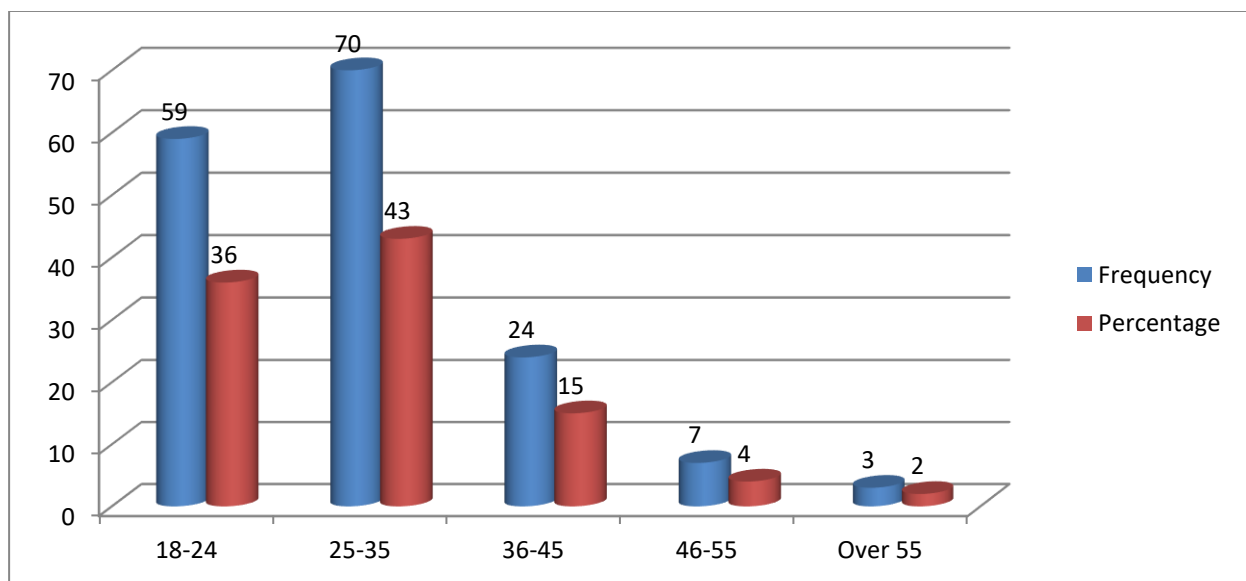


Figure 4.1: Age of respondents

From the data, Figure 4.1 depicts that 59 (36%) of the participants that were surveyed were between the ages of 18-24. Seventy (43%) of the participants were between the ages of 25-35. The figure further shows that 24 (15%) respondents out of 163 surveyed were between the ages of 36 and 45, leaving seven (4%) respondents who were 45-55 years old and only a mere three (2%) respondents who are above 50 years. The results further revealed that in Butterworth young people run most businesses, particularly the SMMEs. Although there are many young people,

there are still a few senior citizens involved in SMME business which may be the result of many factors such as lack of employment opportunities leading them open their own businesses.

4.2.2. Gender of respondents

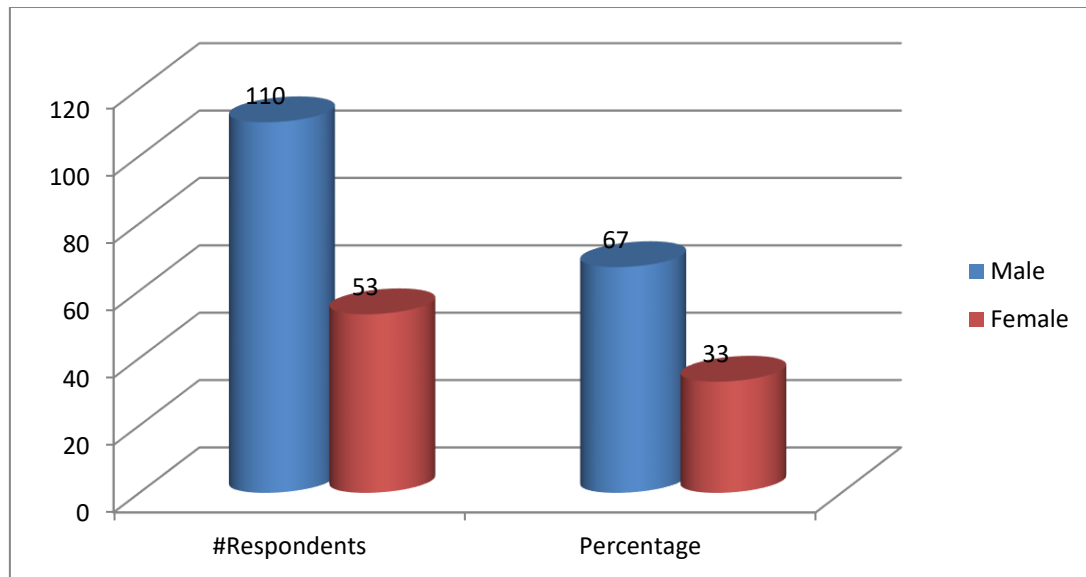


Figure 4.2: Gender of respondents

Figure 4.2 illustrates that about 110 (67%) of the studied population were males and a disappointing 67 (33%) of the respondents were females. This indicates that in the SMME sector in that area males dominate the sector. Despite all the awareness campaigns and employment equity laws that are in place, areas like Butterworth are still male dominant when it comes to business leadership, particularly in the SMME sector.

4.2.3. How long has the company existed?

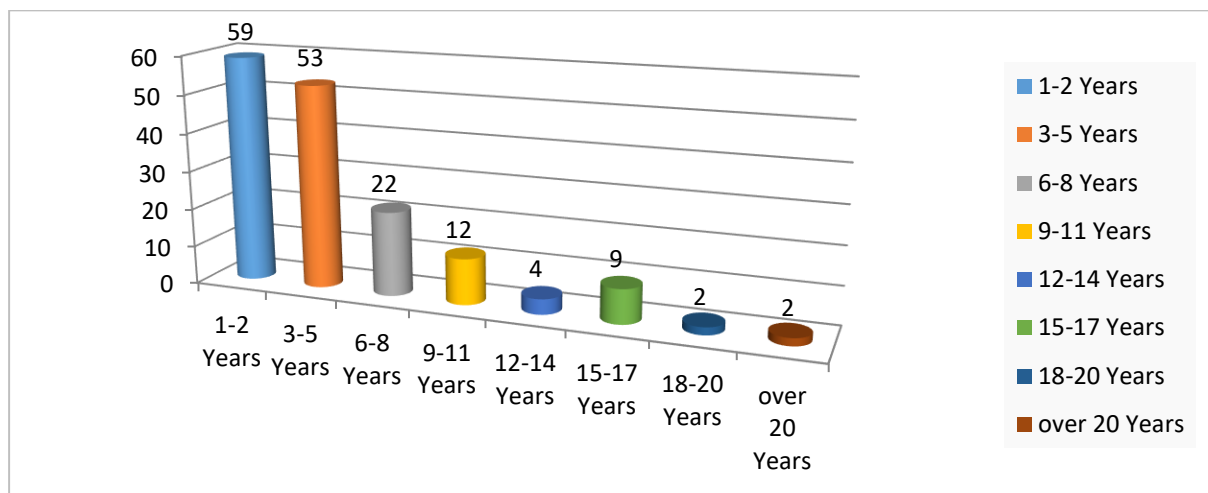


Figure 4.3: Age of company existence?

Figure 4.3 shows that 59 (36%) of SMMES in Butterworth have only been in existence for one to two years, whereas 53 (33%) of these SMMES have only been existing for three to five years. The study further revealed that 12 (7%) of the samples SMMES have been in existence for nine to 11 years. Furthermore, of the surveyed population, there are only four (2%) SMMES that are 12-14 years old in Butterworth; nine (6%) that have existed for 15-17 years; only two (1%) that have existed for 18-20 years and a further two (1%) SMMES that are over 20 years old. This has shown that most SMMES do not survive beyond five years.

4.2.4. What is your position in the company?

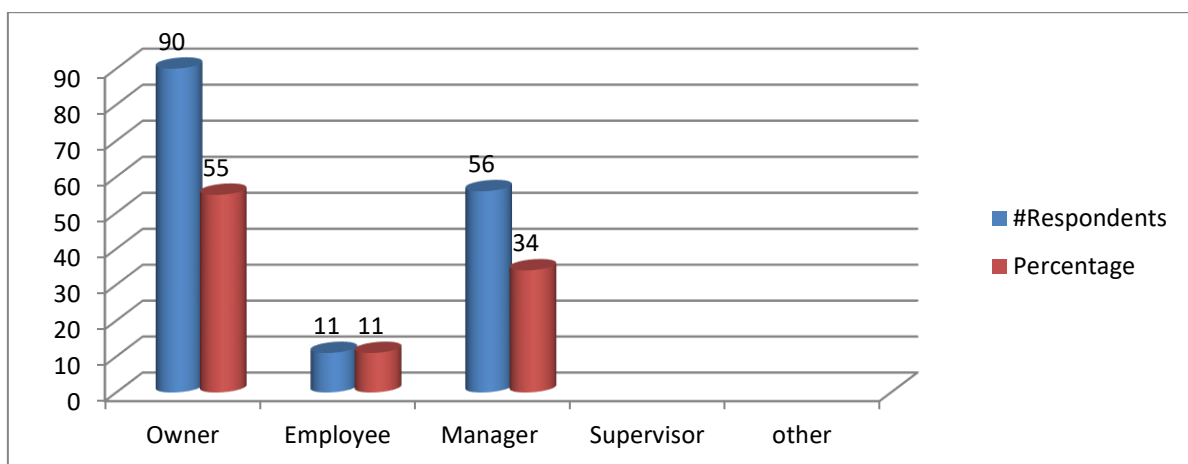


Figure 4.4: Position in the organisation

Figure 4.4 indicates the results obtained from the study on the position of respondents in their organisations that they were representing. The results show that 11 (11%) of the respondents were just ordinary employees in their organisations, while 56 (34%) of the respondents claimed they were managers in their organisation, and a huge 90 (55%) of the respondents indicated they were owners of the organisations they represented, with supervisors not represented by a single person. This shows that in most SMMEs in Butterworth, the owners are in charge of their everyday activities of the business. Since SMMEs are not large firms, most of the owners decided to be hands on and hence a large number of owners were participants in the study. In addition, most SMMEs are formed based on the skills and expertise of the owner, which makes them manage the business themselves. These results show that even though a large number of SMME owners like to do everything themselves when it comes to managing the day-to-day operations of their businesses, some still believe in putting managers in charge. The results further show that a small number of the respondents were employees. This might be because these SMMEs are too small to have both the owner and a manager involved and therefore the hierarchy is just from owner to employee

4.2.5. What is your racial status?

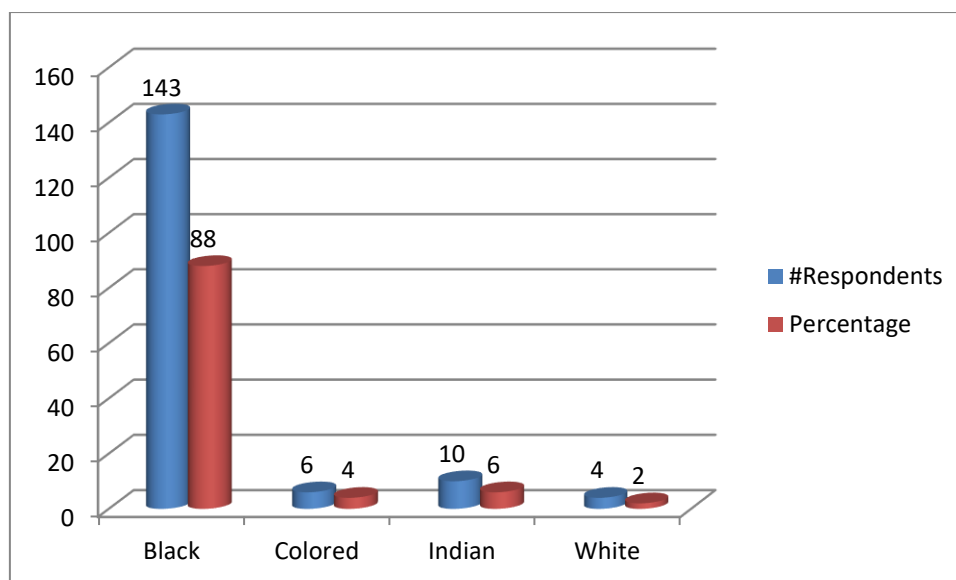


Figure 4.5: Racial status

Figure 4.5 shows the results obtained from the question on racial status. With 98.2% of the population being black (Census, 2011), it is not surprising that 143 (88%)

respondents were black, with only four (2%) being white, ten (6%) being Indian, and six (4%) being coloured people. The results obtained here are not surprising given that Butterworth is a black dominated area with only a few coloured, and very few Indians and white people in the area. This again shows that in Butterworth, black business people dominate the SMME sector.

4.2.6. What is your level of education?

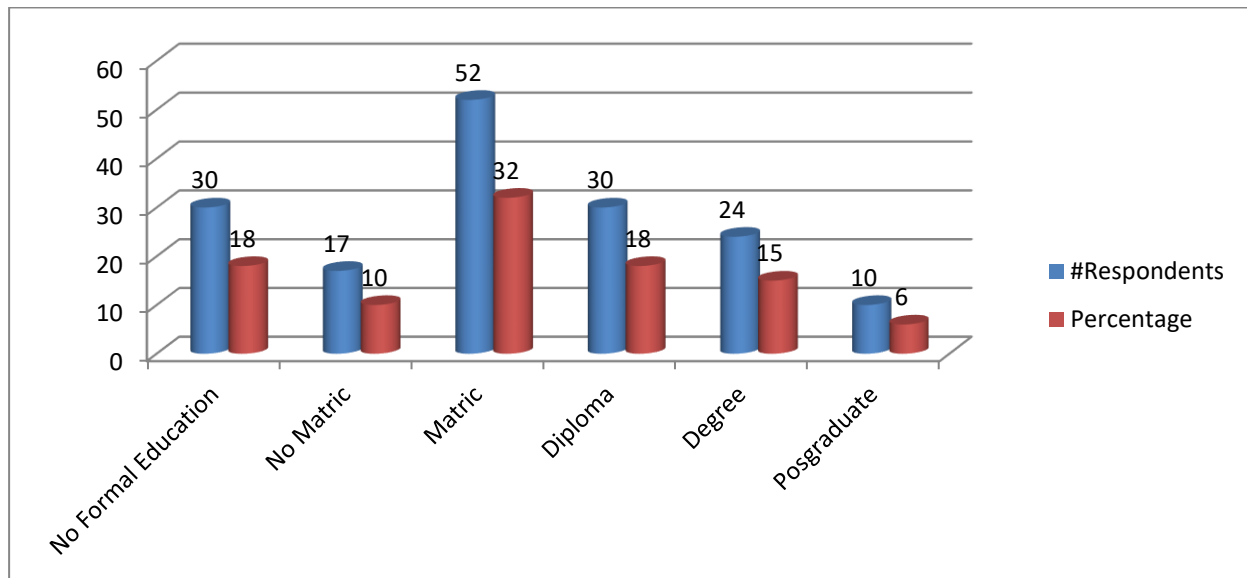


Figure 4.6: Level of education

Figure 4.6 illustrates the level of education of the respondents that were studied. The results show that there were 30 (18%) respondents who had no formal education and 17 (10%) claiming that they only had formal education but did not have a matric. A total of 52 (32%) had matric. In terms of post-matric qualifications, 30 (18%) of the respondents indicated they had a diploma as their post matric qualification, and 24 (15%) said they had a bachelor's degrees as their highest post matric qualification. Only 10 (6%) of the respondents were in possession of postgraduate degrees. These results show that even though Butterworth is a rural part of the Eastern Cape, business people in Butterworth still have the courage to enhance their skills and knowledge by obtaining tertiary qualifications.

4.2.7. Which business sector are you operating in?

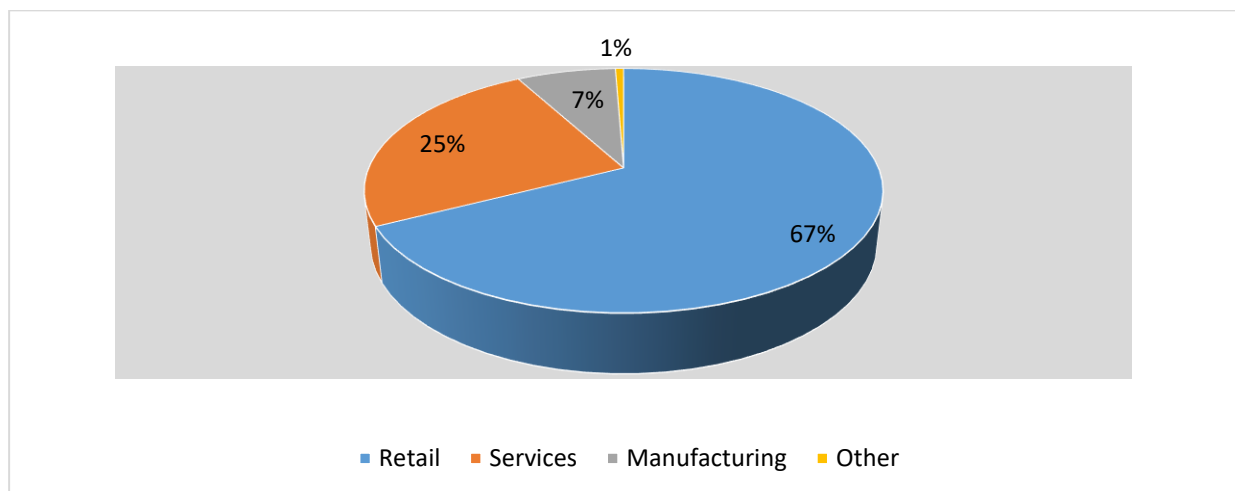


Figure 4.7: Business sector

Figure 4.7 above illustrates the responses obtained by the study on the business sectors the sampled population was in. The results show that 67% of the sampled population were in retail, 25% was in services with 7% in manufacturing and only 1% in other sectors. This means that Butterworth is now dominated by the retail industry in the SMME sector. Despite Butterworth being known for its industrial history (SOHA, 2017), the results obtained in this study prove otherwise.

Chimucheka (2013) claimed that SMMEs in SA differ and function in diverse business sectors, including retailing, wholesaling, tourism, mining, farming, manufacturing, construction and services.

4.2.8. Are you aware of CSR as a terminology?

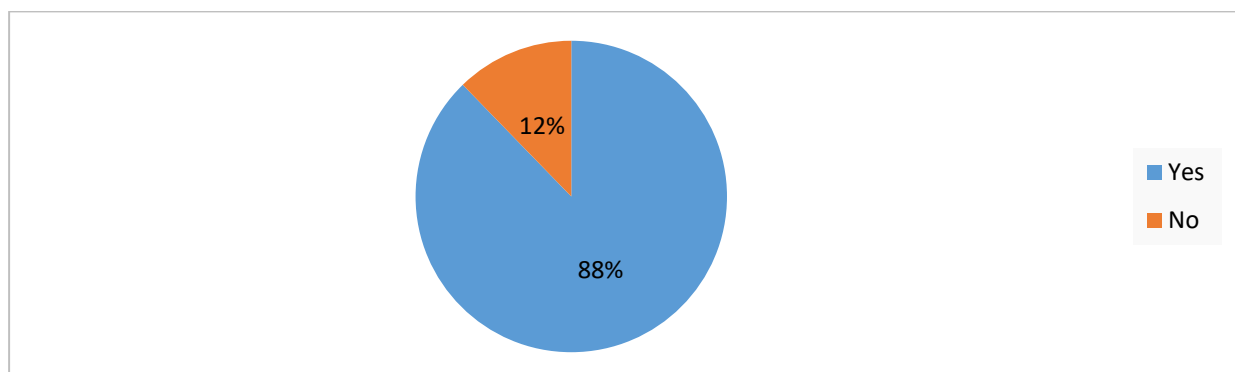


Figure 4.8: Awareness of CSR as a terminology

Figure 4.8 illustrates the participants' awareness of the term CSR. The results show that CSR is a well-known term in the SMME sector in Butterworth with 88% of the respondents indicating they are aware of the term, and only 12% indicating they are not aware of the term. The large percentage of respondents who said "Yes" is not surprising since CSR has evolved to be a well-used term in the current business world. So it is rare to find business people who are not aware of CSR. These findings echoed those of Pirnea et al. (2012:203) which affirms that CSR is a well-known term in the business world even though there are still businesses not aware of the term.

Table 4.1: Meaning of CSR

	LEADERSHIP	CHANGE	Corporate transformation	Giving back to the community	Adding value to the citizens	VOLUNTEERING	Sustainability & biodiversity	Donating & incentives	Appreciation to the community	Protecting the society	Business using its profits	OTHER	TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	
	15	10	8	43	27	8	3	18	7	18	4	2	163
%	9.20	6.13	4.91	26.38	16.56	4.91	1.84	11.05	4.29	11.05	2.45	1.23	100

Table 4.1 above shows the results obtained from the survey on the meaning of CSR. The respondents provided many different definitions for the meaning of CSR and the researcher summarised these definitions to make them easily understandable and to present them clearly. The results depict that 15 respondents defined CSR as a form of Leadership; 10 claimed that CSR is an agent of change; eight claimed that CSR is associated with corporate transformation 43 defined CSR as giving back to the community; 27 said CSR means adding value to the citizens; eight defined CSR as volunteering; three said CSR is associated with sustainability and biodiversity. In addition, 18 respondents said donations and incentives are a true meaning of CSR; seven said that appreciation of the community is the meaning of CSR; another 18 claimed that business's way of protecting the society is the true meaning of CSR; with only four respondents claiming that business uses its profits responsibly; and lastly two who had different and other definitions of CSR.

The main findings were that the majority of SMMEs in Butterworth defined CSR as giving back to the community. These results are in line with Surroca et al. (2010) assertions, who claimed that many writers had many different definitions of CSR. Holme and Watts (2000) argued that enhancing quality of life of employees and the community is the true definition of CSR. However, Growther and Aras (2009:11) emphasised that CSR includes voluntary business, social and environmental concerns in business operations. The results of this study are also supported by Pirnea et al. (2012:203) who claimed that CSR means businesses introspection of own activities and being concerned about the responsibilities towards the three core areas of business, namely the economy, society and the environment.

4.2.9. Relationship between CSR and performance

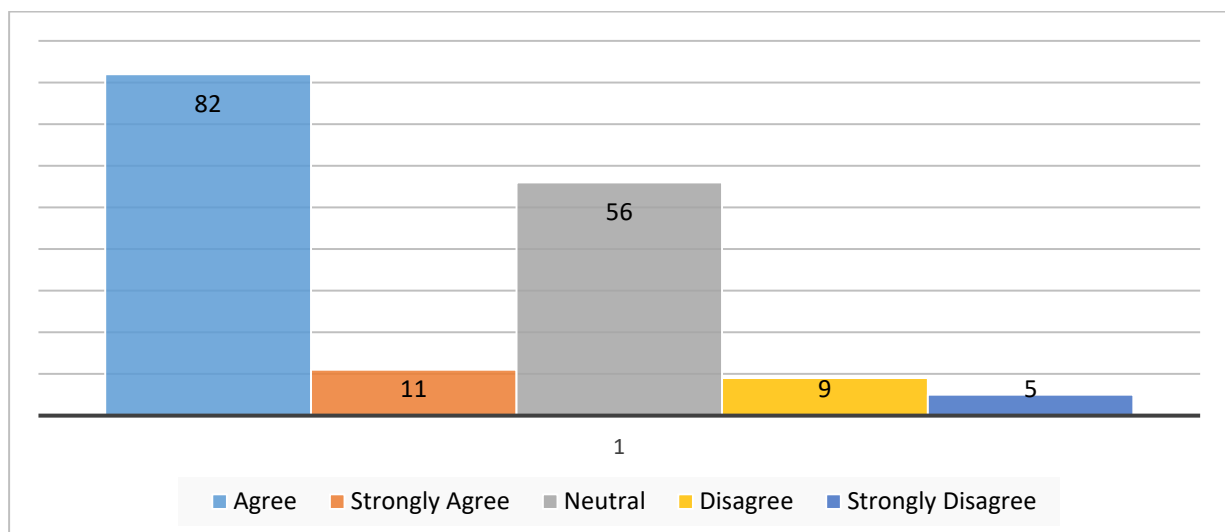


Figure 4.9: There is a relationship between performance and CSR

Figure 4.9 shows findings where respondents had to specify whether there is a relationship between performance and CSR. The results show that majority of participants (90%) agreed with the declaration and only 8% of them claimed there is no relationship between performance and CSR, while 1% of the respondents were neutral and 2% strongly agreed.

This indicates that the bond between CSR and performance exists. These results echo the conclusions made by Guzman (2016:573), claiming that a business that has a higher level of CSR involvement will benefit from higher levels of business performance. In addition to what this study found, are those of Turyakira et al.

(2014:106) who establish that there is a relationship that exists between CSR and SMME performance. However, Simon (2012:6) establish that the link between CSR and performance is both positive and negative. There has been much discussion about the relevance of CSR in the performance of SMMEs; Pirnea et al. (2012:205) stated that it is tough for managers to explain what the CSR of their companies is, especially if costs that are associated to CSR behaviour are greater than the correlated financial gain. CSR is therefore seen as inconsistent with the value maximisation principle of shareholders. However, Pirnea et al. (2012:205) revealed that there are also positive externalities linked to CSR behaviour.

Regarding previous studies linking CSR with SMME performance, results from Pirnea et al. (2012) showed that in Italy SMMEs' stock prices were not in any way affected by CSR even if these SMMEs had shown interest in the issues of CSR.

4.3. DESCRIPTIVE STATISTICS

4.3.1. To what extent do you think CSR is best for company performance?

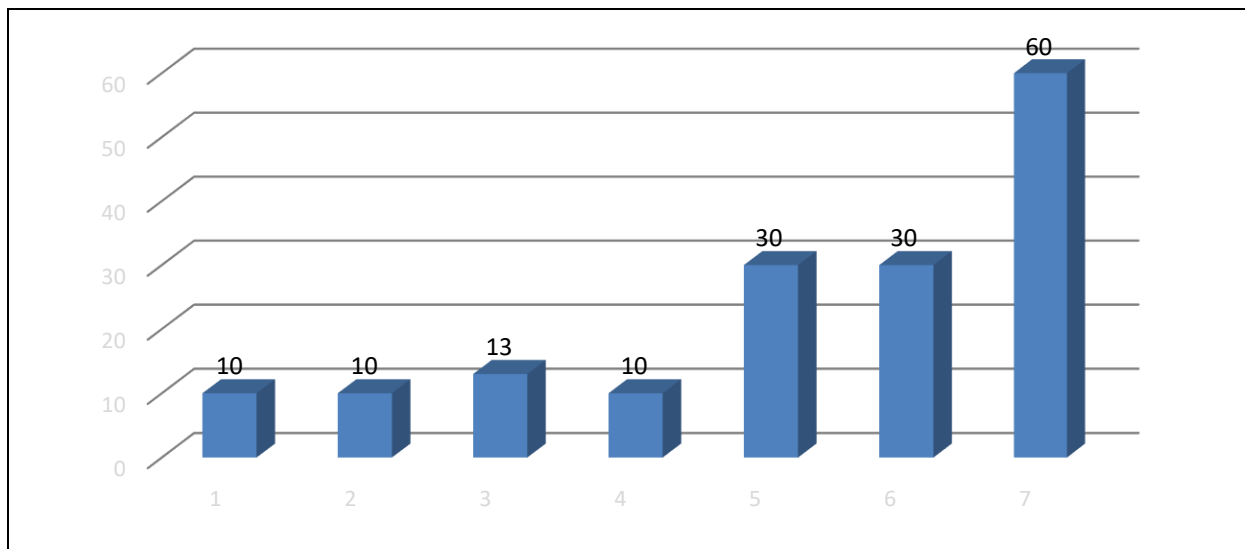


Figure 4.10: To what extent do you think CSR is best for company performance?

Figure 4.10 shows the views of the respondents regarding the connection between CSR and performance, scaling from 1-7 with 1 being the lowest rating and 7 being the highest rating. The results reveal that of the 163 surveyed SMMEs, only 10 responded with 1. Another 10 responded with 2, 13 responded with 3; and 10 responses were 4. All in all, only 33 of these responses were below 5, meaning those

were the only respondents that didn't believe the relationship between CSR and performance is positive.

Furthermore, 30 respondents rated the relationship with 5, another 30 with a 6 rating; and 60 of the responses rated the relationship positive with the top score, 7. These results prove that a majority of SMMEs in Butterworth still view CSR as a crucial part of business and an important element of competitiveness.

Table 2.5 below lists the significant drivers of CSR and provides the descriptive statistics.

Table 4.2: Descriptive statistics: Significant drivers of CSR

	N	Min	Max	Mean	Std. Deviation
Image building and reputation	163	1	7	5.39	1.537
Increase in profits	163	1	7	5.35	1.720
Vision and philosophy of the company	163	1	7	4.87	1.577
Legal compliance	163	1	7	4.79	1.421
Community pressure	163	1	7	4.56	1.483
Other	163	1	7	4.27	1.576
Valid N (listwise)	163				

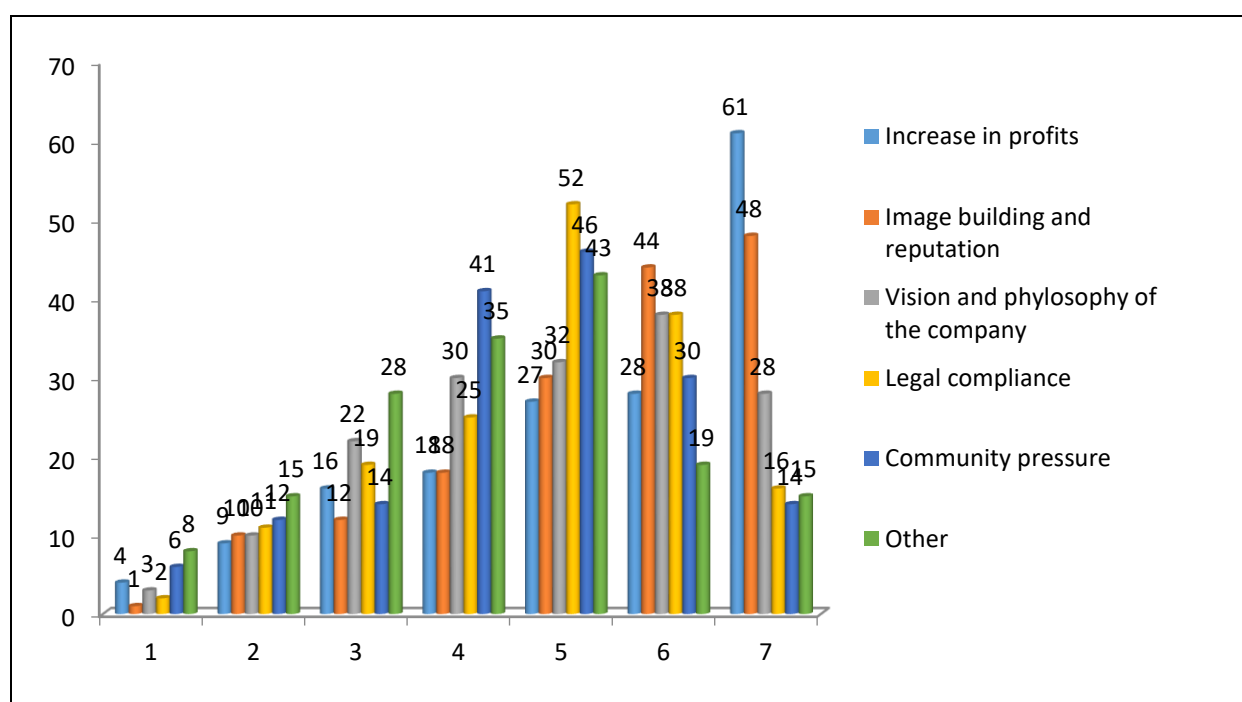


Figure 4.11: Rank drivers of CSR according to you

- Increase in profits

Figure 4.11 depicts that on the scale of 1-7 with 1 being the lowest and 7 being the highest rank, only four respondents ranked Increase in profits as the lowest driver of CSR; nine respondents gave it 2; 16 ranked it 3; followed by 18 respondents who ranked it 4. Furthermore, 27 respondents seemed to have been positive with the statement and ranked it 5; another 28 felt that increase in profits should be ranked 6. However, the majority of the respondents (61) ranked increase in profits with 7.

The main findings depict that the majority of SMMEs believe increase in profits to be a significant driver of CSR.

- Image building and reputation

Regarding this aspect, one, 10, 12 respondents indicated that image building is not so important as a driver of CSR manifested by rating which is below 3. Only 12 of the respondents were neutral and rated the statement at 4. The large number of responses, 30, 44, 48 specified that image building and reputation is a significant driver of CSR.

The main findings were that the majority of SMMEs in Butterworth see image building and reputation as a significant driver of CSR

- Vision and philosophy of the company

The results from the respondents depict that three, 10 and 22 respondents rated vision and philosophy of the company as the low driver of CSR with a rating of 3 and less. Another 30 respondents were neutral by rating it at 4, leaving the 32, 38, and 28 other respondents claiming that it is a significant part that drives CSR by their rates of 5, 6, and 7 respectively.

It is shown that the majority of respondents regard vision and philosophy of the company as one of the significant motivators of CSR.

- Legal compliance

The above figure shows that two, 11, and 19 respondents from the study disagreed with the opinion that legal compliance is one of the drivers of CSR with their rates

being 1, 2, and 3 respectively. However 25 respondents seemed neutral by rating this driver as 4. Furthermore, 52, 38 and 16 respondents were confident that legal compliance is an important driver of CSR.

These results show that the majority of SMMEs believe that legal compliance is an important driver of CSR.

- Community pressure

About 6, 12 and 14 respondents ranked this driver low at 1, 2 and 3 respectively, which means they do not think it is a significant driver of CSR. However, 41 more respondents were neutral and ranked this category at 4, with the majority of the respondents (46, 30 and 14) rating legal compliance high at 5, 6, 7 respectively. Thus, the majority of the respondents believe that community pressure is an important driver of CSR.

- Other

The results further show that apart from the above stated drivers, eight, 15 and 28 respondents rated other drivers as the least important at 1, 2 and 3 respectively. Moreover, 35 respondents were neutral with their opinions, thereby rating other drivers as 4. However, the majority of the respondents (43, 19 and 16) showed they believe that other drivers are also important CSR drivers.

These findings are relevant to those of Turyakira et al. (2014:106), which stated that businesses get involved in CSR not necessarily because they want to act generously, but more as a survival strategy in a competitive modern world that is legally complex. They further found that an enhanced image, customer loyalty and an enhanced relationship between employees and employers are some of the most significant drivers contributing to increased competitiveness.

4.3.2. What strategy do you have to execute CSR?

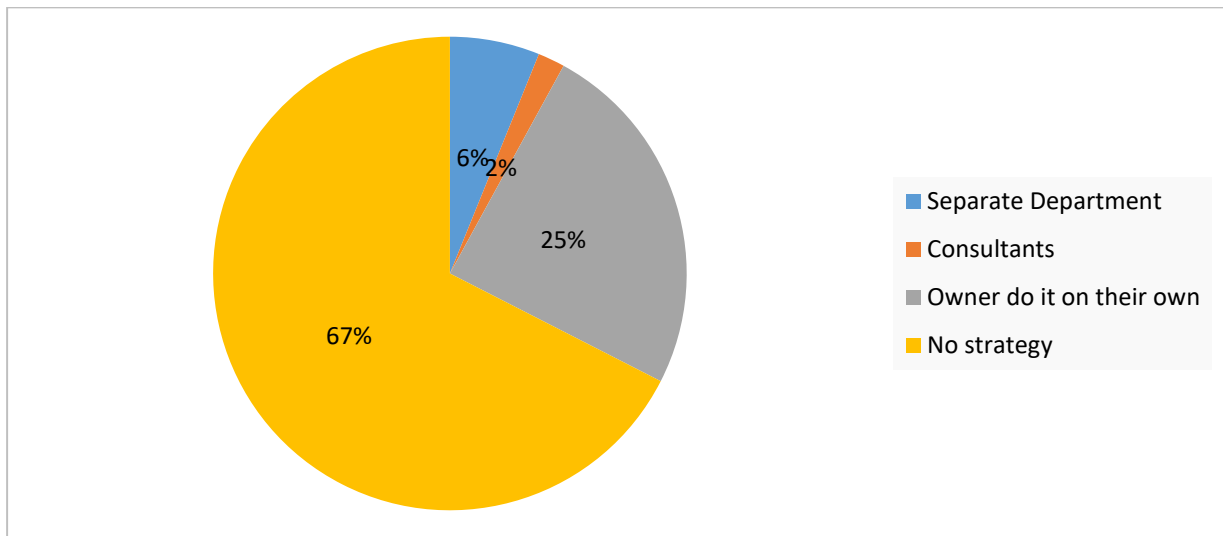


Figure 4.12: Strategy to execute CSR

Figure 4.12 illustrates the responses obtained from the study on the types of strategies employed by SMMEs in addressing CSR. The results show that only 6% of the studied population had separate departments in their organisations to address CSR and another 2% used consultants to help them with CSR-related issues. The results also show that 25% of the businesses let the owners deal with CSR issues on their own and 67% of the SMMEs indicated they have no strategy at all to execute CSR. These results, therefore, show that SMMEs in Butterworth still do not realise the importance of CSR in the performance of their businesses based on the fact that such a large percentage of them do not have any strategy in place to execute CSR. This agrees with Perrini who claimed that CSR amongst SMMEs has received relatively little attention (Perrini, 2006:308). Even though these businesses do not have the necessary strategies in place, that does not mean they do not practise CSR; it just implies that for many years CSR has been seen as a less important aspect in the business (Pirnea et al., 2012:203).

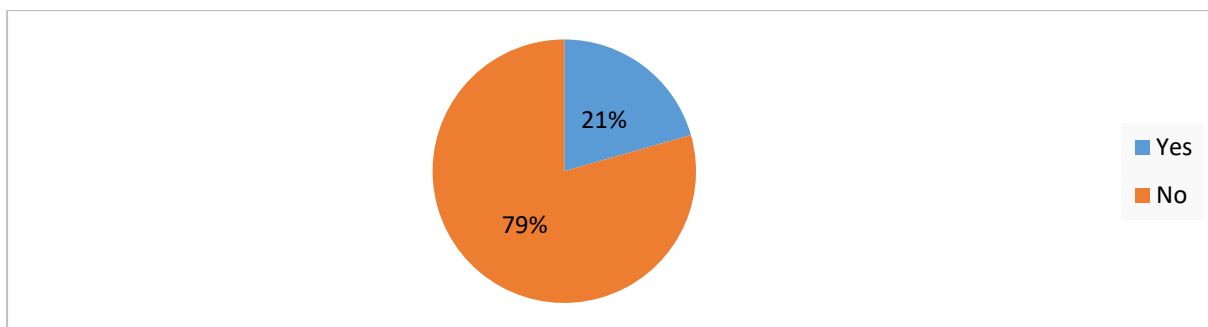


Figure 4.13: Does your company or organisation have funds put aside for CSR activities?

Figure 4.13 illustrates the results obtained on the question of whether or not the organisation has funds put aside for CSR. The image shows that 79% of the responses were NO and only 21% had funds put aside for CSR. These results also agree with the literature reviewed on how SMMEs viewed CSR. The results show that even though CSR has such a positive effect on the competitiveness of SMMEs, most of them do not have CSR budgets.

Table 4.3: Has your company or organisation invested its resources in any of these community activities?

Community gatherings	18	11%
Community events	20	12%
Charity organizations	60	37%
Youth development	40	25%
Education and training	15	9%
Promotion of culture	10	6
Other	0	0
	163	100%

The table above shows the results obtained in the study on the question “Has your organisation invested its resources in any of these community activities? The results show that 18 respondents (11%) indicated they have been investing their resources in community gatherings; 20 respondents (12%) claimed to have been investing in community events; 60 respondents (37%) said they invest their resources in charity organisations; 40 (25%) of the SMMEs put their resources in youth development; 15

respondents (9%) said they invest in education and training; and a very low 6% indicated they invest in promotion of culture.

The results indicate that a majority of SMMEs invest their resources in charitable organisations.

4.3.3. Are your employees encouraged to participate in local community activities?

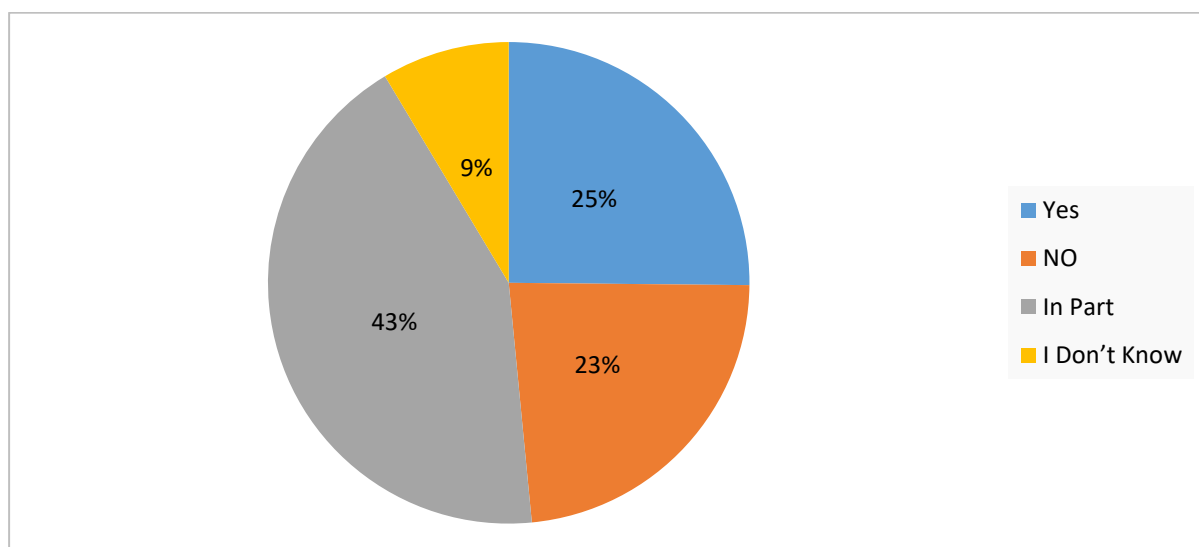


Figure 4.14: Are your employees encouraged to participate in local community activities?

Figure 4.14 illustrates the degree to which the organisations motivate their workers to partake in local community events. The results show that 25% of the respondents claimed their organisations encourage the participation of employees in local community activities; 23% claim to have not been encouraging employees to take part in community activities; and 43% indicated they encourage them in part but are not fully committed to it. However, the results show a surprising number of responses (9%) claiming that they do not know whether employees are encouraged to part take in community activities.

4.3.4. What types of resources do you provide?

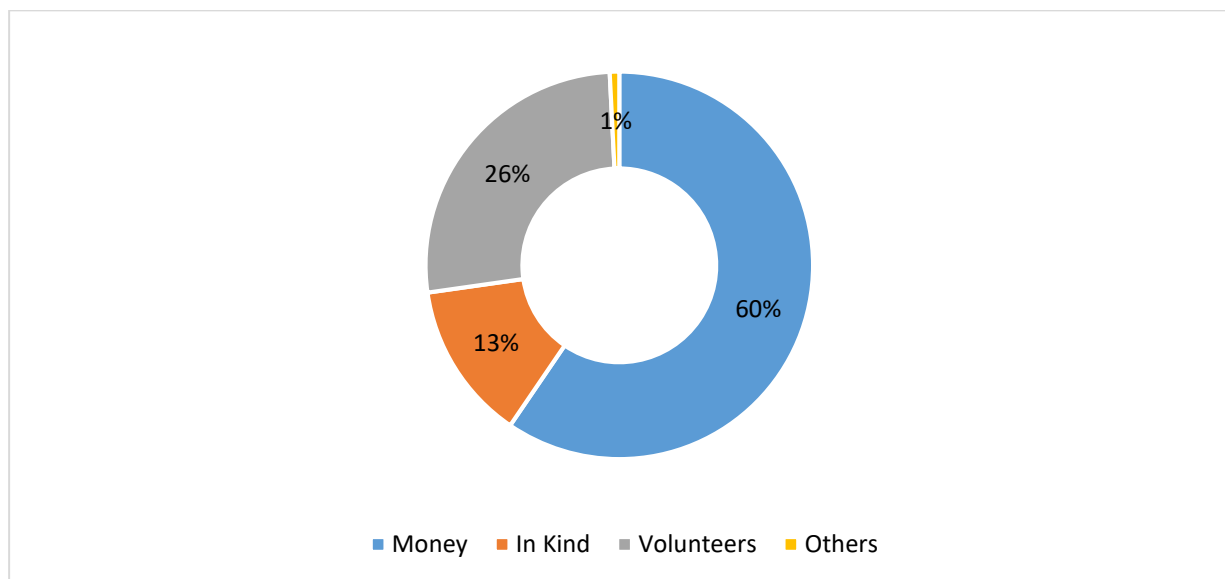


Figure 4.15: What type of resources do you provide?

Figure 4.15 above illustrates the types of resources SMMEs provide to take part in CRS in Butterworth. The results show that 26% of SMMEs provide volunteering as their CSR engagement; 13% provide in kind donations; 60% donate money as their CSR contribution; with only 1% indicating other kinds of contributions. These results show Butterworth still see money as the most suitable way of being socially responsible, judging from the high numbers of SMMEs contributing money for their CSR initiatives. This leaves a very important gap of knowledge in this area and SMMEs still need to be educated to realise that being socially responsible involves more than just donating money to the needy. The SMME sector needs to be educated about practising other CSR initiatives like education, employment programmes, product safety and quality, lower operating costs, workforce diversity and many more.

4.3.5. Has your company/ organisation provided any of the following to assist employees, their families, community members?

Table 4.4: CSR investments

Health care assistance	140 out of 163	86%
Education	40 out of 163	25%
Training	130 out of 163	78%

Counselling	30 out of 163	18%
Preservation programme	10 out of 163	6%

The table above lists responses to the question about what their companies provide to assist employees, their families or community members. From a list of options provided to the 163 respondents, 140 (86%) claimed their organisations provide health care assistance; 40 (25%) said their organisations provide education; 130 (78%) said they provide training for their employees; 30 (18%) said they provide counselling for their employees; 10 (6%) said they provide a preservation programme for the employees.

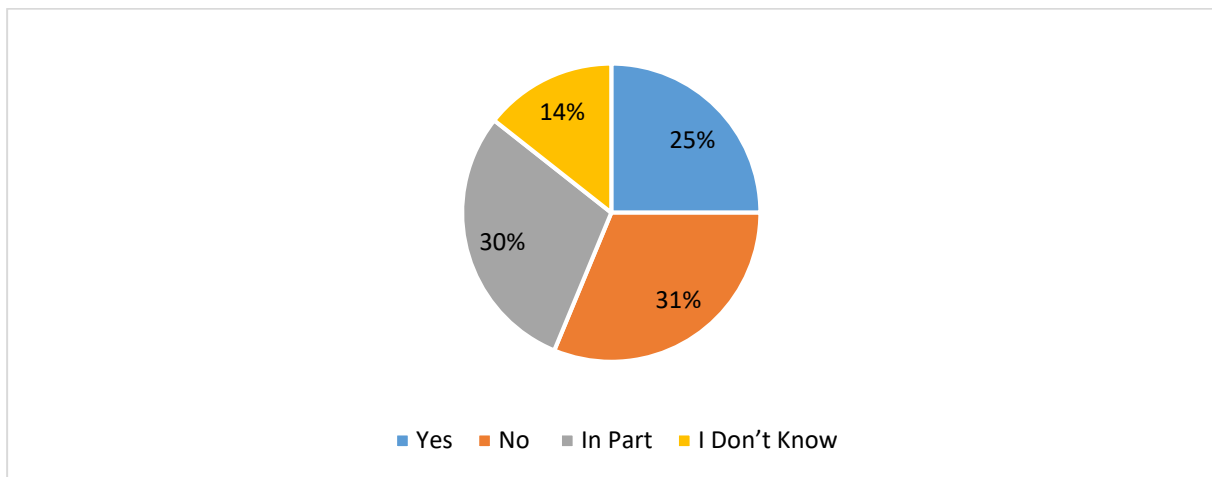


Figure 4.16: Does your company reward CSR behaviour?

Figure 4.16 above indicates that a large number of SMMEs in Butterworth (31%) do not reward CSR behaviour; 30% partially reward SR; 25% do reward CSR; and a mere 14% claimed to not know whether CSR is rewarded or not.

These results prove that SMMEs still regard CSR as a minor issue as only a small number of them are rewarding social behaviour. This reveals that they do not understand the role CSR plays in the performance of these businesses.

Explain:

The figure below shows results of the question in which the respondents were required to explain how their organisations are rewarding CSR behaviour.

Company reward CSR behaviour?

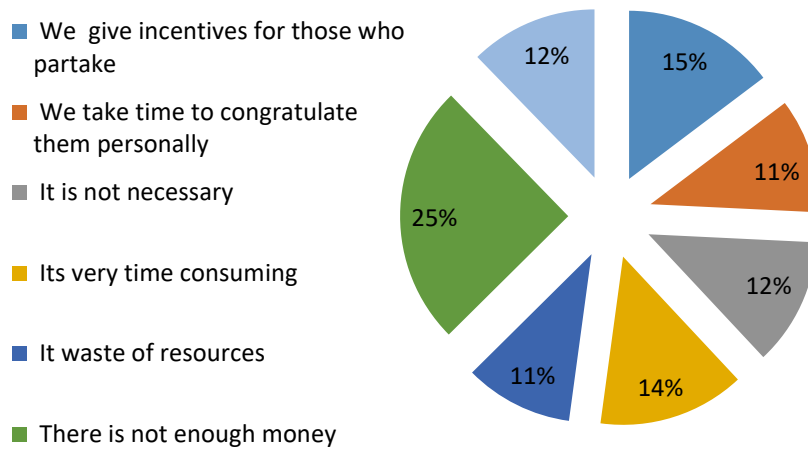


Figure 4.17: CSR behaviour reward

Figure 4.17 above illustrates that 24 (15%) of the respondents give incentives for those who engage in CSR activities; 18 (11%) of the respondents take the time to congratulate the partakers personally; 20 (12%) of the respondents do not reward CSR behaviour because they believe it is not necessary to do so; 23 (14%) think rewarding CSR is time consuming; 17 (11%) claimed it is just a waste of resources; 41 (25%) indicated they do not have enough money to reward CSR behaviour; and another 20 (12%) claimed they have not yet thought about rewarding CSR.

The main findings, based on the various reasons provided, depict that in Butterworth the majority of SMMEs do not reward CSR.

4.3.6. Does your company or organisation evaluate CSR behaviour?

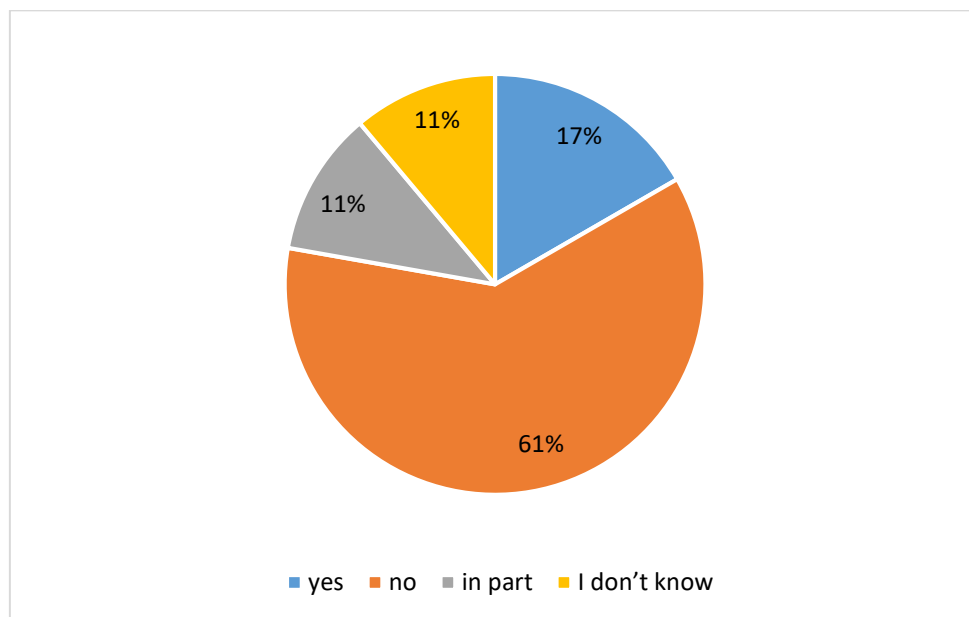


Figure 4.18: CSR behaviour evaluation

Figure 4.18 above shows that a majority of SMMEs in Butterworth (61 respondents, i.e. 16%) do not evaluate CSR behaviour; 11% indicated they partly review CSR, which adds to the realisation that CSR is not regarded as a vital part of business amongst the SMMEs in Butterworth; only 17% of the respondents claimed to be evaluating CSR behaviour in their organisations; and 11% said they do not know whether it is reviewed or not.

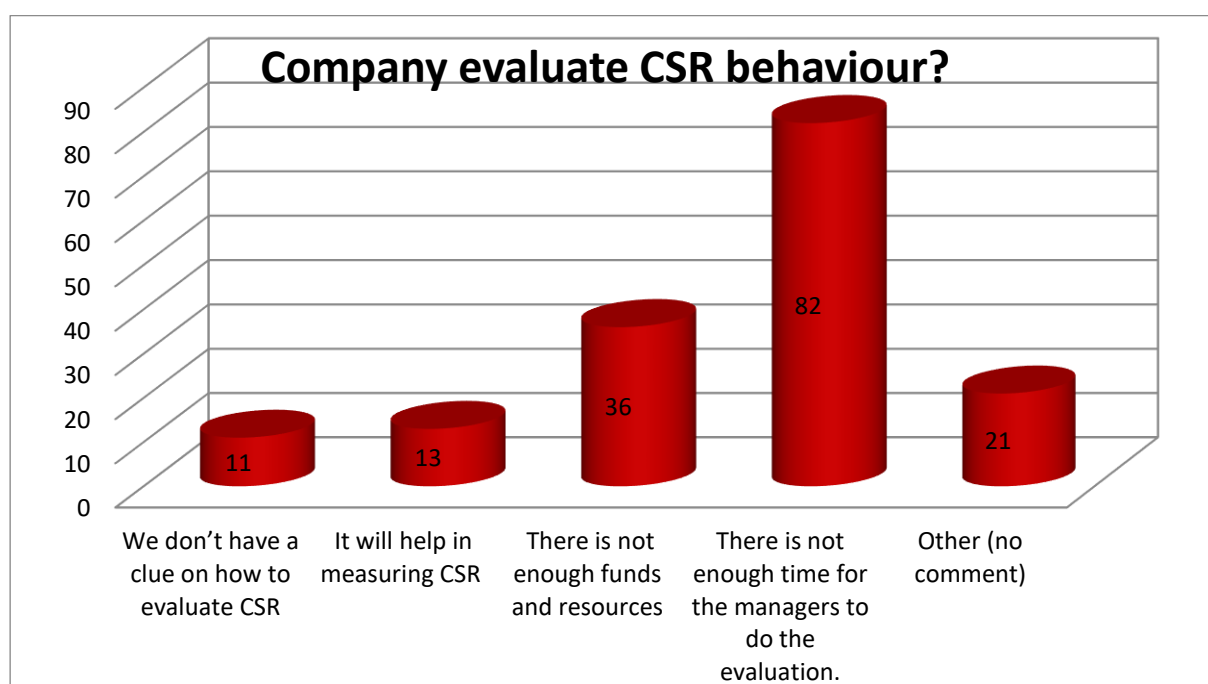


Figure 4.19: Company CSR evaluation explanations

Figure 4.19 shows that 11 respondents claimed that they do not have a clue on how to evaluate CSR; 13 respondents claimed that evaluation of CSR will help in measuring CSR; 36 respondents said the reason they do not evaluate CSR is due to insufficient funds and resources; 82 respondents claimed that there is not enough time for the managers to do the evaluation; and a further 21 did not comment.

The findings presented show that a large number of SMMEs in Butterworth do not evaluate CSR because of insufficient time, resources and the knowledge. This is in line with Ramasobana and Fatoki (2014) who has also found that insufficient knowledge, costs and no immediate benefit for the enterprise are the key reasons for SMMEs to reject CSR.

4.3.7. To which stakeholder does your organisation report CSR?

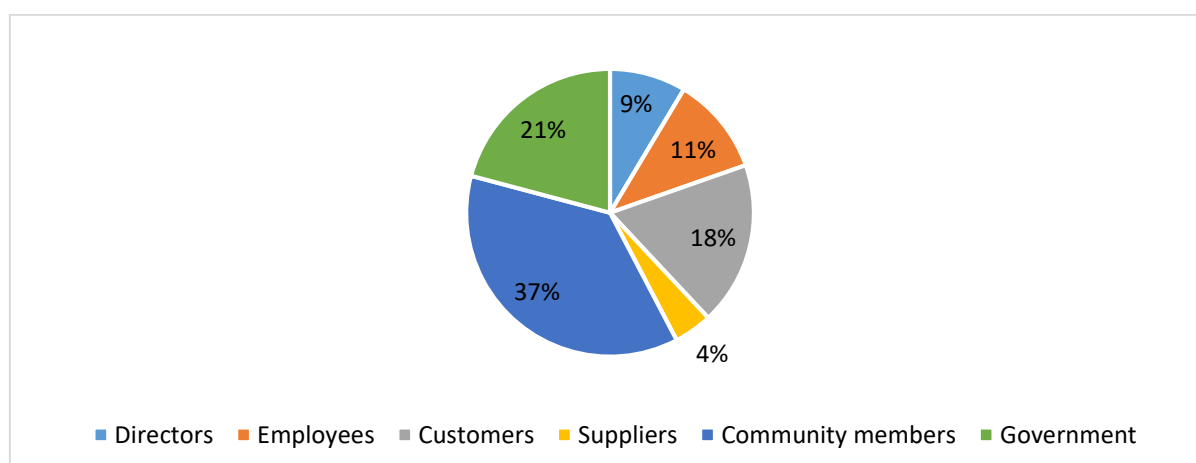


Figure 4.20: To which stakeholder does your organisation report CSR?

Figure 4.20 shows the results obtained when the study asked the participants where they reported CSR. From a list of options, 37% of the respondents said they report CSR to the community members. This shows that the majority of SMMEs in Butterworth think that the community is the only stakeholder that benefits from CSR behaviour. Further, 21% of the studied population claimed that they report their CSR behaviour to the government. Again this shows how SMMEs do not realise that CSR benefits them as well. However, 18% of the responses indicated that they report CSR to the customers and only 11% of the respondents said they report CSR to the employees. That shows how few SMMEs take CSR as a motivating factor on

employee productivity. The results also show that only 9% of the respondents report CSR to the directors and only 4% report CSR to the suppliers.

4.3.8. Does your organisation raise awareness to the following CSR issues?

Table 4.5: Types of CSR initiatives

	Yes %	No %	In Part %	I don't know %
Charitable contributions	62	20	12	6
Employee volunteer programme	34	42	18	3
Corporate involvement in community	37	42	18	6
Education	43	26	27	4
Employment programmes	24	42	30	4
Product safety and quality	69	19	11	1
Lower operating costs	76	12	12	0
Enhanced image and reputation	76	9	12	3
Increased sales and customer loyalty	61	18	15	6
Workforce diversity	80	18	2	0
More ability to attract and retain employees	69	19	9	3

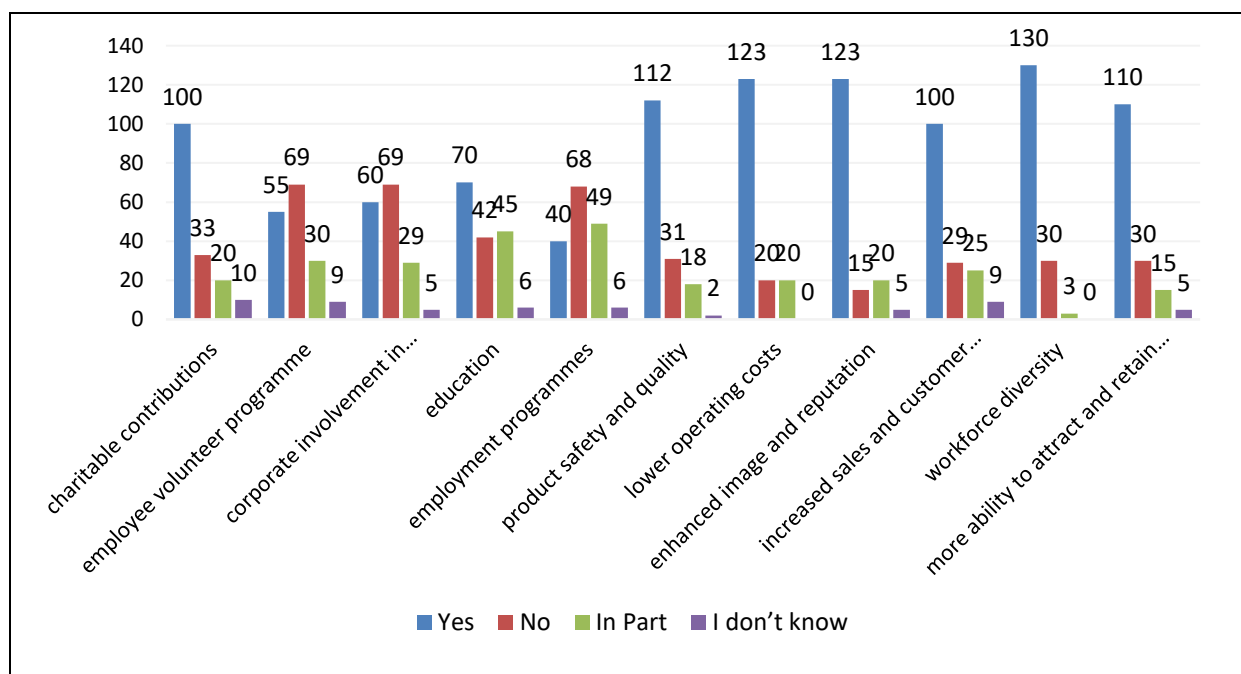


Figure 4.21: Types of CSR initiatives

Table 4.5 and Figure 4.21 above both shows the results obtained on the question “does your organisation raise awareness to the following CSR issues? Table 4.5

shows the responses in percentages and Figure 4.21 shows the results in numbers. The results are that 62% of the participants raise awareness of charitable contributions; 20% do not raise awareness; 12% do so in part and 6% answered they do not know.

Regarding an employee volunteer programme, 34% of the respondents answered yes; 20% answered no; 18% said they do so in part; and 3% didn't know whether their organisations raise awareness for employee volunteer programmes.

For corporate involvement in community, 37% of the respondents claimed their organisation raises awareness for it; 47% said they do not raise awareness for corporate involvement in community; 18% said they raise awareness in part; and 6% said they do not know whether or not their respective organisations raise awareness.

In the category of education, 43% of the respondents said that their respective organisations do raise awareness; 26% claimed their organisations do not raise awareness; 27% said that their organisations partially raise awareness; and 4% said they do not know whether their organisations raise awareness of education.

Regarding the category of employment programmes, 24% of the respondents said they do raise awareness in respect of this CSR issue; 42% claimed they do not raise awareness; 30% said they raise awareness in part; and 4% of the respondents claimed they are not certain whether or not their organisations raise awareness in this CSR issue.

For product safety and quality, 69% of the respondents agreed to have been raising awareness of the issue; 19% disagreed; 11% claimed they do so in part; and 1% did not know whether their organisations raise awareness.

For lower operating cost, 76% of the respondents said they agree with the statement; 12% disagreed; and 12% indicated they do so in part.

Regarding enhanced image and reputation, 76% of organizations that were studied agreed; 9% disagreed; 12% said they do in part; and 3% claimed to not know whether their organisations raise awareness or not.

For increased sales and customer loyalty, 61% of the respondents agreed; 18% disagreed; 15% said they do in part; and 6% claimed they were not certain whether their organisations raise awareness.

For workforce diversity, 80% of the respondents agree; 18% disagreed; and 2% of the respondents claimed they partially raise awareness.

Regarding more ability to attract and retain employees, 69% of the respondents agreed; 19% disagreed; 9% do so in part; and 3% of the respondents did not know.

The results obtained in this study are supported by Pirnea et al.'s (2012:205) findings that involvements in CSR have big returns when it comes to overall image and reputation of the business and competitiveness. They further stated that these benefits are bigger than the related costs.

4.3.9. Please indicate your opinion about the benefits of CSR to the following stakeholders

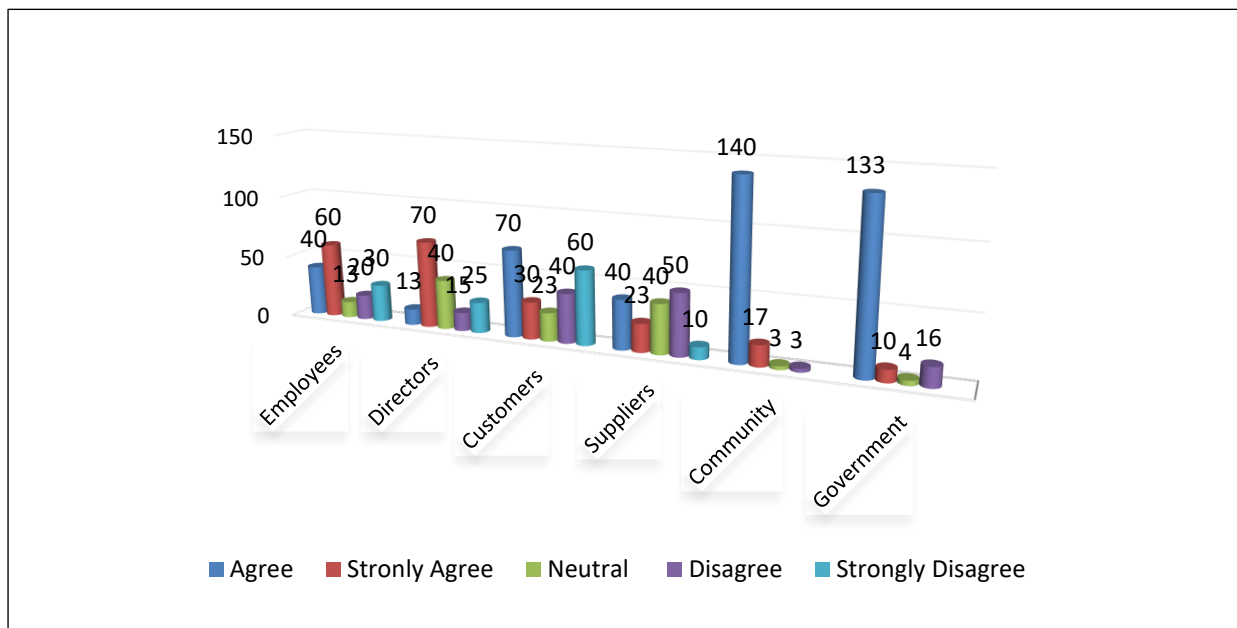


Figure 4.22: Opinion about the benefits of CSR to stakeholders

Figure 4.22 above shows the opinions of the respondents about the benefits of CSR to different stakeholders. With respect to employees, 40 respondents agreed to CSR being beneficial; 60 strongly agreed; 20 disagreed; 30 strongly disagreed; and 13 respondents remained neutral. With regard to directors, 13 respondents agreed; 70

strongly agreed; 40 remained neutral; and 15 and 25 respondents disagreed and strongly disagreed respectively. Regarding customers, 70 respondents and 30 respondents agreed and strongly agreed to the statement. Only 23 remained neutral with 40 and 60 indicating disagree and strongly disagree respectively.

With regard to suppliers, 40 and 23 respondents agreed and strongly agreed respectively; 40 respondents were neutral; 50 and 10 respondents disagreed and strongly disagreed respectively. With regard to community, 140 respondents agreed and 17 strongly agreed, 3 respondents were neutral and only 3 disagreed and strongly disagreed. With regard to government, 140 and 10 respondents agreed and strongly agreed respectively; 4 were neutral; and 16 disagreed with the statement.

4.3.10. Please indicate your opinion on how your company has been doing since engaging with CSR activities

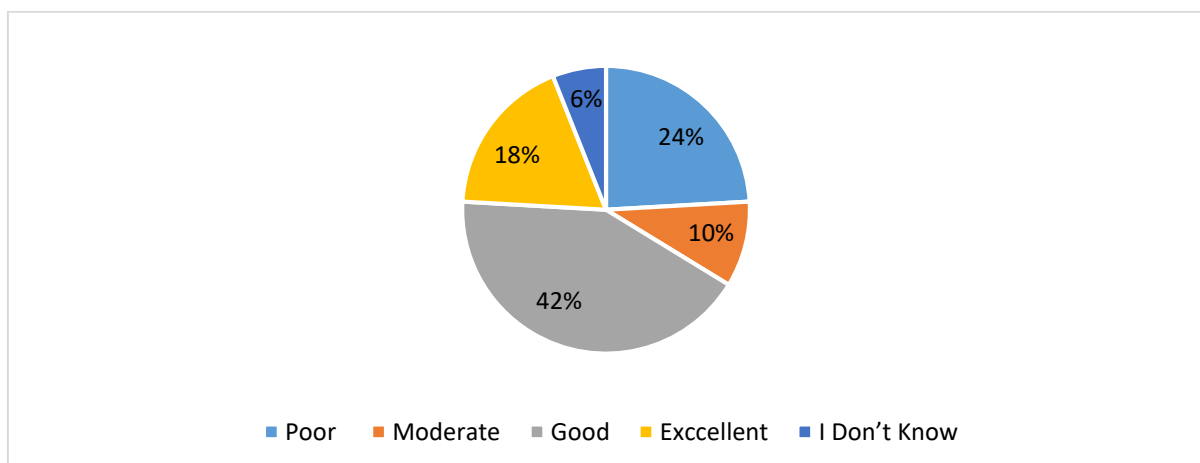


Figure 4.23: Company performance since CSR engagement

Figure 4.23 shows the results regarding respondents' opinion of how their respective companies have been doing since engaging CSR activities. Results: 24% said poor, 10% indicated moderate; 42% claimed good; 18% said excellent and only 6% of the respondents claimed they do not know how their organisations are doing. These results prove that a large number of SMMEs in Butterworth have been performing well since they started practicing CSR. Although their progress might not all be because of CSR, it has not been a bad experience for these SMMEs.

The main discoveries of this study are that a large numbers of SMMEs in Butterworth have been doing well since engaging in CSR activities.

4.3.11. Do you prefer to buy products/services of companies who practise CSR?

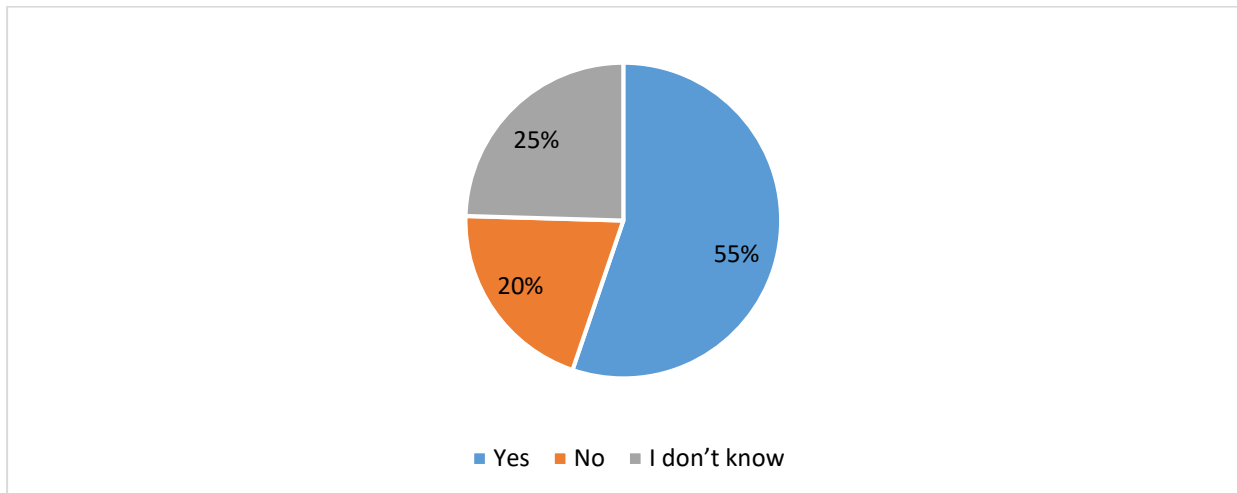


Figure 4.24: Do you prefer to buy products/services of companies that practise CSR?

Figure 4.24 shows that 55% of the respondents agreed; 20% disagreed; and 25% of the respondents said they do not know. The results in this study show that a large proportion of the respondents do not prefer to buy products and services of companies who practice CSR.

The results below show the explanations from respondents on the reasons why they supported the businesses that are practicing CSR.

4.3.12. Why do you prefer to buy goods/services from companies that practise CSR

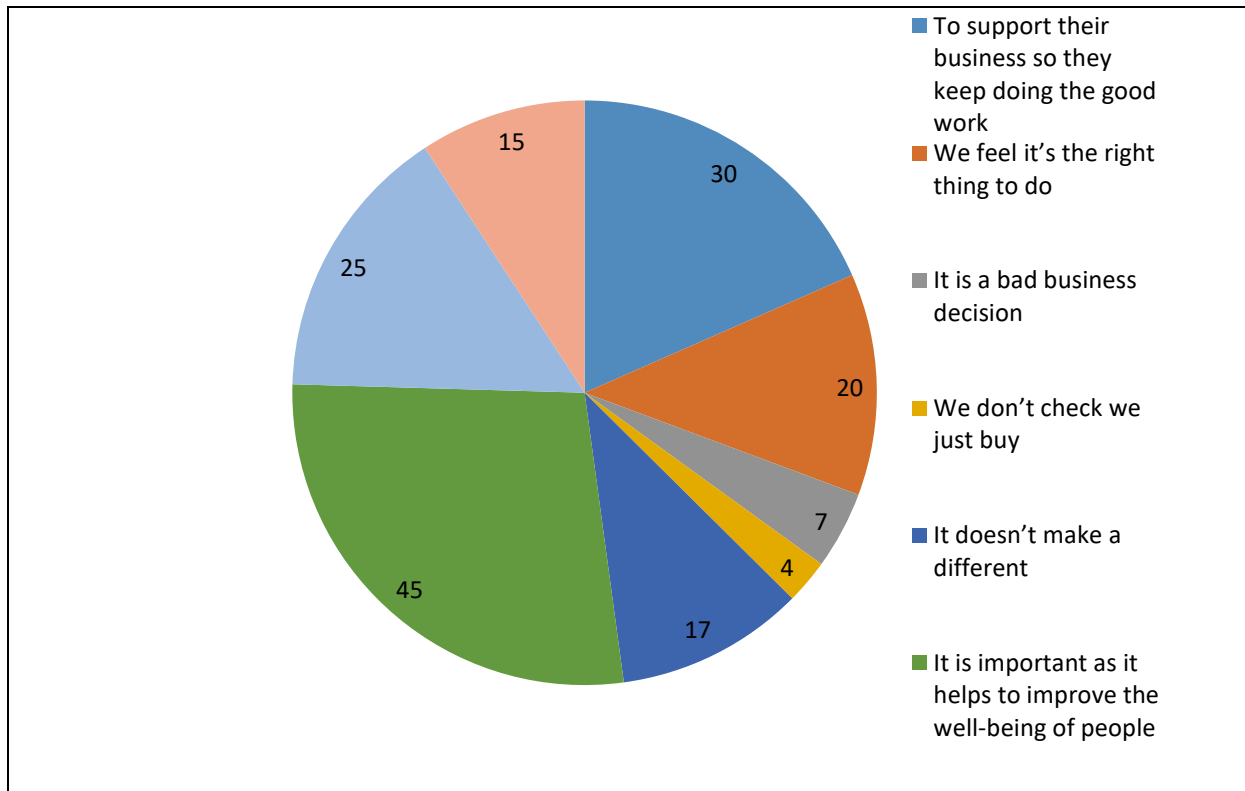


Figure 4.25: Reasons for supporting companies that practise CSR

Figure 4.25 above depicts that 30 (18%) of respondents buy from companies that practise CSR because they want these businesses to continue the good work; 20 (12%) indicated it is the right thing; 7 (4%) of indicated it is a bad business decision; 4 (2%) just buy and don't check the CSR standing of the company; 17 (10%) indicated it does not make a difference whether the business is CSR active or it is not; 45 (28%) stated that it helps to improve the well-being of the people; 25 (15%) said that they do not care whether or not the company practices CSR; and 15 (9%) did not comment.

These results are showing how a good reputation that is caused by a positive image derived from CSR behaviour can do to a business. More so, positive image allows an organization to gain competitive advantage and improved business performance (Claver, Lopez, Molina & Tari 2007:614).

4.3.13. Would you pay higher prices for products/services of companies who practise CSR?

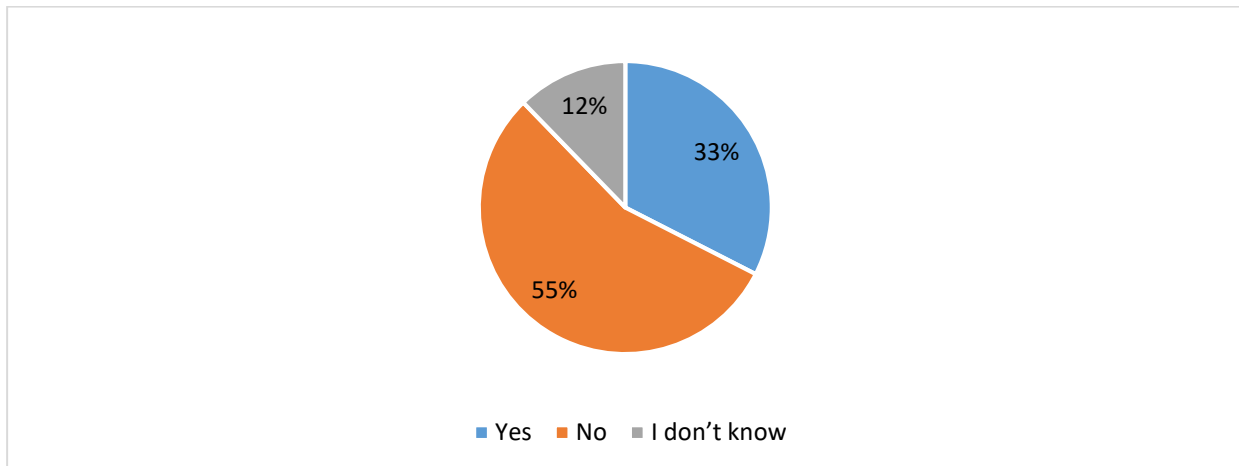


Figure 4.26: Would you pay higher prices for products/services of companies who practise CSR?

The above Figure 4.26 presents the results regarding whether they would pay more for products and services of businesses who practice CSR. The outcome was that 33% agreed; 12% did not know; and 55% said they would not pay higher prices for products and services of companies that practise CSR.

These results show that the majority of respondents would not pay more for products and services of businesses who practise CSR. These results however does not necessary echo (Zeka 2013) phenomenon that consumers would like to buy goods and services from businesses that they can trust; suppliers are willing to associate themselves with businesses that are reliable and workers want to be part of organizations that are respected in the community. In some way these findings give open eye on Nejati and Amran (2009) conclusions that most SMMEs refuse to participate in CSR mainly because they believe that no benefits come from it.

Explain:

Figure 4.27 below shows the perceptions of SMMEs studied regarding whether they would pay higher prices for products of companies practising CSR. It has been established by other studies that even though businesses encourage CSR behaviour, they still think otherwise when it comes to paying higher prices (Ghillyer, 2008:60).

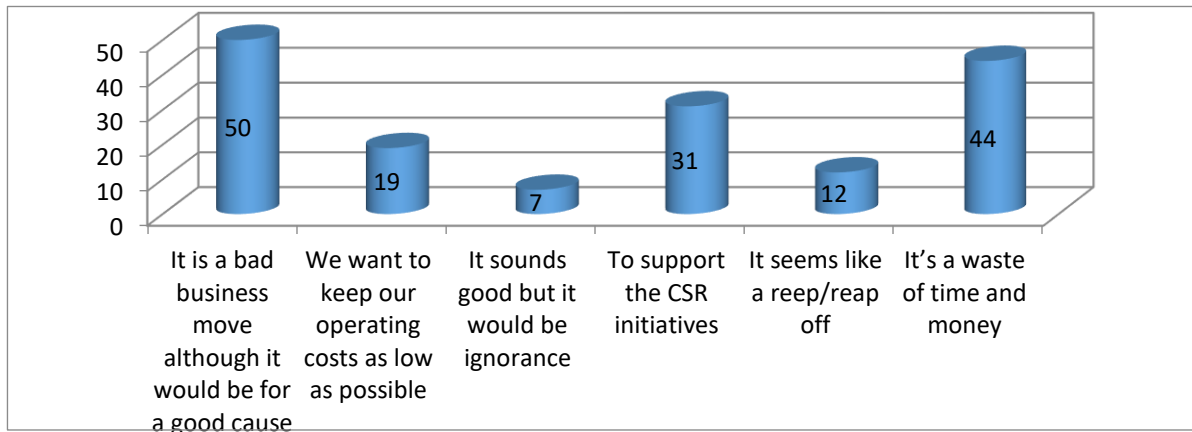


Figure 4.27: Reasons to pay higher prices for products and services of businesses that practise CSR

Figure 4.27 shows the results obtained by the study when the respondents were asked to explain why they would or would not pay more for products and services of businesses that practise CSR. The results show that 50 respondents claimed they wouldn't pay higher prices because they believe that it is a bad business move although it would be for a good cause; 19 respondents said they want to keep their operating costs as low as possible; 7 respondents claimed it sounds good but it would be ignorant to pay more. Furthermore, 31 respondents wanted to support the CSR initiatives; 12 respondents saw it as a rip off; and a further 44 thought they would be wasting their time and money.

The main findings are thus that, for a variety of reasons, the SMMEs in Butterworth are not prepared to pay higher prices for products and services of businesses that carry out CSR. These results, however put emphasis on (Bhattacharya, Daniel & Sankar 2009:28) claim that CSR provides stakeholders with the benefits, before the business itself expects returns.

4.3.14. Please indicate the monthly profits of your organisation

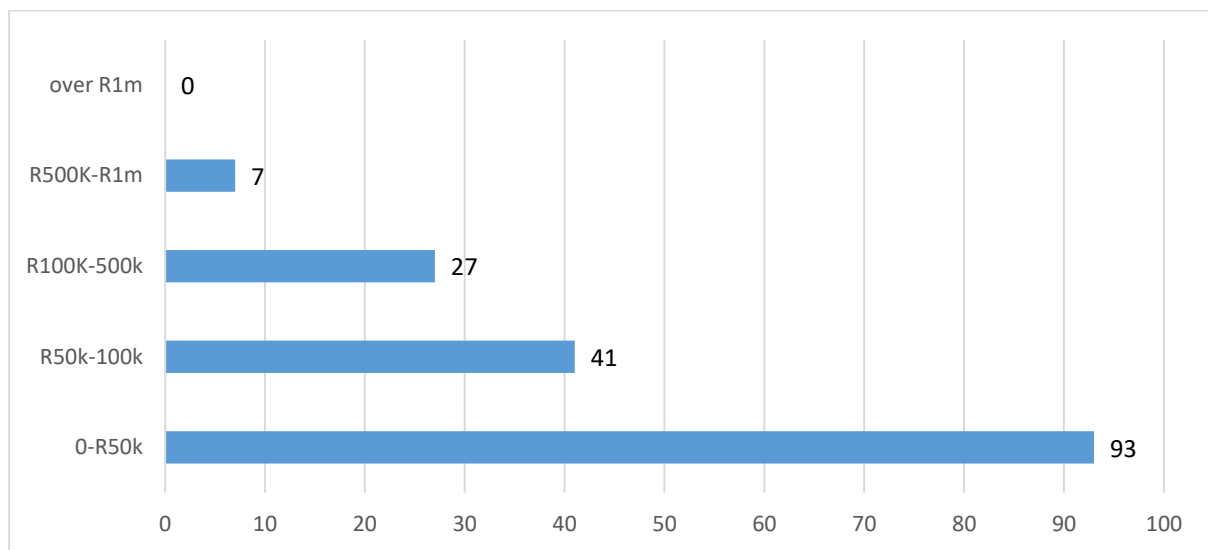


Figure 4.28: Monthly profits of the business

Figure 4.28 illustrates the monthly profits of organisations under study with the results showing that 93 SMMEs had between R0-R50 000 in monthly profits; 41 had between R50 000-R100 000; 27 had R100 000-R500 000; and only 7 SMMEs were getting R500 000-R1 million monthly profits. None of the SMMEs showed monthly profits of over R1 million.

This shows that the majority of the SMMEs in Butterworth make R0-R50 000 in monthly profits.

4.3.15. How well is the company performing?

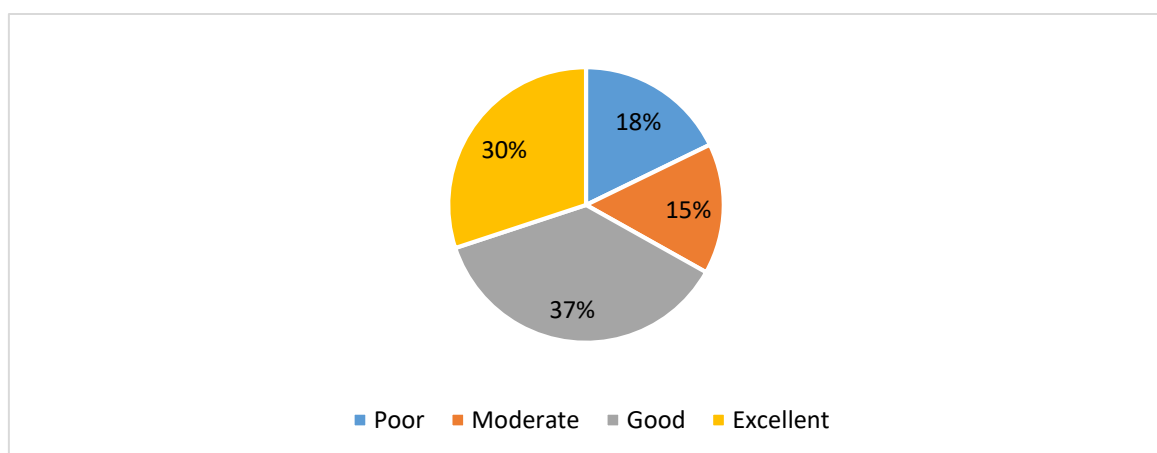


Figure 4.29: Overall company performance

Figure 4.29 shows respondents' rating of their overall company/organization performance – 30% of the respondents said their companies were performing excellently; 37% said good; 15% said moderate; and 18% poor.

The main finding of the survey is that the majority of SMMEs are performing well. The results shown prove Pirnea et al (2012) findings that the engagement of CSR is not the key determiner of an enterprise performance even if the enterprise shows a greater attention to CSR issues.

4.3.16. Is the organisation able to retain some profits for expansion?

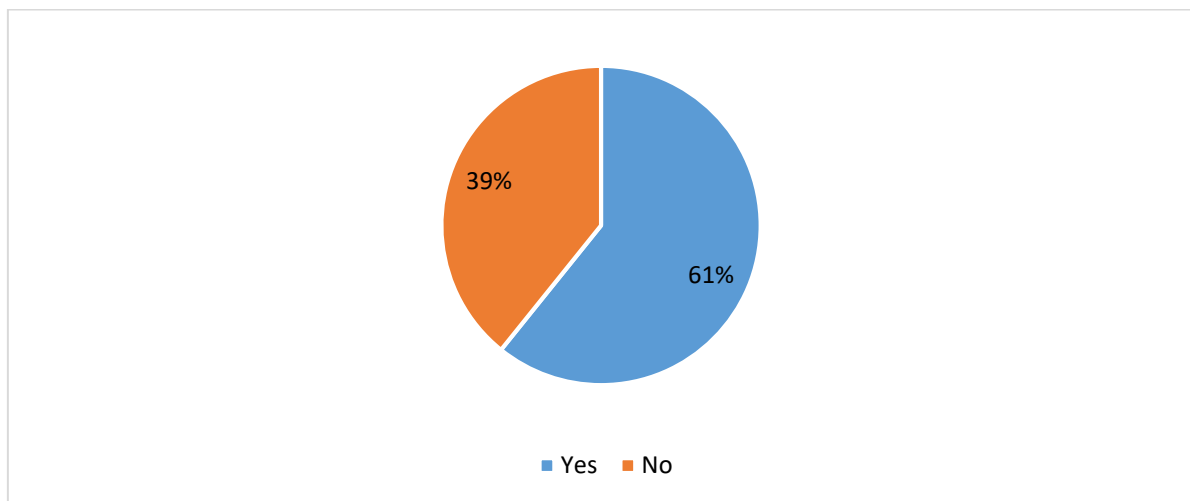


Figure 4.30: Organisation's ability to retain some profits for expansion

Figure 4.30 above shows results on whether organisations under study are able to retain some profit for expansion with 61% (93) of the SMMEs surveyed claiming they are able to retain some profit for expansion and 39% (60) claiming they are not able to retain profits for expansion.

The main finding is that the majority of SMMEs in Butterworth are able to retain some profits for expansion.

4.3.17. If yes, how much on average?

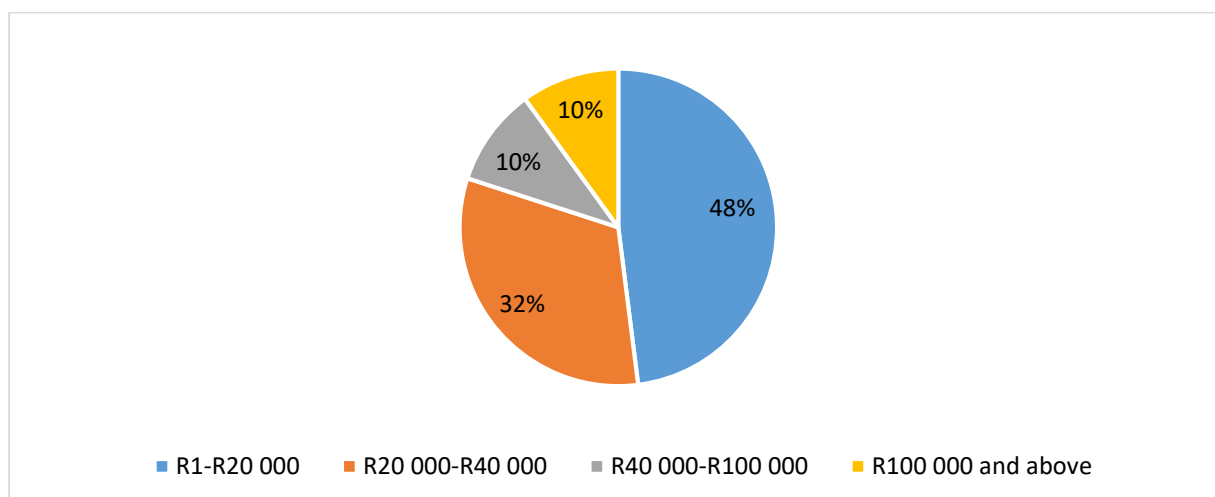


Figure 4.31: Average profits for expansion

From the 93 responses from Figure 4.31 who answered “yes” to the question “The organisation is able to retain profits for expansion”, 48% of these SMMEs said they are able to retain between R1-R20 000 in profits for expansion; 32% said they are able to retain between R20 000-R40 000; 10% said they are able to retain R40 000-R100 000 for expansion; and another 10% claimed they retain more than R100 000 in profits for expansion.

The main finding in these results is that the majority of SMMEs retain R1-R20 000 of their profits for expansion.

4.3.18. Please rate how your organisation has grown since start-up

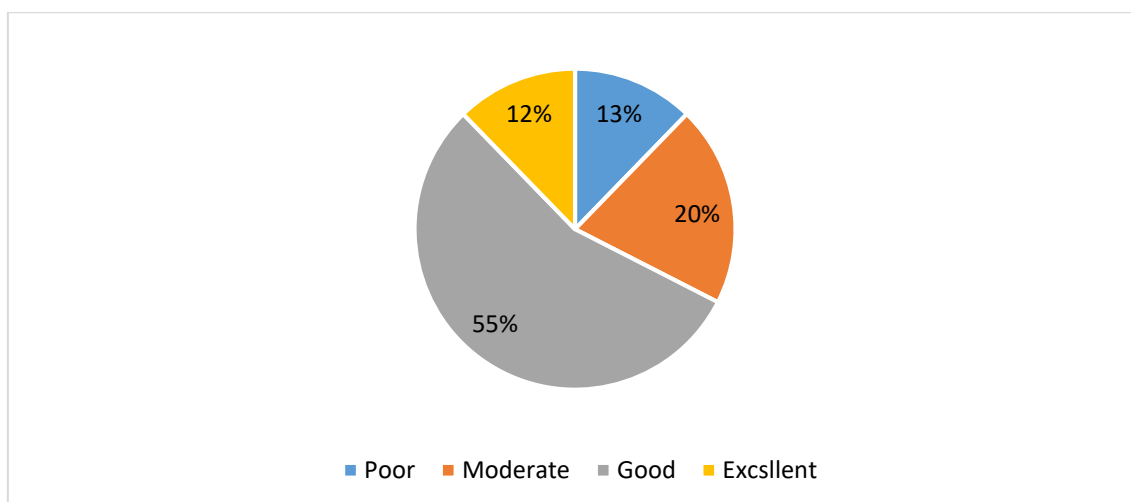


Figure 4.32: How the organisation has grown since start-up

Figure 4.32 above illustrates how the organisations have grown since start-up, with 12% showing excellent, 13% poor, 20% moderate, and 55% good.

The results presented show that a large proportion of SMMEs in Butterworth are doing well in terms of performance since start-up. However, the findings in this study differ from those of Okpara (2011:158) stating that SMMEs face a number of challenges, even though SMMEs are being acknowledged and contribute to the economic development, SMME managers and owners are faced with a variety of obstacles that are limiting their ability to grow since starting up.

4.4. DESCRIPTIVE STATISTICS

Table 4.6: How many employees were there when the business started compared to current?

	Number of employees at the start		Current number of employees	
	Frequency	Percent	Frequency	Percent
1 Employee	145	89.0	100	61.3
2 Employees	10	6.1	48	29.4
3 Employees	5	3.1	9	5.5
4 Employees	1	.6	4	2.5
5 Employees	2	1.2	2	1.2
Total	163	100.0	163	100.0

The results presented in the table above shows that majority of SMMEs, 145 (89%) started with one employee 145 (89%). The results also show that the number of employees currently employed has changed and even though the majority 100 (61.3%) still have one employee, there at least 45 SMMEs that have managed to grow their number of employees.

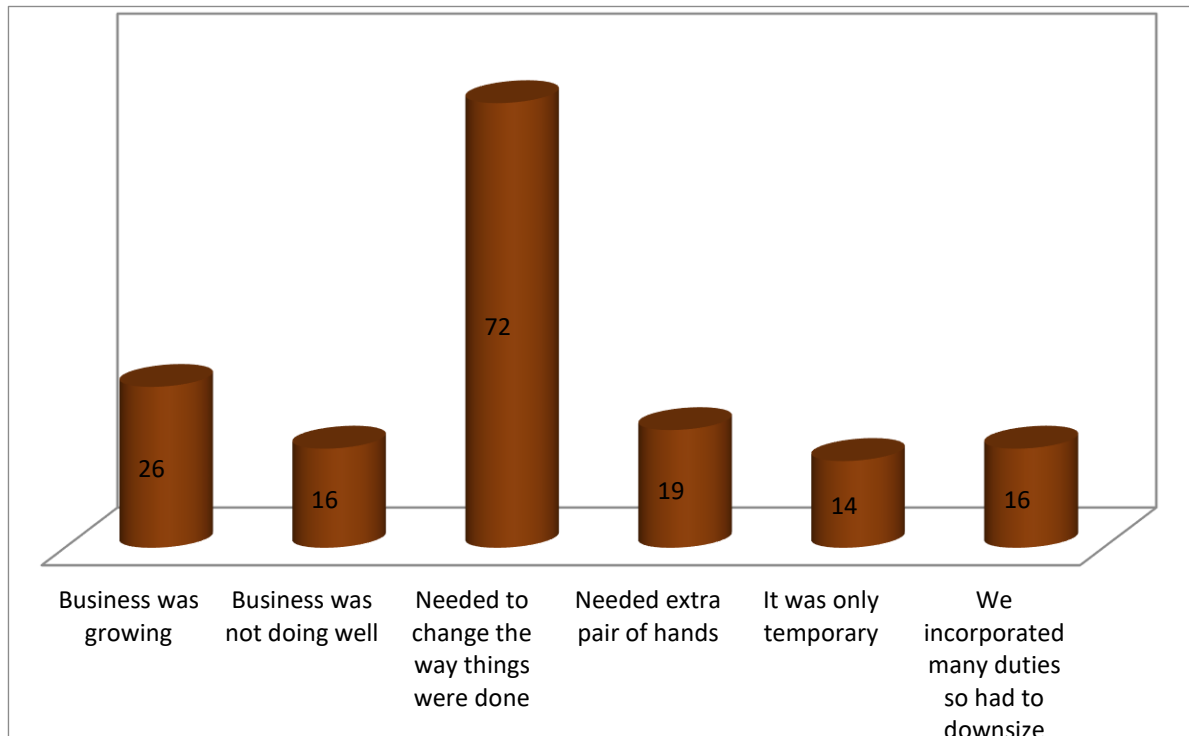


Figure 4.33: What made the numbers change?

Figure 4.33 above indicates why the numbers of employees changed. Results show that 26 respondents said that the numbers changed because business was growing so they needed more employees; 16 respondents said the change was due to business not doing well; 72 respondents claimed they needed to change the way things were done; 19 respondents just needed an extra pair of hands due to the workload; 14 respondents claimed it was only a temporary arrangement; and 16 respondents claimed that they incorporated many duties so they had no choice but to downsize. These results are a reflection of what Zeka (2013) claim in her study. Zeka (2013) stated that CSR strategy engagement may enable SMMEs to retain and encourage their employees to stay and not look for alternative employment. Therefore engagement with CSR would motivate and attract more skilled employees.

Table 4.7 below represents the descriptive statistics of company performance, with the mean and standard deviations representing the responses of the respondents.

Table 4.7: Descriptive statistics: Company performance

	N	Min	Max	Mean	Std. Deviation
To what extent do you think CSR is best for company performance?	163	1	7	5.26	1.872
Your opinion on how the company has been doing since engaging with CSR activities.	163	1	5	2.55	1.061
Financial performance – Please indicate the monthly profits of your organisation.	163	1	4	1.70	.890
Overall performance – Please rate your overall company or organisation performance.	163	1	4	2.87	1.108
Operational performance – Is the organisation able to retain or save some profits for expansion?	163	1	2	1.37	.484
Organisational growth – Please rate how your company has grown since start-up.	163	1	4	2.67	1.736
Valid N (listwise)	163				

A total of 161 respondents made at least one choice in terms of their view of CSR support functions. In order to ascertain the distribution of respondents based on their CSR, the following multiple response frequency table (Table 4.8) was produced, with the results of the analysis presented in the table.

Table 4.8: Multiple response frequencies

		Responses		Percent of cases
Investment in community activities		N	Percent	
	Community gatherings	23	11.9%	14.3%
	Community events	19	9.8%	11.8%
	Charity organisations	60	31.1%	37.3%
	Youth development	29	15.0%	18.0%
	Education and training	32	16.6%	19.9%
	Promotion of culture	30	15.5%	18.6%
Total		193	100.0%	119.9%

Based on the evidence as presented in Table 4.8, charity organizations (60, 31.1%, and 37.3%) is the most supported organ through CSR, followed by education and training (32, 16.6% and 19.9%). In addition, promotion of culture (30, 15.5% and 18.6%) followed by youth development (29, 15% and 18%) with community gatherings (23, 11.9% and 14.3%) and community events (19, 9.8% and 11.8%) are

shown to be the less frequented. This trend also suggests that to a lesser extent, SMMEs show more concern for charitable organisations than for community events. In essence, 193 responses were captured from 161 respondents that took part in the survey, which is 119.9% (that is 1.2 times the actual number of participants who responded to this question). Statistically, it can be assumed that on average each of the respondents suggested that organisations support at least one form of CSR function in the community. These results are in line with Thorne, Ferrel and Ferrel (2008:240) findings that CSR comprises a range of magnitudes, different events and focus areas can constitute a CSR behaviour in an organization.

Table 4.9: Cross tabulation: Investment in CSR vs Resources provided

			Type of resources provided				Total
			Money	In kind	Volunteers	Others	
Investment in Community Activities	Community gatherings	Count	14	0	8	1	23
		% within \$InvestCSR	60.9%	0.0%	34.8%	4.3%	
	Community events	Count	13	3	3	0	19
		% within \$InvestCSR	68.4%	15.8%	15.8%	0.0%	
	Charity organisations	Count	30	8	13	9	60
		% within \$InvestCSR	50.0%	13.3%	21.7%	15.0%	
	Youth development	Count	15	5	8	1	29
		% within \$InvestCSR	51.7%	17.2%	27.6%	3.4%	
	Education and training	Count	19	5	7	1	32
		% within \$InvestCSR	59.4%	15.6%	21.9%	3.1%	
	Promotion of culture	Count	17	3	9	1	30
		% within \$InvestCSR	56.7%	10.0%	30.0%	3.3%	
	Total		Count	90	20	39	12

According to the information provided in Table 4.9 above, charity organisations seem to dominate investment in community activities – “60%”. In terms of the type of resources given to communities, a greater proportion of support was given in monetary form – “90%”. Charity organisation accounts for 68% of monetary support. The results show community gatherings accounted for 23% investments with the greatest type of resources given in monetary form, 60.9%, and no provision of in kind donations were shown – 34,8% was provided in volunteers and 4.3% was given in other forms.

Community events accounted for 19% of community investments, in terms of resources, 68.4% was given in monetary form, 15.8% in in-kind donations and another 15.8% was given in volunteers, with no resources given in other forms.

About 60 investments were given in charity organisations; of which 50% was given in monetary form; 13.3% being in kind; 21.7% was provided in volunteers and another 15% was given in other forms of resources. For youth development, 29 respondents were investing in youth development, with 51.7% providing monetary resources; 17.2% giving in-kind resources; 27.6% offering volunteering; and 3.4% was given in other forms.

Education and training accounted for 32 respondents, of which 59.4% was given in monetary form; 15.6% in in kind donations; 21.9% in ways of volunteering; and 3.1% in other forms. Promotion of culture accounted for 30 respondents investing in this, with monetary support 56.7%; in-kind 10%; in volunteering 30%; and 3.3% in other forms of resources. These results are in line with Ginsberg and Bloom (2004:84) which claims that consumers, investors and the community as a whole benefits when an organization integrate environmental friendliness into their activities of business

Table 4.10: Cross tabulation: Investment in CSR vs Type of organisation

			What the organisation has provided to assist					Total
			Health care assistance	Education	Training	Counselling	Preservation programme	
Investment in Community Activities	Community gatherings	Count	7	6	7	3	0	23
		% within \$InvestCSR	30.4%	26.1%	30.4%	13.0%	0.0%	
	Community events	Count	7	4	4	2	2	19
		% within \$InvestCSR	36.8%	21.1%	21.1%	10.5%	10.5%	
	Charity organisations	Count	16	18	13	8	5	60
		% within \$InvestCSR	26.7%	30.0%	21.7%	13.3%	8.3%	
	Youth development	Count	9	8	5	5	2	29
		% within \$InvestCSR	31.0%	27.6%	17.2%	17.2%	6.9%	
	Education and training	Count	8	10	9	3	2	32
		% within \$InvestCSR	25.0%	31.3%	28.1%	9.4%	6.3%	
	Promotion of culture	Count	10	6	8	2	4	30
		% within \$InvestCSR	33.3%	20.0%	26.7%	6.7%	13.3%	
Total		Count	48	45	36	21	11	161

According to the information provided in Table 4.10 above, charity organisations seem to dominate investment in community activities – “60%”. In terms of the type of organisation that provides assistance to communities, a greater proportion of support was given in the form of health care assistance – “48%”. Followed by education with “45%”; charity organisation accounting for 36.8% support in health care and 21.1% in education. Community gatherings accounted for seven (30.4%) of health care assistance, six (26.1%) in education, seven (30.4%) in training, three (13%) in counselling and none in preservation programmes. Community events accounted for seven (30.4%) in health care assistance and four (21.1%) in education, four (21.1%) in training, with a further two (10.5%) in counselling and another two (10.5%) in preservation programmes. The results also show that SMMEs that supported charity organisations have invested: 16 (26.7%) have provided health care assistance, 18 (30%) have provided education, 13 (21.7%) have provided training, eight (13.3%) have provided counselling and five (8.3%) have provided preservation programmes

With regards to organisations that invested in youth development, a large proportion invested in health care assistance – nine (31%) followed by education – eight (27.6%), training – five (17.2), and another 5 (17.2%) provided in counselling. The least frequented was the preservation programmes – two (6.9%). The results also show that education and training have accounted for eight (25%) for health care assistance, 10 (31.3%) for education, nine (28.1%) in training, three (9.4%) in counselling, and two (6.3%) for preservation programmes. In terms of promotion of culture, 10 (33.3%) were for health care assistance, six (20%) for education, eight (26.7%) was provided in training, and the lowest were for counselling, two (6.7%), and preservation programmes, four (13.3%).

Jenkins (2009:23) also asserted that CSR involvement of SMMEs is aimed at influencing the society. SMMEs are playing an important part in building social capital which aims at alleviation of social concerns in the communities as SMMEs are contributing towards social issues because they feel a need to do so, not because they are doing it for commercial purposes.

Table 4.11: Financial performance: Please indicate the monthly profits of your organisation

	Frequency	Percent
0-R50 000	89	54.6
R50 001-100 000	41	25.2
R100 001-500 000	26	16.0
R500 001-R1 000 000	7	4.3
Total	163	100.0

The Table above shows that the majority of SMMEs in Butterworth make 0-R50 000 in monthly profits (89,54%) followed by those that make R50 001-R100 000 a month – 41 (25.2), and 26 (16%) who make R100 001-R500 000 on monthly profits. Only 7 (4.3%) ranged between R500 001 and R1 000 000.

4.4.1. Measuring corporate social responsibility

This section shows results from the analysing the descriptive statistics of the factors that are seen to be the determining elements of measuring CSR. In this regard, the respondents stated that their companies rewarded CSR behaviour and that the majority encouraged their employees to participate in community activities. Furthermore, the results in the table above show that the least frequented measure of CSR is the organisation's ability to raise awareness for workforce diversity and the awareness for product quality. The major determinants of the importance of these variables are the mean and the standard deviation. The "max" indicates the highest scale and in respect of the particular variables the "min" is employed to represent the lowest scale selected.

The ranking of the factors of measuring CSR are presented in the Table 4.12 below in order of importance.

Table 4.12: Descriptive statistics: Measuring corporate social responsibility

	N	Min	Max	Mean	Std. Deviation
My firm tries to make fair decisions about and for the employees.	163	1	4	3.36	.719
My firm provides good conditions for personal development of employees in many aspects.	163	1	4	3.33	.702

	N	Min	Max	Mean	Std. Deviation
My firm participates in youth development initiatives.	163	1	4	3.32	.735
Honest and professional treatment to customers is key in my firm.	163	1	4	3.29	.777
My firm supports local economic growth by using local suppliers as much as possible.	163	1	4	3.27	.794
My firm is dedicated to develop its employee's skills.	163	1	4	3.26	.813
My firm participates in activities which aim to protect and improve the natural environment.	163	1	4	3.24	.823
Engages in generosity contributing to such causes as the art, education and social services.	163	1	4	3.20	.815
My firm tries to protect the environment by using recyclable products.	163	1	4	3.18	.870
My firm tries to provide excellent service and quality products to its customers.	163	1	4	3.18	.848
My firm cooperates with other private and public entities in social responsibility projects.	163	1	4	3.15	.758
My firm makes a safety environment for customers and employees.	163	1	4	3.14	.736
My firm always pays its taxes and other duties regularly and completely.	163	1	4	3.13	.797
My firm takes customer complaints very seriously.	163	1	5	3.11	.839
My firm donates its resources and services to charity organisations in the society.	163	1	4	3.07	.840
My firm always pays its taxes and other duties regularly and completely.	163	1	4	3.07	.883
My firm uses its resources to fight illiteracy by donating its resources to ABET classes.	163	1	4	3.06	.944
My firm has enough disclosure about its products and services to customers.	163	1	4	3.05	.760
My firm respects customer rights and gives attention to other stakeholders' rights.	163	1	4	3.04	.909
My firm is concerned with improving the general well-being of the community.	163	1	4	3.01	.861
My firm contributes in the local economic growth.	163	1	4	3.00	.801
My firm promotes employee volunteerism and non-profit involvement.	163	1	4	2.99	.813
My firm involves the community in the decisions that will affect the environment.	163	1	4	2.97	.765
My firm is dedicated to the fight against crime and support initiatives to fight crime.	163	1	4	2.96	.816
My firm tries to be the best cost provider in the industry.	163	1	4	2.95	.768

	N	Min	Max	Mean	Std. Deviation
Valid N (listwise)	163				

Table 4.12 above presents outcomes with respect to comparative significance of CSR variables.

4.4.2. Factor analysis/Principal component analysis

In order to decrease the amount of select measures into useful pieces and a controllable amount of components, the principal component analysis was employed.

4.4.3. Kaiser-Meyer-Olkin (KMO) and Bartlett's Test (BTS)

Bartlett's test of sphericity (BTS) shown that the data were suitable for the purpose of factor analysis. The Kaiser-Meyer-Olkin (KMO) test measures sampling capability.

These tests clarify a pattern of resemblance between experimental variables. The purpose of this test is to use a reduced set of underlying variables called factors to explain various variables or questions (Binjraja, 2012).

Table 4.13: KMO and Bartlett's Test

Kaiser-Meyer-Olkin measure of sampling adequacy		0.611
Bartlett's test of sphericity	Approx. Chi-Square	575.321
	df	300
	Sig.	.000

Sig. at 0.05 (2-tailed)

The results (BTS = 575.321; sig. = .000) indicate that the data were suitable for the purpose of factor analysis. Statistically, this means that there is a relationship between the variables and that they are suitable for inclusion in the factor analyses. The results of the KMO indicate that there are enough items to conduct factor analysis. Both of the tests support the relevance of the factor analysis technique.

4.4.4. Total variance explained

This sector explains the total variance explained by factor analysis for the factors that define the measure of CSR. Five factors with eigenvalues higher than one account for 62.294% of the total variance. These factors are more set by the rotation sums of

squared loading after Varimax rotation. According to the rules of factor analysis, only factors that have eigenvalues greater than one should be retained (Binjrajka, 2012). In addition, the higher the percentage of the total variance the greater the contribution the factor has.

Table 4.14: Rotated component (factor) matrix

	Component / Factor				
	1	2	3	4	5
My firm cooperates with other private and public entities in social responsibility projects.	.678				
My firm participates in activities which aim to protect and improve the natural environment.	.648				
My firm takes customer complaints very seriously.	.648				
My firm is concerned with improving the general well-being of the community.	.555				
My firm donates its resources and services to charity organisations in the society.	.472				
My firm makes a safety environment for customers and employees.	.384				
My firm is dedicated to develop its employees' skills.	.258				
My firm always pays its taxes and other duties regularly and completely.		.649			
My firm provides good conditions for personal development of employees in many aspects.		.628			
My firm tries to make fair decisions about and for the employees.		.609			
My firm promotes employee volunteerism and non-profit involvement.			.575		
My firm uses its resources to fight illiteracy by donating its resources to ABET classes.			.552		
Engages in generosity contributing to such cause as the art, education and social services.			.504		
My firm tries to protect the environment by using recyclable products.			.503		
Honest and professional treatment to customers is key in my firm.			.399		
My firm involves the community in the decisions that will affect the environment.					
My firm tries to provide excellent service and quality products to its customers.				.668	
My firm supports local economic growth by using local suppliers as much as possible.				.644	
My firm always pays its taxes and other duties regularly and completely.				.411	

	Component / Factor				
	1	2	3	4	5
My firm participates in youth development initiatives.				.323	
My firm is dedicated to the fight against crime and support initiatives to fight crime.					.621
My firm tries to be the best cost provider in the industry.					.606
My firm respects customer rights and gives attention to other stakeholders' rights.					.453
My firm contributes to the local economic growth.					.449
My firm has enough disclosure about its products and services to customers.					.375
Eigen values	5.452	2.084	1.646	1.497	1.36
% of variance	23.706	9.060	7.158	6.511	5.913

The notion of rotation is to decrease the number factors on which the variables under study have extraordinary loadings. From Table 4.14 above, it is evident that firm cooperation with other private and public entities in CSR, taking customer complaints seriously, aiming to improve environment, as well as enhancing the general well-being of the people are substantially loaded on Factor 1. Those addressing taxes, personal development and fair decisions about employees are loaded on Factor 2. Employee volunteerism, fight against illiteracy, education and social services, professionalism are loaded in Factor 3. Service and quality, support local economic growth, participation in youth development are loaded in Factor 4; and best cost provider, customer rights, local economic growth and transparency about products are substantially loaded on Factor 5. For further analysis it is possible to still use these factors. The factors are named as: directors; employees; customers; suppliers and government.

Table 4.15: Mean values of each rotated factor

	N	Mean	Std. Deviation
Employees	163	3.33	.607
Suppliers	163	3.26	.609
Directors	163	3.20	.565
Customers	163	3.17	.644
Community and Government	163	3.02	.608
Valid N (listwise)			

An enterprise consists of a number of stakeholders which may either have a straight influence on the reputation or image of the enterprise. These primary stakeholders who have the ability to directly influence the reputation consists of shareholders, employees, managers or directors, employees and the society at large (zeka 2013: 81). Table 4.15 overhead illustrates results regarding the importance of CSR variables. The results specify that in order of importance employees were the most significant issues of CSR, followed by suppliers, directors, customers and lastly community and government.

4.4.5. T-test gender and CRS variables

This question was intended to show the gender of respondents concerning the impact of CSR on the performance of SMMEs. Table 4.16 below displays the set statistics of the independent sample t-test statistics.

Table 4.16: T-test gender and CSR measures

	Gender	
	t	P-Value
Directors	1.315	.190
Employees	-.214	.831
Customers	-1.643	.102
Suppliers	-.737	.462
Community and Government	1.315	.190

Homogeneity of variances was expected at Levene's test for equality of variances ($p > 0.05$). The two-tailed test also revealed that there was no significant difference between the respondents' point about the influence of CSR on the performance of

SMMEs in Butterworth. Table 4.16 reveals that the P-Value ("Sig. (2-tailed)") was greater than 0.05 on all occasions with no significant difference on the position of male and female respondents.

4.4.6. Analysis of variance

The analysis of variance (ANOVA) was done in order to compare the differences within groups of demographic variables (level of education) with regard to sector. The Pearson correlation p-value of ($p < 0.05$) was used to test the significance of the differences. The F statistics states the strength of the effect of the demographic variable on the level of education. Table 4.17 below presents the distribution of the results of the analysis of variance

Table 4.17: ANOVA: Level of education and sector

	Level of Education		Sector	
	F	P-Value	F	P-Value
CSR measure _1	.576	.718	1.448	.231
CSR measure _2	1.582	.168	1.490	.219
CSR measure _3	.295	.915	3.115	.028
CSR measure _4	.534	.750	2.200	.090
CSR measure _5	.575	.719	.241	.867

From Table 4.17 above, it is evident that for the significance level in each group the "sig" is greater than 0.05. The highest are ("Level of Education" (P 0.915), "Sector (P 0.867)" and the lowest are ("Level of Education" (P 0.168), "CSR measure 4" (P= 0.0219) and "Sector" (0.241). F statistics state the strength of the effect of the demographic variable on the factor variables. The strength of the effect is shown by a greater "F value".

4.5. CROSS TABULATION: CHI SQUARE TEST

The Pearson's chi-square independence test was used in this research to confirm whether a link between performance and CSR strategy variables exists. The cross tabulation was also employed to define the association connecting variables. A cross tabulation comprised of these variables from the hypotheses of this study: CSR impacts SMME performance and CSR does not impact SMME performance. To determine the importance and the strength of the relationship between CSR and

performance the symmetric measure was then conducted from the chi square analysis. The focus was mainly on the Gamma symmetric measure. The power of gamma, in complete values, is approximately as follows: Less than 0.1 – Quite weak (probably insignificant); About 0.1-0.2 – Slight relationship; About 0.2-0.3 – Moderate relationship; About 0.4-0.5 – Strong relationship and 0.5-0.6 and higher – Very strong relationship.

4.5.1. Hypothesis 1: CSR impact on SMME performance

The cross tabulation of the aspects for the relationship between performance and CSR strategy was done and produced the results as shown in Table 4.18

Table 4.18: Chi-square tests: Relationship between performance and CSR strategy

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	11.981 ^a	12	.447
Likelihood ratio	13.074	12	.364
Linear-by-linear association	.618	1	.432
N of valid cases	163		

According to the reading from Table 4.18 above, a relationship between CSR and SMME performance exists. Pearson Chi-square is not significant at ($p < 0.05$). It is obvious here that $\chi(1) = 11.981$, $p = 0.447$. In order to approve the importance and strength of the relationship, the symmetric measures from chi square analysis were measured.

Table 4.19: Symmetric measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Nominal by nominal	Contingency Coefficient	.262			.447
Ordinal by ordinal	Kendall's tau-b	-.064	.069	-.933	.351
	Gamma	-.116	.123	-.933	.351
N of valid cases		225	163		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

The Gamma statistic establishes the link connecting two variables, just like in this case. Gamma at -0.116 is quite weak and is highly insignificant at (0.351) ("Approx Sig."). These results are consistent with this study's hypothesis that a significant relationship between CSR and SMME performance exists. *Therefore, it can be established that CSR does significantly impact SMME performance.* Therefore the null hypothesis cannot be rejected which states that:

H₀: CSR does not significantly impact SMME performance.

4.6. SUMMARY

Chapter four provided, a thorough analysis of the findings, and they were discussed and interpreted. The main findings of the perception of SMMEs in Butterworth about CSR were discussed, with the study revealing that CSR in SMMEs in Butterworth is a familiar term. The results that uncovered the different types of CSR activities in which SMMEs in Butterworth are investing their resources were also discussed in this chapter. The results that were presented have enlightened us on the drivers of CSR in SMMEs and have analysed the impact of CSR on SMME performance.

In the next chapter the conclusions drawn will be presented and discussed, as well as the recommendations by the researcher.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1. INTRODUCTION

Chapter five summarises the outcomes of the study, of the research and conclusions drawn from the outcomes discussed in chapter four. Chapter five also offers recommendations by the researcher for the future studies.

On a global scale, the subject of CSR has on the larger domain been associated with large enterprises and little attention has been given to CSR and SMMEs. SMMEs are perceived to be one of the contributing sectors in any country's economy, with many being key to job creation, income generating, and poverty alleviation. Most SMMEs have challenges that threaten their continuous survival and some SMMEs have acknowledged how important CSR is to them, for a various reasons like image building and reputation that are very significant in a competitive environment. However, the link between CSR and SMME competitiveness has since been questioned. For these reasons, this purpose of this research is to examine the impact of CSR on the performance of SMMEs.

A detailed review of previous studies' discussions of SMME, CSR and SMME and CSR relationship was conducted in Chapter 2 of this study. The study focused on several aspects of SMMEs and throughout the chapter it was revealed that many definitions for SMMEs were available. For this research purpose, the focus was on the number of employees, turnover and ownership arrangements in classifying SMMEs. SMMEs were explained as organisations that are managed nor owned by one individual and have less than 200 workers. Chapter 2 also focused on the CSR factors including input from previous studies and chapter also determined the dimensions of CSR among SMMEs.

5.2. CONCLUSIONS AND DISCUSSIONS

The results of the survey revealed many different conclusions. This main purpose of this study was to look at the impact of CSR on performance of different SMMEs in Butterworth. The survey's main findings were that the majority of SMMEs in Butterworth know what CSR is and what it means. Moreover, the majority of these

SMMEs recognize that a relationship exists between performance and CSR, as also stated by Guzman et al. (2016:573), who claimed that a business that has a higher level of CSR involvement will benefit from higher levels of business performance. As small as it is, Butterworth has many young people who are in SMMEs both as employees and owners. The majority of them have tertiary qualifications and instead of looking for jobs and adding to the over escalating numbers of unemployed graduates they invest their knowledge in business.

The results that were obtained by this study and presented in the previous chapter revealed that while the majority of surveyed SMMEs are driven into engaging CSR by means of complying to the legal legislation, many of these SMMEs are driven by profits that are linked to these activities. From the results of this study, the surveyed SMMEs know CSR as a way to enhance their business performance. What has however been neglected is the fact that it should somehow be seen as a philanthropic action. SMMEs have been using these initiatives to enhance their image and reputation and not many of them are doing it to better the lives of the community they serve.

The study further revealed that most SMMEs are of the view that CSR is good for business performance; however, even though the majority of SMMEs believe CSR is good for business performance, there is still a large number of them with no strategy in place to address CSR needs in the business. These results strongly support this study's hypothesis that states that CSR significantly impacts SMME performance. Further, the results obtained in this study further give clarity in addressing this study objective that is to assess the perceptions of SMMEs about CSR.

One of the significant discoveries made by this study was that SMMEs in Butterworth who have been practising CSR through workforce diversity, product safety and quality have the capability to invite and keep employees and succeed in their efforts to keep operating costs at the minimum. However, it appears that these SMMEs have not been reporting these kinds of behaviours as CSR nor have they regarded them as such. These discoveries have aligned with those of Pirnea et al. (2012:203) who claimed that most SMMEs are not aware of their socially responsible behaviour even though their actions are so.

This study has also concluded that there is still a need for SMMEs in Butterworth to be educated about the importance of CSR engagement; it is conclusive that SMMEs in Butterworth are still under the notion that the only way of practising CSR is giving out money and volunteering in charity organisations. This is evident from the results obtained in this study which show many SMMEs do not encourage their employees to practise CSR and hence they regard giving money as enough. They do not see the need to reward CSR behaviour.

Amongst other things recovered by the study, was that the majority of SMMEs in Butterworth do not evaluate CSR behaviour – some because they do not know how to do that and some simply regard CSR as just another waste of time and money. It was evident that they do not fully understand the impact this kind of strategy has on business performance. These study findings clearly show that the SMMEs in Butterworth do not know or rather do not understand that they are being socially responsible one way or another. This study thus concluded that SMMEs in Butterworth do practise CSR but the majority of them do not know that some of their actions are being socially responsible. Giovanna et al. (2012:325) also expressed that SMMEs do not necessarily understand the term CSR very well to an extent that they do not report their participation although they may be engaged in CSR practices with their closest stakeholders. This notion was supported by Pirnea et al. (2012:203) claiming that SMMEs might not rightfully be aware of their CSR activities, more especially micro businesses that do not take the liberty to regularly measure and evaluate these activities.

This study concluded that the most benefitting stakeholders in CSR are the community and the government. This was echoed Munasinghe and Makulmari's (2012:168) study that asserted that the most cited stakeholders were the community and environment followed by the customers and employees.

5.3. RECOMMENDATIONS BASED ON THE FINDINGS

This research found a noticeable knowledge gap regarding CSR in the SMME sector in Butterworth. The study uncovered the negligence shown by these SMMEs and comes up with the following recommendations based on the findings:

- SMMEs need further education about the significance of CSR since it was discovered that most of these SMMEs do not evaluate or report this behaviour.
- SMMEs in Butterworth need to have strategies in place to execute CSR as the study found that the majority of these SMMEs do not have any strategy in place and do not reserve any funds for CSR activities.
- There needs to be thorough engagement between the public society and the business society about needs regarding CSR as it seems rural parts of SA, like Butterworth, do not see CSR as a way of economic participation but rather as a way of showing their sense of charity.
- This study recommends the emergence of CSR consultants in rural areas all around SA as the scope of CSR has received very little attention from the academic side and is taken for granted by the business side.
- This study recommends that SMMEs should invest their resources in CSR activities, with not just pumping money into charity organisations but by allowing their employees get involved in CSR activities such as community gatherings, events, youth development programmes and other CSR initiatives. This does not just help the organisation to interact and get closer to its key stakeholders but it brings the business to the people and is a very effective marketing strategy.

5.4. RECOMMENDATIONS FOR FURTHER RESEARCH

It is obvious from most of the literature that is available as well as the content of this study that the impact of education qualifications of owners or managers running SMMEs on the application of CSR strategies in business operations has not been explored. This study has left a very interesting gap for future researchers to look into, namely the impact posed by the education qualifications of owners and managers running SMMEs in rural parts of SA. Since CSR is regarded as a modern term, it is more likely to be practised by these youngsters who have tertiary education. Most of the researchers who have studied the subject in SA have looked into the relationship of CSR and performance; it would be a great addition for future researchers to look at the impact of tertiary qualifications of managers or owners of SMMEs in their dealing with CSR.

The study only focused on the influence of CSR on the performance of SMMEs and thus recommendations for future research looks into studying the ways to measure these inputs and analyse how CSR can specifically be used by SMMEs to improve their competitiveness.

5.5. CONCLUSION

In a national and international context, SMMEs have been key in job creation, economic growth, poverty alleviation, to mention a few. Although their survival has always been threatened throughout their existence, SMMEs have always been keen to acknowledge the significant role played by CSR in their competitiveness and survival. However, the existence of CSR has always been associated with large and well established enterprises (Giovanna et al., 2012:329), which has led to SMMEs being less involved in the application of CSR as a business strategy. For that reason, the fact that a relationship between CSR and SMME performance exists has been vague and questionable. Therefore, this research aimed to investigate the impact of CSR on the performance of SMMEs. With that being said, the following were the study's objectives:

- To explore the different corporate social responsibilities engaged in by SMMEs
- Hodgetts and Kuratko (2008:20) stated that some companies simply respond to social concerns by acting within the boundaries of the law. Some react more actively by accommodating responsibility for various societal programmes, and others are extremely proactive and are even determined to be assessed by the public for their activities. However, SMMEs would focus on the health and safety of their workers, offer training and development for their employees, day care facilities for children of employees working within the organization, fair and reasonable salaries due to the poor communities they operate in (Dzansi & Pretorius, 2009:249).

This study discovered that SMMEs in Butterworth are more engaged in education and training, youth development, charitable organisations, health care support and community events. However, with that being discovered, the study further found that a majority of support was for education and training and a lesser support was given for community events. Moreover, it was also discovered in this study that a great proportion of support was in monetary form. By means of the research technique

adopted, the study concluded that the majority of SMMEs in Butterworth have been engaging in education and training and youth development as their CSR initiatives.

- To assess the drivers of CSR among SMMEs

This study's objective was also to assess what drives SMMEs to CSR engagement, and it was found that most SMMEs in Butterworth have always acted in a socially responsible manner because of the benefits that are associated with the behaviour. Vogel (2005:2) argued that there are many reasons leading to some businesses choosing to be more involved in CSR without being legally bound to do so. These reasons range from strategic and defensive to philanthropic reasons. The fundamental belief that it is good for businesses to be involved in CSR is the main driver forcing businesses to behave responsibly (Kotler & Lee, 2005).

- To determine the impact of CSR on the performance of SMMEs

Another objective of this study was to assess the impact of CSR on the performance of SMMEs. Turyakira et al. (2014:168) reckoned that enterprises that dedicate their resources to develop their workforce and ensure job security are more likely to enjoy improved competitiveness in the long run. This will improve their motivation levels and ensure greater levels of job satisfaction. In this way they will be able to gain and retain a competitive advantage. The findings of these authors are in keeping with those of this study in addressing this objective. This study has shown that the adoption of and engagement in CSR by SMMEs has a fruitful impact on the business performance. Moreover, the data collected and analysed throughout the study led to the finding that CSR does have a significant impact on performance of SMMEs. However, some studies deny this notion and this study too could not totally reject the idea that CSR does not significantly impact on business performance.

- To assess the perceptions of SMMEs about CSR

The findings of this study in addressing this objective have not been far from that of Thompson and Smith (1991 cited in Dzansi & Pretorius, 2009:248) who indicated that customer satisfaction is the main concentration of SMMEs. Customer satisfaction in current times needs more than quality, honest and dependable advertising, it also needs good customer care (Dzansi, 2004:87) that requires SMMEs to participate actively and have a dependable workforce (Dorian, 1996 cited in Dzansi, 2004:87).

This study has thus realised that even though some of the SMMEs studied were not aware of the fact that they are being socially responsible and they do not measure or report their social responsibility, they are in fact involved in CSR in various ways. These results are in accordance with Giovanna et al. (2012:325) who also expressed that SMMEs do not necessarily understand the term CSR very well, to an extent that they do not report their participation although they may be engaged in CSR practices with their closest stakeholders.

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APPENDIX 1:

STUDY QUESTIONNAIRE



- This questionnaire takes 15 minutes to complete.
- DO NOT write your name on this questionnaire so your responses will never be linked to you personally.
- You do not have to answer any questions that make you feel uncomfortable answering.
- Please use a Black or Blue Ink Pen to complete this questionnaire.

SMME SURVEY INSTRUMENT

Instructions

1. Please state your age. (please tick)

18-24years	25-35years	36-44years	45-55 years	Over 55years
------------	------------	------------	-------------	--------------

2. Please state your Gender. (please tick)

Male	<input type="checkbox"/>
Female	<input type="checkbox"/>

3. Please state the year of your Company/ Organization establishment.

.....

4. Please indicate your occupation in the organization. (Please tick)

Owner	<input type="checkbox"/>
Employee	<input type="checkbox"/>
Manager	<input type="checkbox"/>
supervisor	<input type="checkbox"/>
Other specify	

5. Please indicate your racial status. (Please tick)

Black	
White	
Indian	
Coloured	

6. Please indicate your level of education. (please tick)

No formal education	
No matric	
Matric	
Diploma	
Degree	
Postgraduate?	

7. Please indicate your Business Sector. (please tick)

Retail	
Services	
Manufacturing	
Other specify	

8. Are you aware of CSR as a terminology? (Please tick)

Yes	
No	

8.1 How to you is its true meaning?

.....

.....

9. Do you think that there is relationship between Performance and CSR? (Please tick)

Agree	Strongly agree	Neutral	Disagree	Strongly disagree
-------	----------------	---------	----------	-------------------

10. To what extent do you think CSR is best for Company performance? 1=lowest, 7=highest
(Please tick)

1	2	3	4	5	6	7
---	---	---	---	---	---	---

11. Please rank the following drivers of CSR according to you. (1=lowest, 7=Highest)

No	Drivers of CSR	Rank	Provide an explanation
1	Increase in profits		
2	Image building and reputation		
3	Vision and philosophy of the company		
4	Legal compliance		
5	Community pressure		
6.	Other- specify		
	Other-specify		

12. Please tick the strategy you have in your company to execute CSR.

Separate department	
Consultants	
Owner do it on their own	
No strategy	

13. Does your company or organization have funds put aside for CSR activities? (Please tick)

yes	
No	

14. Have your company/ organization invested its resources in any of these community activities? (Please tick)

Community gatherings	
Community events	
Charity organizations	
Youth development	
Education and Training	
Promotion of Culture	
14.1. Others please give details below	
.....	
.....	

15. Are your employees encouraged to participate in local community activities (e.g. providing employee time and expertise, or other practical help)?

Yes	
No	
In part	
I Don't know	

15.1 Explain:

.....

16. What type of resources do you provide? (Please tick)

- a. Money
- b. In kind
- c. Volunteers
- d. Others (please specify)

17. Has your company/ organization provided any of the following to assist employees, their families, community members? Please tick

Health care assistance	
Education	
Training	
Counselling	
Preservation programme	

18. Do your company/ organization reward CSR behaviour? (Please tick)

Yes	
No	
In part	
Don't know	

18.1 Explain:

.....

.....

19. Does your company/organization evaluate CSR behaviour? (Please tick)

Yes	
No	
In part	
Don't know	

19.1 Explain:

.....

.....

20. To which stakeholder does your company report CSR? Please tick

Directors	
Employees	
Customers	
suppliers	
Community members	
Government	

20.1 Explain:

.....

.....

21. Does your organization raise awareness to the following CSR issues? (Please tick)

	Yes	No	In part	I don't know	Explain
Charitable contributions					
Employee volunteer programme					
Corporate involvement in community					
Education					
Employment programmes					

	Yes	No	In part	I don't know	Explain
Product safety and quality					
Lower operating costs					
Enhanced image and reputation Increased sales and customer loyalty					
Workforce diversity					
More ability to attract and retain employees					

22. Please indicate your opinion about the benefits of CSR to the following stakeholders

Stakeholders	Agree	Strongly agree	Neutral	Disagree	Strongly disagree
Employees					
Directors					
Customers					
Suppliers					
Community					
Government					

23. Please indicate your opinion on how your company/ organization has been doing since engaging with CSR activities.

Poor	Moderate	Good	Excellent	I don't know
------	----------	------	-----------	--------------

23.1 Explain:

.....

.....

24. Do you prefer to buy products or services of companies who practice CSR?

Yes	
No	
I don't know	

24.1 Explain:

.....

.....

25. Would you pay higher prices for products/ services of companies who practice CSR?

Yes	
No	
I don't know	

25.1 Explain:

.....

.....

26. Please indicate the monthly profits of your organization

0?-R50 000	R50 001-100 000	R100 001-500 000	R500 001-R1 000 000	Over R1 000 000
------------	-----------------	------------------	---------------------	-----------------

27. Please rate your overall company/ organization performance

Poor	Moderate	Good	Excellent
------	----------	------	-----------

27.1 Explain:

.....

.....

28. The organization is able to retain/save some profits for expansion Yes No

 If Yes, how much on average.....

29. Please rate how your company/ organization have grown since start up

Poor	Moderate	Good	Excellent
------	----------	------	-----------

29.1 Explain:

.....

.....

30. How many employees were there when the business started?

31. How many employees are there currently?

32. What was the largest number of employees at any one point? when was this?

33. What made the employee numbers to change?

Explain.....

34. CSR Measuring Scale

Item No.	Item/ question	Strongly disagree	Disagree	Agree	Strongly agreed
1	My firm provides good condition for personal development of employees in many aspects				
2	My firm tries to make fair decision about and for the employees				
3	My firm is dedicated to develop its employee's skills.				
4	My firm participates in youth development initiatives				
5	My firm supports local economic growth by using local suppliers as much as possible				
6	Honest and professional treatment to customers is key in my firm				
7	My firm tries to provide excellent service and quality products to its customers.				
8	My firm respects customer rights meanwhile attention to other stakeholders' rights				
9	My firm participates in activities which aim to protect and improve the natural environment.				
10	My firm always pays its taxes and other duties regularly and completely				
11	My firm cooperates with other private and public entities in social responsibility projects				
12	My firm takes very seriously customer complaints				
13	My firm makes a safety environment				

Item No.	Item/ question	Strongly disagree	Disagree	Agree	Strongly agreed
	for customers and employees				
14	My firm is concerned with improving the general well-being of society				
15	Engage in generosity contributing to such cause as the art, education and social services				
16	My firm donates its resources and services to charity organizations in the society				
17	My firm tries to protect environment by using recyclable products.				
18	My firm promotes employee volunteerism and non-profit involvement				
19	My firm is dedicated to the fight against crime and supports initiatives to fight crime.				
20	My firm uses its resources to fight end illiteracy by donating its resources to ABET classes.				
21	My firm always pays its taxes and other duties regularly and completely.				
22	My firm has enough disclosure about its products and services to customers				
23	My firm tries to be the best cost provider in the industry.				
24	My firm involves the community in the decisions that will affect the environment.				
25	My firm contributes in the local economic growth.				

THANK YOU FOR PARTICIPATING IN THIS STUDY