DURBAN UNIVERSITY OF TECHNOLOGY

THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN PROMOTING GROWTH IN SMALL AND MEDIUM ENTERPRISES (SMEs) IN THE HOSPITALITY SECTOR IN PIETERMARITZBURG.

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THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN PROMOTING GROWTH IN SMALL AND MEDIUM ENTERPRISES (SMEs) IN THE HOSPITALITY SECTOR IN PIETERMARITZBURG.

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At the Durban University of Technology

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OCTOBER 2021

Signature: .................. Date: ..10/04/2022.......
DECLARATION

I, Nompulelo Ngubane, the undersigned, declare that the work displayed in this thesis is based on my study and that I have not submitted this thesis to any other institution of higher education in order to gain an academic certification.

Signed: ........N.NGUBANE.................................................................

DATE: ........25/11/2021.................................................................
ABSTRACT

There is a consensus about SMEs being key to the growth of most economies in Africa and the world in general. SMEs have been branded as fecund drivers of economic growth and sustainable development in South Africa and the world at large. The existence of SMEs in any economy is of paramount importance despite them bullied by large corporations. There is growing recognition of the important role SMEs play in economic development. SMEs often described as efficient and prolific job creators, the seeds of big businesses and the fuel of national economic engines with much hype on their ability to create employment. Research on Corporate Social Responsibility in SMEs is limited, especially in developing countries. Considering Hospitality sector in Pietermaritzburg Municipal region, corporate social responsibility has been growing greater importance in the minds of businesses. Given the enormity of the South African economy, social responsibility for business took centre stage during the socio-economic turbulence experienced in the country.

While playing such a significant role in the economy, to address this, the study will investigate perceived effectiveness of Corporate Social Responsibility as a stimulant of growth for SMEs in the service sector in Pietermaritzburg municipal area. The research shall consider the convenience and purposive sampling as sampling strategies. It will employ a sampling design where participants are conveniently but purposively selected on a volunteering basis. The quantitative approach will be used where a questionnaire is going to be used to obtain and analyse primary data. The study will make use of numeric data making use of descriptive research design to drive results and conclusions.

This shall be done by assessing the attitude levels of Hospitality SMEs towards corporate social responsibility; the practice of corporate social responsibility by hospitality SMEs; exploring barriers undermining the practice of corporate social responsibility by hospitality SMEs; and exploring SME owner-managers’ values key to the sustainable growth of the business. This study aspired to expand and contribute significantly to the body of knowledge regarding CSR by examining CSR on sustainable growth of hospitality SMEs in Pietermaritzburg Municipal region. As new knowledge, the study proposed a model based on the Stakeholder Theory which is meant to assist Hospitality SMEs in Pietermaritzburg Municipal region to apply positive attitude towards embracing CSR in their businesses. However, the study recommends that local authorities and chambers of commerce must play a
leading role in awareness and support mobilisation to try and motivate hospitality SMEs to practise CSR. In addition, it is recommended that the phrase ‘Corporate Social Responsibility’ should be re-phrased as ‘Small Business Responsibility’ or generally ‘Business Responsibility’ as a way of contextualising the whole responsible business idea, promote and refer to the social responsibility of SMEs. The phrase simply drives SMEs to think that they are excluded from the practice because of their size. The concept Corporate Social Responsibility imposes a challenging journey on SMEs it is psychologically intimidating to SMEs, hence resistance to the practise of CSR.
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# Table of Contents

CHAPTER ONE .......................................................................................................................... 15

OVERVIEW OF THE STUDY ...................................................................................................... 15

1.1 BACKGROUND TO THE STUDY ..................................................................................... 15

1.2 STATEMENT OF THE PROBLEM .................................................................................... 16

1.3 AIMS AND OBJECTIVES ............................................................................................... 17

1.4 SIGNIFICANCE OF THE STUDY .................................................................................... 17

1.5 DEFINITION/CLARIFYING CONCEPTS .......................................................................... 18

1.5.1 DEFINITION OF SUSTAINABLE GROWTH .............................................................. 19

1.5.2 ATTITUDE AND PERCEPTION .................................................................................. 19

1.6 SCOPE OF THE STUDY ................................................................................................... 20

1.7 RESEARCH OUTLINE ...................................................................................................... 21

CHAPTER TWO .......................................................................................................................... 22

CORPORATE SOCIAL RESPONSIBILITY .................................................................................... 22

2.1 SMEs BACKGROUND ...................................................................................................... 22

2.2 SMALL AND MEDIUM ENTERPRISES DEFINED .......................................................... 23

2.3 THE IMPORTANCE OF SMES IN THE ECONOMY ....................................................... 25

2.4 CHALLENGES AND CONSEQUENCES FACED BY SMEs .............................................. 25

2.5 WHAT DO SMEs NEED TO SUCCEED? ......................................................................... 28

2.6 GENERAL BACKGROUND TO THE GROWTH, SURVIVAL AND FALL OF SMEs IN SOUTH AFRICA .......................................................................................................................... 29

2.7 CORPORATE SOCIAL RESPONSIBILITY (CSR) .............................................................. 30

2.8 CSR MULTIDISCIPLINARY ACTIVITIES TOWARDS SUSTAINABLE GROWTH OF HOSPITALITY AND RETAIL SMEs ........................................................................................................... 34

2.9 WHAT COULD BE THE RELATIONSHIP BETWEEN CSR AND SMES? ....................... 41

2.10 CSR AND SMES .......................................................................................................... 42

2.11 CAN HOSPITALITY SMES IN PIETERMARITZBURG MUNICIPAL REGION AFFORD TO BE SOCIALLY RESPONSIBLE? ................................................................................................................. 43

2.12 CSR AND SUSTAINABLE GROWTH OF SMES IN PIETERMARITZBURG MUNICIPAL REGION ......................................................................................................................................................... 49
2.13 OVERVIEW OF SOME EUROPEAN COUNTRIES SMEs' APPROACHES TO CSR ................................................................. 51
2.14 OVERVIEW OF SOME ASIAN COUNTRIES' SMEs' APPROACH TO CSR .......... 53
2.15 OVERVIEW OF AFRICAN COUNTRIES' SME's APPROACH TO CSR ............... 54
2.16 ATTITUDE LEVELS OF HOSPITALITY SMES TOWARDS CSR IN PIETERMARITZBURG MUNICIPAL REGION ................................................................. 56
2.17 THE SME OWNER-MANAGER’S VALUES KEY TO SUSTAINABLE GROWTH OF THE BUSINESS ................................................................. 58
2.18 THE PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY BY HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION ......................................... 63
2.20 CHAPTER SUMMARY ........................................................................................................ 75

CHAPTER THREE .................................................................................................................. 77
RESEARCH METHODOLOGY AND DESIGN ................................................................................. 77
3. INTRODUCTION ...................................................................................................................... 77
3.10 DEVELOPING THE RESEARCH METHODOLOGY ......................................................... 80

CHAPTER FOUR ..................................................................................................................... 82
DATA PRESENTATION, ANALYSIS AND DISCUSSION ............................................................... 82
4.1 INTRODUCTION .................................................................................................................... 82
4.2 SECTION ONE: BIOGRAPHICAL DETAILS ....................................................................... 82
4.3 SECTION TWO: HOW HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION PERCEIVE CORPORATE SOCIAL RESPONSIBILITY ................. 87
4.4: SECTION THREE: THE EXTENT TO WHICH HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION PRACTISE CSR .............................................. 104
4.5: SECTION FOUR: BARRIERS UNDERMINING THE PRACTISE OF CSR HOSPITALITY SMEs ................................................................................................................. 123
4.7: SECTION SIX: DISCUSSION OF DESCRIPTIVE STATISTICS ............................................. 139
4.8: CHAPTER SUMMARY ....................................................................................................... 146

CHAPTER FIVE ....................................................................................................................... 147
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ........................................................... 147
5.1 INTRODUCTION ................................................................................................................... 147
5.2 REVIEW OF THE MAJOR FINDINGS OF THE STUDY ......................................................... 147
5.3 SUMMARY OF THE MAJOR FINDINGS REGARDING THE KEY RESEARCH QUESTIONS

5.4 OTHER MAJOR FINDINGS RELATED TO THE SOCIAL RESPONSIBILITY OF HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION

5.5 CONCLUSIONS

5.6 RECOMMENDATIONS

5.7 CONTRIBUTION TO NEW KNOWLEDGE

5.8 DIRECTIONS FOR FUTURE RESEARCH

BIBLIOGRAPHY
ANNEXURES

ANNEX A: Ethical clearance
ANNEX B: Gatekeeper’s letter (companying questionnaires)
ANNEX C: Questionnaire
ANNEX D: Letter from the Editor
Figure 2.1: Carroll’s CSR Model..............................Error! Bookmark not defined.
Figure 2.2: CED model of CSR ................................................................. 37
Figure 2.3: Social responsibility categories .............................................. 40
Figure 4.1: Highest Educational qualification for SME owners...................... 84
Figure 4.2: Length of ownership by Hospitality SME owners in Pietermaritzburg Municipal region ............................................................... 85
Figure 4.3: Employee distribution.................................................................. 86
Figure 4.4: Perceived degree of importance of shareholders/owners............ 88
Figure 4.5: Perceived degree of importance of society/community ............... 89
Figure 4.6: Perceived degree of importance of customers ......................... 90
Figure 4.7: Perceived degree of importance of employees ......................... 91
Figure 4.8: Perceived degree of importance of the environment.................... 92
Figure 4.9: Relative degree of importance of various Stakeholders to Hospitality SMEs in Pietermaritzburg Municipal region ......................... 93
Figure 4.10: Hospitality SME owner-managers’ business success grading.. 136
Figure 4.11: Degree of Importance of owner manager values to the creation/attraction of investment opportunities.............................. 139
LIST OF TABLES

PAGE

Table 2.1: SME definition on the basis of employee numbers ......................... 24
Table 2.2: Ten basic types of values .................................................................. 60
Table 2.3: Research in the field of CSR in SMEs ............................................. 66
Table 2.4: Opportunities and barriers to CSR in SMEs .................................. 70
Table 4.1: Gender distribution ......................................................................... 83
Table 4.2: The degree of importance of goodwill, company image and public relations to the growth of an enterprise .......................................................... 95
Table 4.3: Perceived environmental and social obligations of Hospitality SMEs in Pietermaritzburg Municipal region ............................................ 96
Table 4.4: The perceived link between environment, social responsibility and business growth ......................................................................................... 98
Table 4.5: Degree of relationship between business growth and responsible business practices ................................................................. 98
Table 4.6: Degree to which Hospitality SMEs in Pietermaritzburg Municipal region believe they follow responsible business practices .................. 100
Table 4.7: Hospitality SMEs perceptions of responsibility towards society, employees and environment ............................................................. 101
Table 4.8: The extent of CSR practise of Hospitality SMEs towards their employees ................................................................. 105
Table 4.9: The extent of practise of Hospitality SMEs towards the environment ............................................................................................................. 110
Table 4.10: Hospitality SMEs’ involvement in the community ......................... 114
Table 4.11: Motivational factors that drive Hospitality SMEs in Pietermaritzburg Municipal region to engage in CSR activities .......................... 120
Table 4.12: Hospitality SMEs’ communication to Stakeholders about their involvement in social responsibility activities ............................... 122
Table 5.13: Hospitality SMEs’ barriers to engaging in CSR activities .......... 124
Table 5.14: Tools required for stimulating the involvement of Hospitality SMEs in CSR ......................................................................................... 126
Table 5.15: Factors threatening the growth of Hospitality SMEs in Pietermaritzburg Municipal region ................................................................. 128
Table 4.16: Values that drive the way SME owner-managers run their businesses ................................................................. 135
Table 4.17: Descriptive statistics with regard to age of the participants ........ 140
Table 4.18: ANOVA test outputs for participants’ age ............................... 141
Table 4.19: Descriptive statistics with regard to gender .............................. 142
Table 4.20: Descriptive statistics with regard to level of education .............. 143
Table 4.21: ANOVA test output for level of education ............................... 145
Table 5.1: PROPOSED MODEL TO GUIDE HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION TO INCREASE THEIR PRACTISE IN CORPORATE SOCIAL RESPONSIBILITY ............................................. 160
LIST OF ACRONYMS AND ABBREVIATIONS

CSR: Corporate social responsibility
SME: Small and Medium enterprises
GEM: Global entrepreneurship monitor
ICT: Information, Communication Technology
MIF: Multilateral Investment Fund
IADB: Inter-American Development Bank
ADB: African Development Bank
PC- GNI: Gross national income per capita
MSME: Micro, Small, and Medium Enterprise
EU: European Union
GDP: Gross domestic product
GEM: Global Emerging Markets
PCA: Principal component analysis
CIPC: Companies and Intellectual Property Commission
CPI: Corruption perception index
SEDA: Small Business Development Agency
WBCSD: World Business Council for Sustainable Development
MNC: Multinational Corporations
TNC: Transnational Corporation
NGO: Non-governmental organisation
WBCSD: World Business Council on Sustainable Development
CED: Committee for Economic Development
SGR: Sustainable growth rate
UNIDO: United Nations Industrial Development Organization
ISO: International Standard Organisation
APO: Asian Productivity Organization
ROI: Return on Investment
SRI: Stanford Research Institute
CSP: Corporate social performance
SAAR: Social accountability, auditing and reporting
CHAPTER ONE

OVERVIEW OF THE STUDY

1.1 BACKGROUND TO THE STUDY

Despite the fact that Corporate Social Responsibility has traditionally been associated with large corporations, according to Hall (2019), SMEs have proven to be a significant player in the global economy, so the majority of researchers have concentrated on the principles and practices of Corporate Social Responsibility in SMEs. They aren't merely tiny versions of larger firms, as a growing body of academic study on the sector's commitment to CSR has demonstrated (Kechiche and Soparnot, 2018).

"SMEs have been identified as productive drivers of inclusive economic growth and development in South Africa and around the world," Robert and Fay (2019) agreed. SMEs account for 91% of established firms in South Africa, employing around 60% of the workforce and accounting for roughly 34% of the country's Gross Domestic Product. Because SMEs play such an important socioeconomic role, it is imperative that they develop and flourish (Massoud, 2019). Nonetheless, the success rate of SMEs in South Africa is low for a variety of reasons, and a few studies have highlighted a shortage of capital as one of the key reasons for this low success rate.

According to Mahembe (2020), a number of studies have identified access to finance as a critical success factor, and similar studies conducted throughout the world have also highlighted the importance of CSR in the success of SMEs (2019). However, no study in this field has been out in South Africa (Hall, 2019). There is a frequent phenomenon in underdeveloped countries where there is insufficient knowledge about SMEs and research on ethics and Corporate Social Responsibility in SMEs is limited. Theoretical breakthroughs emerging from the perspective of SMEs are nearly non-existent (Fatoki and Chiliya 2019). There is a widespread view that research on Corporate Social Responsibility in SMEs in developing nations is woefully inadequate. Delchet-Cochet and Vo (2017), on the other hand, believe that while articles have called for research on Corporate Social Responsibility in SMEs, the work done so far has been minimal, and that further research is needed. As a result,
this study will fill a vacuum in the literature by looking into the impact of corporate social responsibility on the growth of SMEs in the hospitality sector in the Pietermaritzburg municipal area.

1.2 STATEMENT OF THE PROBLEM

According to Robert and Fay (2019), South Africa faces a plethora of socioeconomic difficulties, many of which are, to a considerable extent, tied to the country’s high unemployment rate. According to Hall (2019), the official unemployment rate is roughly 25%; however, if those between the ages of 16 and 60 who are discouraged job seekers are included, the unemployment rate is approximately 40%. In South Africa, 65% of children lived in households with at least one working parent in 2019. The remaining 35% (almost 6.5 million children) lived in families where neither parent worked. Between 2016 and 2019, there was just a minor drop in unemployment with the proportion of children who live in unemployed households hovering around 35% (Massoud, 2019).

"New SMEs are seen as a crucial component of the solution to South Africa’s development concerns," Olawale and Garwe (2019) stated. Most new Small Medium Enterprises, on the other hand, do not grow; their failure rate in South Africa (75%) is one of the highest in the world, contributing to widespread unemployment. Despite their importance and contribution to economic success, SMEs in South Africa continue to face a number of roadblocks that limit their expansion. Apart from SMEs’ funding and access to finance (which is a major reason for the high growth failure rate), the Global Entrepreneurship Monitor (GEM) Reports (2015-2019) found that, due to a lack of sufficient training and education, South African Small and medium enterprises have poor marketing, expertise, and management skills. Failure rates for small to medium businesses are high, leading to business bankruptcies and a high level of unemployment in the economy (Mahembe, 2018).

In recent years, South Africa has had a viral unemployment trend, and while SMEs play an important role in decreasing unemployment, their survival and sustainable growth rates are low; as a result, their function in reducing unemployment is weakened or substantially lessened (Massoud, 2019). Corporate social responsibility is one of the tactics that most firms use to ensure their survival and long-term growth through variables like brand loyalty. Corporate social responsibility is crucial to the survival and expansion of SMEs in order to reduce unemployment in the economy (Robert and Fay, 2017).
1.3 AIMS AND OBJECTIVES

The purpose of this research is to look into the function of corporate social responsibility in fostering the growth of hospitality SMEs in the Pietermaritzburg municipal region. This will be accomplished by collecting and analysing data on SMEs’ perceptions of Corporate Social Responsibility and the practice of Corporate Social Responsibility by SMEs in the services sector. The study's goal is to see if SMEs in South Africa’s high failure rate or poor growth rate may be attributed to their failure to adopt or practice Corporate Social Responsibility as a long-term growth strategy.

1.3.2 RESEARCH OBJECTIVES

• To look into how small and medium businesses in the hospitality industry conduct CSR.

• Determine how small- and medium-sized business owners feel about corporate social responsibility.

• To remove impediments to the practice of Corporate Social Responsibility by hospitality SMEs.

• To explore the personal values of Small and Medium Business owners, which are critical to the practice of Corporate Social Responsibility.

1.4 SIGNIFICANCE OF THE STUDY

According to Jamali, Lund-Thomsen, and Jeppesen (2019), organizations are generally operating under immense pressure in this globalised business environment because societies and governments have various and increasingly burdensome expectations, compared to the past, when little was expected of the business in terms of CSR (the concept has developed with time). The world is becoming more complicated as great fast-growing changes occur in areas such as ICTs, marketing, supply chain, and ever-changing client preferences. Governments have a vital role in ensuring the long-term viability of SMEs by developing laws and legislation that make it easier for them to operate and realise meaningful growth. Research shows that there is much literature largely discussing corporate social responsibility by large corporates. However, to this end, besides their immense contribution to the economy, SMEs are underrated and overlooked in respect of CSR. There is a
general thought that research on corporate social responsibility for SMEs have been undermined by the assumption that SMEs has little or no opportunities to practise social responsibility since large organisations bulldoze their way into the limelight and exploit the benefits thereof.

However, Thompson and Smith (2020) argued that “SMEs have gained the reputation of being less capable of fulfilling social responsibility than large corporations. While the writers concede that the magnitude of resource investments or contributions by SMEs may be small, and the visibility of their social actions less conspicuous, when compared to big business, they maintain that an enlightened view of social responsibility suggests that small business social actions are only limited by the imagination of small business owner-managers”.

What are the roadblocks to hospitality SME’s practicing Corporate Social Responsibility? In what ways do hospitality SME’s practice Corporate Social Responsibility? What is the owner’s opinion of Corporate Social Responsibility in Small to Medium Enterprises?

How do the personal values of the owners of Small Medium Enterprises influence the practice of Corporate Social Responsibility? What does CSR mean to SMEs? What drives SMEs to participate in CSR? The goal of this research is to answer these concerns by looking into the impact of corporate social responsibility in fostering growth in small and medium-sized businesses (SMEs) in the hospitality sector in Pietermaritzburg.

In view of the little research on CSR for SMEs in the Pietermaritzburg Municipal Region compared to large businesses, the relevance of this study is to contribute a relevant and expansive contribution to the body of knowledge on CSR for SMEs in and around South Africa. Not only among the studied hotel sector SMEs, but among all SMEs in general, the study will aid in raising knowledge of the responsible business and moral reasons to practice CSR, as well as the accompanying benefits from CSR. Furthermore, the research findings, recommendations, and recommended model are expected to trickle down to SMEs in the hotel sector and SMEs in general.

1.5 DEFINITION/CLARIFYING CONCEPTS

In line with this research study, there is a need to clarify three concepts, namely, sustainable growth, attitude and perception.
1.5.1 Definition of Sustainable growth

From a financial standpoint, Tyrväinen (2019) stated that a company's sustainable growth rate is the greatest growth rate it can accomplish without increasing its financial leverage or debt financing. This means that, given the company's profitability, asset utilization, dividend pay-out, and debt ratios, it is the highest growth rate that can be attained.

In general, sustainable growth refers to a balance between a company's rate of expansion and all of its aspects. The company must sustain a healthy development rate without jeopardizing or causing other serious economic issues, especially for future generations (Ostry, Berg and Tsangarides 2019). A firm that considers the effects of its expansion on its employees, community, and environment is referred to as the future generation. Through research, it has been established that there is a direct trade-off / or interchange between rapid growth and future growth. Rapid expansion now has the potential to deplete resources and cause environmental, employee, and societal difficulties for future generations, including as the depletion of oil and salmon populations, as well as global warming (Ball 2019).

1.5.2 Attitude and Perception

Attitude has been defined from different angles of expertise including the social sciences and management sciences where some experts such as Bartikowski and Walsh (2015) suggest a definition where they assert that attitude is a predisposition or a tendency to respond positively or negatively towards a certain idea, object, person or situation. Furthermore, the scholars explained that attitude influences an individual's choice of action and responses to challenges, incentives and rewards (together called stimuli). Along the same line of thought, Aruna (2019) stated that attitude is a manner of thinking, feeling or behaviour that reflects a state of mind or disposition. It refers to the way a person views something or tends to behave towards it, often in an evaluative way. However, not diverting much from what has been said above, the researcher's view agrees with Luttrel, Petty and Briñol (2019) that attitude is an individual's position and feeling with regard to a person or thing.

Taking a look at perception, a reputable social theorist Hagenaars (2019), defined it as “A way in which something is regarded, understood or interpreted. A stand point/position on the way you think about or understand a subject, someone, concept or something.” In general, sustainable growth refers to a balance between a
company's rate of expansion and all of its aspects. Rapid expansion now has the potential to deplete resources and cause environmental, employee, and societal issues for future generations. Businesses must sustain a rate of growth while avoiding disadvantages or other severe economic issues.

Medical science researchers (Allport 2018) defined an attitude as "A mental or neural state of readiness, organized through experience, exerting a directive or dynamic influence on the individual's response to all objects and situations to which it is related, exerting a directive or dynamic influence on the individual's response to all objects and situations to which it is related." A mind-set or a tendency to operate in a specific way as a result of both an individual's experience and temperament is a simpler definition of attitude." Finally, Lindsay Peter and Norman Donald (2020) agreed that perception and attitudes are intertwined, stating that "perception is the process by which creatures interpret and arrange sensation to form a meaningful experience of the world." A person is confronted with a circumstance or stimuli, in other words." According to Haring (2019), a person transforms stimuli into something significant to him or her based on previous experiences. However, what a person thinks or perceives may differ significantly from reality.

Considering all the contributions from different authors and researchers above, it is the researchers’ opinion that there is a thin line between the two words which is why most people use them Interchangeable. To this end Lindsay Peter and Norman Donald (2018) agree that the two words are closely related, but Haring (2019) argues in his explanation that a perception is not always reality.

Nonetheless, the researcher suggests that besides the scientific definitions of the two, how one perceives a concept or world at any given time is important. It is vital to one’s behaviour towards that thing. If one perceives someone is out to get one, one’s attitude will reflect that and one will behave accordingly. If one perceives CSR is beneficial to business, naturally one’s attitude will be more positive and one’s behaviour will be CSR inclined. Perception leads to attitude, which affects behaviour and which in turn creates either a positive approach or negative approach to the concept. Based on the views and arguments of the academics above, this study shall adopt the two words and will use them interchangeably where applicable in an effort to solicit and present critical information throughout the research.

1.6 SCOPE OF THE STUDY

This study is confined to Small and Medium enterprises (SMEs) in the hospitality sector registered with the Pietermaritzburg Municipal region. Furthermore, the study
will not include hospitality sector SMEs in other provinces, since the whole research study will become too expanded and geographically tiresome to carry out a conclusive study. It is of importance to note that the study will consider a business to be an SME and should be not less than 20 and no more than 200 employees. CSR is a vast concept which cannot be entirely exhausted in a single research study because businesses can engage in any of the various forms of CSR. However, for the purposes of this study, the focus is primarily directed to hospitality sector SMEs’ social responsibility with respect to the environment, community and their employees.

1.7 RESEARCH OUTLINE

Chapter two is a critical literature overview aiming to examining literature from different sources for and against corporate social responsibility as a concept and practice by SMEs in general. The discussion will be mainly focused the role of corporate social responsibility in promoting growth in Small and Medium enterprises (SMEs) in the hospitality sector in Pietermaritzburg on the existence, adoption, implementation and practice of CSR outside the borders and inside the boundaries of South Africa. The chapter also looks at the interface between CSR and the success of the business. It also establishes the role of corporate social responsibility in promoting growth in Small and Medium enterprises (SMEs) in Pietermaritzburg Municipal region in particular. The overview shall include examining literature under the research objectives as the main themes of the study and examines the theoretical framework on which this study bases its concept of CSR. The chapter critically examines fundamental linkages that exist between CSR as a practice and Stakeholder theory, the drive and socio-economic factors that CSR address in business. Chapter three is a detailed discussion of the research methodology adopted in this study. Chapter four present, interprets the results of the survey by the owner-managers of SMEs in hospitality sector Pietermaritzburg Municipal region. The results are discussed and contextualised in relation to the literature and other similar surveys carried out on the same concept. Chapter five mainly feature a detailed summary of key findings of the study survey and literature review. Recommendations are provided and a model is proposed that SMEs hospitality sector can adopt to further their engagement in CSR. Finally, the chapter concludes with an outline for future areas of research.
CHAPTER TWO
CORPORATE SOCIAL RESPONSIBILITY

2.1 SMEs BACKGROUND

This chapter will carry out an assessment on SMEs and an in-depth analysis on the concept of CSR study and examines the theoretical framework on which this study bases its concept of CSR. The chapter critically examines fundamental linkages that exist between CSR as a practice and Stakeholder theory, the drive and socio-economic factors that CSR address in business.

According to Amran (2019), corporate social responsibility (CSR) is a business management concept that began in the early 1930s when the Wall Street disaster of 1929 exposed CSR in huge corporations. Since then, social responsibility has remained at the forefront of corporate operations and a popular research issue for practitioners and scholars from a variety of fields.

Nejati (2018) while the primary meaning of CSR has been adjusted and polished since its inception, the significance of this multidimensional concept for the SME sector has continued to be overshadowed by its application to large and multinational corporations. Because there isn't a lot of thinking put into it, to CSR in relation to SMEs until recent years, the knowledge of social activities in this sector, particularly in Africa, has remained unexplored and nebulous. This study therefore investigates CSR from the perspective of hospitality sector SMEs in the Pietermaritzburg Municipal region of South Africa (Masemola 2019).

The purpose of this study is to investigate CSR on Sustainable Growth for SMEs in the hospitality sector in the Pietermaritzburg Municipal Region of South Africa. Arguments from the literature review are analysed to determine which investigations would contribute to developing a holistic understanding. The chapter will go on to discuss the concept of CSR, the attitudes of SMEs toward CSR, the practice of CSR by SMEs, the values of SME owner managers in relation to the sustainable growth of hospitality sector SMEs, and the barriers to the practice of CSR by SMEs.

The increased understanding of the CSR orientation of SMEs in the hospitality sector industry gained from investigating these areas will aid in shedding more light on
the use of Stakeholder theory for explaining the SME–CSR relationship in this Chapter Two.

2.2 SMALL AND MEDIUM ENTERPRISES DEFINED

In Australia, the Wiltshire Committee completed an important early study of the performance and difficulties of small businesses in 1971. It defined a small business as one in which one or two people are required to make all critical management decisions: finance; accounting; personal; purchasing processing or servicing; marketing; selling without the assistance of internal specialists; and with specific knowledge in only one or two functional areas (Subramaniam and Moslehi 2018). In Thailand, Chittithaworn (2019) established that an enterprise is defined as a SME based on the value of assets or the number of full-time employees. However, a more widely accepted and used quantitative definition of the Australian Bureau of Statistics (ABS 2016) is that small businesses are companies with less than 20 employees and medium businesses are companies with less than 200 employees (Kuruppu, Mukheibir and Murta 2017).

The Statistical Centre of Iran classified enterprises into four categories: those with 1-9 employees, those with 10-49 employees, those with 50-99 employees, and those with more than 100 employees. Only enterprises with fewer than 50 employees are classified as small and medium enterprises by Iran's Statistical Centre (Azimzadeh 2018). According to Ng and Kee (2019), SMEs in Kenya are businesses with 11-100 employees.

Nkonoki (2019) summarized all of the views by quantifying the view that while the definition of what constitutes a SME varies, it is generally based on the number of employees and financial turnover.

The South African National Small Business Act No. 102 of 1996, on the other hand, defines medium enterprises as those employing more than 50 and up to 200 people, with a total annual turnover of less than 40 million Rand (Nieman 2017). Small businesses employ 20 to 50 people and have an annual revenue of less than 10 million rand. Table 2.1 illustrates this.
The definition of what constitutes a small business (SME) varies from country to country and sector to sector, according to different authors and academics. The Republic of South Africa's National Small Business Act of 1996, as amended in 2004, defined a SME as a separate distinct entity that is predominately carried out in the public sector. Ng and Kee's (2019) definition differs from that of Subramaniam and Moslehi (2018), who highlighted an accepted definition in Australia. However, the definition differs from most researchers' definitions, which are based on size and turnover. It is common that a SME definition cannot be specific to a particular field or trade, but as a public concept, the definition must not miss at least two determinant factors which are the maximum annual revenue and the number of full-time employees. It is important to note that the SME sector encompasses a wide range of businesses. There are significant differences between medium-sized enterprises and very small or micro-enterprises. Because the primary focus of this research is on small and medium-sized businesses rather than the micro-sector, the acronym ‘SME’ is used throughout.

The different definitions provided by previous researchers in the above literature review leave a gap for further study as to what exactly applies to a business classified as a SME. However, for the purposes of this study, the definition of a SME will be adopted from the Republic of South Africa Small Business classification, which is based on the number of employees in this case, which is between 20 and 200, with a total annual turnover of no more than R40m. In order to discover SMEs
as a household name with a significant pattern in most economies, it is necessary to examine some of the issues that contribute to the definition.

2.3 THE IMPORTANCE OF SMES IN THE ECONOMY

SME contributions to economic growth, social cohesion, employment, and local development are recognized by governments all over the world. In most nations, small and medium-sized enterprises (SMEs) make for the majority of businesses and are critical for the following reasons:

2.3.1 ENTREPRENEURIAL AND ECONOMIC GROWTH

According to Baumgartner, Gelbmann, and Rauter's (2018) contributions to the literature, the most competitive nations are those with the highest level of entrepreneurial activity. Small and medium-sized businesses are the greatest job creators and, collectively, the greatest wealth creators in emerging economies. In 1790, 90% of the US population was self-employed, which is widely regarded as a major factor in the development of the world's largest economy.

With that in mind (Baumgartner, Gelbmann, and Rauter 2018), (Brown-Liburd and Zamora 2019) agree and explain that many of today's most influential global corporations began as small entrepreneurial ventures in America around that time. These potentially transformative entrepreneurial entities must be identified and nurtured now in South Africa, as well as in other emerging economies.
2.4 CHALLENGES AND CONSEQUENCES FACED BY SMEs

SMEs play a crucial role in almost all economies but particularly in developing countries, with major employment and income distribution challenges. The creation and sustainability of new SMEs are vital to the economic prosperity of a country or else it risks economic stagnation (Fatoki 2019).

Reginald and Millicent (2019) statistically pointed out that SMEs account for roughly 91% of formal business entities, contributing between 51 per cent and 57% to the GDP and 60% of employment in South Africa.” The contribution by SMEs to South African GDP is unquestionable. However Cant and Wiid (2018) iterated the fact that Pietermaritzburg Municipal region SMEs fail in spite of support from government and private initiatives that support and develop small businesses. SMEs experience problems not only during economic downturns but also during economic progress. According to Fatoki (2019), the failure rate of these SMEs even when support is available has led to high unemployment rate and crooked economic growth trends. In addition, Castells and Himanen (2017) shared the view by noting that many small businesses within South Africa do not make it past the second year of trading, with failure rate as high as 63%.

According to Reginald and Millicent (2018), challenges to small business growth include a lack of management skills, poor networking, high labour costs, crime, and inaccessibility to finance. A few years ago, the interest rate was over 18%, which had a significant impact on consumer and business spending power. Since the 2015 economic downturn, interest rates around the world have fallen, with some countries having a 1% interest rate and South Africa having a prime rate of 6% - the lowest in decades. Despite the fact that these rates were slightly in favour of business, hospitality sector SMEs in Pietermaritzburg were, one way or the other, hospitality sector SME in Pietermaritzburg Municipal region were still found fighting for survival.

According to Ngary et al. (2019), “lack of business skills is attributed to the failure of businesses owned by young people, as opposed to the need for capital, which is common to everyone who is self-employed.” Managerial competencies are also a thorn in the flesh because critical to the survival and growth of new SMEs (Hove, Sibanda and Pooe 2019). Shinozaki (2019) holds the same belief that a lack of managerial experience and skills is the primary reason why new businesses fail. Furthermore, he stated that in South Africa, a lack of education and training has resulted in a reduction in management capacity in new businesses. This is one of the causes of the low level of entrepreneurial activity high failure rate of new ventures.
Hove, Sibanda, and Pooe (2019) set aside all other challenges and used the Resource Based Theory to demonstrate an entrepreneur's financing needs, stating that entrepreneurs require resources such as fixed assets and working capital to achieve a competitive advantage in the market. Lekhanya and Mason (2019) made a far-reaching suggestion that, while SMEs are expected to have assets in order to compete, most new SMEs in Pietermaritzburg Municipal Region are not utilizing or aware of government efforts to assist them through institutions such as Khula Finance Enterprise and Small Business Development Agency (SEDA).

Due to the high incidents of crime, businesses are incurring huge costs to safeguard not only goods but customers as well. In addition, SMEs in Pietermaritzburg Municipal region, as is the case all over the world, have to pay registration and licenses fees and pay taxes as part of government legislation, which has a significant impact on the sustainable growth of SMEs in the country (Beck and Cull 2019).

Nonetheless, SMEs in the Pietermaritzburg Municipal Region play a critical role in the development of the South African economy and have emerged as the primary source of job creation. SMEs in Pietermaritzburg Municipal region are faced with a variety of exogenous and endogenous variables, which are not only affecting its day-to-day business but its long term success and survival Pooe (2017).

Hove and Sibanda (2019), as well as the other researchers mentioned above, appear to be following the same line of thought, in which financial resources are the primary challenge. Notably, financing is required for small businesses to start and expand operations, develop new products, and invest in new employees or manufacturing facilities. Another impediment to the development of entrepreneurship in the Pietermaritzburg Municipal region is a perceived lack of support, particularly from government. The South African government is making significant efforts to encourage entrepreneurship. Because the majority of new entrepreneurs lack the necessary capital to launch a business, government assistance is critical. Regrettably, most entrepreneurs are not aware of these government programmes which are specifically designed to help them. There is little information on the types of financial products available to entrepreneurs, as well as the procedure to apply for these products.
2.5 WHAT DO SMEs NEED TO SUCCEED?

According to Carlisle (2017), through various sorts of cross-border activity, business globalization has transformed SMEs into global value chains. Many entrepreneurs are seeing the benefits of this procedure, and obtaining access to global markets has proven to be a crucial instrument for their long-term growth. Access to global markets for small businesses, according to Nel, Binns, and Bek (2019), can provide a plethora of business opportunities for small businesses, including fat and new niche markets; opportunities to exploit scale and technological advantages; upgrading of technological capability; ways of spreading risk; lowering and sharing costs, including R&D costs; and in many cases, improving access to finance. In light of the above contributions, Mahembe (2017) contends that gaining access to global markets can assist prospective high-growth firms to realize their potential and is often an essential strategic move for SMEs with large investments in intellectual property.

According to Bischoff and Wood (2019), in order to thrive, hospitality sector SMEs in the Pietermaritzburg Municipal region require a conducive business environment and regulations; adequate basic infrastructure services; access to short and long-term funding at reasonable rates; equity and venture capital; advisory assistance; and market knowledge. They are typically plagued by a lack of entrepreneurial skills, as well as deficiencies in accounting, production management, and business planning. According to Thomas (2018), as SMEs grow, they require greater access to export markets and the global economy. So far, international experience has taught us that very few government and donor initiatives have succeeded in implementing sustainable strategies for SME development.

According to Afsharipour and Rana (2019), in order to succeed, sustainable SME development will necessitate concerted efforts among the Stakeholders involved, which include commercial and rural banks, leasing companies and equity providers, consulting and training firms, internet providers, and local business associations.

Taking into account Bischoff and Wood (2019) and Mahembe (2017) contributions, the researcher believes that, in the same context of identifying a conducive environment in which SMEs can sail to success without much bruising, the role of provincial municipalities and government in the process should be limited to providing an enabling environment for private sector development, correcting potential market failures, and promoting private sector development. Governments lack the resources and expertise to become directly involved in economic activities such as SME financing and service provision. International experience demonstrator
on the rise that government is not the appropriate vehicle to implement and coordinate such efforts, consequently, public-private partnerships for SME development are a critical element for the success of these efforts.

2.6 GENERAL BACKGROUND TO THE GROWTH, SURVIVAL AND FALL OF SMEs IN SOUTH AFRICA

The study shows that crime is the leading macro-environmental variable affecting South African SMEs. To support SMEs in their bid to grow, some of the following should be taken into consideration:

- Training programs and workshops aimed at SMEs should include the key variables identified in order to be focused and specific to the problems faced by South African SMEs, as well as to allow for the practical application of concepts and procedures (Blankestijn, Tiggeloove and Snijders 2019).

- Associations and representative bodies focusing on key variables such as crime prevention tips and methods should be formed (Breetzke, Landman and Cohn 2019).

- Negotiations should be held with local governments to increase their role in assisting SMEs based on the specific key variables identified (Delchet-Cochet and Vo 2017).

To salvage themselves from closing their doors for business, the marketing of SMEs should include aspects of the ‘Proudly South African’ initiative and also the endorsement of supporting local SMEs. Furthermore, in order to cope with the trials and tribulations that pave the entrepreneurial journey, entrepreneurs must have an innate frustration at normality and a strong belief that they can meet the demands and offer beneficial products and services to their Stakeholders according to the Stakeholder Theory.
2.7 CORPORATE SOCIAL RESPONSIBILITY (CSR)

2.7.1 Definition of CSR

The European Commission (2017) defines the concept ‘corporate social responsibility’ as a concept where organisations incorporate social and environmental concerns into their business operations and in their interaction with their Stakeholders on a voluntary basis (Mutti 2019).

Revathy (2017) argues that “Corporate social responsibility is concerned with treating the Stakeholders of the firm ethically or in a responsible manner. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation”.

However, in the South African context, the most acknowledged definition was made available in the King Report of 2019 which defines corporate social responsibility as a well-managed organisation that is aware of and responds to social issues, placing a high priority on ethical standards (Pless, Maak and Stahl 2019). In fact, Baron (2001) commented that he views CSR as an ill- and incompletely defined concept. Furthermore, Cheng, Ioannou and Serafeim's (2019) literature defined CSR as a concept whereby companies integrate social and environmental concerns into their Stakeholder business operations and in their interaction with their Stakeholders on a voluntary basis. Generally, according to the Stakeholder Theory, it is all about open and transparent business practices based on ethical values and respect for Stakeholders and the environment, which will contribute to the sustainable growth of an SME business (Tennyson, Serafin and Venables 2019).

According to Farina and Chambel (2019), the following claims are unjust since they define CSR as operating a business in a way that meets or surpasses society's ethical, legal, commercial, and public expectations. Muthuri and Gilbert (2017) from Kenya backed them up, describing CSR as "running a business in a sustainable manner that satisfies the ethical, legal, and communal well-being." being Benn (2004), Dunphy (2019), and Griffiths (2019), in an effort to reconcile the slight differences in the contextualisation and practices of corporate social responsibility among authors, collectively agree that corporate social responsibility is the commitment of business to contribute to the sustenance of the environment, economic development and working with Stakeholders to improve their quality of life.
Chandler and Werther Jr (2018) assert authoritatively that there are minor discrepancies in CSR definitions across academics and authors, with definitions being influenced by how authors contextualize CSR. In essence, CSR is a developing term with a variety of acceptable definitions. Turyakira, Venter, and Smith (2019) went on to say that the many definitions are indicative of CSR’s complex and multi-dimensional nature, as well as its implementation and practices in various nations.

Corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship, and corporate societal marketing are all phrases (connotations) that have been used to refer to the same thing. Turyakira, Venter, and Smith describe corporate social responsibility from a business perspective, whereas others adopt an environmental, ethical, legal, or humanitarian or philanthropic approach (2019).

Finally, all of these divergent viewpoints point to the necessity for a common ground: CSR is about conducting business in a sustainable and ethical manner, as well as handling or responding appropriately to stakeholder concerns. As a result, CSR refers to a company's commitment to its employees, community, and environment in order to preserve sustainable living standards for the purposes of this study. All of the issues generally connected with CSR, including as community, environment, human rights, and employee treatment, are included in this idea. Some of these characteristics are related to social dimensions, whereas others are related to stakeholders (e.g., community involvement, employee treatment, and their families). As a result, this definition is consistent with Development (2004) and Benn, Dunphy, and Griffiths' (2019) multidimensional concept of CSR, which incorporates Revathy (2019)'s review of various definitions of CSR and found that the Stakeholder and Social dimensions receive exactly the same attention based on frequency counts in research studies. The inclusion of Stakeholders within the scope of CSR, as defined by the Stakeholder Theory, is unquestionably critical, especially given the blurry line between Stakeholder management and CSR.

Jensen (2019), for example, suggested that a Stakeholder is everyone who can potentially benefit from the firm's participation, which includes issues related to community, government, employees and their families.
The above CSR definition is in line with that of Freeman (2017) whose definition of a Stakeholder is any group or individual who can affect or is affected by the achievement of an organization’s purpose.

This research study further dissects the proposed definition by the World Business Council for Sustainable Development (WBCSD 2004) to look at CSR from the point of view of Stakeholder involvement in an effort to limit and streamline the research to elements considered as Stakeholders, such as the community, in order to limit and streamline the research to elements considered as Stakeholders. In terms of the Stakeholder Theory, Khoury, Amer, and Khalaf (2019) agreed that CSR is the corporation's overall relationship with all of its stakeholders, which include consumers, employees, communities, owners/investors, government, suppliers, and competitors. In addition, investment in community outreach, employee relations, and other aspects of social responsibility will be considered in this context, employee relations, the creation and maintenance of employment and environmental stewardship.

CSR remains a broad, complex and continually evolving concept that encompasses a variety of ideas and practices. Practice has so far primarily been concentrated on large multinational enterprises. However, its wider application in SMEs is of central importance, concerning their contribution to the economy, employment performance and general contribution to the economic development of society (Kechiche and Soparnot 2019). Therefore, based on the above comments by different researchers, the term 'corporate social responsibility' (CSR) is used in this study to refer to the social, environmental and economic attitudes and practices adopted by firms towards Stakeholders.

2.7.2 Corporate Social Responsibility (CSR) History

Secchi (2019) and Lee (2018) remarked that the notion of CSR has been evolving in meaning and practice since Carol's 1996 CSR pyramid. The previous definition of CSR focused on philanthropy before shifting to an emphasis on business-society links, specifically referring to a corporation's or firm's contribution to solving societal problems.

The concept of corporate social responsibility (CSR) was born in the nineteenth century in the United Kingdom (Asongu 2018). However, it was the United States
that saw a surge in interest in CSR in the 1960s. The corporate sector, as the chief architect of the neoliberal economic model, is primarily responsible for delivering social services such as pensions and medical care (Vogel 2019). According to Moon (2017), the scope of CSR was enlarged in the 1980s, when business objectives were merged with social responsibility of the firm, requiring it to care for the environment, employees, and make good profits. Inoue and Kent, on the other hand, argue that the globalisation of the economy has increased the importance of corporate responsibilities in other developed countries.

In the 1990s, Peter Drucker and many other authors championed CSR as a component of corporate strategy (Moon 2019). Carroll (2018) depicted a more systematic path of CSR growth in his model using a pyramid, as shown in Figure 2.1. While all of these commitments have always existed in some form or another, ethnic and charity components have just recently emerged as a significant aspect of business, according to Carroll (Sharma, Sharma and Kishor 2019).

Carroll's CSR Model (Figure 2.1)

![Carroll’s CSR Pyramid](image)

Carroll is the source of this information (2018)

Despite competing ideas such as sustainability, corporate citizenship, business ethics, stakeholder management, corporate responsibility, and corporate social performance striving to replace it, the term corporate social responsibility is still widely used, according to Carroll and Shabana (2017). These terms refer to a
corporation's collection of policies, procedures, investments, and actual results that are executed and achieved in various ways in order to meet the needs of its Stakeholders.

2.8 CSR MULTIDISCIPLINARY ACTIVITIES TOWARDS SUSTAINABLE GROWTH OF HOSPITALITY AND REALTIL SMEs

2.8.1 Workforce-oriented CSR activities

CSR actions aimed towards improving workers' working conditions include offering training and staff development, encouraging equality and diversity, and aiding workers in establishing a work-life balance (Mayes, McDonald and Pini 2019).

According to Dhaliwal (2017), the metrics of workforce-oriented CSR activities include health and safety systems, systems for employee training and development, equal opportunities policies, systems for outstanding employee relations, and systems for job creation and security.

In SMEs, employee retention and motivation are key drivers and targets for CSR programs (Melo and GarridoMorgado 2019).

As a result of CSR, this has happened.

2.8.2 Society-oriented CSR activities

Those activities directed at community, sports, health and well-being, education, support for low-income groups, and community engagement, according to Homburg, Stierl, and Bomemann (2019), are referred to as society-oriented CSR activities. These activities are seen as supporting social and cultural activities in the community, as well as community development and other connected issues. Support for sporting activities is the most popular CSR activity among SMEs in practically every country in Europe and Africa. Similarly, throughout Latin America, SMEs appear to be the most active in supporting sporting, health, and cultural activities.

In the researchers' view, SMEs are not in isolation from the community they operate in. Therefore Lizarzaburu (2019) strongly suggested a paradigm shift on the way SMEs view the society. His suggestion was mainly targeted at a two-way relationship where the community and the business view each other as partners. Cruz (2017) agreed and explained that Society-oriented CSR activities have a significant positive influence on the increased competitiveness of Pietermaritzburg Municipal in the hospitality sector SMEs. According to Cruz (2019), this means that a business which
voluntarily participates in local community activities, such as providing the community with donations, assisting them with projects and sharing some of its profit with the community, is more likely to become competitive in the long run. Therefore, SMEs should take an interest in the overall well-being of the community by engaging in local community activities such as giving the community donations of necessary funds and goods, awarding grants to children for outstanding scholastic performance, and assisting the community with general development projects (e.g., health care and sports) in order to build good community relations and thereby enhance their competitiveness (Rahim and Wisuttisak 2017).

2.8.3 Environmentally-oriented CSR activities

Calabrese (2017) argued that societal CSR activities, such as financial and in-kind (material) donations, volunteerism, public education, support of various kinds for local quality of life (e.g. sports, culture, etc.) and collaboration with local schools, authorities, and various organizations, are important to SMEs.

To summarize the above, Manasakis, Mitrokostas, and Petrakis (2020) believed that the health, stability, and prosperity of the communities in which they operate are essential for SMEs. A company's reputation in its community, its image as an employer and producer, as well as an actor on the local scene, all have an impact on its competitiveness.

Environmentally focused CSR efforts, according to Supanti, Butcher, and Fredline (2019), had a favorable impact on their business reputation, which improved their competitiveness. According to a poll of local SME owners/managers in the Nelson Mandela Bay region of South Africa, there is a link between embracing environmentally-oriented CSR initiatives and greater profitability competitiveness. Customers prefer to associate themselves with environmentally responsible firms and products. As a result, firms that practice environmental stewardship are likely to earn a large number of satisfied and loyal customers.

Environmentally-oriented social responsibility activities refer to the instrument or measures that a company can use to reduce its negative impact on the environment, such as the efficient and ecological use of natural resources, energy and water conservation, recycling, environmentally friendly packaging, pollution control, and waste reduction. The most essential environmentally-oriented corporate social responsibility initiatives address the efficient use of resources and energy, as well as the environmentally friendly disposal of pollution and waste. Environmentally focused
social responsibility activities strive to create environmentally sustainable products and services, packing materials that are cost-effective at the end of the day in order to improve their image and competitiveness (Shepherd 2017). According to Kulkarni and Rao (2019), while corporate social responsibility has been a popular topic of study since the early nineteenth century, it has gained traction in recent years as academics and practitioners have begun to investigate it. Recognizing the social and environmental impact of small and medium-sized businesses. Because huge corporations have long prioritized CSR studies, socially responsible efforts in the SME hospitality sector are sometimes overlooked and underestimated. These conclusions are based on a number of erroneous assumptions taken from large organizations.

As a result, the social responsibility approach of SMEs has, until recently, remained largely unexplored (Pless, Maak and Stahl 2019).

In light of the foregoing, Zeng (2019) contends that, rather than becoming a pervasive idea in business management, CSR has been studied mostly at the level of large corporations. As a result, numerous writers have expressed reservations about using typical CSR ideas to investigate social actions in SMEs. This emphasizes the importance of gaining a comprehensive understanding of SME features.

If a firm goes above and above what the law requires in terms of environmental standards and uses environmentally friendly packaging materials, it has a better chance of becoming well-known among its stakeholders and becoming competitive in the long run. As a result, hospitality SMEs in the Pietermaritzburg Municipal Region should talk with the government on CSR projects that will benefit key stakeholders and the business. In order to improve their image and competitiveness, SMEs should also focus on the usage of cost-effective ecologically friendly packing materials.

The Committee for Economic Development, according to Shin (2019), made one of the most significant contributions to the definition of CSR (CED). The CED proposed a three-dimensional model of the notion. The inner circle depicts clear-cut essential obligations for the efficient execution of economic activities such as productivity, job creation, and economic growth, evoking the concept of "business responsibility." The obligation of the economic function with reference to evolving social values and priorities, such as environmental conservation, labor relations, and more stringent
customer expectations for information, fair treatment, and protection from injury, is included in the intermediate circle. The outer circle outlines emerging and still amorphous responsibilities that the business should assume to become more broadly involved in actively improving the social environment. A presentation of the CED model is made below.

**Figure 2.2: CED model of CSR**

- **Inner circle:** Clear-cut basic responsibilities
- **Intermediate circle:** Exercise economic function with awareness of social values
- **Outer circle:** Newly emerging responsibilities that business should strive to become more broadly involved in for improvement of social environment

Source: Adapted from Carroll (2016)

Carroll describes the CED model as ‘a landmark contribution to the concept of CSR’ which illustrates the changing relationship between business and society (Carroll 2016).

Following up on SMEs, Carroll's (2016) model essentially asserts that business is expected to take on more societal duties than ever before and to fulfill a broader spectrum of community ideals than ever before. In fact, Pietermaritzburg SMEs are expected to contribute more to the quality of the societies in which they operate than simply selling goods and services. As much as SMEs exist to serve society, the quality of management’s response to shifting community expectations will undoubtedly determine the company's life and future. In responding to societal needs, the values of the owner-manager are extremely significant.
Even while the model illustrates an integrated approach to CSR with company, employees, society, and the environment, according to Dillon, Back, and Manz (2019), it still fails to describe how corporations may react to show their responsiveness. This shift in CSR's paradigm from "philosophical and moral obligation" (CSR1) to "managerial and organizational action" (CSR2) was later documented by Hoffman, Frederick, and Schwartz (2018), who argued that "while CSR1 is reactive, responding to the business environment and social pressures, CSR2 is proactive and anticipatory, aiming to impact and change enterprise environments."

According to Windsor (2018), in Hoffman, Frederick, and Schwartz (2018), in a CSR2 model of CSR, the corporation determines the level of its social response, and economic concerns take precedence over social concerns. Instrumental reasoning became impervious to normative evaluation because CSR2 embodies the dominant values of corporate culture and the defense of the corporate status quo. To put it another way, CSR2 downplayed the importance of principles, human rights, and social justice in CSR1. Ghazizadeh et al. (2018) argued that CSR is a firm's response to concerns, in contrast to the CED's (1971) separation of economic and larger social duties among stakeholders. Beyond the narrow economic, technical and legal requirements of a firm and therefore it begins where the law ends. Other researchers of this period had similar views. As they noted, CSR was distinguished by its long (as opposed to short) term managerial focus and by its discretionary, rather than mandated actions.

CSR is viewed differently by Fernandez-Feijoo, Romero, and Ruiz (2019a). They addressed how Eilbert and Parker introduced the concept of community in CSR literature in 1973. They define CSR as "maybe the easiest way to grasp social responsibility is to think of it as good neighbors," using the term "neighbourhood." Fernandez-Feijoo and colleagues (2019). There are two stages to the notion. It can be expressed as a voluntary commitment to help fix neighborhood problems such as racial discrimination and pollution on the one side, and not doing things that 'spoil' the neighborhood on the other.

However, the study takes Moon's (2019) larger understanding of corporations into account. Executive must remain grounded in his philosophy, open in his approach and able to take decisive actions that are instantaneously profitable and attuned with the accepted values of his society (Moon 2019).
According to Coppa and Sriramesh (2018), a similar approach is centered on enterprises as a vital aspect of society, which is in line with Moon (2019). They presented a three-tiered model that characterized business behavior in terms of increasing levels of commitment, notably social obligation (a response to legal and market limitations), social responsibility (consistent with societal norms), and social responsiveness (a response to societal needs) (adaptive, anticipatory and preventive). Beyond social obligation, social responsibility encompasses the requirement to raise business behavior to a level that is consistent with prevalent society norms, values, and performance expectations.

Nejati and Amran (2018) developed a sociological view of corporate social responsibility in the middle of this time. According to them, CSR2 abandoned the conceptual focus of CSR1 in favor of an operational focus, which included an attempt to tackle a management issue that had previously been treated as a social and/or ethical issue as a management issue. They simply defined a company's social responsibility in terms of its influence on its stakeholders: employees, customers, owners, vendors, and the local and wider communities. Three key contributions to the discussion on corporate social responsibility were made by Nejati and Amran (2018). To begin, the argument claims that CSR initiatives’ success is based on their effectiveness. is dependent on the CEOs of large corporates and SMEs owners, who should be champions in portraying business responsibility.

Second, the premise was that businesses should be proactive, and third, that corporate social responsibility can involve both external and internal stakeholders. Until recently, corporate social responsibility was thought to be either a reactive (corporate social responsibility) or proactive (corporate social responsiveness) process, and as a result, there was little knowledge on the many types of corporate social responsibility. Regrettably, the issue of integrating the firm's economic and social orientations remains unresolved (Reverte 2019).

Boulouta and Pitelis (2019) proposed a step toward overcoming this uncertainty after offering a detailed description of corporate social responsibility. According to Boulouta and Pitelis (2019), the component sections are oriented on capitalistic and societal demands, in line with Carroll (2016). The concept was developed from a retroactive developmental standpoint, based on the idea that the history of business shows a relevant emphasis on economic, legal, ethical, and discriminatory considerations. The four categories are only examples of how motives and actions might be categorized. one or another of these four kinds. The order and relative
weighting of these classes of motives is to suggest what might be termed their fundamental role in the evolution of importance. Although the components are not mutually exclusive, it actually helps a manager to consider that the diverse types of obligations are in an endless tension with one another (Newman 2019).

**Figure 2.3: Social responsibility categories**

Carroll is the source of this information (1979).

However, Carroll's (1979) incorporation of economic and legal responsibilities under social responsibility clashes with other perspectives, such as Davis's (1973), who defines social responsibility as something that begins where the law ends (Broady-Preston and Lobo 2017).

In concluding the arguments around Carroll's (1979) model of responsibilities, CSR has emerged as a significant theme in the global business community and has
already moved into the mainstream activity. The increased emphasis on corporate social responsibility is having an impact on connections between businesses and their different stakeholders, such as customers, employees, communities, and governments. Larger corporations have already included CSR as a critical component of long-term viability in their business plans. Singh, Islam, and Ariffin (2015) argued that, whereas social behaviour was once thought to be the domain of larger organizations with more societal implications, SMEs' social behaviour is no longer disregarded. People have begun to recognize the importance of SMEs as the most common type of business in all countries, as well as the net influence they can potentially have within society. SMEs make up the largest business sector in South Africa and most world economies. There is dominant in terms of absolute numbers, and are also the key drivers of employment and economic growth Singh et al (2015).

a positive relationship between CSR activities of SMEs and their enhanced competitiveness, at least if a long-term perspective is considered.

2.9 THE RELATIONSHIP BETWEEN CSR AND SMES?

According to Macey (2019), every business entity, from a single street hawker to a large multinational corporation, has stakeholders and an impact on society, whether negative or positive. CSR is broadly described as a company's overall contribution to the sustenance of society. As a result of global competitiveness, technological breakthroughs, and changing consumer demands, competitive paradigms are continually moving.

As a result of these changes, businesses are being driven to compete on dimensions such as product design and development, production, distribution, communication, and marketing. The notion of corporate social responsibility (CSR) has been promoted as an effective technique for SMEs to improve their operations and competitiveness as global competitiveness remains a hot topic. CSR is seen as a key topic that organizations of all sizes and types must understand and address. In light of this, Idemudia (2019) argued that there is a positive relationship, in able development and, as a result, should apply equally to major corporations and small businesses. When it comes to corporate social responsibility, however, is discussed in policy circles, academia, the media and wider civil society, the focus tends to be on the largest corporate. SMEs are often disregarded. Soneye, Kovács and Kovács (2019) pointed out that some related policy debates, however, do address SMEs.
Programmes on enterprise development and business development services often focus particularly on ensuring an accommodative environment for SMEs.

According to Ghazizadeh et al. (2018), a thriving SME sector may serve as the foundation for all economic activity, and SMEs can serve as the economy's mainstay, notably in terms of employment. As it is, CSR is a good place to start when thinking about SMEs.

However, Pérez, Martnez, and del Bosque (2018) contend in Toledano and Riches (2019) that a comment on language is necessary before establishing any link between CSR and SMEs. Despite the fact that the word "SME" is widely used, it is rarely defined. However, understanding the sector's importance, as well as the implications and limitations of CSR in connection to it, is critical. Even within specific countries, what makes a small, medium, or large corporation is far from clear or universal.

The SME sector includes a wide spectrum of businesses, from established traditional family businesses with over a hundred employees to self-employed people operating in informal micro-enterprises. While the upper end of the range is comparable in developed and developing countries, the latter's SMEs are concentrated in the lower end. The distinction between the formal and informal sectors further blurs the picture. Attempts to link the CSR agenda to SMEs are likely to be limited to these firms because the term SME normally refers solely to firms functioning inside the formal (legally registered) sector. Employees and society are directly impacted by CSR efforts., employees or community. Therefore, SMEs which are not legally registered find it difficult to utilise and take advantage of the CSR platform (Idemudia 2019).

2.10 CSR AND SMES

Stakeholder management and motivation to CSR in SMEs are two forms of personal ties identified in previous CSR and SMEs study. In the literature review, these emerged as the most common topics. However, much of the earlier research on CSR and SMEs compared large corporations to SMEs. As a result, this section contains certain SME idiosyncrasies that are involuntarily compared to a large firm (Adesokan 2019). Asif (2018) believes that CSR should be integrated into all organizations across all industries, regardless of size or type. Because of the significant impact of SMEs on the environment and the economy, the focus on study
in the field of CSR has shifted from major corporations to SMEs. on the environment, economy and society.

The researcher discovered that SMEs are involved in CSR. Furthermore, the nature of small businesses differs from that of giant enterprises. Various studies have demonstrated the unique characteristics of SMEs in terms of CSR (Abreu et al. 2019). For example, according to Beal (2018), the majority of SMEs believe their obligation encompasses social and environmental responsibilities, but there is unlikely to consider CSR as a risk to their brand image or reputation.

In light of the foregoing, SMEs are already managing a variety of social, economic, and environmental repercussions, but they do not typically utilize the terminology of CSR to do so. SME’s, in particular, have a lot of good economic and social consequences in their communities that aren’t always recognized in terms of CSR. Nonetheless, with the exception of philanthropic activities, SMEs do not have a high level of explicit corporate social responsibility.

2.11 SMEs in PIETERMARITZBURG MUNICIPAL REGION

A thorough review and collection of responses from several researchers with regard to the above important question has been documented through Opara (2019) who asked how Pietermaritzburg Municipal region Hospitality SMEs can become socially responsible or invest in CSR with the poor funding conditions in the country, poverty, and other economic barriers in the country. SMEs made it possible for more and more people to be able to work and make a living, however, positive investment options are not readily available to SMEs as most of these options require huge capital injections. With economic trends in South Africa, Hospitality SMEs are just multiplying. However, there is one problem that disables most entrepreneurs starting such enterprises, which is the high level of taxes that the government takes from individuals that are ready to invest in SMEs. Consideration needs to be given to how SMEs can afford to invest in CSR if facing such hurdles.

The high level of taxation is the reason why people are not ready to invest in CSR, as outlined below:

- Difficult procedures and legislative rules necessary for the start-up of SMEs;
- Very high taxes, which decrease the prosperity of SMEs. The high level of taxes is one of the reasons contributing to black markets (Asif 2018).
If more Hospitality SMEs are to be created in Pietermaritzburg Municipal region and also practise CSR, then local governments should find ways of reducing their pressure on the economic front and encourage entrepreneurs to establish sustainable SME businesses that will at the end of the day practise CSR. Of course, government does not carry the entire responsibility for the failure rate of SMEs and lack or non-practise of CSR. There are numerous factors that are not conducive to SMEs practising CSR, but these cannot be regarded as primary.

According to Petrenko et al. (2019), there is no other way but to regard CSR as a tool in stabilizing the economy and to anchor SMEs’ sustainable growth. So, ideological biases might be avoided while SMEs look towards CSR as a corporate aid for sustainable growth and for socio-economic betterment. However, Schaefer, Pardo and Roloff (2019) explained that in the pre-globalization era, SMEs typically supplied goods to the markets near their homes or to the state. These markets were transformed in the 1990s and with the opening of domestic markets, the competition SMEs face is global in nature. Participation in the globalized economy is no more a choice for most of SMEs but the only way to survive and to grow (Schaefer et al 2019).

The classical system of the past where large companies and SMEs competed in reaching the consumer is now over. The markets are increasingly in favour of large supply networks and Pietermaritzburg Municipal region SMEs are increasingly becoming vendors to these complex supply networks which are owned by Multinational companies (Noronha et al. 2018).

In agreement Shinozaki’s (2019) research on SMEs shared the view that the elimination of Pietermaritzburg Municipal region SMEs from complex supply networks leaves them to look for a life saver, which is CSR. Because of the minimal income that SMEs accumulate in their little lines of business, it proves very difficult for them to practise CSR. Networks have increasingly come under pressure from ‘anti-globalists’ who are pushing these networks to become more responsible and transparent. Whether this is desirable or not is debatable. What is clear, however, is that it is having a serious impact on SMEs because multinational companies and supply networks are pushing this agenda down the throats of SMEs. Take it or leave it. Where is the choice? In all economies, SMEs play a vital role and their virtues are well acknowledged and well documented.
Servaes and Tamayo (2018) added that the major issue facing Pietermaritzburg Municipal region SMEs is how to ensure their survival and growth in the face of an unfriendly economy and market practices. The authors ask “Should we attempt to ease the pressure placed on multi-national companies mounted by civil society institutions regarding ethical and responsible behaviour? Or should we empower and equip SMEs to face this challenge? The former approach is hardly an option in today’s world. The clock cannot be turned back. Globalization is an irreversible trend at least for the foreseeable future. Here lies the inevitability of the question.”

With reference to Noronha et al. (2018), multinational companies have taken over and are utilising the complex networks leaving Pietermaritzburg Municipal region SMEs in the shadows. The solution to this setback, according to Servaes and Tamayo (2018), is to look at how Hospitality SMEs in Pietermaritzburg Municipal region can reconcile CSR obligations being imposed by civil society. Regardless of SMEs’ minimal human and capital resources. This inevitability is reinforced because, unlike multinational companies who can relocate their production/business systems from one location to another (even one continent to another), SMEs are tied to their places of operation. Therefore, CSR is a strategic need for their sustainable growth in the community situated. Furthermore, given all the evidence above, the question of affordability of SMEs to be socially responsible is one that needs to be critically scrutinized to establish its applicability to various societies. SMEs perform different functions in different societies and on different levels. The concern should be whether bringing in the element of CSR can strengthen or weaken the operations and the roles these SMEs play in economies.

To establish whether or not Hospitality SMEs can practise CSR in Pietermaritzburg Municipal region and other regions in South Africa, SMEs are at different stages of economic growth and therefore cannot be expected to have the same level of CSR. Hospitality SMEs in South Africa are still underdeveloped and form a large part of the informal sector, which is still unregulated. Zaharia and Zaharia (2018) do not agree with the statement above but rather subscribe to the notion that though SMEs are at different levels of growth and development, they can practise CSR in their own capacity and ability. Hospitality SMEs employ the majority of the population and their contribution as a safety net to the poor cannot be underestimated. This sector is, however, marked by low productivity, low job security and a falling demand for their products as a result of the big transnational corporations (TNC). It is from this background that a challenge exists on whether an attempt to hold SMEs accountable
for CSR and social programs as it is now reasonable.

Govindan, Khodaverdi and Jafarian (2018) argued that “There is, however, no doubt that those societies that have well developed SMEs, such as those in Taiwan, South Korea and other developed economies, need to be socially responsible. They generate sufficient returns that enable them to participate actively in community activities, receive sufficient support from their governments and compete effectively with their TNC counterparts.”

The process of having CSR implemented by SMEs is crucial to realise their relevance in the business environment.

Aya Pastrana and Sriramesh (2019) generalised the discussion around the issue of affordability that when investments related to social responsibility immediately come to play, then one is reminded of the small amounts of capital that SMEs have. SMEs are able to break even and, sometimes, make insignificant profit. Therefore, it is not going to be easy for SMEs to engage into CSR if there are no cost effective measures that improve profit margins. In fact, all SMEs should consider social responsibility as a legitimate and achievable aim for business, while taking into account their mission. It is true that most SMEs might not have enough time to get involved in some aspects of corporate social responsibility but this can be solved through strategic partnerships with local governments and the civil society, including NGOs. Public policy should be developed to productively strengthen the links between such partnerships and the competitive advantage of nations.

Can Hospitality SMEs afford to be socially responsible? ‘Affordability’ of CSR to SMEs relies to a great degree on several key factors, namely:

- The economic and market conditions of the country where the company operates;
- The financial capability of the company;
- The definition and categorization of the concept; and
- The level of government or legislative support for CSR (Campopiano, De Massis and Cassia 2019)

According to Mehta, Arekar and Jain (2019), corporate social responsibility is a promising business concept and the way it has been classified has affected how
managers of Hospitality SMEs in South Africa view and espouse it on a practical level. The two definitions of CSR as provided by the World Bank Group and World Business Council on Sustainable Development (WBCSD) respectively, points to a few core elements, namely:

- CSR looks at the dynamics of environmental improvement in social and physical terms;
- CSR defines what a company must do to win and enjoy the confidence of the community in which it generates economic wealth;
- CSR is a fundamental link to the long-term prosperity of business; and
- CSR is mandatory in nature and is not limited to a particular class of business.

Aykol and Leonidou (2019) observed that “From the perspective of this explanation, CSR is appealing to any kind or class of business, but the case is not the same when it comes to its classification. Proponents of the concept have been quick to classify CSR into four main themes namely: economic, social, environmental and corporate governance.”

Minghetti and Mingotto (2015) contended that, considering the facts given above, this classification poses a threat to the adoption of CSR by managers of South African SMEs, particularly in developing countries, who see activities in these four areas as being the sole prerogative of bigger firms. For SMEs in developing countries, CSR is linked to MONEY SPENDING, whereas it might not necessarily be so. Therefore, CSR can be further classified into two i.e.:

- Monetary-Based CSR: These are CSR initiatives that involve money.
- Philanthropic-Based CSR: These are activities that involves donating funds, goods and services.

When considering the economic implications of CSR with reference to cost, a monetary-based CSR initiative represents additional cost to the firm. From an accounting view, this will be a deduction from the firm's gross profit and will ultimately affect the firm's profit level, which may prove negative unless the government has provided incentives to help safeguard such businesses and the company can afford it Manente (2015).

Still on an economic footing, Granly and Welo (2019) argued that the additional
cost due to a monetary-based CSR system will result in higher costs of production, which translates to higher prices. This means that where the market support for CSR is not high, a ‘pro-CSR’ company with higher prices is likely to lose its market to a company that is ‘anti-CSR’ pricing policy. According to Granly and Welo (2019), the only way a ‘pro-CSR’ company can be protected is through government policy and legislation, in the forms of subsidies or tax cuts to ‘pro-CSR’ firms.

According to Córdoba-Pachón, Garde-Sánchez and Rodríguez-Bolívar (2019), non-monetary based corporate social responsibility refers to initiatives that do not absorb any monetary obligations and as such, do not amount to any financial cost to the business. However, they nevertheless have a positive contribution to the social, economic and environmental development of society. Hospitality SMEs in Pietermaritzburg Municipal region play an increasingly binding role in maintaining the social fabric that holds communities together and those that find successful ways of doing this will be able to attract and retain the best employees. CSR is a foreign concept to the vast majority of SMEs in South Africa, so there is need to find an appropriate language and forum for educating them. If it is a fact that each SME has a responsibility to accept and monitor its social footprint in order to create a more sustainable lifestyle for all citizens of the world, then the first step is to raise awareness of the issue of CSR to SMEs (Meyer and Schmidt 2019). There are two primary ways of this happening, namely:

- Economic justification of CSR as a strategic advantage; and
- An emotive campaign aimed at heightening responsibility and accountability.

A number of motivational approaches have been mentioned above. Unfortunately, a few, if not none, of the SMEs in Africa are involved in external social activities. To increase the involvement of SMEs, CSR which is understood in large companies cannot be applied in the same way to SMEs because CSR practices in SMEs are hampered by the critical focus on survival by SMEs (Franklin and Blyton 2018).
2.12 CSR AND SUSTAINABLE GROWTH OF SMES IN PIETERMARITZBURG MUNICIPAL REGION

Todd, Javalgi and Grossman (2019) contended that with reference to a business, sustainable growth is the realistically attainable growth that a company could maintain without running into problems. Therefore, a business that grows too quickly may find it difficult to fund the growth. On the other hand, a business that grows too slowly or not at all may stagnate. Finding the optimum growth rate is the goal. Todd et al (2019) posit that a sustainable growth rate (SGR) is the maximum growth rate that a company can sustain without having to increase financial leverage. In essence, to find a company's sustainable growth rate is to answer the question: how much can this company grow before it must borrow money? (Snyman et al. 2019).

Ndubisi and Agarwal (2019), in support of Todd, Javalgi and Grossman (2019), suggest that businesses must consider sustainability a priority, adding that it is one of the only ways of ensuring South Africa’s economic growth. The business of business is not just business. But Mahanyele (2019) argued that few Hospitality SMEs in Pietermaritzburg Municipal region survive beyond their birth and that South African SMEs should take inspiration from the large number of Corporates that have sustained over the years.

The Hospitality SMEs’ relatively small size can work to the advantage of sustainable growth. The advantage is that SMEs tend to be closer to their communities and these strong ties help them stay in tune with local needs and demands. Their autonomy permits flexible decision-making to implement CSR as they see fit. To substantiate the idea of SMEs’ sustainable growth as a springboard to consistent employment levels in an economy, poverty alleviation, crime reduction, increased brand loyalty through CSR Bolanle (2019). The following points avail the role why CSR is critical to SMEs:

2.12.1 CSR factors that influence the sustainable growth of SMEs

The independent variables in this study, according to Munasinghe and Malkumari (2019), are CSR factors. CSR has remained a broad, complicated, and ever-changing concept that spans a wide range of concepts and actions. CSR may be succinctly defined, according to Adebiyi and Muyideen (2019), as the economic, legal, ethical, and discretionary expectations that society has on businesses at any particular time. Stakeholders, on the other hand, are critical in this regard, according to Ibidunni (2018), since stakeholders are the source of society's expectations...
regarding CSR; they witness the company’s conduct and evaluate its social performance by comparing their experiences to their expectations.

CSR is synonymous with the concepts of giving back to the community, treating employees fairly, and providing high-quality goods and services. Sponsorship programs, career development and training for employees, garbage recycling, and engagement in community events are all examples of common CSR initiatives (Adebiyi and Adeola 2019; Shitta-Bey 2019). SMEs, like their larger counterparts, cannot exist without employees, customers, or community support, according to Okafor and Oshodin (2019). According to Okafor and Oshodin (2019), SMEs are responsible as small businesses.

SMEs might successfully implement CSR policies, which would benefit their long-term growth and objectives. SME stakeholder ties are comparable to, and even stronger than, those of large corporations. The majority of small companies began as home-based Spaza stores with strong community links and repeat clients.

2.12.2 SMEs, CSR and Sustainable Development in South Africa

To substantiate the above observations by scholars Opara (2019) and Amezaga and Emeseh (2019), the issue of the size of the firm is not simply due to the large number of enterprises and their overall economic significance, but also because Hospitality SMEs are often over-represented in their industries, has environmental impacts and because they may not be subject to the same regulatory and enforcement processes that can mitigate the negative impacts of large companies. There is therefore the potential for significant progress towards sustainable development if SMEs’ social and environmental performance could be ratcheted up Ambituuni (2019).

Nevertheless, logic leads to two conclusions in relation to CSR and SMEs namely:

- Firstly, that it makes more sense to spot existing CSR-related incentives for hospitality SMEs to espouse higher social and environmental standards, while ensuring that flanking measures are in place to assist in this switch and to protect livelihoods (Adesokan 2019).
- Secondly, there is need to look for new ways to make corporate social responsibility more relevant to hospitality SMEs (Zhattau 2019)
2.12.3 CSR and competitiveness in Hospitality SMEs

SMEs are a major economic force upon which large numbers in developing countries depend for their livelihoods. SMEs are more likely to contribute to social capital in the localities of their operations. However, they may be less likely to be subject to rigorous inspections in relation to labour and environmental standards Omobowale (2019). A positive relationship between the CSR activities of SMEs and their enhanced competitiveness exists, at least if a long-term perspective is adopted Chell (2019). Nonetheless, Ranängen and Zobel (2019) argued that “Despite the widespread practical and academic interest in CSR and its impact on the competitiveness of SMEs, few theoretical and empirical contributions could be found.”

In this case, the primary objective of this research study is to investigate the impact of CSR on the Sustainable Growth of SMEs in South Africa. The outcome of this study will assist SMEs to include CSR as a growth strategy and responsibly manage their activities to increase growth and competitiveness.

2.13 OVERVIEW OF SOME EUROPEAN COUNTRIES SMEs’ APPROACHES TO CSR

2.13.1 United Kingdom
Castells (2019) generalised that UK SMEs are justly considered to be leaders in CSR. The UK home to some of the world’s leading thinkers, practitioners and campaigners in this field. According to Mullerat (2018), research by other facilitators around the world concluded that there are several reasons for this condition, namely: the UK is home and headquarters to a number of big accountancy firms it has; an environmental NGO community pioneering engagement with business; the UK has a sophisticated journalistic class; the UK’s experiences of some of the privatization processes and of the industrial revolution; two powerful Anglo-Dutch drivers in the shape of Unilever and Shell; the Quakers, Rotary International, the Freemasons and the notion of the ‘benign industrialist’; and the insurance industry, an important driver of change after the asbestos claims internationally.
Parallel to that fact, Mullerat (2018) argued that “It is not the socio-economic structures of the UK, but the UK government’s unique role in SMEs because of its international positioning and its colonial past which has proved valuable in launching initiatives such as the Voluntary Principles on Security and Human Rights and the Kimberley Process Certification Scheme.”

In the same context of government intervention, it is worth to applauding the South African government on its national budgets for the past few years, which have managed to set aside a portion of the budget to benefit SMEs through the Ministry of Small Business Development. However, local authorities like the Pietermaritzburg Municipal region have been reluctant to put pressure on Hospitality SMEs in terms of improving disclosure. This is evidenced by environmental pressure groups in the Pietermaritzburg Municipal region challenging the top 350 Hospitality SMEs to avail their social and environmental reports and Himanen (2019). The positive CSR reporting behaviour and practices by large corporations should be adopted and practised by the rapid growing South African SME sector.

According to Henry (2018), over 15 % of UK SMEs businesses agree that their organizations should do more than the law requires on the environment and over half think they should do so on social objectives. Many researchers, including Howard (2019), subscribe to the idea that a key indicator of CSR in the UK is the amount of financial resources given by SMEs to society (1 % of their pre-tax profits go to charity).

**2.13.2 Australia**

Abdulrazak and Ahmad (2019), in their research on Australia, observed that SMEs accounted for just about 99.7 % of all Australian businesses in 2018. SMEs contributed roughly 95 % of the value of Australia’s forestry, agriculture and fishing production; 80 % of the value of Australia’s construction industry output; 67 % is for property and business services production; and 42 % for the national manufacturing industry output. SMEs’ contribution towards these four industries alone accounted for around 20 % of the value of Australia’s GDP in 2017. However, Ghosh (2019) argued that despite SMEs being such a major contributor to the Australian and the global economy, their CSR practices remained murky. Ranängen and Zobel (2019) agreed that “The existing knowledge gap, coupled with the differences between the elementary characteristics of SMEs and large companies, restrict the applicability of
traditional models and theories in the evaluation of corporate social responsibility participation of SMEs in Australia.”

Without taking away anything from Ranängen and Zobel (2019), and, in support of different perspectives of other researchers on the same subject, it is important to note that whilst SMEs participate in ‘cadaverous CSR’, their approaches to social activities in Australia remain open-ended. Since the society and sociological contributions of such businesses have rarely been noticed in the past, there is definitely a lack of cohesive knowledge that could funnel SMEs, practitioners, academics and governments to take better decisions in this area.

2.14 OVERVIEW OF SOME ASIAN COUNTRIES’ SMEs’ APPROACH TO CSR

Servaes and Tamayo (2018) broadly highlighted that the days when corporate social responsibility (CSR) was a concept and practice confined to North American and European companies are over. Particularly in the past two years, Asian businesses have increasingly brought to bear their considerable energy and thought to matters of regional and global concern (Servaes and Tamayo 2018).

Taylor, Bowen and Ryu (2019) recorded in their research that in the American approach, CSR in SMEs is considered as a process that is not consistently controlled by anyone. CSR activities are expected to enhance the motivation of employees, together with a positive perception of the company on the part of stakeholders. CSR should be voluntary because it is the source of its dynamism and innovative characteristics. This was meant to shift from responsiveness to pro-activeness (Taylor et al, 2019).

In the researcher’s opinion, there are a number of reservations to this effect because CSR, is viewed and applied differently from country to country. However, most researchers do not take those differences into consideration when looking at each country’s approach to CSR, policies and standards. All the notable efforts, while often well-intentioned, in many cases reflect Western perceptions and misperceptions of Asia. Tied to sometimes controversial Western origins, this first conception of CSR, has masked the development of three different approaches to CSR more firmly tethered to Asian thinking. While it sounds so different from Asian approach, Rahim and Wisuttisak (2018) argue that CSR in Asian SMEs is evolving in different ways, each with its own priorities and mind sets. The original CSR model emerged from Western multinational companies operating in Asia. Beginning in the
early 1990s, American and then European companies began to apply a set of principles to the operations of their Asian suppliers and business partners. According to Chawak and Dutta (2019), the rise of codes of conduct focusing both on labour and environmental practices, can in retrospect be seen as an early effort to develop ‘soft law’ principles for the globalizing economy.

2.14.1 China

CSR in SMEs continue to evolve swiftly, with pressure from the state and gradually from citizens. The state's adoption of CSR in part reflects a pragmatic recognition that it cannot on its own address the country's challenges as it undergoes rapid but uneven economic transition Fenwick (2019). CSR in SMEs is becoming an embedded aspect of China’s own global brand and way of doing business internationally. Graafland and Zhang (2019) CSR has developed into a strategic concern addressing the efficiency and security of supply chains, development of new products and services, and competition for talent.

2.15 OVERVIEW OF AFRICAN COUNTRIES’ SME’s APPROACH TO CSR

SMEs in African countries, according to Idemudia (2019), confront a number of hurdles that prevent them from undertaking CSR activities, resulting in high unemployment and business closures. Regardless of the challenges that SMEs encounter, they contribute to communities by doing activities that benefit both the business and the local community. Small and medium-sized enterprises (SMEs), according to Aras and Crowther (2019), are unanimously recognized as useful tools for creating jobs and economic growth.

2.15.1 Tanzania

Furthermore, Nandonde (2018) argued from a different perspective that, while hoteliers are an important part of the booming tourism industry and contribute significantly to economic growth, Chambell (2018) adds that their CSR potential is being harmed by unethical business practices such as overpricing and providing sub-standard services. According to Mohamed and Mnguu’s (2019) reasoning, CSR for SMEs in Tanzania is not insignificant. Researchers’ arguments do not preclude them from engaging in CSR activities such as feeding the hungry and assisting persons
affected by natural disasters such as floods. Despite the increased interest in corporate social responsibility (CSR) activities, Fatoki (2017).

### 2.15.2 South Africa

Chambel (2019) explained that SMEs form the building blocks of any society. According to a South African research report in 2019, approximately 91% of formal business entities in South Africa are SMEs, contributing between 52 and 57% to the country’s GDP, and about 61% to employment.

Looking at the contributions by authors Nandonde (2018) and Aras and Crowther (2019), the researcher’s opinion is that the contributions seem to be small compared to their counterparts in developing economies like Brazil, India and Mexico, and that they need to be nurtured and grown. They form the bread and butter of the country as job providers, poverty reducers, service delivery agents and economy boosters. However, for those SMEs that have tried to push through the markets, most of them declined along the way due to the key limiting factors to SME growth, which are perceived to be funding; necessary skills; crime; government taxes; and regulations; especially red tape and the cost of regulatory compliance.

Furthermore, Fatoki (2019) noted that other challenges and impediments which impact on the performance of SMEs in South Africa include failure to keep to contract terms. With unemployment in South Africa reaching its highest level since 2015 at 25.5% in the second quarter of 2019, SMEs contribute around 13% to the ballooning figure through retrenchments and company closures (Chawak and Dutta 2019).

However, as much as the SME failure rate in South Africa is linked to generic building blocks such as access to financing, competencies, tax etc., SMEs are also swimming in the deep end of developmental strategies such as CSR. A number of countries in Europe have policies crafted to promote and report on CSR activities by both SMEs and large corporations. In turn, SMEs are gaining some mileage through a rather expanded marketing platform and brand loyalty brought about by their involvement with the community. To have an objectivity position and clear understanding of how SMEs in South Africa view CSR, let’s take a look at the research objectives as follows:
2.16 ATTITUDE LEVELS OF HOSPITALITY SMES TOWARDS CSR IN PIETERMARITZBURG MUNICIPAL REGION

2.16.1 HOW IS CSR PERCEIVED BY HOSPITALITY SMES?

In comparison to large corporations, hospitality SMEs in the Pietermaritzburg Municipal Region do poorly in terms of social responsibility and corporate ethics. Their CSR involvement is primarily focused on customers and workers, with only a few activities focused on the local community and the environment. Numerous academics have looked into the differences in the scope and type of CSR activity. The degree and structure of CSR are heavily impacted by the owners and their close associates and family members in SMEs because of the convergence of ownership and management.

Despite using a qualitative methodology, Foo and Yazdanifard’s (2019) findings differ from those of Hsu (2019) and Sar (2015).

Using a quantitative research technique, Mchombu and Mchombu (2019) produced findings that were more focused on printing and manufacturing SMEs as those that should have a CSR strategy. A lack of codification/model and the inapplicability of social responsibility standards used by large organizations are two reasons why SMEs should be considered independently. Nandonde (2018) and Divakaran, Shariff, and McGinnis (2019), on the other hand, agreed that social responsibility and ethics are a personal ethos that informs business behaviour as a "manner of directing one's life. "As a result, the form of responsible behaviour in particular SMEs will differ depending on the factors. There are inconsistencies in the results presented by different researchers on the same subject. Lack of credit facilities; incorrect financing; lack of managerial abilities such as financial management, tax, marketing, and human managerial skills; market rivalry and survival of the fittest (Locally and Globally), Hospitality Municipality of Pietermaritzburg SMEs have a negative attitude toward CSR and place a greater emphasis on day-to-day operations in order to stay alive.

Seabela and Fatoki (2019) agree with Ramasobana and Fatoki (2019) on SMEs’ negative attitude toward CSR. They also believe that crime, particularly xenophobia, is on the rise in South Africa.
This may have an impact on immigrant entrepreneurs’ attitudes toward corporate social responsibility.

2.16.2 How Hospitality SMEs participate in CSR

In view of the debate about the degree and form of CSR participation, it seems that there is no agreement/consensus on the relative importance of internal Stakeholders (customers, employees and suppliers) and external Stakeholders for example community, for SMEs’ responsible behaviour Dhaliwal (2019). In the same context, Doh and Tashman (2019) observed that owner-managers rank operational Stakeholders (customers, employees and suppliers) higher than community Stakeholders according to their respective Stakeholder salience.

Delchet-Cochet and Vo (2019) basing on their qualitative methodology concluded that Hospitality SMEs businesses value social capital creation through participation in social activities. However, most such activities are oriented towards immediate Stakeholders, which is consistent with the broad thesis of the Stakeholder theory, which argues that CSR benefits businesses in economic terms.

However, Garriga and Melé (2018) through Howard’s (2019) work, examined four medium-sized Catalan businesses and raised the issue that the most important factor that legitimates participation in social activities is internal, and that relationships with external Stakeholders are of lesser importance.

CSR is primarily reputation building and for small firms, the reputation mechanism is less important than for large firms. Therefore, it is reasonable to say that the argument of Henry (2018) and Garriga and Melé 2018) hold true as it shows through research that CSR activities undertaken by Hospitality SMEs in Pietermaritzburg Municipal region meet the demands or expectations of their internal Stakeholders, rather than gaining support and recognition from their local or broader community. Profit maximisation is not the key motivator of small firm owner-managers as hospitality SMEs participate in civic engagements that bring no business benefits. Rather, internal drivers are the main motivation for CSR.

On the other hand, Mutti (2019) as quantitative researchers, have different view on the issue. Their results showed that even though participation in social activities with customers, employees and suppliers increases social capital mainly in the form of
bonding social capital, bridging and linking social capital gained through social activities with community members help businesses in getting ahead. Whilst such interpretations seem valid from the viewpoint of socially applicable theories, the preference for internal Stakeholders in the social activities of SMEs fail to confirm them.

In essence, both qualitative and quantitative research methodology results are not conclusive on whether Hospitality SMEs practise CSR. There are divergent views on how SMEs value their internal Stakeholders and community Stakeholders when it comes to decisions relating to CSR. Pietermaritzburg Municipal region Hospitality SMEs do not have an established model for practising CSR nor do they have a method to deal with internal Stakeholders in relation to CSR, therefore scholars and proponents of CSR in Pietermaritzburg Municipal region should drive practical ways of dealing with internal Stakeholders in an effort to promote CSR initiatives. Therefore, is need for a research method that will bring together these views that feed into a clear model that can be used by Hospitality SMEs in order to practise CSR.

2.17 THE SME OWNER-MANAGER’S VALUES KEY TO SUSTAINABLE GROWTH OF THE BUSINESS

2.17.1 What are the business values of Hospitality SMEs in Pietermaritzburg Municipal region and how are they oriented?
As previously stated, the concepts and definitions of CSR, as well as how the construct is interpreted in the SME sector, are not universal. The phrase CSR is deceptive since the principle is universal and applies to all types and sizes of businesses, yet the name fails to reflect this. When it comes to unincorporated enterprises like SMEs, the terms “corporate” and “social” are met with scepticism. Many believe that the ambiguity prevents SMEs from learning about the structure. Terms like ‘small-firm social responsibility,’ “responsible business behaviour,” responsible competitiveness,' and 'responsible business practice,' according to Spence (2018), have evolved in study literature to convey this point.

2.17.2 The owner-manager’s personal values driving the sustainable growth of the business

The suggestion is that commercial gain is not the only driver of CSR practise in private companies, but the formal adoption of the concept can be associated with the
variability changes in the personal values of the owner. In most cases these values are expressed through the right to discretion arising from decision making structure where the owner-manager has the sole power to make decisions for the business on matters that concerns finance, CSR and investors. The personal values of the SME owner-manager are also a reflection of how the bus2015) believe that values influence how acts, policies, individuals, and events are chosen or evaluated.

Values, on the other hand, are rarely considered in everyday decisions.

When the acts or judgements one is considering have conflicting implications for the various values one cherishes, values cause awareness.

As a result, according to Rokeach (1973), values are simply a distinctive and persistent idea that arises in most situations from what one has already learnt, been taught, or has been socialized with.

2015) suggested that the owner-personal manager's values had a higher impact on the performance of the SME business than any other aspect that can be related to entrepreneurial success.iness is viewed externally by Stakeholders according to the Stakeholder Theory. In line with this notion,
Table 2.2: Ten basic types of values

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Self-direction</td>
<td>Self-direction derives from organismic needs for control and mastery and interactional requirements of autonomy</td>
</tr>
<tr>
<td>2. Stimulation</td>
<td>Excitement, novelty and challenge in life.</td>
</tr>
<tr>
<td>3. Hedonism</td>
<td>Pleasure or sensuous gratification for oneself. Hedonism values derive from organismic needs and the pleasure associated with satisfying them.</td>
</tr>
<tr>
<td>4. Achievement</td>
<td>Personal success through demonstrating competence according to social standards.</td>
</tr>
<tr>
<td>5. Power</td>
<td>Social status and prestige, control or dominance over people and resources.</td>
</tr>
<tr>
<td>7. Conformity</td>
<td>Restraint of actions, inclinations and impulses likely to upset or harm others and violate social expectations or norms.</td>
</tr>
<tr>
<td>8. Tradition</td>
<td>Respect, commitment and acceptance of the customs and ideas that one's culture or religion provides.</td>
</tr>
<tr>
<td>9. Benevolence</td>
<td>Preserving and enhancing the welfare of those with whom one is in frequent personal contact (the ‘in-group’).</td>
</tr>
<tr>
<td>10. Universalism</td>
<td>Understanding, appreciation, tolerance and protection for the welfare of all people and for nature.</td>
</tr>
</tbody>
</table>

Source: Rokeach (1968)

Rokeach (1968) stated that personal values influence all behaviour. The statement was emphasized by Kamakura and Mazzon (2015) who posited that personal values involve self-awareness and consciously influence choices and behaviour as they standards against which evaluations and judgments are made. Personal values are the core of the personality and influence all other characteristics, such as attitudes, evaluations, judgments, decisions and commitments. Personal values have an impact on determining the behaviour of the owner-manager within an organization.
Thus, personal values appear to have significant implications not just for the decision to pursue entrepreneurship, but also for how the entrepreneur/owner-manager conducts a company.

In this scenario, successful owner-managers were recognized as having the 'entrepreneurial' personal value type.

Nonetheless, in the Pietermaritzburg Municipal Region, the failure rate of hospitality SMEs is relatively high.

Pietermaritzburg Municipal Region's Hospitality SMEs, which are based in Zululand, have a rich cultural past.

a strong value system that stems from a strong cultural orientation, and this cultural system gradually reveals itself in their commercial operations.

2.17.3 The importance of values

Tannenbaum and Schmidt (1973) pointed out that there are at least four internal forces that influence a manager's leadership style, namely value systems, confidence in employees, personal inclinations and feelings of security in an uncertain situation.

Values apply to all and they guide one's behaviour and attitude towards certain areas of one's life. In light of that, the researcher's opinion points out that a value system plays an important role, whether strong or weak. In simpler terms, individuals make decision in line with the value system they espouse. In other words, in most African societies, values and attitudes are important because they shape behaviour and behaviour influences people, which in turn impacts positively on the growth of the SME business. It is important to consider personal values of the owner-manager when looking at the growth of an SME business, since values normally translate to vision and finally strategies.

Asah, Fatoki and Rungani (2015) commented that values will affect not only the perceptions of appropriate ends, but also the perceptions of the appropriate means to those ends. From the concept and development of organizations strategies, structures and processes, to the use of particular leadership styles and the evaluation of subordinate performance and sustainable growth of the SME business, value systems will be persuasive. Fiedler's (1967) leadership theory is based upon the argument that managers cannot be expected to adopt a particular leadership style if it is contrary to their value orientations.
Wang et al. (2015) concluded that investors are concerned with the values of the organisation as a whole. Most Hospitality SME businesses reflect the personal values of the owner-manager and since decisions are centred around the owner-manager in an SME business setup, there are chances that investors will be attracted not only by the financial performance of the business but also by the values which the business exhibits in its operations.

2.17.4 Values, Corporate Social Responsibility and Investment opportunities in South Africa

Turyakira, Venter and Smith (2019) state that the owner-manager’s values influence the adoption, practice and participation of the business in CSR activities. Furthermore, the outcomes of CSR activities can help to improve the survival rate of SMEs, and may offer great opportunities for business competitiveness, locally and globally. CSR is one of the important ways in which a business can distinguish itself from its competitors and attract investors. Businesses have to give back to employees, society and the environment within which they operate. A useful strategic tool like CSR not only boosts the brand image and reputation of the firm for investment opportunities, but also leads to improvement in sales, customer loyalty, and an increased ability to attract and retain employees Ngary (2019).

Wankhade (2019) in support of Turyakira, Venter and Smith (2019) contended that being socially responsible creates goodwill and a positive image for the brand. Trust and a good reputation are some of a company’s most valuable assets. Investors consider such assets when carrying out investor feasibility studies and without these assets, one would not even have a business.

It is however crucial that one devises the right socially responsible programme for one’s business, otherwise it will be a waste of time and capital. When used properly, CSR will open up a myriad of new relationships and opportunities. Not only will one’s success grow, but so will the company’s culture. It will become a culture which the owner, staff and the wider community genuinely believe in (Reginald and Millicent 2019).

Considering the literature from researchers above, authors Sousa Filho et al. (2019) who chose to use mixed research methodology summarised their results noting that owner-managers’ values and CSR speaks on behalf of the business. Since
Hospitality SMEs have nothing much to show off to investors in the form of capital outlay and physical assets, investors and financiers are attracted to companies who are socially responsible. These decision-makers know this reflects good management and a positive reputation. Do not underestimate this influence as it can be just as important as one’s company’s financial performance. In fact, it may be the deciding factor in choosing to support the company. However, Nandonde (2018) criticised the results as he believes policies and CSR scores are key bedrocks to CSR. The adoption and implementation of CSR policies, as well as the availability of CSR scores, has in fact generated a growing interest by financial markets and investment analysts in particular. Accordingly, given the pivotal role that financial markets play in the allocation of scarce capital resources and in the derivation of a company’s market value, understanding whether and in what ways these markets assess a firm’s CSR scores is critical.

Researchers fail to establish whether there is a significant link between values and CSR. Researchers reflect different stand points on the same topic as some were of the view that:

- There is need for a balance between entrepreneurship and ethical practice if Hospitality SMEs were to consider CSR.
- Entrepreneurs tend to place high value on desire and accomplishment rather than on business-driven principles.
- Values are undermined by the perceived cost of CSR.
- Values not only affect perceptions of the appropriate ends but also perceptions of the appropriate means to those ends
- Investors are attracted not only by the financial performance of the business but also the values which the owner-manager exhibits for them to invest in the business’ CSR initiatives.
- Owner-managers who put much value on their personal values are likely to achieve high performance, depending on which personal values are more inclined to promote.

It is the purpose of this study to close the gap created by the researcher’s views based on the idea that according to Stakeholder Theory, values show in the light of a business treating all its Stakeholders equally (Asah, Fatoki and Rungani 2015).

2.18 THE PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY BY HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION
2.18.1 To what extent do SMEs practise CSR?

Onwuchekwa (2019) posited that CSR is viewed as a vital concept that businesses of all types and sizes need to understand and address. Because as global competitiveness continues to follow momentous trends, CSR is proposed as an effective strategy for invigorating the operations, competitiveness and sustainable growth of SMEs. CSR has become increasingly important to the sustainable growth of Hospitality SMEs and CSR has progressively gained acceptance and prominence both as a business tool and as a contribution to social progress. A positive relationship between the CSR activities of SMEs and their enhanced competitiveness exists, at least if a long-term perspective is adopted Onwuchekwa (2019).

The researcher is of the opinion that to promote sustainable growth, Pietermaritzburg Municipal region SME owner managers must determine how their businesses can become socially responsible, ecologically sustainable and economically competitive. Both business and society gain when a business actively strives to be socially responsible. Olanrewaju and Omonona (2019) in their quantitative research, subscribed to the notion that although CSR has been discussed mainly in the context of larger enterprises, it is also a strategic tool for enhancing sustainable growth of Hospitality SMEs. There are basic CSR issues that all businesses, irrespective of their size, have to respond to that promote sustainable growth, such as the creation of a good working environment where diversity is encouraged; fair distribution of wealth in a community; protection of the environment; market innovations; and ethical practices.

Conversely, Ariwa (2019) argued that despite continual public pronouncements about their assumed importance as instruments of development, hospitality SMEs in Pietermaritzburg Municipal region still lack effective knowledge of modern sustainable growth and competitiveness techniques such as CSR, although CSR has been identified as a potential tool for enhancing growth and competitiveness amongst businesses.

The researcher observes that, regardless of widespread practical and academic interest in CSR and its role in the sustainable growth of Hospitality SMEs in Pietermaritzburg Municipal region as evidenced by literature contributions there is hardly any theoretical and empirical contributions available Ladzani and Seeletse (2019). Quantitative and qualitative research with respect to CSR in Hospitality SMEs is limited and not conclusive, especially in developing countries such as South
Africa. In light of the perceived positive effects of CSR practices on SMEs, a closer examination of how Hospitality SMEs in Pietermaritzburg Municipal region implement CSR is therefore crucial. Speaking of sustainable growth in SMEs, one should consider several factors that include all the internal and internal Stakeholders of the business. All factors brought together will indicate how best the SME can implement CSR in order to achieve the expected goal (Kaine 2019).

2.18.2 The Implementation of corporate social responsibility by Hospitality SMEs in Pietermaritzburg Municipal region.

Although SMEs are integrating CSR more and more into their day-to-day management, they have to overcome many obstacles in order to do so. Several research studies have explored the constraints to the successful implementation of sustainable development for SMEs in a wide range of business contexts (Kechiche and Soparnot 2019).

Whilst acknowledging an increase in the levels of awareness of CSR in SMEs in South Africa, the above studies indicate that some SME directors remain sceptical as to the benefits to be derived from CSR initiatives and are not inclined to go beyond what is strictly required of them legally. In fact, these directors report that SMEs are pretty much overwhelmed by the day-to-day operations of their businesses, and are too busy to concern themselves much with issues relating to society at large, which have no immediate return or benefit on their businesses. According to Adebanjo et al. (2018), in the Pietermaritzburg Municipal region, SMEs also report that there is a lack of information about CSR and that this has not exactly encouraged them to become committed. In support of the claim on this specific point, Yusuf and Adelopo (2019) indicated that the barometer of sustainable development is regrettably low because of the lack of information.

To complement the same fact, Kolk and Lenfant (2018) alluded that surveys also highlight the fact that lack of information is the first obstacle to the implementation of responsible management on the part of SME directors (47 % in 2007), despite numerous initiatives and campaigns to increase awareness and help directors overcome this very same obstacle. Moreover, it has been noted that Hospitality SMEs in Pietermaritzburg Municipal region do not generally have the capacity to collect and analyse useful data on the subject of sustainable development themselves. Furthermore, their access to information is limited as too is their
knowledge of CSR- whether this is gathered from technical support organizations or reference data (Kolk and Lenfant 2018)

Hospitality SMEs in Pietermaritzburg Municipal region have come across, or rather experienced, several challenges in implementing CSR besides the generic problems ranging from finance, competencies, management and tax to competition. A study of some 138 South African SMEs conducted by Zou and Wu (2018) illustrated that less than 30 % of SMEs knew anything about support organizations which offer assistance for CSR start up initiatives and less than 25 % knew anything about CSR reference data. This lacuna illustrates a reactive as opposed to a proactive approach in relation to the issue of seeking out information to do with implementation of CSR in SMEs (Nyahunzvi 2018).

A further challenge is the cost of implementing judicious measures and the lack of financial resources to do so (Esau and Malone 2018; Makasi, Govender and Munyoro 2019). The perception of a company’s resources as seen from the point of view of its managing director is a crucial matter. SME directors who believe that their companies do not have sufficient financial resources are less likely to think favourably about CSR and to are likely to believe that the resources required for investment will not be compensated for in terms of cost savings (Nkiko 2018).

Juggernath, Rampersad and Reddy (2018) argue that the commitment of SMEs also meets obstacles linked to the market, principally the difficulty of applying environmental and/or social legislation because of its complexity and the rigidity involved in certain procedures. In addition to implementation barriers, Beck and Cull's (2019) literature is cited by Nyahunzvi (2018) that SMEs in Pietermaritzburg Municipal region also lament the lack of adequate support services and infrastructure. Furthermore, the lack of availability of tools is also blamed for the lack of uptake. Those which exist appear to be designed for big business and are not easily adaptable to SMEs. Van Dyk (2019) commented that formal systems of CSR management have thus not been very successful amongst SMEs because their complexity precludes adoption by smaller structures.

However, despite the barriers Hospitality SMEs face, the idea of implementing CSR measures nonetheless continues to take hold amongst SME directors who are conscious of the many advantages of responsible management. To summarise the facts above, the table below from the Global Entrepreneurship Monitor (GME) report draws out a cross-sectional analysis on the key points
<table>
<thead>
<tr>
<th><strong>Definition of CSR in SMEs and practices</strong></th>
<th>CSR has been implemented and practised in different views as a contextualisation effect of the definition adopted. Low perception of CSR in SMEs may be due to the term ‘corporate’, which alienates smaller organizations.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Determining factors for commitment to responsible practice in SMEs</strong></td>
<td>Academic research reveals several factors which predispose towards a commitment to CSR in an SME. The central role played by the director himself or herself; internal and external proximity of the company; and finally the small size of operation all tend to encourage the development of ethical, rather than economic considerations.</td>
</tr>
<tr>
<td><strong>Obstacles to adoption and implementation of CSR in SMEs</strong></td>
<td>SMEs have certain weak spots such as the lack of resources, time and knowledge, particularly of matters pertaining to sustainable growth. In commitments to CSR, an SME faces obstacles linked to the market, particularly the difficulty of applying environmental and/or social regulations. Tools available are also poorly adapted to SMEs.</td>
</tr>
<tr>
<td><strong>Positive examples and consequences of CSR in SMEs</strong></td>
<td>There are many advantages for SMEs as a result of implementing a CSR strategy. For instance, reduced costs and increased efficiency bring financial advantage.</td>
</tr>
</tbody>
</table>

Source: Global Entrepreneurship Monitor (2019)
Through Adebanjo et al's (2018) literature, the researcher found that here is a gap created by researchers on whether Hospitality SMEs in Pietermaritzburg Municipal region practise CSR or not. Researchers failed to come up with a conclusive point as they hold on to their individual views based on the methodology and results they used to analyse the practise of CSR by Hospitality SMEs. Some researchers indicated that there is:

- A lack of structures in the Hospitality industry that incorporates or consider all Stakeholders when implementing CSR initiatives, which is against the Stakeholder theory.
- A lack of effective knowledge of modern sustainable growth and competitive techniques like CSR.
- Skepticism amongst owner-managers as to the benefits derived from CSR initiatives.
- Disinclination for SME businesses to go beyond what is strictly required of them legally.
- A lack of concern because SME owner-managers are too busy to be concerned much with issues relating to society at large, which have no immediate return or benefit on their business.
- A cost of implementing judicious measures when implementing CSR.
- A lack of financial resources to spend on CSR initiatives.
- A host of challenges with CSR which affect business operations.

It is from this background that the researcher felt justice was not done to actually ascertain whether Hospitality SMEs in Pietermaritzburg Municipal region practise CSR. A gap needs to be addressed as researchers failed to conclude, but only highlight, reasons why SMEs find it difficult to practise CSR.
2.19 BARRIERS UNDERMINING THE PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY BY HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION.

2.19.1 SMEs’ specific opportunities and / or barriers to CSR

Dillon, Back and Manz (2019) noted that there are arguments that SMEs are likely to have barriers to CSR, like SMEs’ perceptions toward CSR that CSR is out of concern with SMEs, and resource constraints (e.g. financial, human and time limitation).

Low perception of CSR in SMEs may be driven by the term ‘corporate’, which tend to distance smaller firms, thus SMEs tend to define CSR indistinctly (Engle, Ghysels and Sohn 2018). Another reason can be that SMEs are not able to adopt similar CSR agendas to large firms due to suffering from survival and viability of their business (Inoue and Kent 2019).

It is important to note through different authors that a wide array of barriers of resource constriction in the Pietermaritzburg Municipal region context is due to a short-term attitude towards CSR and environmental policy, fashioned by a lack of human and financial resources and time limitations. Dillon, Back and Manz (2019) stated that the lack of knowledge and resources (e.g. time and financial resources constraint) are major barriers in the African context. Nonetheless, in Europe, research shows that the only notable barrier by SMEs is the financial constraint. Even Fatoki (2019b), in his comprehensive qualitative methodology on SMEs in Pietermaritzburg Municipal region, agreed with the notion that Hospitality SMEs in Pietermaritzburg Municipal region suffer from resource constraints and have difficulty in measuring the benefits of CSR. The overriding influence of owner-managers is also pointed out as a disadvantage. On the other hand, there are inconclusive arguments that Hospitality SMEs in Pietermaritzburg Municipal region may be better placed than large corporates to take advantage of CSR.

However, according to Homburg, Stierl and Bornemann (2018), having a flatter and potentially quicker structure, SMEs can take advantage and handle reputation and risks as they have an exceptionally short decision making process.

Glavas and Godwin (2018) observed that Hospitality SMEs in Pietermaritzburg Municipal region find themselves failing to benefit from the implementation of CSR because most of them are not ISO compliant, which eliminates them from gains that are realised from environmentally compliant donor complaint institutions. Studies
reveal that business systems (e.g. ISO 9001:2000) could work as a CSR integration tool (Glavas and Godwin 2018). However, Farina and Chambel (2019) pointed out that when SMEs implement CSR, efforts to meet Stakeholders’ expectations adapted in the CSR agenda could benefit from Stakeholder satisfaction, as well as business improvement and the development of competitive advantage.

Hove, Sibanda and Pooe (2019) produced results parallel to the above researchers as they confirmed that the key barriers were time, resource constraints, getting employees involved and embedding a CSR culture in the company.

Other Scholars, Kaime (2019), Ngugi et al. 2019; Newman, Lim and Pineda 2018; Jafri et al. 2019; Mchombu and Mchombu (2019) strongly dismissed the use of inappropriate language as it created a barrier to engaging in CSR by Hospitality SMEs. Further to the generic barriers, a lack of proper support service for CSR in the community and appropriate information regarding CSR are also concurrent barriers. Usually SMEs want to access a support service or information for CSR but many SMEs feel it is not sufficient or do not know how to access it. SMEs also have a fear of doing CSR wrongly or poorly. Short-term business planning is addressed with time and resource constraints as barriers.

Nevertheless, Omobowale (2019) strongly argued that in supply chain and procurement, SMEs feel CSR as a barrier itself when they compete with other companies. Therefore, Ormiston and Wong (2018) suggested that assistance in setting up and meeting CSR procurement is required in regional CSR in order to spread.
Table 2.4: Opportunities and barriers to CSR in SMEs

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Flexibility</td>
<td>• Time</td>
</tr>
<tr>
<td>• Concern for local basis</td>
<td>• Resource constraints (financial, human etc.)</td>
</tr>
<tr>
<td></td>
<td>• Low perception of CSR due to inappropriate language</td>
</tr>
<tr>
<td></td>
<td>• Fear of doing wrong</td>
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<tr>
<td></td>
<td>• Overriding influence of owner-manager</td>
</tr>
<tr>
<td></td>
<td>• Lack of proper support and information</td>
</tr>
<tr>
<td></td>
<td>• Getting employees involved</td>
</tr>
<tr>
<td></td>
<td>• Embedding CSR culture in the company</td>
</tr>
<tr>
<td></td>
<td>• Measurement and quantification of the benefits of CSR</td>
</tr>
</tbody>
</table>

Source: Armiston Publishers (2018)
2.19.2 How SMEs can be encouraged to participate in CSR activities

SME owners and managers must be educated on CSR and its beneficial impact in the future.
Small and medium companies in the industry and services sectors will be aware and convinced that investments in CSR measures are long-term, lucrative investments if the CSR idea is promoted among SME' entrepreneurs' using the International Standard Organisation's reputation.
In terms of the benefits and drawbacks of a resource-based approach to CSR in SMEs, SMEs have the advantages of local focus and flexibility, as well as the capacity to prioritize principle-based projects over profit Mara (2019).

2.19.3 How can SMEs in Pietermaritzburg Municipal region get motivated to practise CSR?

Hanlon (2019) stated that it depends on the size of the SME. The smaller the company, the closer it can get to improving the cash flow, the better, as long as the business owner is oriented. In most situations, the language used is jargon as far as SMEs are concerned. Many of the CSR terms are ‘policy terms' but not business practical. According to Hanlon (2019), one approach of interest is that developed by the Asian Productivity Organization (APO) which developed ‘Green Productivity’ as an umbrella approach to sustainability. SMEs have a core need to have things kept simple and practical and to be able to see immediate benefit from their efforts.

According to Nagypal (2019), SMEs in India, unlike in Africa, are awakening to the necessity of adopting a holistic approach to the community. SMEs are realizing that being a good corporate citizen is as essential to their long term well-being as is being a good citizen in their individual lives. Mursitama, Fakhrudin and Hasan (2019) argued that it is no longer a question of small enterprises being able to afford being socially responsible, and more a question of the costs involved of not being a responsible corporate citizen. Lam (2019) suggested that awareness in the form of provision of goods and services where standardization of goods and services makes small companies realize the need for being socially responsible and being able to break into export markets requires even small companies to be ethical and transparent. Sandve, Marnburg and Ogaard (2019) agreed that if SMEs are well supported beyond political rhetoric, they can help not only to release the energies of
individuals and groups locally, but also to create a global network to participate in opportunities, goals and a shared vision.

Taking a closer look at the arguments raised in the qualitative research results above by Hanlon (2019), Nagypal (2019) presented results arguing that though there is still a lot of policy frameworks to be crafted in South Africa in an effort to sustain SME development, this can only happen, through better transparency and legal frameworks that are more than symbolic legislation and that ensure fairness, inclusiveness and fight corruption in a society of freedom, democracy and justice. Financial support is the key driver for all CSR initiatives and size of the firm cannot be glorified as the main cause of the failure of Hospitality SMEs in Pietermaritzburg Municipal region to be socially responsible. Nevertheless, Nagypal's (2019) results were criticised as he failed to be holistic in his approach. Mursitama, Fakhrudin and Hasan (2019) presented arguments focusing much on size of the firm as a core barrier and a demotivating factor. However, as it stands in Pietermaritzburg Municipal region, Hospitality SMEs can hardly access financial support from private financial institutions, though a little is trickling in from the government. Banks are hesitant to provide discounted interest rates for 'green' loans where there is a clear reduction in the credit risk of the borrower. If SMEs are provided with the incentive of lower interest rates for their financing needs for addressing or recognising CSR, then surely they would jump at the opportunity.

Arguments, suggestions and contributions have been raised through qualitative and quantitative research methodologies and the results in this study show that conventional western business or SME models, strictly financial parameters of success and even conventional CSR wisdom are not the only relevant models to address African context CSR for Hospitality SMEs in Pietermaritzburg Municipal region.

A gap in the literature on the barriers to CSR show that researchers have failed to agree on common barriers some indicated:

- Lack of knowledge as the major barrier
- Lack of CSR from all Stakeholders involved, which is a negative effect on the Stakeholder theory that puts more emphasis on involvement of all Stakeholders in business activities;
- Lack of time as a major barrier;
- Difficulties in measuring benefits from CSR;
- CSR as a barrier in supply chain management when it comes to competing
with big and well established businesses;

- Need to respond to the demands of all Stakeholders involved which is a principle of the Stakeholder theory; and
- Language used in CSR where most of the terms are policy terms not business practical.

These differences prompted a further study, the aim of which is to address a gap and come up with a conclusive point on the barriers to CSR. This research study’s aim is to contribute to the knowledge gap through implementing a mixed methodology and also conclusively adopting a model that can be used by Hospitality SMEs in Pietermaritzburg Municipal region. Nonetheless, by critiquing the literature above that included Asia, Europe and African context, there has not been a solution or roadmap that will see Hospitality SMEs finding reason to be socially responsible. The methodologies that were used by previous researchers failed to provide a roadmap as their arguments contradicted each other on the concept of CSR. Considering the inconclusiveness of previous research and given that under the four objectives a gap is showing due to researchers failing to agree on one issue, this study shall subsequently adopt a mixed methodology as qualitative and quantitative methodologies will complement each other during qualitative and quantitative data analysis to produce conclusive results. Considering the literature above, most authors identified with Stakeholders (employees, community) as key to practising CSR. Therefore, this study shall discuss a Stakeholder theoretical framework and methodology in subsequent chapters.
According to the literature, CSR is mainly about personal attitude, and training in responsible entrepreneurship through local chambers of commerce should be provided to encourage this understanding. As a result of negative attitudes, the owner-manager of a small business is oblivious to CSR difficulties. According to the literature, most SMEs must take a good attitude toward CSR in order to align economic and social profit, which will help firms integrate CSR into their operations. With a positive perspective, CSR can be included in school curricula in order to educate future leaders, the very individuals who can drive good change.

The literature on corporate social responsibility in small and medium-sized businesses is sparse, inconsistent, and fragmented. The majority of research in this subject fail to address all of the important aspects that could help SMEs establish a cohesive CSR strategy. Furthermore, as previously highlighted by several researchers in the literature, CSR studies are difficult to collect because most of them are published on a wide variety of themes such as business ethics, CSR, small business, entrepreneurship, regional development, and management challenges.

However, there is a significant commonality in the SME–CSR relationships across researchers, indicating that CSR is not a common practice among SMEs and that SMEs are hesitant to engage in CSR due to the need for survival and general challenges that come with running a small business, such as a lack of resources, funding, skills, management incompetence, culture, and stringent regulations.

In tiny firms, there are characteristics of interlaced ownership and management. Unlike major firms, several researchers believe that SME owner-managers have a detrimental impact on their business activities, including participation in CSR activities. Because SMEs are not "small big firms," SMEs are not usually motivated by the same factors as their larger counterparts. SMEs varies in their legal form, sector, national setting, historical history, and institutional structures, in addition to their size. While comparing entrepreneurial small organizations to traditional large corporations is a typical mistake in CSR studies, SMEs are not always profit-driven like other businesses.

Small business managers have identified ethical issues such as trust and openness, carefully selected supplier connections, and honest dealings with clients as some of
the primary drivers of SME development. SMEs, on the other hand, are left out of the most profitable supply chain systems.

Graft and corruption, as well as the question of whether CSR has any chance in a corrupt environment, deter most SMEs from participating in CSR initiatives. What chance did SMEs have in the market if the big boys, i.e. MNCs, were bad?

When moral heroism asks who has the time to exercise their particular responsibility when the focus is on the short term, cost-benefit or profitability of one's company. SMEs are frequently only cash flow driven and do not concentrate on a return on investment, which makes any activity that is not profit focussed a side issue. There is a lack of motivation to engage with responsible behaviour when the costs seem to outweigh the benefits.

Lack of education and information is also a critical issue where if an SME is interested in a sustainable business, then there is the impact of competitors to consider (the playing field is not level) as well as a lack of education on CSR and a lack of information on how to turn CSR into a competitive advantage.

At the end of it all, there is a strong thread that CSR cannot mean the same thing for all SMEs and that it requires a non-standard form of CSR for SMEs. This difference on the CSR perspective could also lead to a conflict between the values of an SME and the ethics codes of an MNC that buys from it. The common acceptance by most researchers is that SMEs in South Africa are CSR positive, but are not practising it for business reasons or just passivity to CSR concept. It can be promoted. As one commentator put it, CSR is the corporate version of personal integrity. SMEs with a clear mission, CSR and good governance have a much clearer compass for their businesses Preston (2015).

In the researcher's view, literature supports that CSR needs to be more than just compliance, it needs to be adopted as a strategic tool for the sustainable growth of SMEs and profit maximisation and it is better to pursue CSR as a means than not at all. There is no point in binding SMEs in red tape when the thing they least want to deal with are bureaucratic hurdles.
CHAPTER THREE

RESEARCH METHODOLOGY AND DESIGN

3. INTRODUCTION

The research technique and design used in this study are discussed in this chapter. The focus is on the research methodology, research approach, target population, sample selection, sample size, quantitative research, questionnaire development, questionnaire validation, ethical issues and how they were addressed, data coding, data processing, and tests to ensure the validity and reliability of the data.

3.1 RESEARCH DESIGN

A research design, according to Kumar, Antony, and Tiwari (2015), is a plan, structure, and strategy for conducting an inquiry in order to find solutions to research questions or challenges. The goal is to make the validity of the final results as high as possible. The basic data will be collected and analyzed using a quantitative methodology. Quantitative research typically integrates surveys for descriptive answers and evaluates prognosis and hypotheses on social reality (Bechhofer and Paterson, 2018). The participants in this study are SME business owners with busy schedules who are expected to spend a lot of time hands-on at their business sites. As a result, the researcher chooses the quantitative methodology of conducting a survey by email rather than doing interviews, which may be inconvenient for the owners’ hectic schedules. As a research design, the study is descriptive in nature, and it will be used to collect data in order to answer the research questions.

3.2 TARGET POPULATION

The target population in this research is made up of different Stakeholders according to the Stakeholder Theory. In terms of the definition adopted for this study, an SME is a business with more than 20 employees and any lesser than 20 were classified as micro-enterprises. Those employing more than 200 employees were classified as large corporations/ businesses.

In this study, ‘target population’ refers to the members or elements of a group under study and the term ‘sample’ refers to a subgroup chosen from the population to participate in the research (Wegner 2020).

There are thousands of SMEs situated in KZN and some of these SMEs are not members of their local Chamber of Commerce/Business. Therefore, just identifying and locating them was time-consuming, laborious and an onerous task. Furthermore,
there are 13 Chambers of Commerce/Business in KwaZulu-Natal and the membership lists of many of the smaller Chambers do not indicate the number of employees. Hence, it proved problematic to differentiate between micro, small, medium and large enterprises.

However, before considering any target population, the researcher decided to carry out a screening process and is derived from the membership list of the Pietermaritzburg Chamber of Business (PCB).

According to the definition of an SME in chapter one, members on the list who did not meet that standard definition of SMEs did not constitute the target population and were consequently discarded from the list. This preliminary screening process resulted in a sampling frame of 390 SMEs consisting of, 390 PCB members.

In research, target population refers to members or elements of a group under study, and the term sample refers to a subgroup chosen from the population to participate in a study (Wegner, 2019). The target population for this study will consist of 400 SMEs in the Pietermaritzburg municipal area.

3.3 SAMPLING METHOD

There are various SMEs functioning in various fields in the Pietermaritzburg municipal region. 390 hospitality SME enterprises will be chosen as respondents to the survey using convenience and purposive sampling methods. The project will test the research instrument on 10 SME as part of the pilot test. These hospitality SMEs will not be included in the main study because they were chosen separately from the main sample.

Note: The pilot test participants are included in the sample since the researcher does not want to test the instrument in another industry, which could result in insufficient input.

Instrument for measuring and data collecting

In research, measuring tools are employed to evaluate participants, and these devices are dispersed to collect data on variables. In order to generalize results to a target group, the project will begin with a large survey using self-administered structured questionnaires (Creswell 2018). Participants will receive surveys in the mail. To make things easier, the questionnaire will come with a reply-paid self-addressed envelope.

3.4 PILOT
A pilot test is used to evaluate the planned research's design and practicality (Ford and Testing, 2015). There's a chance that the pilot's findings will be used to change the actual research if necessary, allowing for better management and avoidance of the negative consequences of working on inconclusive research. For the objectives of this study, a voluntary sample of ten SMEs will be chosen. The results of a closed-ended questionnaire on SMEs' perceptions of CSR will be evaluated. The questionnaire will be pre-tested to identify and eliminate any ambiguity or unnecessary questions. STING

3.5 DELIMITATIONS/SCOPE

Delimitations are merely the study's limits (Thomas, Nelson and Silverman 2019). Only SMEs in the hospitality industry in Pietermaritzburg will be studied.

3.6 LIMITATIONS (OPTIONAL)

In general, most, if not all, studies have drawbacks. A limitation is an uncontrollable threat to the validity of research, and this study will encounter a number of them, some of which are regular drawbacks of mixed research methods (Berger 2018). Only SMEs in the Pietermaritzburg area will be able to participate.

3.7 VALIDITY

According to Paul (2019: 01), validity determines if the researcher accurately assesses what was supposed to be measured. Validity aims to show the degree to which the measurement process is free of both random and systematic errors. Validity refers to how the data measure what it is supposed to measure (Creswell 2019). Saunders et al. (2020) define validity as the extent to which the data collection method and/or related methodologies accurately measure what they are intended to measure, as well as the extent to which the research findings are really about what they profess to be about.

Furthermore, Bless, Higson-Smith and Kagee (2018) expressed that content validity is achieved by referring to the literature relating to the area of study. In this case, to ensure that this research study achieves high validity, the research objectives are practical and clearly defined. The measuring instrument applied in this present research study was carefully linked to the theory that defines the scope of the study and was restricted to the variables that were to be examined in the area of corporate social responsibility and SMEs. The validity of the questionnaire will be assessed by both the supervisor and the statistician.
3.8 RELIABILITY

According to Jeff (2017: 40), this metric assesses the data collection instrument's and method's capacity to obtain logical data. According to 5, the degree of solidity and consistency of a measuring tool throughout a number of repeat measurements is referred to as dependability. The degree to which derived results may be generalized to diverse measuring contexts is referred to as reliability. The goal is to develop questions that provide the same outcomes when tested multiple times. The pilot study will serve as a springboard for determining the measuring instrument's "test-retest dependability." The findings of the pilot study can then be utilized to inform any changes to the study.

3.9 ANONYMITY AND CONFIDENTIALITY

Participants will be guaranteed that the information they provide will only be used for academic purposes, and that their right to anonymity will be respected.

Considerations of morality This research will be limited to the Durban University of Technology's research ethics policy and standards, as well as their regulations and principles. Before participating in this study, all participants and stakeholders will receive information and a letter of consent (see attached copies). The participant's rights are described in detail in the letter of information. Respondents' privacy and confidentiality will be protected to the best of our ability. The information gathered for the study will be destroyed.

3.10 DEVELOPING THE RESEARCH METHODOLOGY

3.10.1 QUANTITATIVE

Quantitative research aims to test the predictive and cause-effect hypotheses about social reality, and it encompasses surveys which are often used for descriptive and explanatory resolutions (Bechhofer and Paterson 2019).

According to Kratochwill (2018), descriptive approaches are used to answer queries such as what, when, where, who, and how many. As a result, certain methodologies, particularly data collection methods, are not always tied to one set of assumptions over another. Qualitative research, as a supplementary approach, has been discovered to assist the researcher in finding meanings, concepts, definitions, traits, metaphors, and descriptions of issues. The quantitative method to the research study adds to the process by counting and measuring the variables (Ritchie et al. 2018).
Summarily, according to Berg and Lune (2020), quantitative data are related to numbers. However, for this research study quantitative methodology is adopted approach can improve the validity of the research (Corbin and Strauss 2019).

3.10.2 EXPLANATORY MODEL

Quantitative research questions or hypotheses address the research question in the explanatory model (Bulsara, 2019). The results of the first quantitative step will be examined. With only a few informants, the crucial quantitative data were obtained. The quantitative research approach is used to drive this thesis. In other words, the outcomes are quantifiable. As a result, questionnaires will be used as study methodologies.

3.15 CONCLUSIONS

The quantitative research approach used in this study is described in this chapter. Various authors in the field were used as references in the methodological part of this study. The data was collected from the respondents via questionnaires. To acquire primary data, a structured questionnaire was administered and successfully explained in order to generalize the findings from the target population. The study instrument's quality assurance standards, which encompass validity and reliability as well as ethical considerations, were clarified. The results of each studied answer category are analyzed in the next chapter, followed by a discussion of the study's conclusions.
CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 INTRODUCTION
This chapter is a natural extension of chapter four, which focused on a quantitative technique approach employing an explanatory model. To reach a conclusive conclusion, improve quantitative results. This chapter, on the other hand, concentrates on the analysis and interpretation of measurement instrument results. To summarize the instructions in this chapter, the codes produced from the study objectives have an impact on the structure of the sections where the data are analysed. The subheadings correspond to the codes described in Chapter 4 of this study. Perceptions, practice, and barriers are the codes that were obtained from the research objectives.

4.2 SECTION ONE: BIOGRAPHICAL DETAILS

In order to create these profiles, the demographic features of SMEs’ owners/stakeholders were determined, and the findings from specific demographics were cross-referenced to see if there were any trends.

The age distribution of the owners of SMEs in Pietermaritzburg Municipal region (Q1)

Figure 4: Age Profile of Respondents
Gender of Respondents (Q2)

The aim of the question was actually to establish if there is any change in gender pattern. Gender is a significant issue that influences how people view CSR (Noronha et al. 2018). Women entrepreneurs were once a marginalized segment in most sectors of the economy, until organizations like the Businesswomen's Association of South Africa (BWASA) and South Africa Women Entrepreneurs fought for policy reforms in the country's SME business sector, resulting in the current debate. According to the findings, men made up 80.54% of the respondents (entrepreneurs or small company owners) in the Pietermaritzburg Municipal region, while women made up 19.46%, as shown in Table 4.1. As far as business involvement is concerned, especially ownership of companies along gender lines

Table 4.1: Gender distribution

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>294</td>
<td>81</td>
</tr>
<tr>
<td>Female</td>
<td>71</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>365</td>
<td>100</td>
</tr>
</tbody>
</table>

The analysis established that Hospitality SMEs business in Pietermaritzburg region are dominated by males, with an 80.54% majority.

Highest Educational Qualification level (Q3)

The study revealed that 16.8% of respondents in the Pietermaritzburg Municipal region had no tertiary educational qualifications, while 58.2% had a diploma or degree of some form, and the remaining 25% had a post-graduate qualification, as shown in Figure 4.1. Furthermore, the bulk of the responders are well-educated and capable of running a successful firm.
It is not academic to qualify the idea that education is the answer to everything because there are some successful business entrepreneurs who are not educated. It is crucial to highlight, however, that education has the power to enlighten a person to alternative or more current techniques of running a successful business, such as CSR. Due to the owner's lack of management abilities, a lot of hospitality SMEs in the Pietermaritzburg Municipal region have either closed or are suffering. As a result, the purpose of this question was to determine the participants' educational standing.

The length of ownership by Hospitality SME owners in Pietermaritzburg region (Q4)

The bar graph in Figure 4.2 reveals that 16.30 % of the respondents owned their existing businesses for less than 5 years. The chart shows that the remaining 83.7 % owned their existing businesses for more than 5 years and the majority falls within the range 6-10 and 11-15 years’ period of ownership of their existing businesses.
Figure 4.2: Length of ownership by Hospitality SME owners in Pietermaritzburg region.

![PERIOD .OF .OWNERSHIP](image)

It was established in the year Eighty % of hospitality SME owners in the Pietermaritzburg Municipal Region who have been in company for more than 11 years believe they can survive without CSR. They have adequate experience to apply in an attempt to create a profit because they know all the nooks and crannies of the SME industry. Business ownership has the power to install accountability in people or to harden them to a system that has gotten their companies growing. New business owners who have been in business for less than 5 years and those who have been in business for more than 20 years appear to be open to new ways of doing things since they have either tried everything and failed or they need assistance to achieve their initial goals. Hence the construction of the question.

**Number of employees for Hospitality SME owners in Pietermaritzburg region (Q5)**

Figure 4.3 shows that 390 of the Hospitality SMEs examined in the Pietermaritzburg Municipal Region were small enterprises, with the largest employing 21 to 50 full-time employees (58.80 %) and the remainder 161 SMEs employing 51–100 persons (22.80 %). 6.10 % of those employed 101-150 people, while 12.30 % employed 151-200 persons.
The purpose of this inquiry was to determine the sizes of SME enterprises in the Pietermaritzburg Municipal Region, as this gives an indication of a company’s ability to practice CSR. Though it cannot be statistically demonstrated in this research study, the greater the number of employees who are Stakeholders, are more likely to play a role in the company’s progress. Furthermore, as a business grows, it is possible that it will become socially sensitive as a result of assessments of growth strategy, which may incorporate CSR.

The biographical profiles of SME participants were the focus of the discussion above. The next section examines how hospitality SMEs in the Pietermaritzburg Municipal Region see corporate social responsibility (CSR) in relation to stakeholders such as the community, employees, and the environment. When requesting information from respondents about their CSR for this study, the researcher resorted to using the word ‘perception’ as a manner of simplification. The following section will employ guided perception through the use of a Likert scale. If someone has a negative attitude toward an idea, it automatically translates to their attitude level toward that concept. Hence the adoption of the word as discussed in chapter one.
4.3 SECTION TWO: HOW HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION PERCEIVE CORPORATE SOCIAL RESPONSIBILITY

The major goal of section two was to persuade respondents to divulge their attitudes regarding CSR, so establishing the respondents' attitudes on their businesses' involvement in corporate social responsibility in the Pietermaritzburg Municipal Region.

The study attempted to assess the opinions and attitudes of SMEs in the hospitality industry toward corporate social responsibility. The questionnaire's questions were created to determine SME owners' attitudes on corporate social responsibility. The findings are analysed, interpreted, and discussed in the following sections.

4.3.1 The perceived importance of several Stakeholders that are directly linked to most Hospitality SMEs in Pietermaritzburg region

Chapter One of this research study discussed Stakeholders as a critical issue and, under this section the respondents were expected to rate the perceived degree of importance of the list of Stakeholders: shareholders/owners, community, customers, environment and finally, employees. The researcher used a five-point Likert scale ranging from (1) least important to (5) extremely important and the results from the respondents are discussed below.

The Hospitality SMEs’ perceived significance or importance of shareholders/owners (Q6)

Figure 5.4 shows the degree of importance that Hospitality SMEs in Pietermaritzburg to owners or shareholders. The analysis reveals that 75 % of the respondents acknowledged that the owners were important to extremely important in their respective organisations.
This study discovered that shareholders/owners were both recognized as Stakeholders but, habitually and in principle, the owner-manager is the major shareholder and in most cases SMEs do not progressively have shareholders in terms of investors actually having acquired or bought publicly traded shares of the company.

**Hospitality SMEs’ perceived significance or importance of the society/community (Q7)**

Figure 4.5 depicts the %age of owner-managers who consider community commitment or onus to be highly significant, from least important to extremely important. The results revealed that roughly 82 % of respondents aged 56 to 65 gave the community a low rating, which reflected poorly on established SMEs owner-managers who assumed the community was out of the loop even if their enterprises appeared to be operating in the market. It is a general belief that community loyalty to a business plays a big role in the growth and sustainability of the business and in most cases, communities actually prop up most of the well-established SMEs. Furthermore, the analysis established that approximately 62 % of the age groups below 25 years of age and 26-35 years of age rated the community as highly important to extremely important.
The main reason germinates from the fact that this is the most economically active age group with so much potential and ambitions in whatever they start. In relation to Stakeholder Theory, when one starts a business one would realise that during the infancy stage there is need for mass support from the community and community involvement. This will naturally force one to contribute significantly to the same community as a way of selling the brand and marketing initiatives. It is a bit different from established SMEs which actually consider CSR as charity towards its Stakeholders rather than a growth sustainability strategy.

**Hospitality SMEs’ perceived significance or importance of customers (Q8)**

The results in Figure 4.6 show the perceived importance of customers to Hospitality SMEs in Pietermaritzburg Municipal region. Approximately 76.60 % of the respondents rated the importance of customers as important to extremely important. The results revealed that the 76.80 % of the respondents are 36 years of age and above. Furthermore, these respondents are holders of a diploma to a doctorate degree. The remaining group (i.e. 24 %) rate customers as least important to moderately important and comprises age groups 26-35 years of age, below 25 years of age and are holders of standard 10 / grade12.
Furthermore, at least 10% of the respondents were mostly SMEs with 20 to 50 employees, and had only been in business for 6-10 and 11-15 years, respectively. In general, it's unfortunate that some SME owners have a sour attitude about customers, especially because it's nearly difficult to run any type of business without them. SME owners that rank consumers as minor to moderately important are focused on increasing profits while paying less attention to the same customers who bring in revenue. The remaining 66.6 % of the SME owners who rated customers as highly important to extremely important. The results revealed that the %age is made up of largely SME owners who are holders of M-Tech/Masters/MBA to D-Tech/Doctorate and owned their businesses between 16-20 years and above.

**Hospitality SMEs perceived significance or importance of employees (Q9)**

The results of the perceived relevance of SMEs' obligations to their employees are depicted in Figure 4.7. Only approximately 17% of those polled thought their obligations to employees were important, highly important, or extremely important, whereas 83 % said they were important, highly important, or extremely essential.
The analysis also demonstrated that, regardless of their age, length of ownership, or educational qualifications, the majority of SME owners (83%) feel obligated to their employees' well-being. However, this analysis is incomplete because it favors the condition that, as a result of multi-tasking, multi-skilling, and in some cases, employee rights exploitation, owners are obligated to compensate employees with petty cash, which is generally intended to address employees' short-term needs rather than long-term benefits such as bursaries, employee housing projects, or stock offers. According to the findings, the 17% of respondents who classified personnel as least important to moderately important are typically individuals who have owned their company for 20 years or more and have worked in the field for long enough to be able to easily fire and hire new employees. These SMEs have established their brand to the point where labor is seeking them out rather than the other way around. The high unemployment rate in the economy, which sees over 64% of young people unemployed or looking for work, plays a significant role in this scenario (Blankestijn, Tiggeloove and Snijders 2019).

**The Hospitality SMEs perceived significance or importance of the environment (Q10).**

The results of SMEs' perceptions of environmental importance are shown in Figure 4.8. According to the results of the poll, the majority of SME owners believe that their companies have no need to maintain and preserve their surroundings, in this instance the environment. The environment was regarded as least important, significant, and moderately important by 64.30% of those polled. Only approximately
35.7% of those polled evaluated the environment as important to extremely important.

Figure 4.8: Perceived degree of importance of the environment

Further investigation found that the environment is a source of concern, as more than half of the respondents evaluated it as "least important" to "moderately important" due to a variety of factors ranging from taxes, council fees, import and export duty, licensing, and tollgates. SME owners who have been in business for 6-10 years and are under 35 years old made up 64.30% of the total. The 12% who regarded the environment as extremely essential were mostly between the ages of 36 and 45. The highly educated category, particularly holders, formed up the 12% and 14% of respondents who cited highly important to extremely important, respectively of Masters, M-Tech, MBA and D-Tech/Doctorate degrees and owned their businesses for 16 years and above. The rating of the environment as ‘least important’ was contributed to by the fact that SME owners feel the government as a Stakeholder and other regulatory bodies are obliged to service the environment in its entirety since they pay a lot of money to the government in the form of tax and other expenses that are directed to government functions.

Comparative importance of different Stakeholders to Hospitality SMEs in Pietermaritzburg Municipal region (Q11)

With reference to the above Stakeholders, the hospitality SMEs in the Pietermaritzburg Municipal region hold a variety of viewpoints. As a result, there is a compelling case for revisiting the theoretical framework and determining the
perspective of the theory's proponents on the matter. It's also impossible to dismiss the viewpoints of those who disagree with the notion.

Because of the discrepancies, Evan and Freeman (2015a) claimed in their version of the Stakeholder theory that "All Stakeholders should be treated equally, and no one group, such as owners/shareholders, should be given preference over others, such as employees or the community."

However, Goodpaster (1993) said that, despite adhering to the theory's expansive ideas, he disagreed with its proponents (i.e. Evan and Freeman 2015a). Adopting such a strategy, according to Goodpaster (2015), can be harmful to both company and society at large, because the demands of diverse Stakeholder groups can be inconsistent and irreconcilable. Nonetheless, it is of paramount importance to avoid sacrificing the interests of all other Stakeholders because one particular Stakeholder's interests are way above the capacity of the organisation. When the firm is guided by Stakeholder theory, all Stakeholders are treated equally. Hence, the reason to consider the capacity of the organisation.

This disparity in viewpoints raises critical questions about the situation of SMEs, such as: Do hospitality SMEs in the Pietermaritzburg Municipal Region regard their obligations to all stakeholders as equally important? or Do they consider some Stakeholders' obligations to be more essential than others? Only through data analysis can a well-informed conclusion be made. According to the findings, hospitality SMEs in the Pietermaritzburg Municipal Region ranked their responsibility to key stakeholders as follows: In order of importance, the most important are the employees with 83 %; followed by customers at 76.6 %; then owners/shareholders come third with 75 %; community/society is 4th with 52 %; and last is the environment.
The results revealed that the different perceptions were raised much by male respondents with a frequency %age of approximately 81% against female respondents of about 19%. The 81% male portion was approximately and slightly higher than the average number of Stakeholders of 64.56%.

As a result of the foregoing and based on the analysis, the results show that male SME owners dominate the industry in the Pietermaritzburg Municipal Region, and this scenario has a strong bearing on how these owners perceive their obligation to some Stakeholders as well as how much importance they attach to various Stakeholders, which translates to whether SMEs are in a position to practice CSR or not.

Given the foregoing context, and in light of both proponents and opponents of the Stakeholder Theory, the researcher came to the conclusion that hospitality SMEs in the Pietermaritzburg Municipal Region do not treat all of their stakeholders equally. As a result, the perceptions of hospitality SME owner-managers in the Pietermaritzburg Municipal Region are more favorable or positively linked with Goodpaster's version than the one disseminated by Evan and Freeman (2015a) based on the Stakeholder Theory.
Perceived significance/importance of goodwill, company image and public relations to the growth of an enterprise (Q12)

According to Table 4.2, a majority of 54.79% of questioned respondents strongly think that goodwill, company image, and public relations are critical to an enterprise’s growth and success. Furthermore, 94.79% of the polled SME owners believe there is a strong link between goodwill, company image, public relations, and business growth. The 94.79% was largely made up of 95% male respondents; 20% female respondents; most educated (M-Tech, Masters, MBA, D-Tech/Doctorate, etc.); age group between 36-45 years of age; 46-55 years of age; 56-65 years of age; and 66 years of age and above; and having owned their businesses between 11-15 years, 16-20 years and above. The respondents’ behavior was heavily influenced by their biographical standing. However, goodwill, company image and public relations are generally part and parcel of CSR, which can be effective if an enterprise adopts, implements and practise CSR. If Hospitality SMEs utilise CSR as part of their sustainable growth strategy, goodwill, company image and public relations are easily achievable since there will be that Stakeholder involvement and beneficial relationships lead to sustainable growth of the business.

Table 4.2: The degree of importance of goodwill, company image and public relations to the growth of an enterprise

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency (n)</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>0.82</td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>3.29</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>1.1</td>
</tr>
<tr>
<td>Agree</td>
<td>146</td>
<td>40</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>200</td>
<td>54.79</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>365</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Perceived social and environmental responsibilities of Hospitality SMEs (Q13)

The results in Table 5.3 show that 100 Hospitality SME owner managers (i.e. 27.40%) strongly agreed that it is of vital importance for SME businesses to pay attention to the preservation and protection of the environment. In fact, in total it was 280 respondents, translating to 76.72% who actually agreed with the social and environmental responsibilities. The remaining 85 respondents were made up of 6
SMEs 9i.e. 1.64 %) who strongly disagree; 13 SMEs (i.e. 3.56 %) who disagree; and
lastly 18.08 % (i.e. 66 SMEs) who were neutral. There was not much evidence
pointing to the differences in responses which could be influenced by level of
education, period of ownership etcetera. However, SME owners from 36 years of
age and above held the view that SMEs were actually supposed to pay attention to
their social and environmental responsibilities compared to age group 35 and below
who are likely to be at the infant stages of their businesses. Hospitality SME
businesses that are at infant stages set their priorities on building up sensible
processes and functions in their business where the SME owner manager is in
charge of almost 90 % of the functions in the firm. The owner manager as a
Stakeholder in most cases is actually expected to possess all the skills required to
run the business. The chances of having a positive perception of those who are in
age group above 35 are high, given the view that most of those are expected to have
owned their businesses for at least 5 years hence sharing responsibilities with
workers, creating a gap for the owner to concentrate on CSR.

Table 4.3: Perceived environmental and social obligations of Hospitality SMEs
in Pietermaritzburg Municipal region.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency (n)</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>6</td>
<td>1.64</td>
</tr>
<tr>
<td>Disagree</td>
<td>13</td>
<td>3.56</td>
</tr>
<tr>
<td>Neutral</td>
<td>66</td>
<td>18.08</td>
</tr>
<tr>
<td>Agree</td>
<td>180</td>
<td>49.32</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>100</td>
<td>27.40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>365</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The analysis of data revealed an interesting scenario where if one compares the
results in the previous question against the present, 94.79 % of the respondents in
the previous question agree to strongly agree that there was a strong relationship
between goodwill, company image and public relations and the growth of an
enterprise; while a total of 76.72 % agree to strongly agree that SMEs must pay
attention to social and environmental responsibilities. However, comparing the two,
the results actually reveal that not all of the respondents who agreed that there is a
strong relationship between goodwill, company image and public relations to the
growth of an enterprise agreed or had the same view of the fact that SMEs are
obligated to social and environmental responsibilities in the present question. According to Katavic (2019), a study conducted in Japan in 2017 revealed that approximately a total of 82 % agree to strongly agree that SMEs of all kind must pay serious attention to their social and environmental responsibilities, whilst 66 % generalised their view as that it was just good for business and 25 % did not agree with both views. There was no significant influence in the responses by SME owners emanating from all biographical factors. One can simply generalise the result as a universal belief enshrined in most Hospitality SMEs owners in Pietermaritzburg Municipal region.

The perceived relationship between environment, social responsibility and growth of the business (Q14).

The results in Table 5.4 reveal a surprising scenario where a total of 48.22 % of the respondents agreed that there is a link between social and environmental responsibilities and business growth. However, this is less than the 51.78 % of respondents who disagreed that there is any link between the factors. Though the 52.78 % also include neutral respondents who neither agreed or disagreed, the surprise comes from the fact that the study expected a larger %age considering that 83.7 % owned their existing businesses for more than 5 years, with the majority falling within the range 6-10 and 11-15 years of ownership of their existing businesses.

Nonetheless, considering the above analysis, the researcher discovered that the results are below expectations as Hospitality SMEs in South Africa’s Pietermaritzburg Municipal region’s attention to social and environmental responsibilities is invisible compared to similar municipalities around the world like Canberra Beach City in Australia Preston(2004). Another point to note that 76.72 % respondents who agreed to strongly agree that Hospitality SMEs must pay attention to social and environmental responsibilities in the previous question compared to this low 48.22 % who agreed that there is a link/connection between social and environmental responsibilities and business growth.
Table 4.4: The perceived link between environment, social responsibility and business growth

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency (n)</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>37</td>
<td>10.14</td>
</tr>
<tr>
<td>Disagree</td>
<td>86</td>
<td>23.56</td>
</tr>
<tr>
<td>Neutral</td>
<td>66</td>
<td>18.08</td>
</tr>
<tr>
<td>Agree</td>
<td>96</td>
<td>26.30</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>80</td>
<td>21.92</td>
</tr>
<tr>
<td>TOTAL</td>
<td>365</td>
<td>100</td>
</tr>
</tbody>
</table>

However, even though the result shows that the majority of respondents are educated and could easily run a successful business with the analysis above the conclusion is otherwise. The results seem not really influenced much by biographical factors because if it was so, then 48.22 % shows otherwise and is proved true as 48.22 % of respondents are across the biographical frame.

The perceived relationship between business growth and responsible business practises (Q15)

An analysis of results in Table 4.5 shows that a majority of 71.51 % agreed that there is a positive relationship between business growth and responsible business practices. However, considering the analysis of the results in Table 4.4, only 48.22 % perceived a positive link between environment, social responsibility and enterprise/business growth.

Table 4.5: Degree of relationship between business growth and responsible business practices

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency (n)</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>1.92</td>
</tr>
<tr>
<td>Disagree</td>
<td>86</td>
<td>23.56</td>
</tr>
</tbody>
</table>
This acute condition seems to reflect that a substantial portion of 49.59% are of the view that a business can actually practise responsible business while at the same time not necessarily consider being socially and environmentally responsible. This view arises as Hospitality SME owners in Pietermaritzburg Municipal region believe that following responsible business does not actually reflect being socially and environmentally responsible. These SME owners are not satisfying the practices of Stakeholder theory in that the moment one identifies with being a socially responsible business, then automatically the Stakeholder Theory comes into play, which implies that all Stakeholders must be treated equally. It is their view that they can practise CSR selectively and avoid the need to consider other building blocks of CSR, like the environment.

**Perceptions in relation to the level to which Hospitality SMEs in Pietermaritzburg Municipal region follow responsible business practises (Q16)**

Table 5.6 shows the analysis of results where only a total of 27.40% indicated that they practised responsible business; where 10.96% believed that they practised a great deal of responsible business. This portion was made up of a majority of female SME owners, most of whom were educated. The remaining 61.64% was made up of respondents who do not know whether they should practise or not and the other 25.48% indicated that they have never tried to practise responsible business practises. Those who indicated that they either do not know or have never tried to practise responsible business practise were mainly made up of the age group 35 years and below, with most them having owned their businesses for 5 years and less, with between 20 to 50 employees. Some negativity can be seen when it comes to SMEs actually practising responsible business in their organisations. The results in Table 5.3 indicate that approximately 76.72% agreed that they have an obligation to social and environmental responsibilities; Table 5.4 shows that 48.22% agreed that there is a link between the environment, social responsibility and business growth. Table 5.5 reveals that 71.51% agreed that there is a link between business growth and responsible business practices. However, it is surprising that in Table 5.6
only 38.36 % of respondents believe that they have been following responsible business practises

Table 4.6: Degree to which Hospitality SMEs in Pietermaritzburg Municipal region believe they follow responsible business practises

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency (n)</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t know</td>
<td>6</td>
<td>1.64</td>
</tr>
<tr>
<td>Not at all</td>
<td>93</td>
<td>25.48</td>
</tr>
<tr>
<td>Little</td>
<td>126</td>
<td>34.52</td>
</tr>
<tr>
<td>Fair</td>
<td>100</td>
<td>27.40</td>
</tr>
<tr>
<td>A great deal</td>
<td>40</td>
<td>10.96</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>365</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Hospitality SME perceptions with regard to CSR areas that SMEs should consider taking part in(Q17)

Table 4.7 shows some items to be addressed concerning the perceptions of Hospitality SMEs in Pietermaritzburg Municipal region towards their CSR involvement.
Table 4.7: Hospitality SMEs perceptions of responsibility towards society, employees and environment

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Yes</th>
<th>No</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Freq %</td>
<td>Freq %</td>
<td>Freq %</td>
</tr>
<tr>
<td>1</td>
<td>Reducing operations’ impact on the environment</td>
<td>78 21.4</td>
<td>245 67.1</td>
<td>42 11.5</td>
</tr>
<tr>
<td>2</td>
<td>Reduction of waste while improving recycling</td>
<td>90 24.7</td>
<td>200 54.8</td>
<td>75 20.5</td>
</tr>
<tr>
<td>3</td>
<td>Employees having access to training and development</td>
<td>100 27.4</td>
<td>120 32.9</td>
<td>145 39.7</td>
</tr>
<tr>
<td>4</td>
<td>Improving Health life amongst employees</td>
<td>120 32.9</td>
<td>203 55.6</td>
<td>42 11.5</td>
</tr>
<tr>
<td>5</td>
<td>Taking care of staff welfare</td>
<td>112 30.9</td>
<td>133 36.4</td>
<td>120 32.9</td>
</tr>
<tr>
<td>6</td>
<td>Employment Equity, Affirmative Action, Black Economic Empowerment</td>
<td>265 72.6</td>
<td>62 17</td>
<td>38 10.4</td>
</tr>
<tr>
<td>7</td>
<td>Involvement in the local community’s standard of living</td>
<td>101 27.7</td>
<td>154 42.2</td>
<td>110 30.1</td>
</tr>
<tr>
<td>8</td>
<td>Involvement with Non-profit organisations for the community</td>
<td>296 81.1</td>
<td>60 16.4</td>
<td>9 2.5</td>
</tr>
<tr>
<td>9</td>
<td>Involvement in educational institutions (schools, etc.) in the community</td>
<td>165 45.2</td>
<td>150 41.1</td>
<td>50 13.7</td>
</tr>
<tr>
<td>10</td>
<td>Operating in deprived parts of the community</td>
<td>53 14.5</td>
<td>200 54.8</td>
<td>112 30.7</td>
</tr>
<tr>
<td>11</td>
<td>Involvement with traditionally marginalized and underserved groups (orphans, unemployed, handicapped, homeless, etc.)</td>
<td>100 27.4</td>
<td>206 56.4</td>
<td>59 16.2</td>
</tr>
<tr>
<td>12</td>
<td>Considering mutual benefit between business and society</td>
<td>75 20.4</td>
<td>160 43.8</td>
<td>130 35.6</td>
</tr>
</tbody>
</table>

Numbers 1 and 2 are expected to address the issues of the environment.
• **Environment**

The results revealed that only 21.4 % of the respondents indicated that Hospitality SMEs in Pietermaritzburg Municipal region should take part in the preservation of the environment and 67.1 % indicated ‘No’, while the remaining 11.5 % ‘Don’t know’. The results confirmed the perceptions of the SMEs as per Figure 5.8 where only 35.7 % of the respondents rated the environment as important, highly important and extremely important. Even the items on the environment show results that SMEs have a negative attitude towards the environment. The numbers indicated that out of 365 respondents, only 90 respondents (i.e. 24.7 %) agreed that they should take part in protecting and preserving the environment as part of their CSR.

Considering the analysis and since education at tertiary level is a challenge in Pietermaritzburg Municipal region, most college-going potential students struggle to raise enough fees to take matric to a degree level. The level of education on matters like business growth strategies may pose a challenge. CSR comes with direct and indirect, touchable and untouchable benefits which may need an SME owner manager to be aware of the reason why they should practise responsible business towards the environment.

Numbers 3-6 address employee issues.

• **Employees**

Respondents showed positivity in their obligation towards their employees, results in Figure 5.7 show that 83 % indicated their obligation to their employees, with only 17 % showing a negative attitude towards their responsibility. However, the results in the table above show that 72.6 % of the SME owners indicated ‘Yes’ on issues to do with Employment Equity, Affirmative Action and Black Economic Empowerment, while they seem to ignore the majority of the items that actually form CSR. The results established that on Item 3 (training and development), 72.6 % of the respondents indicated a ‘No’; on Item 4 which is Health life, 67.1 % indicated a ‘No’; and 69.3 % indicated that taking care of the staff welfare is never part of their CSR.

However, an encouraging development was noted on SMEs’ commitment to uphold Black Economic Empowerment (BEE), Affirmative Action (AA) and Employment Equity (EE) as 72.6 % of the SME owners agreed; 17 % disagreed and 10.4 % were not sure of their position with regard to their obligation towards employees as part of
CSR. According to some studies carried out on SMEs (Booysen 2018 and Fatoki and Chiliya 2019) pointed out that, in the latter half of 2006, the draft BEE codes in operation at that time exempted businesses with a turnover of less than R300 000 per year from drawing up BEE scorecards. However, according to the revised BEE codes which became law in 2019, businesses with a turnover of less than R5 million a year are exempt from having to draw up a BEE scorecard.

In view of the above, the researcher argues that there was a negative difference between SME owner-managers from 46 years of age upwards and their willingness to implement change in line with BEE, AA and EE. Subsequently, have gone down since the turnover is now pegged at R5 million per year because most Hospitality SMEs in Pietermaritzburg Municipal region earn less than that value. In addition to this situation, the results reveal that the majority of respondents were White, who were benefactors and a rather favoured group during the previous political era in South Africa.

Lastly, 7-12 is concerned with the community.

- **Community**

The results revealed mixed feelings amongst Hospitality SMEs, as can be seen from the responses on item 8 and 10 with the majority of 81.1 % and 54.8 % indicating their commitment to the community on some of the items as part of their CSR. The results show mixed feelings as the majority of the respondents also show their lack of knowledge or a negative attitude to some of the items, with 72.3 %, 54.8 %, 79.4 % of respondents indicating ‘No’ or ‘Don’t know’.

Generally, the results in Table 5.7 reveal that Hospitality SMEs in Pietermaritzburg understand what CSR is all about. Furthermore, they seem to literally support the idea of practising responsible business as indicated by 71.51 % of respondents in Table 5.5 who agreed to strongly agreed that practising responsible business leads to business growth. However, the result is strongly opposed by a negative attitude exhibited by results in Table 5.7 where a majority of CSR items had a large number of respondents who indicated ‘No’ (245/365; 200/365; 203/265; 160/365 etc.) and a large number of respondents who indicated that they ‘Don’t know’ (75/365; 145/365; 120/365; 110/365; 112/365; 130/365 etc.)
The above discussion was mainly focused on the perceptions of SMEs with regard to their social responsibility, predominantly towards the community, employees and the natural environment. The following section is focused on the extent to which SMEs practise responsible business.

**4.4: SECTION THREE: THE EXTENT TO WHICH HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION PRACTISE CSR**

A number of questions were asked of the Hospitality owner-managers in order to establish the extent to which their socially responsible behaviour is in relation to the following Stakeholders: community/society, employees and environment.

**The extent to which Hospitality SMEs practise employees oriented CSR (Q18)**

Many benefits can be directed to employees as a form of corporate social responsibility. The list outlined in Table 5.8 is not exhaustive. However, this study made an effort to cover all the areas that concern an employee and under such circumstances, the assumption is that the list provides a wholesome indication of the way Hospitality SMEs behave towards their Stakeholder in the form of employees.

Given the results in Table 5.7 where only 32.9 % and 30.9 % of the respondents agreed to Item 4 (Improving Health life of employees) and Item 5 (Taking care of staff welfare) respectively, the results in Table 5.8 appear to show that statistically Hospitality SMEs in Pietermaritzburg Municipal region do not practise. Rather, it is at an unexpected level as results reveal that only 54.8 % practised subsidised medical Aid; 56.4 % subsidised the pension fund; and 52.1 % subsidised Training and development courses. With respect to benefits, respondents indicated ‘No’ as they do not practise them, with 56.2 % for free meals; 54.8 % for HIV/Aids counselling; 82.7 % for staff free transport; 69.9 % fees for staff dependants; 60.5 % staff study fees; 82.2 % interest free loans; 53.7 % reward schemes; and finally 74 % other benefits.
Table 4.8: The extent of CSR practise of Hospitality SMEs towards their employees

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Yes</th>
<th>No</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Freq %</td>
<td>Freq %</td>
<td>Freq %</td>
</tr>
<tr>
<td>1</td>
<td>Free meals for staff</td>
<td>60</td>
<td>205</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.4</td>
<td>56.2</td>
<td>27.4</td>
</tr>
<tr>
<td>2</td>
<td>Counselling of staff on HIV/AIDs, toxic substances, alcoholism and drug abuse</td>
<td>90</td>
<td>200</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24.7</td>
<td>54.8</td>
<td>20.5</td>
</tr>
<tr>
<td>3</td>
<td>Free transport for staff</td>
<td>50</td>
<td>302</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13.7</td>
<td>82.7</td>
<td>3.5</td>
</tr>
<tr>
<td>4</td>
<td>Free uniform for staff</td>
<td>270</td>
<td>65</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>74</td>
<td>17.8</td>
<td>8.2</td>
</tr>
<tr>
<td>5</td>
<td>Paid courses for Training &amp; development</td>
<td>190</td>
<td>170</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>52.1</td>
<td>46.6</td>
<td>1.4</td>
</tr>
<tr>
<td>6</td>
<td>Company contributed medical aid</td>
<td>200</td>
<td>80</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>54.8</td>
<td>21.9</td>
<td>23.3</td>
</tr>
<tr>
<td>7</td>
<td>Fees for Staff dependants</td>
<td>20</td>
<td>255</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.5</td>
<td>69.9</td>
<td>24.7</td>
</tr>
<tr>
<td>8</td>
<td>Company contributed pension fund</td>
<td>206</td>
<td>89</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td></td>
<td>56.4</td>
<td>24.4</td>
<td>19.2</td>
</tr>
<tr>
<td>9</td>
<td>Staff study fees</td>
<td>15</td>
<td>221</td>
<td>129</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.1</td>
<td>60.5</td>
<td>35.3</td>
</tr>
<tr>
<td>10</td>
<td>Interest free loans</td>
<td>23</td>
<td>300</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.3</td>
<td>82.2</td>
<td>11.5</td>
</tr>
<tr>
<td>11</td>
<td>Reward schemes</td>
<td>160</td>
<td>196</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>43.8</td>
<td>53.7</td>
<td>2.5</td>
</tr>
<tr>
<td>12</td>
<td>Other benefits</td>
<td>10</td>
<td>270</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.7</td>
<td>74</td>
<td>23.3</td>
</tr>
</tbody>
</table>

The researcher considered that there is a reflection of the Hospitality SMEs’ perceptions as far as their behaviour towards employees is concerned. It seems that these SME owner-managers who hold a negative view are only much concerned with profits and expect employees to work towards the growth of the business. However, in return the owners do not mind about the welfare of the employees and
are only prepared to take responsibility in basic benefits, forgetting the motivating side of the whole deal.

Analytically, most Hospitality SMEs surveyed suffer from high staff turnover due to a low or lack of motivational initiatives from owners. A further and rather more disturbing revelation is Item 2 (Counselling of staff on HIV/AIDs, toxic substances, alcoholism and drug abuse) in Table 5.8 where only 24.7 % of the Hospitality SMEs in Pietermaritzburg agreed and the rest (54.8 %) indicated ‘No’. A research article by AVERT in KZN recorded a 37.4 % HIV/AIDs prevalence in 2017 and approximately 40 % in 2019 as cited by Chazan 92015) who pointed out that given the scourge of HIV/Aids in Pietermaritzburg Municipal region, KwaZulu-Natal region is the epicentre of the disease according to previous HIV/AIDs studies. The province stands at an ever-growing peak of approximately 40 % prevalence as compared to other provinces, like 18 % in Northern Cape and Western Cape respectively. Therefore, it is of great concern that only 24.7 % of the Hospitality SMEs in Pietermaritzburg Municipal region provide education, awareness and counselling to staff (living or not living) with HIV/AIDs, while 54.8 % disagree and 20.5 % are not sure.

Through the present and other several previous studies, there is a general belief those SMEs depending on the nature of business are in, etc. Hospitality SMEs are negatively susceptible to high staff turnover mainly due to employees yielding to the HIV/AIDs pandemic. It is also imperative to note that the rate of loss through toxic substances, alcoholism and drug abuse is not as high as that of the pandemic. However, researchers indicate that there are notable losses attributed to such factors as increased absenteeism, reduced productivity and poor staff morale due to the lack of motivation, reward schemes and other benefits, high employee costs, etc. (Kaithuru and Stephen 2015). Therefore, from Table 5.8 on average out of the 12 questions on the benefits towards employees, only 3 (i.e. 25 %) questions had 50 % and above respondents who agreed.

This researcher, through data analysis, is willing to highlight appreciation of the fact that Hospitality SMEs in Pietermaritzburg Municipal region realise the need for skilled labour and avoid a multi-skilled, multitasking approach to recruitment. SMEs are known for a recruiting system where an individual is expected to be skilled in many fields and is also expected to be able to serve them all while the salary of that individual remains constant. Through analysis, 52.1 % of respondents agreed to offer employees subsidised Training and Development courses. However, this does not actually correspond to the results in Table 5.7 where 27.4 % of respondents had a
negative perception towards the provision of Training and Development to their employees.

There are several similar research studies carried out around the world in 2019 which produced the same results as the present study, where 76.3 % of Japanese SMEs were involved in Training and Development despite the fact that most SMEs in all economic sectors around the world and specifically Africa indicate that finance and access to financial assistance is their main barrier to growth; where 82 % are on record in encouraging their staff to upgrade their skills and education. Furthermore, as a form of support to this initiative, SMEs offer to pay part of the fees or total fees for staff (Nguyen, Mort and D’Souza 2015). Unfortunately, in view of the above statement, analysis of the data reveals that of all Hospitality SMEs in Pietermaritzburg Municipal region, only a narrow 4.1 % of the respondents agreed to support their staff with study fees. This is generally discouraging as it paints a picture that Pietermaritzburg Municipal region SMEs do not value skill or rather skilled labour which automatically points to the fact that most SMEs who hold such a view go for unskilled labour and in doing so, fail to catch up with world business trends, resulting in these SMEs shutting their doors as competition overtakes them.

However, it appears that there is a loose relationship between the level of Education of SMEs and the willingness of the owner to offer study fees to staff for upgrading. As revealed by the analysis, the 4.1 % should have been made up of those SMEs who appreciate skill as a necessary tool for growth. In Figure 5.1, only 3 % of respondents who possessed D-Tech and PHDs; 13 % M-Tech/Masters; 8.8 % B-Techs and a large 58.2 % had diplomas. Therefore, if there are fewer highly educated owners, there are greater chances that only a small %age will also encourage their staff to be qualified. This scenario seems to be contributed to by the fact that the research is carried out on Hospitality SMEs that in actual fact are into buying and selling as the nature of the business. There is nothing much to do with design, architecture, artistry, programming, etc. Technical skill is not very wide in this nature of business except for supply chain and merchandise skills, which in most cases are dominant at tertiary institutions. Consequently, most of the employees have the skill and will be much in need of the applicability of the skill obviously acquired in a few months of exposure to business.

From Table 4.8 approximately 2.7 % of the respondents highlighted their involvement in providing other benefits to their employees such as funeral schemes, small interest housing loans and provident funds. There is a positive development in the
sense that in the same context a significant 56.4 % of the SME owner-managers are providing a subsidised pension fund. However, just a paltry 6.3 % of the respondents provide interest-free or subsidised loans. In such scenarios, the main reason for the failure of Hospitality SMEs to provide extra benefits to the basic ones might be that the nature of business demands large amounts of disposable cash. Further probing of the participants established that most of the functions under this sector demand large cash outflows to maintain the supply chain of the business. Though reasonable, staff morale and loyalty is affected in a counter-productive manner, resulting in low productivity. As they fail to acquire or meet their social targets, there are chances that these SME employees will invest their effort in extracurricular activities besides what they are employed for. The hope is to have more Hospitality SMEs reserving payable loan amounts from their cash flow to assist their employees to purchase houses, etc.

In conclusion, the reported CSR behaviour by Hospitality SMEs in Pietermaritzburg Municipal region towards their employees does not correspond with the perception held by the 83 % majority of SME owner-managers who agreed that employees were their most important Stakeholder. In consideration of the afore-mentioned, a review of the literature reveals a research study in 2019 amongst 780 Japanese hospitality SMEs in the second capital city Nagoya that established and confirmed that there was notable adoption and implementation of internal CSR, where high activity is witnessed in areas such as equity, healthy-life for staff, work-family issues, financial support systems etcetera.

Literature reflects that companies with rational and progressive human management (Human Resource Strategies) experience measurable staff loyalty and constant staff morale. According to Armstrong and Taylor (2019), motivation both internally and externally strengthened the workforce and is the most critical element in the growth of any organisation. Therefore, internal CSR translates to a highly motivated workforce, and increased productivity resulting in an ever expanding institutional/organisational and human capital, which at the end of day allows employees to participate more and allows them to realise their full innovative potential.

Mathis and Jackson (2019) contended that CSR in respect of employees improves a company’s overall image, which in turn makes it easier to recruit new employees. Employees who perceive their employers as having good corporate social performance, view them more positively and are therefore more committed to them.
Furthermore, improved employee satisfaction and loyalty increases employee job performance and retention, resulting in increased customer satisfaction, sales and profitability.

Considering Mathis and Jackson's (2019) contribution on the CSR behaviour of Hospitality SMEs in Pietermaritzburg Municipal region towards their employees, it is evident that a large portion of SMEs are not practising their perceptions in respect of Stakeholder Theory, which demands equal treatment of all Stakeholders and they seem unaware of the benefits reaped from behaving socially responsible, towards employees. While not taking away anything from the fact that the small %age that actually practise responsible behaviour is a reflection that these Hospitality SMEs are aware of the benefits, the only downfall comes on the grounds that if these SME owner-managers are aware of the benefits, then what lacks is the actual adoption and practise of CSR behaviour. Awareness or perception of any condition or situation is not enough if it is not put into practise, applied or rather if there are no tangible and measurable outcomes from it.

**The extent to which Hospitality SMEs practise environment-oriented CSR (Q19)**

The results in Table 4.9 reveal that only 11 % of the respondents had measures in place to control and reduce environmental pollution from company operations; 61.6 % indicated that they had no measures put in place to reduce or control pollution, while 27.4 % pointed that it was not applicable to their organisation. Regarding environmental laws, a majority of 52.1 % stated that they comply with the laws; 20.5 % indicated that they do not comply with the laws and 27.4 % indicated that complying with laws was not applicable. Only 13.7 % of the surveyed respondents agreed that there are measures put in place by the company for compliance with national and international environmental standards, while a majority 68.5 % disagreed and only 17.8 % reported that it was not applicable in their respective organisations. Probably because of the type of industry of the Hospitality SMEs a majority (65.8 %) disagreed that they use any recycled material. In addition, 6.8 % indicated that it was not applicable.

Further analysis of the results established that the majority of the respondents (i.e. 190 of 52.1 %) who agreed that they comply with the laws had grade 12 or a diploma/ degree, while 140 (38.3 %) who indicated that they practise waste management by disposing of waste under environmental friendly methods; 110 were
holders of B-Tech/Honours, 90 had M-Tech/Masters and finally, 10 were holders of a D-Tech/Doctorate degree.

Table 4.9: The extent of practise of Hospitality SMEs towards the environment

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Freq</td>
<td>%</td>
<td>Freq</td>
</tr>
<tr>
<td>1</td>
<td>Is there a plan in place to limit pollution from the company's operations?</td>
<td>40</td>
<td>11</td>
<td>225</td>
</tr>
<tr>
<td>2</td>
<td>Does the company comply with environmental laws?</td>
<td>190</td>
<td>52.1</td>
<td>75</td>
</tr>
<tr>
<td>3</td>
<td>Is the corporation taking steps to ensure that national and international environmental standards are met?</td>
<td>50</td>
<td>13.7</td>
<td>250</td>
</tr>
<tr>
<td>4</td>
<td>Does the company utilise recycled material</td>
<td>100</td>
<td>27.4</td>
<td>240</td>
</tr>
<tr>
<td>5</td>
<td>Is waste management practiced at the company, with garbage being disposed of in environmentally appropriate ways?</td>
<td>140</td>
<td>38.3</td>
<td>185</td>
</tr>
<tr>
<td>6</td>
<td>Other practises not listed</td>
<td>30</td>
<td>8.2</td>
<td>200</td>
</tr>
</tbody>
</table>

Commenting on the issue, Boiral, Baron and Gunnlaugson (2019) stated that SMEs in Toronto who introduced comprehensive waste management programmes realised remarkable benefits and the majority reported significant savings from 30-70 % for water, approximately 30 % for electricity between 20-60 % for solid waste; approximately 10 % for raw materials, and from 25 % to as high as 95 % for consumables. The objective is committing to the target of increasing terrestrial protected areas to 17 % of territory and marine protected areas to 10 %, will also be important in maintaining and increasing ecosystem services that are a foundation for the economy and society, helping in the adaptation to climate change by improving ecosystem resilience.
However, it is important to note that in Africa, the benefits depend consistently on the industry in which the SME is operating. From the above, the level of savings will not be the same if one compares manufacturing SMEs against hospitality SMEs. Manufacturing SMEs may realise large savings while minimum in the hospitality, service and tertiary sectors. One cannot dispute the fact that correct environmental management such as waste management will obviously result in the reduction of company overheads, which eventually lead to large profit margins.

With regard to literature from Boiral, Baron and Gunnlaugson (2019), it is discouraging to note that an analysis of the results in Table 5.9 revealed that Hospitality SMEs in Pietermaritzburg Municipal region had only 140 out of 365 (38.3%) SMEs practising correct waste management methods. With all the benefits that can be realised out of the practise, the %age is too small to convince the existence of such a practise in organisational policies. As highlighted before, the use of recycled material is dependent on the type of business and products that one is dealing with. In most cases, recycled material is used in production. In this research study, only 27.4 % agreed to using recycled material. The outcome of this analysis with respect to recycled material compares unfavourably to a similar study which was carried out in Brazil where almost 76 % of Hospitality SMEs make use of recycled material.

Further analysis also shows that most respondents who did not use recycled material in the Hospitality sector were between the ages of 26 and 45 years, while 15 % were those between 46 and 55 years old. The older age group of 56 years upwards and the younger age group of 25 and below seemed unaware of the benefits as they indicated ‘not applicable’ to their organisations. Therefore, from this analysis, the younger and the older the respondents, the less in favour of recycling material. The results also showed that only 30 SMEs out of 365 surveyed agreed to be engaging in other environmental practices. The results also established that age groups 56 years of age upwards and the younger age 25 years and below were using other practices which are not listed in the table. These other practices are mainly related to service practice which is performed by municipal authorities like street cleaning, etcetera.

*Below is an in-depth discussion of the extent to which Hospitality SMEs in Pietermaritzburg Municipal region exhibit socially responsible behaviour towards the environment.*
There are international standards such as ISO 9000, 9001 and 14001. Amongst these standards, ISO 14001 is the standard which actually enforces environmental standards where an organisation is expected to weigh its negative and positive exploits on the environment in line with the standard’s procedures of reducing and controlling pollution in the ecosystem. Despite South African SMEs progressively reported by the International Institute for Sustainable Development in 2004 and 2015 to have achieved ISO 14001 certification, a report by the South Africa’s Department of Environmental Affairs and Tourism in 2007 brought to light statistics that an insignificant 5.7% of those SMEs were from the Hospitality sectors. According to the statistical data that drives this research, it was found in the previous chapters that the Hospitality sector constitute a majority (45.61%) of all the SMEs in South Africa. Therefore, on average approximately 40% of the Hospitality SMEs in South Africa are not ISO 14001 certified. The Pietermaritzburg Municipal region region also falls within the circumference of that population. Therefore, generally South African SMEs that have been certified with ISO 9000, 9001 and/or 14001 comply with these standards subject to professional force by their supply chain partners who may refuse to partner or operate with companies that are not certified.

It is surprise that some multinational companies (MNCs) who are naturally the drivers of ISO standards and have been certified with ISO 14001 are found to have been flouting the same environmental laws that are certified in. As an observation, if there are some multinational companies who can go for so many years with breaking the law without authorities noticing, then surely Hospitality Sectors SMEs will never be discovered, considering their size (Fatoki and Chiliya 2019).

In an effort to establish the reason why SMEs behave negatively towards the environment, a further literature review reveals some facts. Fatoki and Chiliya (2019) boldly stated that the limited environmental involvement of SMEs has been attributed to attitudinal and behavioural characteristics. In particular, a lack of knowledge about relevant legislation; the assumption that the impact of SMEs on the environment is negligible; and the failure by SME owners to integrate the environment into business activities.

In line with the statements above, participants revealed that it is of paramount importance to note that in Pietermaritzburg Municipal region in South Africa, if reliance is put on the pressure from Stakeholders to force SMEs to protect the environment then it will not produce any fruitful results as the majority of the population (especially the age group 25 years of age and below) do not mind giving
up the environment for business or employment as long as they benefit from such a move.

The observations are supported by a survey carried out by a marketing research company called ESOMAR World Research in 2006, where it was discovered that generally in South Africa, approximately 68 % of the population find it not a bad practice to deprive the environment of its fauna and flora for livelihood. In line with this anomaly, economists added their voices by defending the ESOMAR research outcome, narrating that it was normal to find people sacrificing the environment for livelihood especially in an economy with a high unemployment rate of approximately 26.4 %. However, if people aged 16 to 60 are included, the jobless rate rises to almost 40%. In South Africa in 2017, 65 % of children lived in households where at least one adult worked. The remaining 33.6 % of children (nearly 6.5 million) lived in families where neither parent worked. Between 2013 and 2017, unemployment fell by a modest %age point, with the share of children living in unemployed homes staying around 35%. (Cant and Wiid 2018).

Subsequently, one could to conclude that the Hospitality SMEs in Pietermaritzburg Municipal region behave negatively towards the environment as results in Table 4.9 correspond well with those in Table 4.4 where only 48.22 % agreed that there is a link between the environment, social responsibilities and business growth. In addition, an analysis of the results in Table 4.7 revealed that only 21.4 % of the SME managers agreed that Hospitality SMEs in Pietermaritzburg should take part in the preservation of the environment and the majority (67.1 %) disagreed, while the remaining 11.5 % ‘Don’t know’. Therefore, Hospitality SMEs in Pietermaritzburg Municipal region are negligibly not so concerned about protecting and preserving the environment as compared to their counterparts in Asia, Europe, etc. who react to pressure by citizens, NPOs, civic groups, regulatory bodies and the government in general. However, there are a number of shortcomings as far as preservation of the environment is concerned since the majority of Hospitality SMEs in Pietermaritzburg Municipal region are of the view that preservation of the environment is the duty of large corporations who produce much smoke in the ecosystem and that the SMEs operations effect on the environment are of less than large corporations. Nevertheless, Boiral, Baron and Gunnlaugson (2019) concluded that strengthening the regulatory framework becomes a fundamental requirement for inducing improvements in the environmental behaviour of small and medium enterprises.
The extent to which Hospitality SMEs practise community/society oriented CSR (Q20)

The Table 4.10 indicates results of 365 surveyed Hospitality SMEs in Pietermaritzburg Municipal region. The results reveal that the majority of 270 (73.9 \%) indicated that they had nothing to with the community or rather they were not prepared to participate in any form in the community as they obey all the relevant government laws and pay taxes, which can in turn be used to support the community instead of them forking out extra money from their already shallow pockets. Furthermore, the results reveal that a discouraging scenario of 280 (76.7 \%) of respondents indicated that All of the listed responsibilities were actually not applicable to their respective organisations. The results are comparably the same with a slight difference of 2.8 \%, which actually shows that there were more owner managers who believed to be detached from community concerns when it comes to responsibilities. Surprisingly, the findings suggest that certain hospitality SMEs in the Pietermaritzburg Municipal Region do not believe there is a compelling reason to join forces in the battle against crime. It's possible that the fundamental reason is that they've never had to deal with any crime-related costs or consequences. As a result, supporting a cause that does not appear to touch them makes little sense.

Commenting on business and literacy in South Africa, Zuze and Reddy (2019) stated that having a literate population and a literate labour-force in the organization should reduce training costs, increase productivity, reduce wastage and increase profit margins. With respect to this statement, given the level and quality of education in South Africa found in Table 5.8, only 5.5 \% of the respondents agreed to pay the fees for their staff's dependants and further, a mere 4.1 \% of respondents agreed to pay fees for their staff, there must be a policy framework that will enforce education support by businesses, whether small or large. When the literacy level of a nation is high, business actually benefit from the system as they can access a pool of qualified potential employees, resulting in reduced unemployment and reduced crime rates. However, it is discouraging to note the results in Table 5.10 which revealed that a majority 295 (80.8 \%) of the respondents believed that are not supposed to involve themselves with the community in fighting crime.

Table 4.10: Hospitality SMEs' involvement in the community

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Freq</td>
<td>Freq</td>
<td>TOTAL</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>------</td>
<td>------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>We work to improve the community's level of living, such as health standards.</td>
<td>164</td>
<td>201</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>44.9</td>
<td>55.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>We participate in community cultural and sporting events as sponsors.</td>
<td>75</td>
<td>290</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>20.5</td>
<td>79.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>We give back to the community by supporting educational institutions financially.</td>
<td>150</td>
<td>215</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>41.1</td>
<td>58.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>We assist non-profit organizations by offering cash or material support.</td>
<td>185</td>
<td>180</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>50.7</td>
<td>49.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>We do not participate in communities because we follow all government regulations and pay taxes.</td>
<td>270</td>
<td>95</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>73.9</td>
<td>26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>In the neighbourhood, our organization is participating in crime-fighting programs.</td>
<td>70</td>
<td>295</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>19.2</td>
<td>80.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>All of the above is not applicable to our organisation</td>
<td>280</td>
<td>85</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>76.7</td>
<td>23.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Other than listed above</td>
<td>162</td>
<td>203</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>44.4</td>
<td>55.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The analysis further established that only 20.5 % of the respondents supported the community by sponsoring sports development and cultural activities. In addition, 290 (79.5 %) of the respondents believed that they cannot involve themselves in the community, sponsoring sports and cultural initiatives.

The results in Table 5.10 established an interesting scenario where almost an equal %age of respondents agreed to sponsor the community with cash/goods 185 (50.7 %) and 180 (49.3 %) who believe that they cannot support by cash or goods to charities. In addition, through the literature review it appears that the lower the
education level of the SME owner, the more they donate. The results support this as the majority of the respondents who indicated that they involve themselves by donating cash or goods (32 %) are those with up to standard 10/grade 12 and 18.7 % (50.7 %) are holders of a Diploma/Degree. The 49.3 % of respondents is made up of mainly holders of B-Tech, M-Tech and D-Tech degrees. It seems that the longer one has been in business, the less they donate. The majority of those who believed that they were not involved owned their businesses from 16 years upwards and were of the age group 46 years and above. According to Pastrana and Sriramesh (2019), in developed countries such as Canada and Japan, research showed that approximately 68 % and 74 % of Hospitality SMEs are involved in donating to charity; while in Latin America, mainly in Colombia, alone studies reveal that approximately 56 % of Hospitality SMEs involve themselves with the community by donating cash or goods to charities.

In cognisance of the analysis, considered Pastrana and Sriramesh (2019) comment on the extent to which Hospitality SMEs in developed countries donate to charity. It seems that generally, SMEs in developed countries donate goods or cash to charity organisations for the community more than their counterparts in Africa. In addition, Mazereeuw-van der Duijn Schouten, Graafland and Kaptein (2019) noted that when compared to SMEs, larger businesses are relatively less generous to their Stakeholders than SMEs, perhaps due to the fact that many small business owners pursuing philanthropic causes do not need to be concerned with delivering a tangible return to shareholders as do large business managers. Arguably, those discrepancies arise as most of the CSR-related activities in Hospitality SMEs such as donating to charity are generally and primarily made by one person, who in this case is the owner of the company. The decision rarely goes through any line of authority, unlike in a larger organisation where the organisation actually has a department that is designed to deal with CSR decisions as long as the move has a beneficial outcome to the organisation which can be in form of brand loyalty, product sales, recognition by government and marketing mileage.

With regard to improving the standard of living of the community, such as healthy standards, a majority (55.1 %) believed to be not supposed to be involved in the community through improving living standards such as health standards. The majority of the respondents were between the age group 36-56 years of age and it seems education level played a pivotal role in how the respondents viewed spending through CSR activities as established by the results in Table 5.10 where the 55.1 % was made up of holders of B-Tech, M-Tech, Masters and D-Tech/PHD qualifications.
In conclusion, Hospitality SMEs in Pietermaritzburg Municipal region behave negatively, as the results in Table 5.10 correspond well with results in Figure 5.5, where approximately over 70% of the respondents showed a positive perception of the degree of importance of society to business as a Stakeholder. However, negatively, results revealed that Hospitality SMEs in Pietermaritzburg Municipal region had positive perceptions towards the community but were not actually putting the perceptions into practise for fear of the unknown. The results in Table 5.7 confirmed this as the majority of respondents (42.2%) indicated "No" on whether they were ready to get involved in the local community’s standard of living improvement, while only 27.7% out of the 365 surveyed respondents positively agreed to get involved with community in improving the standards of living of the people. Furthermore, 54.8% of the surveyed respondents did not agree to operate in deprived areas of society and 56.4% also did not agree to involving themselves with the less privileged and traditionally excluded groups (orphans, unemployed, handicapped, homeless). Finally, only 20.4% of the respondents agreed to consider any mutual benefit between business and society, while 35.6% were not sure whether to have such a mutual benefit or not.

**Variations in how Hospitality SMEs describe corporate social responsibility activities (Q21)**

There is much confusion in academic circles around how to name, explain, use or describe corporate social responsibility, led to researchers holding totally different views on the same subject. Therefore, the main objective under this heading was to try and avoid leading questions or show biased questioning which was obviously going to prompt respondents to answer in the way the researcher views CSR. In doing so, the term ‘corporate social responsibility’ was used interchangeably with terms that respondents view as best describing their CSR activities. Therefore, the respondents were given the chance to state a term/phrase that best describes CSR activities which involved in with respect to the community/society, employees and the environment.

There are a number of phrases that can be used besides the ones listed above. Because of CSR's wide application in business by different individuals, some respondents suggested phrasing it as ‘community responsibility’; some ‘business responsible behaviour’; and some just ‘ethics’. Furthermore, by looking at the 365 surveyed respondents, 160 (43.8%) answered. However, there are chances that those who did not answer are practising ‘silent responsibility’ without them knowing
that they are actually practising CSR towards their employees, community and environment.

In support, Boonyauva (2019) stated that the term ‘corporate social responsibility’ is more applicable to large enterprises and the term ‘small business social responsibility’ is less intimidating and more appropriate for small and medium enterprises. Furthermore, a suggestion was made that the term ‘corporate social responsibility’ must actually be replaced by ‘responsible entrepreneurship’ as it carries more weight to the fact that it magnifies the vibrant nature of an entrepreneur who is striving to make an impact and contribute meaningfully to sustainable development (Pelletier et al. 2019).

Conversely, Drucker (2019) disagreed by stating that the word ‘entrepreneurship’ intrinsically carries a range of concepts for different people, such as innovation, risk-taking and opportunity seeking, and could therefore cause further confusion on the whole CSR subject.

Taking all the arguments into consideration, one may conclude that the most suitable phrase that could cover all spheres of the subject is Social, Community and Environmental Awareness (SCEA), as it is the first stage in the process of acquiring knowledge, influencing and stimulating SME involvement in CSR activities.

Motivation for Hospitality SMEs in Pietermaritzburg Municipal region to participate in CSR activities (Q22)

The results in Table 5.11 reveal a situation where Hospitality SMEs seem to be motivated by issues which are mainly to profit their businesses. The analysis established that the 365 SME owner-managers surveyed showed that they were motivated by Increase and maintain brand and customer loyalty (60.8 %); is actually worthy for company image (84.7 %); and to meet the demands of business supply chain partners and foreign clients (85.2 %). These results correspond well with results in Table 5.5 which show that the majority of respondents (71.51 %) agree to strongly agree that there is a relationship between business growth and responsible business practices. All these variables that motivate Hospitality SMEs to engage into CSR activities have a direct impact on the business, though the majority of respondents (56.9 %) confessed ignorance of whether CSR activities have a positive effect on the general profit of the business. In that regard, it seems respondents were
answering from a view that they will obviously incur a cost if they were to engage in CSR activities. Therefore, to them it was not motivating at all.

After examining the results in the previous questions, one would expect that (at least) the respondents will be motivated with a variable that addresses employees since the majority indicated that employees are their most important element in business. In Figure 5.7, the majority (83 %) indicated their obligation to their employees with only 17 % showing a negative attitude. The analysis of the results in Table 5.7 where only 32.9 % and 30.9 % of the respondents agreed with a ‘Yes’ to item 4 (Improving Health life of employees) and 5 (Taking care of staff welfare) respectively. Furthermore, the results in Table 5.8 seem to prove that statistically, Hospitality SMEs in Pietermaritzburg Municipal region do not practise. Rather, it is at an unexpected level as results reveal that only 54.8 % practised subsidised medical aid; 56.4 % subsidised pension fund; and 52.1 % subsidised Training and development courses. For the remaining benefits, respondents indicated ‘No’ as they do not practise them with 56.2 % for free meals; 54.8 % for HIV/Aids counselling; 82.7 % for staff free transport; 69.9 % fees for staff dependants; 60.5 % staff study fees; 82.2 % interest free loans; 53.7 % reward schemes; and finally 74 % other benefits. Conclusively, considering the above statements, Hospitality SMEs in Pietermaritzburg Municipal region are not motivated with issues to do with their employees.
Table 4.11: Motivational factors that drive Hospitality SMEs in Pietermaritzburg Municipal region to engage in CSR activities

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freq</td>
<td>Freq</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>CSR actions have a favourable impact on a company's overall earnings.</td>
<td>157</td>
<td>208</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>43.1</td>
<td>56.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Increase and maintain brand and customer loyalty</td>
<td>222</td>
<td>143</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>60.8</td>
<td>39.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Certification of the company with ISO standards</td>
<td>90</td>
<td>275</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>24.7</td>
<td>75.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Improve everyone's living levels in order to create a brighter future for society.</td>
<td>140</td>
<td>225</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>38.4</td>
<td>61.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Boost employee self-esteem and maintain high levels of employee satisfaction.</td>
<td>167</td>
<td>198</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>45.8</td>
<td>54.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Enhances the interaction between the company and the community in which it operates.</td>
<td>151</td>
<td>214</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>41.4</td>
<td>58.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Is actually beneficial to the company's image and increases brand loyalty</td>
<td>309</td>
<td>56</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>84.7</td>
<td>15.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>To address the needs of international clients and corporate supply chain partners.</td>
<td>311</td>
<td>54</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>85.2</td>
<td>14.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Other (specify)</td>
<td>15</td>
<td>350</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>4.1</td>
<td>95.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In view of the community/society, the results show that Hospitality SMEs in Pietermaritzburg Municipal region are not motivated by CSR activities targeted at the community/society. This can be proven by results in Table 5.11 where the
majority indicated that they were not motivated by: Improving the living standards of everyone building a better future for the society (61.6 %) or improving the relationship between business and the community in which it operates (58.6 %).

An interesting scenario that came out in the analysis has to do with the fact that respondents never contradicted themselves when it comes to company image. Results in Table 5.11 reveal that the majority (84.7 %) are motivated that CSR activities improve company image. Furthermore, 60.8 % indicated that they are motivated by the fact that CSR activities increase and maintain brand and customer loyalty. These results correspond well with the analysis and results in Table 5.2 which show that a majority (54.79 %) of surveyed respondents strongly agreed with the view that goodwill, company image and public relations play a vital role in the success of an enterprise. In total, 94.79 % of surveyed SME owners are of the view that there is a strong relationship between goodwill, company image, public relations and business growth. However, it is imperative to note that company image, public relations and goodwill can be boosted but not necessarily by CSR activities, as it is more of a marketing function in most organisations.

**The degree to which Hospitality SMEs in Pietermaritzburg Municipal region communicate their CSR activities to their Stakeholders (Q23)**

Results in Table 5.12 reveal that a majority (76.4 %) do not inform the government about their CSR activities However, also a significant 71.2 % of the respondents communicate their CSR activities to their employees. Furthermore, a large %age of respondents (55.1 %) do not communicate to their supply chain partners; 82.2 % do not communicate to customers; while 59.5 % do not inform the community in which they operate about their CSR activities. In addition, a shocking majority of 97 % indicated that there was no need for them to communicate their involvement in CSR activities to any of their Stakeholders.

Investigation into this issue showed that this negativity is attributed to Hospitality SMEs failing to comply with the laws and regulations in the country, like paying tax. Therefore, to these SMEs it is easier not to communicate anything to do with their involvement in CSR activities for fear of becoming visible to government and some arms of government which may demand that they comply with laws that cost them income. The results established that the respondents were more or less divided when it comes to the media as 54.8 % see it worthwhile to communicate their involvement in CSR activities to the media, while at least 45.2 % are reluctant to inform their Stakeholders.
Table 4.12: Hospitality SMEs’ communication to Stakeholders about their involvement in social responsibility activities

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Freq</td>
<td>Freq</td>
<td>TOTAL %</td>
</tr>
<tr>
<td>1</td>
<td>Government (local, national)</td>
<td>86</td>
<td>279</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6</td>
<td>76.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>23.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Employees</td>
<td>260</td>
<td>105</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>71.2</td>
<td>28.8</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Supply chain partners (suppliers etc.)</td>
<td>164</td>
<td>201</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>44.9</td>
<td>55.1</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Customers</td>
<td>65</td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17.8</td>
<td>82.2</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Community in which they operate in</td>
<td>148</td>
<td>217</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40.5</td>
<td>59.5</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Media (TV, press) local, regional, international</td>
<td>200</td>
<td>165</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>54.8</td>
<td>45.2</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>There is no need to inform them about our CSR engagements</td>
<td>11</td>
<td>354</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>97</td>
<td></td>
</tr>
</tbody>
</table>

This situation was driven by the educational status of SME owner-managers. The results established that there was a close relationship between education and media involvement. Results showed that 54.8 % of the respondents who informed the media and make use of the press/TV platform to reach customers through CSR activities were made up of a mixture of academics, 3 % were holders of D-Tech/Doctorate, 10 % had Masters/M-Tech, 7 % had B-tech/Honours and 34.8 % were holders of Diploma/Degrees. The results show that the educated were concerned about how their social involvement is reported and received and were not concerned about whether what they are representing is a true reflection of their behaviour. In agreement, Beck and Cull (2019) stated that SMEs’ priority in CSR is to benefit than
to actually convert perceptions into responsible business and acceptable behavioural practices.

The above interpretation and discussion were mainly focused on the practise or responsible behaviour of SMEs with regard to social responsibility predominantly towards the community, employees and the natural environment. The following section is focused on the barriers Hospitality SMEs face in trying to practise corporate social responsibility and also measures/tools that are required to prop up a positive view for SMEs to practise responsible business.

4.5: SECTION FOUR: BARRIERS UNDERMINING THE PRACTISE OF CSR HOSPITALITY SMEs

Barriers hindering Hospitality SMEs in Pietermaritzburg Municipal region from engaging in CSR activities (Q24)

The results in Table 5.13 revealed, in order of importance, the most common and frequently cited barriers hindering Hospitality SMEs from further and consistently engaging in CSR, namely: Huge cost to be incurred by the company 301(82.5) followed by lack of time 297 (81.4 %). Furthermore, 57 % cited lack of manpower as a barrier to further engage in CSR activities, while a minority of 30.7 % cited lack of interest, 44.4 % indicated that there were no benefits in engaging in CSR activities, and 13.7 % cited other barriers not listed.

Literature state that it is a common condition that in terms of time, SME owner managers have little or no time to spare for activities other than core business operations. If compared to their counterparts in large corporations where managers are normally assigned to a particular department and clearly to achieve a set objective, SME owners carry a vast load. SME owner-managers are supposed to be doing their all for the company to move forward e.g. sourcing finances; attending supply chain partner meetings; sourcing new markets and maintaining existing relationships; and reviewing and complying with key regulations. This is in addition to their primary duty of keeping the company afloat by making and controlling key decisions (Copley 2019; Bager et al. 2015).
According to Do et al. (2015), the majority of SME owner-managers (93.4%) cited costs incurred by the company as the most unfavourable conditional barrier that generally drives SMEs away from engaging in CSR activities. With Hospitality SMEs, as they are normally cash businesses in nature they view CSR activities as cost intensive. If they undertake these activities, it leads to depleted company budgets resulting in them operating at a competitive disadvantage compared to those SMEs who may be concentrating on their core businesses. In the researcher's opinion, since some SMEs will be avoiding CSR activities, chances are that the majority of SMEs will completely zero any participation in CSR activities and try to maintain a certain level of competitive advantage in the industry.

Table 5.13: Hospitality SMEs’ barriers to engaging in CSR activities

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Freq</td>
<td>Freq</td>
<td>TOTAL %</td>
</tr>
<tr>
<td>1</td>
<td>Lack of time</td>
<td>297</td>
<td>68</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>81.4</td>
<td>18.6</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Huge cost to be incurred by the company</td>
<td>341</td>
<td>24</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>93.4</td>
<td>6.6</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Lack of interest</td>
<td>112</td>
<td>253</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30.7</td>
<td>69.3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Lack of manpower</td>
<td>208</td>
<td>157</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>57</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>There are no benefits from CSR activities</td>
<td>162</td>
<td>203</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>44.4</td>
<td>55.6</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Other (specify)</td>
<td>50</td>
<td>315</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13.7</td>
<td>86.3</td>
<td></td>
</tr>
</tbody>
</table>

The results show that 13.7% cited ‘other’. Some of the barriers that respondents highlighted were lack of support by the government and a lack of less costly media coverage channels, hence the low return on investment, other SMEs not involved therefore saving for growth and gaining competitive advantage. However, the results above correspond to a survey carried out on 445 SMEs’ by a research consultancy company called Stratburg in Latin America, where hospitality sector SMEs cited regulations, costs incurred and time limitations as the major barriers hindering them
from further engaging in CSR activities (Hernández and Ramirez 2019 and Amorós et al. 2015).

In light of the statements above, the results differ with the outcome of research that carried out on Hospitality sector SMEs in Japan’s Osaka Municipal region where 23% of the Hospitality sector SMEs, compared to 93.4% of the Hospitality Sectors SMEs in Pietermaritzburg Municipal region, cited costs incurred by the company; while 16% of the Hospitality sector SMEs, compared to 81.4% of the Hospitality SMEs in Pietermaritzburg Municipal region, cited lack of time.

It was also established through literature that Hospitality SMEs in parts of Asia, the EU and America are financed by banks or get financial support from their governments. Therefore, it becomes practicable for them to go out of their budgets to sustain CSR activities. They have a number of listable advantages over African SMEs, whose governments are faced with unemployment, HIV/AIDS, high interest rates, tax, inflation and civil unrest in the form of wars, red tape, arnacty, skewed democracy policies, undemocratic elections, etc. Particularly in the South African context, the apartheid era shaped a white dominated business environment which was obviously financially oiled. Most SME businesses were family owned and the apartheid business policies were mainly set to strengthen, control and keep the grip on the economy in the hands of a few whites.

**Types of assistance needed by Hospitality SMEs in Pietermaritzburg Municipal region to progressively engage in CSR activities (Q25)**

The analysis of the results in Table 5.14 established that on average, over 50% of the respondents were in need of assistance for them to further engage in CSR. However, the majority (57%) indicated that they were not sure whether they needed assistance in the as listed above.

Further analysis revealed the costs incurred by the SMEs. In Table 5.13, approximately 93.4% cited cost as the major barrier to CSR. Therefore, Hospitality SMEs expected finance-based assistance to further engage in CSR. To these SMEs, advice or guidance is not enough because they will perceive a costly outcome. However, according to Dincer and Dincer (2018), knowledge on CSR is more valuable than financial assistance that is invested in an unknowledgeable group of managers. That is the reason why most SMEs generally fail to effectively practicing and implement CSR as a sustainable growth strategy. The ‘know how’ is non-critical. It is important to change that profit-making mindset and attach value on knowledge, which in most cases translates to profit and successful business strategies,
especially considering the Stakeholder Theory which emphasises on attaching value on the business Stakeholder.

Table 5.14: Tools required for stimulating the involvement of Hospitality SMEs in CSR.

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Freq %</td>
<td>Freq</td>
<td>TOTAL %</td>
</tr>
<tr>
<td>1</td>
<td>Advice on benefits from involvement in specific areas</td>
<td>197 54</td>
<td>168 46</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Advice on specific areas in which Hospitality SMEs can participate</td>
<td>190 52</td>
<td>175 48</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>Advice on how to get involved</td>
<td>197 54</td>
<td>168 46</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>Not sure</td>
<td>208 57</td>
<td>157 43</td>
<td>100</td>
</tr>
<tr>
<td>5</td>
<td>Other (specify)</td>
<td>192 52.6</td>
<td>173 47.4</td>
<td>100</td>
</tr>
</tbody>
</table>

In the researcher’s opinion, it is the duty of the Durban Chamber of Commerce, besides just registering and taking subscriptions, to assist with advice for Hospitality SMEs. The Chamber of Commerce must be a house of business experts who play a role in moulding managers and equipping SME owner-managers with general managerial skills and information that may be required for them to further their engagement in CSR activities and anything else that is required to run a successful business. Cant, Erdis, and Sephapo (2019) noted that SMEs employ 22 % of the adult population in developing nations, in addition to the Chambers of Commerce's help. According to the United Nations Industrial Development Organization (UNIDO), SMEs account for more than 90% of private businesses and contribute more than 50% of employment and GDP in most African nations. According to a recent study by Abor and Quartey (2019), SMEs account for 91 % of formal business entities in South Africa, contributing 52 to 57 % of GDP and providing roughly 61 % of employment.
Padmanabhan (2015) agree the democratically elected Government of South Africa (SA) realised as early as 1995, the importance of SMEs to the economy. The White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa (2015) highlighted the fact that “small, medium and micro enterprises represent an important vehicle to address the challenges of job creation, economic growth and equity in our country.” Despite their importance and contribution to economic progress, SMEs around the world, and particularly in South Africa, continue to encounter several hurdles that stifle entrepreneurial growth. In addition to SME funding and access to capital, the Global Entrepreneurship Monitor (GEM) Reports from 2010 to 2019 found that SA SMEs have weak management skills as a result of a lack of proper training and education. As a result, many businesses fail (South Africa has one of the lowest SMEs survival rates in the world)."

The researcher suggest that currently, the Chamber of Commerce is not actually playing its role and that the majority of Hospitality SMEs in Pietermaritzburg Municipal region are not furthering their engagement in CSR activities because the assistance they desperately need is not readily available. In addition, there is a significant amount of assistance that the government of the Republic of South Africa has given to SMEs, though it may not have been generally directed to CSR issues. However, it is also important to note that assistance from the government to SMEs may have been targeted assistance for a particular sector such as manufacturing, which in turn discourage SMEs in other sectors (i.e Hospitality SMEs in Pietermaritzburg Municipal region) from engaging in CSR.

**Issues affecting the growth of Hospitality SMEs in Pietermaritzburg Municipal region (Q26)**

The results in Table 5.15 reveal that the majority of Hospitality SMEs (93.2 %) cited accessibility to financial support as the major barrier affecting success. Other barriers cited as affecting the growth of these SMEs by order of frequency were high levels of competition (from large corporations and small entrepreneurs in the same industry, as well as substitute products from foreign-owned Chinese low-cost charging companies) accounted for 84.1 % of the total; shortages of skilled labor accounted for 82.2 %; high crime and corruption accounted for 81.4 %; and high HIV/AIDS infection among employees accounted for 57.3 %.

SME funding earned the greatest frequency of 340 (93.2%), therefore there's a significant incentive to dig deeper into this factor. According to Park, Lim, and Koo
(2018), the financing gap, which is commonly defined as the discrepancy between SMEs’ need for money and the supply of funds, happens for a variety of reasons.

Table 5.15: Factors threatening the growth of Hospitality SMEs in Pietermaritzburg Municipal region

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>High level of HIV/AIDS infection on employees</td>
<td>209</td>
<td>156</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>57.3%</td>
<td>42.7%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>High crime rate &amp; corruption</td>
<td>297</td>
<td>68</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>81.4%</td>
<td>18.6%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Extremely fierce competition (from large corporations &amp; small entrepreneurs in the same industry and substitute products from foreign owned Chinese low price charging companies)</td>
<td>307</td>
<td>58</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>84.1%</td>
<td>15.9%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Financial assistance is available (High interest rates for loans from banks etc.)</td>
<td>340</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>93.2%</td>
<td>6.8%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Shortage of skilled labour</td>
<td>300</td>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>82.2%</td>
<td>17.8%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Increased shortage and rising prices of energy</td>
<td>150</td>
<td>215</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41.1%</td>
<td>58.8%</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Increased shortage of raw materials</td>
<td>67</td>
<td>298</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18.4%</td>
<td>81.6%</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Other (specify)</td>
<td>34</td>
<td>331</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9.3%</td>
<td>90.7%</td>
<td></td>
</tr>
</tbody>
</table>

The researcher contends that the basic causes for SMEs’ lack of access to finance can be found in their unique traits, whilst others suggest that SMEs suffer from financing gaps as a result of supply-side market flaws. Park, Lim, and Koo (2019) suggested that hospitality SMEs experience funding constraints due to a mix of
factors emanating from both the supply and demand sides. The supply side is made up of finance providers (financial institutions and investors), while the demand side is made up of SMEs who need to borrow money from banks and other lenders. The financing gap for SMEs is most prominent in capital market financing. Most countries, including the developed ones, have problems in SME financing through capital markets (Park et al 2019).

However, according to Mutezo (2018), the difficulty of access to finance has been framed in terms of financial institutions' credit rationing behaviors, which, according to various writers, have a negative impact on previously disadvantaged populations with limited access to resources. Nonetheless, an important dispute about the financing of Black Economic Empowerment firms arose, with BEE entities being taken into account because the majority of BEE entities fall into the SME category. BEE was framed in South Africa to really correct such economic disparities. Limited access to funding by BEE organizations has posed problems for the reorganization of company ownership, according to Correa and Girón (2018). It was suggested that the end consequence would be complicated, with highly leveraged financing structures, some of which would fail and others which would succeed once stock markets recovered.

However, some authors have a different view Stieglitz and Weiss' (1981) Credit Rationing theory provided two most important gaps as the major reasons why SMEs in general encounter hardships in accessing financial support, namely, the information asymmetry gap and agency problems. There are a considerable number of authors who attempted assumptions and conclusions around the credit rationing conducts of financial institutions. Honohan (2019) made a significant contribution, arguing that limited access to formal credit for small businesses in developing and emerging economies is largely due to the financial system's relative underdevelopment, lack of liquidity, and lack of experience in small-scale lending in many of these countries. Honohan (2019) further claimed that bank branches outside of major cities usually just give cash and lack the authority to make loans, putting small businesses in rural areas at a disadvantage. As a result, if commercial banks do lend financing to small businesses, the application procedure could take several months.

The authors' techniques and perspectives on this hurdle differ. According to Malhotra (2018), banks cite four key reasons for their aversion to lending to small businesses: high administrative expenses of small-scale lending, asymmetric information, high
risk perception, and a lack of collateral. Although the reasons apply to both industrialized and developing and rising countries, the latter has a greater impact. When compared to huge corporations, SMEs often demand smaller financing (Malhotra 2007).

The transaction costs associated with processing and administering loans, according to the researcher, are fixed, and banks frequently find that processing small SME loans is inefficient. They don't have the tools to increase volume and cut costs, such as credit scoring. Because the majority of the administrative costs of lending are fixed, i.e., they are unaffected by the size of the loan being administered, economies of scale emerge, with the larger the loan, the cheaper the per-unit costs of granting credit.

Furthermore, in addition to the administrative costs that have been mentioned and which include such costs as gathering of information, the cost spread to such areas as for example, the visiting of borrowers, carry out an analysis of their credit application and actually monitoring the loan. These costs tend to be higher for SMEs as compared to large corporations. The majority of SMEs are located a distance from the city centre and their accounting level skills and standards are questionable. In turn, banks find it difficult or, rather, lack the experience to manage/service their loan applications. Therefore, considering developing and emerging economies, the costs are mountainously multiplied (Dauda and Nyarko 2019).

In a study, Dauda and Nyarko (2019) found that banks favoured smaller enterprises that requested smaller loans among all SME loan requests. Individual banks differ in their criteria and loan-size preferences, according to the findings, and there is no positive association between bank size and loan-size choice. Borrowers face difficulties in transmitting information about their projects to lenders, as lenders will suspect them of underestimating the risks of failure. The problem of asymmetric information will be more acute for small businesses than for larger ones because of lower information standards and the greater variability of risk. Small, privately owned firms face no legal reporting requirements and are more vulnerable than large firms (Ayob and Freixanet 2019).

Ayob, Ramlee and Rahman (2015) postulate that higher interest rates will attract risky borrowers and drive out good borrowers for two reasons. Firstly, worse risks are willing to borrow at higher interest rates, because they know that their repayment probability is low. Secondly, if riskier projects are associated with higher returns, a
rise in the interest rate will drive out low-risk projects as borrowers try to compensate for the higher cost of the loan by earning a higher return with a risky project. (Ayob et al 2015) maintain that an optimal interest rate may therefore exist, beyond which additional loans are not made available despite excess demand. Consequently, a backward-bending credit supply curve and equilibrium credit rationing will exist because raising the interest rate above the optimal level would lower banks’ profits as the amount of risky projects in their portfolio rises. However, from such a background, Hospitality SMEs are more likely to be rationed because they are seen as particularly risky. Although they might be willing to pay more to compensate for this additional risk, banks will refuse to raise the interest rate sufficiently to equate supply and demand.

Looking at it from another view point, Ayob, Gudmundsson and Yaacob (2015) agreed that financial institutions are more likely to approve loans to firms that are able to provide collateral and to those firms that have established long-term relationships with lenders. Due to the existence of asymmetric information, banks base their lending decisions on the amount of collateral available. Collateral acts as a screening device and reduces the risk of lending for commercial banks. Therefore, by pledging his assets, a borrower signals the quality of his project and his intention to repay and in the case of default, collateral serves to put the lender into a privileged position with regard to other creditors.

The statements above simply show that Hospitality SMEs are disadvantaged in this regard due to the fact that they lack collateral security and also lack a proven credit track record. Therefore, start-up firms with new innovative products may be constrained access to finance due to the fact that they may fail to furnish collateral security and also due to information asymmetries, financial institutions may fail to see the profitability and viability of the proposals. More intensively, collateral requirements militate against technology based firms. This is mainly because many technology-based small firms usually begin as small conceptions and may not yet have developed relationships with providers of financial services.

Finally, a considerable number of researchers who carried out studies on SMEs in South Africa, confirmed that Hospitality SMEs are struggling to get financing. Hence, cited by respondents as a major barrier to the growth and success of their businesses. Herrington, Kew and Kew (2019); Mazanai and Fatoki (2017); St-Pierre and Bahri (2017); Hansen et al. (2019); Kew et al. (2018) and Fatoki (2019c) agreed that growth may be another dimension that forms a basis for a gap based on capital
rationing and for which a gap may be claimed. There is controversy about the growth of SMEs in South Africa because the survival rate of SMEs is significantly low at less than 20%. Therefore, due to doubts about the possibility of growth in SMEs, financial institutions are inclined to tighten their requirement to approve a loan and may require a lot of information about the investment. It was established through literature that the information may not be furnished clearly. Therefore, potentially successful business ideas may fall into the credit rationing trap. High growth and innovative firms may be more informational opaque and may face a greater degree of difficulty obtaining financing.

The second factor frequently cited by respondents as a barrier was: High levels of Competition (from large corporations and small entrepreneurs in the same industry, as well as substitute products from foreign-owned, low price charging Chinese companies (84.1%). The influx of cheap Chinese products has forced local companies to bet over their pricing in-order to remain relevant. Another issue to note is the ever-increasing number of hi-tech export and import Chinese companies that have taken the Hospitality sector part by surprise. The main reason these companies quickly gain market share is because of their well-oiled and connected supply chain which starts from China as is known for mass production. Locals, because of lack of adequate financial support, involve themselves with these high-demand supply chain partners, resulting in them pricing higher than their counterparts as a way to compensate the supply gap created by high costs of supply.

With regard to shortages of labour, 82.2% cited it as the third main barrier. Given the potential and optimism of the South African economy, the skills deficiency becomes a threat to businesses. Because of the skills shortage, large corporations who actually offer attractive packages tend to benefit from the drained skills pool. Given that only a minority 41.1% of SME managers in Table 5.10 indicated that they supported the community by providing financial support to educational institutions, SMEs are bound to suffer. SMEs are bound to offer salary packages that they cannot manage in the long run in order to also attract skilled labour. Unemployment may be approximately 25% or above but the skilled labour out of that unemployed population is scarce. In consideration of the above and with respect to the Stakeholder Theory, it demands Hospitality SMEs in Pietermaritzburg Municipal region to be proactive (in this case they are not pro-active) by involving themselves in the community as a Stakeholder engagement program and to develop relationships with institutions of higher education (e.g. Durban University of Technology and UKZN) so that when there are vacancies, they can simply approach
the authorities for labour without actually competing with international companies in the same industry. If SMEs invest in the community through CSR activities, they are actually educating their future employees and they must take it as an investment rather than a cost.

The fourth factor cited as one of the main barriers is the unmanageable/ever-increasing crime rate. Leibold, Mengistu and Pindur (2015) stated that business robberies increased by 2.7% to 16,377 incidents. This crime type has consistently increased in the past eight years so it is 345% higher than in 2004/05. There were an additional 426 armed attacks on businesses in 2019/13 as compared to the previous year. In cognisance of this high crime rate and in line with Stakeholder Theory, Hospitality SMEs must work hand-in-hand with the community as a Stakeholder to try and curb or reduce crime in the communities they operate. Given that only 19.2% in Table 5.10 indicated their involvement in crime-fighting programmes in the communities, Hospitality SMEs in Pietermaritzburg Municipal region are bound to suffer. It is unfortunate they are not involved in fighting crime to protect their businesses.

High levels of HIV/AIDS have naturally wreaked havoc in most developing and emerging economies though a number of interventions have already been implemented by the South African government to manage the marauding effect of the pandemic. Results from Table 5.15 reveal that 57.3% of respondents cited the high level of HIV/AIDS as a barrier to the growth and success of the business. Simbayi et al. (2019) surveyed stated that the 2007 UNAIDS report estimated that 5,700,000 South Africans had HIV/AIDS, or just under 12% of South Africa's population of 48 million. In the adult Population the rate is 18.5%. The number of infected is larger than in any other single country in the world.

However, SMEs are not expected to carry out costly activities such as state-supplied condoms and free Anti-retroviral drugs as compared to large corporations. However, SMEs are expected to provide less costly services such as counselling and coordinating workshops where nurses provide lessons on HIV/AIDS. Given that only 24.7% behave responsibly by providing less costly counselling services as part of their CSR activities towards their employees, chances are that these SMEs find themselves with a 'sick' manpower and a number of employees will take leave days and off days, sick leave which results in reduced production.
The above interpretation and discussion were mainly focused on the barriers that Hospitality SMEs face in trying to practise corporate social responsibility. It also described measures/tools that are required to prop up a positive view for Hospitality SMEs to practise responsible business. The following section focused on the values of SME owner-managers as an influence on the success of their businesses.

__________________________________________________________________

4.6 SECTION FIVE: PERSONAL VALUES INFLUENCING THE OWNER MANAGER’s WAY OF RUNNING THE BUSINESS

Personal values that influence the way SMEs owner managers in Pietermaritzburg Municipal region manage their businesses (Q27)

Results in Table 4.16 reveal that a prodigious majority of SME owner-managers in the Hospitality sector in Pietermaritzburg Municipal region cited personal beliefs (99.7 %), the law of right and wrong (98.1 %) and the outcome / consequences of my actions on my business (98.6 %) as important to very important in influencing the way they manage their businesses. From the analysis of the information in the table below, at least above average 52 % of the owner-managers cited that their religious beliefs had no impact or, rather, are not important in influencing the way they run their businesses. This answer may be attributed to the fact that most of the SME owner-managers are holders of grade 10/12, diplomas, degrees, masters and PHDs in various fields of expertise. However, from the analysis it is also important to note that a significant 98.1 % cited laws that defined right or wrong as a strong influence in how they manage their empires.
Table 4.16: Values that drive the way SME owner-managers run their businesses

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Not Important</th>
<th>Important</th>
<th>Very Important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Freq %</td>
<td>Freq %</td>
<td>Freq %</td>
<td>Total %</td>
</tr>
<tr>
<td>1</td>
<td>Religious beliefs</td>
<td>190 52</td>
<td>90 24.7</td>
<td>85 23.3</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>The outcome / consequences of my actions on my business</td>
<td>5 1.4</td>
<td>160 43.8</td>
<td>200 54.8</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>My personal beliefs</td>
<td>1 0.3</td>
<td>20 5.5</td>
<td>344 94.2</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>The law of right and wrong</td>
<td>7 1.9</td>
<td>153 41.9</td>
<td>205 56.2</td>
<td>100</td>
</tr>
</tbody>
</table>

Lepoutre and Heene (2018), in their research on the role of personal beliefs on culture driven business, pointed out that SME owners' personal values, character, attitudes, education, background and their preferences have a direct impact on the nature and extent of the enterprise's social responsibility.

In conclusion, the statement above agrees/corresponds with the fact that personal belief actually translates to the owner-manager’s approach to CSR. This notion is a general analysis which is positive or negative. However, for this research, the data shows that the same SME owner-managers who identify or manage their businesses with a strong personal value approach lack in practising responsible business through such avenues as CSR activities in their businesses. The analysis revealed that there was no properly defined trend in the behaviours of the Hospitality SME owner-managers which can be linked to the age groups of the respondents and also had no link to the number of employees that the company has in its ranks.
The Hospitality SMEs’ perceived rating of the success of their businesses (Q28)

The results shown in Figure 4.10 are a graphical illustration of ratings from respondents which ranged from 1 to 5 on the scale, where 1 represented very unsuccessful and 5 being very successful. The ratings are basically the SME owner-managers’ independent evaluation of his/her business. The main reason this method of evaluation was implemented was that it is a subjective evaluation practice, as business success and financial performance are naturally not the same even if the companies are in the same industry, same size or same product line (Ayob, Ramlee and Rahman 2015).

Figure 4.10: Hospitality SME owner-managers’ business success grading.

Taking Ayob, Ramlee, and Rahman’s (2015) comments on subjective evaluation by SME owner-managers into consideration, Ayob, Gudmundsson, and Yaacob (2015) agreed that entrepreneurs become business owners for a variety of reasons, and their views, evaluations, or judgments about the success of their businesses may be related to any of these reasons. Given the overlapping motives for business ownership, a subjective evaluation of business success by the owner has the advantage of capturing all the dimensions of business that are important to the owner and does not introduce non-response bias into the analysis because subjective measures are acceptable, according to Brenner and Schimke (2015).

An analysis of results in Figure 5.10 shows that approximately 39.80% of the respondents cited that their businesses were successful to very successful and a majority (32.90%) were neither positive nor negative, as they cited ‘neutral’. In
addition, 26.85% chose ‘very unsuccessful to unsuccessful’. The reason for a small percentage of respondents who indicated ‘successful to very successful’ may have been the fact that self-evaluation can only produce fair results if there is a certified list or outline of standards or factors that are used to measure what is termed ‘business success’. Besides financial performance, there are a number of factors that can be used to rate business success, such as employee satisfaction, client/customer retention or growth, market share, growth and efficiency of production/consultancy processes, innovation and in the case of struggling environments, just the case of continued existence and goodwill (customer and supplier approval of product). Some owner-managers may become subjective to this personal evaluation to an extent that there are chances for one to overrate or underrate the business, leading to biased results. Generally, financial performance is the common factor used to rate success, so SME owner-managers may actually underrate themselves.

In cognisance of the above and considering the low percentages, this study concluded that SME owner-managers were being truthful in their ratings, though the factors used by different owner-managers may vary as long as they show honest evaluation on whatever factor they used to measure business success. The results also showed that there was a strong relationship between period of ownership, age group and business success. The 39.80% was mainly made up of age groups 46-55, 56-65 and above 66 years of age. In addition, the ages were of Hospitality SME owner managers who owned their business for 16 years and more.

Unpredictably, the analysis of the results showed there was no relationship between business success and financial rewards to employees. However, literature has it on record that business success is gradually achieved when a business has provided incentives and rewards to motivate employees. Do et al. (2015) stated that highly motivated employees are usually more productive and higher productivity ultimately results in higher profits, leading to business success. Unfortunately, the Hospitality SMEs in Pietermaritzburg Municipal region thought employees are the most important asset in their businesses but results in the previous questions show that they are not being socially responsible towards their employees, which is against the Stakeholder Theory.

Concerning the environment, the results above are totally different from a similar survey which was carried out in Kyoto, Japan. The survey revealed that Hospitality SMEs practising responsible business towards the environment were more successful than the ones which do not practise. It is on record also that SME in
South Africa are not really under pressure of minimising the impact of operations on the environment, unlike their counterparts in Europe (Nguyen, Mort and D’Souza 2015).

Considering Stakeholder Theory, Ng and Kee (2019) stated that accountability to all Stakeholders:- communities, employees, investors etc. -through engagement, disclosure and constructive responses is a precursor to business success. There is clear evidence of positive links between social and financial performance, especially when considering the increased relevance of intangible assets such as reputation and knowledge networks. The writers viewed community as a source of market and therefore should be treated with care in order to maximise the competitive advantage that comes with loyalty and reputation. Notwithstanding the comments above, the results of this study indicated that Hospitality SMEs in Pietermaritzburg Municipal region were enjoying minimal/ trifling business success while at the same time not paying enough attention to the community and CSR.

Therefore, because of the outcome of the analysis of the results, Hospitality SMEs in Pietermaritzburg Municipal region seem to be unsuccessful since approximately 39.80% of the respondents (which is actually below average) indicated that their businesses are successful, the remainder indicated unsuccessful or neutral.

The perceived degree of importance of owner-manager values in attracting investment opportunities for Hospitality SMEs in Pietermaritzburg Municipal region (Q29)

The results in Figure 4.11 below revealed that a majority (40%) of respondents regarded owner-manager values as least important in creating/attracting investment opportunities, followed by 23% of the respondents who cited values as moderately important. Only 36.8% of the respondents cited owner manager values to be important in an effort to attract investment opportunities. The main reason why SME owner manager regard their values as not important in attracting investment is because of the conclusion given above where the outcome of analysis of the results of Hospitality SMEs in Pietermaritzburg Municipal region seemed to be unsuccessful, since approximately 39.80% of the respondents (which is actually below average) indicated that their businesses are successful, the remainder indicating they were unsuccessful and neutral.
Furthermore, the results showed that the 40% who cited owner-manager values as least important was mainly made up of SME owner-managers who owned their business for 11-15 years, 16-20 years and 20 years and above. It was established that the same 40% was made up of 32% of the age group between 46-55 years and also 5% of the age group 66 years and above. This scenario simply showed experience at play as most of these SME owner-managers had gone through all the ups and downs of business and learnt that it was wiser in most cases to ‘go it alone’ than waiting and expecting a helping hand from the government, venture capitalists, banks and/or individuals.

The above discussion mainly focused on the relationship between the values of the owner-managers of SMEs and investment opportunities for the business. The following section focuses on the analysis of the descriptive statistics.

4.7: SECTION SIX: DISCUSSION OF DESCRIPTIVE STATISTICS

Descriptive statistics with regard to age of the participants

The overall scores for attitudes, practices, barriers and values were compared with socio-demographic variables. For this, all the statement scores were added. Table 5.17 shows the descriptive statistics for attitudes, practices, barriers and values with regards to participants’ age. It could be seen that participants who were 36-45 years old had high mean scores for attitudes compared to other age groups. The same age group also had high mean scores for practice as well as barriers. However, they had the lowest mean score for values (Table 4.17).
Table 4.17: Descriptive statistics with regard to age of the participants

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitudes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 years or below</td>
<td>13</td>
<td>38.1538</td>
<td>2.60916</td>
<td>34.00</td>
<td>44.00</td>
</tr>
<tr>
<td>26 - 35 yrs</td>
<td>28</td>
<td>37.6071</td>
<td>4.02160</td>
<td>31.00</td>
<td>45.00</td>
</tr>
<tr>
<td>36-45 yrs</td>
<td>45</td>
<td>39.2000</td>
<td>3.62190</td>
<td>29.00</td>
<td>47.00</td>
</tr>
<tr>
<td>46-55 yrs</td>
<td>128</td>
<td>38.8281</td>
<td>3.68911</td>
<td>30.00</td>
<td>49.00</td>
</tr>
<tr>
<td>56-65 yrs</td>
<td>103</td>
<td>39.0194</td>
<td>3.60278</td>
<td>26.00</td>
<td>49.00</td>
</tr>
<tr>
<td>66 yrs or above</td>
<td>48</td>
<td>39.1250</td>
<td>4.20043</td>
<td>30.00</td>
<td>47.00</td>
</tr>
<tr>
<td>Total</td>
<td>365</td>
<td>38.8493</td>
<td>3.72057</td>
<td>26.00</td>
<td>49.00</td>
</tr>
<tr>
<td><strong>Practice</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 years or below</td>
<td>13</td>
<td>14.4615</td>
<td>2.78733</td>
<td>9.00</td>
<td>18.00</td>
</tr>
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<td>2.98564</td>
<td>12.00</td>
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</tr>
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<td>36-45 yrs</td>
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<td>16.4444</td>
<td>2.65908</td>
<td>10.00</td>
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<tr>
<td>46-55 yrs</td>
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<td>15.4922</td>
<td>2.78917</td>
<td>9.00</td>
<td>24.00</td>
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<tr>
<td>56-65 yrs</td>
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<td>15.4660</td>
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<td>66 yrs or above</td>
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<td>15.5625</td>
<td>2.65704</td>
<td>10.00</td>
<td>22.00</td>
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<tr>
<td>Total</td>
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<td>15.6055</td>
<td>2.64117</td>
<td>9.00</td>
<td>24.00</td>
</tr>
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<td><strong>Barrier</strong></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>25 years or below</td>
<td>13</td>
<td>11.1538</td>
<td>1.81871</td>
<td>8.00</td>
<td>14.00</td>
</tr>
<tr>
<td>26 - 35 yrs</td>
<td>28</td>
<td>10.1786</td>
<td>1.49204</td>
<td>8.00</td>
<td>13.00</td>
</tr>
<tr>
<td>36-45 yrs</td>
<td>45</td>
<td>11.2222</td>
<td>1.82020</td>
<td>7.00</td>
<td>15.00</td>
</tr>
<tr>
<td>46-55 yrs</td>
<td>128</td>
<td>10.5156</td>
<td>1.89065</td>
<td>6.00</td>
<td>15.00</td>
</tr>
<tr>
<td>56-65 yrs</td>
<td>103</td>
<td>10.3592</td>
<td>1.75373</td>
<td>7.00</td>
<td>14.00</td>
</tr>
<tr>
<td>66 yrs or above</td>
<td>48</td>
<td>10.6250</td>
<td>1.63245</td>
<td>7.00</td>
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</tr>
<tr>
<td>Total</td>
<td>365</td>
<td>10.5699</td>
<td>1.79397</td>
<td>6.00</td>
<td>15.00</td>
</tr>
<tr>
<td><strong>Values</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>25 years or below</td>
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<td>15.0769</td>
<td>2.56455</td>
<td>10.00</td>
<td>18.00</td>
</tr>
<tr>
<td>26 - 35 yrs</td>
<td>28</td>
<td>15.2143</td>
<td>1.81265</td>
<td>11.00</td>
<td>19.00</td>
</tr>
<tr>
<td>36-45 yrs</td>
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<td>14.9778</td>
<td>1.98275</td>
<td>11.00</td>
<td>19.00</td>
</tr>
<tr>
<td>46-55 yrs</td>
<td>128</td>
<td>15.3281</td>
<td>1.84480</td>
<td>11.00</td>
<td>20.00</td>
</tr>
<tr>
<td>56-65 yrs</td>
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<td>15.1942</td>
<td>1.83676</td>
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<td>20.00</td>
</tr>
<tr>
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<td>2.05250</td>
<td>12.00</td>
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</tr>
<tr>
<td>Total</td>
<td>365</td>
<td>15.1863</td>
<td>1.90526</td>
<td>10.00</td>
<td>20.00</td>
</tr>
</tbody>
</table>
In the researcher’s view, the descriptive statistics established the fact that the age group 36-45 years had a better perception of CSR. This analysis is a reflection of the effects of period of ownership and also education. It is naturally expected that age group 36-45 is an active group and in most cases most of the SME owners would have owned their businesses over 10 years and are likely to possess tertiary qualifications. This group is expected to have been involved, learnt or heard of CSR and there are chances that their perception is based on experience, as compared to age group 35 years and below.

**ANOVA test outputs**

The ANOVA test did not find any significant difference of mean scores for attitudes, practice, barriers and values with regards to participants’ age (p>0.05). This meant that age did not play any significant role with regards to attitudes, practice, barriers and values (Table 4.18).

**Table 4.18: ANOVA test outputs for participants’ age**

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<tbody>
<tr>
<td>Attitudes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>61.712</td>
<td>5</td>
<td>12.342</td>
<td>.890</td>
<td>.488</td>
</tr>
<tr>
<td>Within Groups</td>
<td>4977.001</td>
<td>359</td>
<td>13.864</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>5038.712</td>
<td>364</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Practice</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>54.733</td>
<td>5</td>
<td>10.947</td>
<td>1.582</td>
<td>.164</td>
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<tr>
<td>Within Groups</td>
<td>2484.456</td>
<td>359</td>
<td>6.920</td>
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<td>32.964</td>
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<td>6.593</td>
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<td>Values</td>
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</tr>
<tr>
<td>Between Groups</td>
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<td>.883</td>
</tr>
<tr>
<td>Within Groups</td>
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<td>3.663</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1321.332</td>
<td>364</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The ANOVA results show that age played a role, but at a minimum level. It is important to note that a positive or negative perception towards CSR is also determined by other factors such as knowledge, experience in business and exposure to modern growth strategy. Therefore, the view that age does not play a role is moderate as it is also influenced by other factors. Over the years, research has shown that there are SME owners who have managed to maintain their businesses successfully, applying concepts that they have learnt from others, college and in business circles. Hence, age in this case has a moderate influence.

**Descriptive statistics with regard to gender**

Table 4.19 shows the descriptive statistics for attitudes, practices, barriers and values with regard to participants’ gender. Results showed that females had a higher mean score for attitudes, practice, barriers and values (Table 4.19).

**Table 4.19: Descriptive statistics with regard to gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitudes</td>
<td>Male</td>
<td>294</td>
<td>38.7585</td>
<td>3.73885</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>71</td>
<td>39.2254</td>
<td>3.64573</td>
</tr>
<tr>
<td>Practice</td>
<td>Male</td>
<td>294</td>
<td>15.5850</td>
<td>2.69076</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>71</td>
<td>15.6901</td>
<td>2.44126</td>
</tr>
<tr>
<td>Barrier</td>
<td>Male</td>
<td>294</td>
<td>10.5238</td>
<td>1.75002</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>71</td>
<td>10.7606</td>
<td>1.96734</td>
</tr>
<tr>
<td>Values</td>
<td>Male</td>
<td>294</td>
<td>15.1701</td>
<td>1.87447</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>71</td>
<td>15.2535</td>
<td>2.04044</td>
</tr>
</tbody>
</table>

To reiterate, gender of the participants plays a critical role in determining which group between female and male participants appreciate that CSR plays an important role in the sustainable growth of the SME business. It was also highlighted in the sections above that the government of South Africa through the ministry of small businesses, pledged support for female entrepreneurs. Pietermaritzburg Municipal region experienced a large increase in female-owned SME businesses. Most of these female owner-managers went through training on how to run successful
businesses and, in the process, learnt the benefits of responsible business, hence higher mean score for attitudes, practice, barriers and values.

**Descriptive statistics with regards to level of education**

Table 5.20 shows the descriptive statistics for attitudes, practices, barriers and values with regard to participants’ level of education. It was found that those having low qualification had the highest mean scores for attitudes; having a Master’s qualification had a higher practice score; having a doctoral qualification had the lowest barriers; and having a grade 12 qualification had the highest mean score for values (Table 4.20).

**Table 4.20: Descriptive statistics with regard to level of education**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade12</td>
<td>61</td>
<td>40.6721</td>
<td>3.34027</td>
<td>.42768</td>
<td>33.00</td>
<td>49.00</td>
</tr>
<tr>
<td>Dip/Degree</td>
<td>212</td>
<td>37.8113</td>
<td>3.73561</td>
<td>.25656</td>
<td>26.00</td>
<td>49.00</td>
</tr>
<tr>
<td>B.Tech/Honours</td>
<td>32</td>
<td>40.0313</td>
<td>3.44996</td>
<td>.60987</td>
<td>33.00</td>
<td>45.00</td>
</tr>
<tr>
<td>M.Tech/Masters/MBA</td>
<td>48</td>
<td>40.2500</td>
<td>2.86208</td>
<td>.41311</td>
<td>35.00</td>
<td>46.00</td>
</tr>
<tr>
<td>D.Tech/Doctorate</td>
<td>12</td>
<td>39.1667</td>
<td>3.01008</td>
<td>.86894</td>
<td>32.00</td>
<td>42.00</td>
</tr>
<tr>
<td>Total</td>
<td>365</td>
<td>38.8493</td>
<td>3.72057</td>
<td>.19474</td>
<td>26.00</td>
<td>49.00</td>
</tr>
<tr>
<td>Grade12</td>
<td>61</td>
<td>15.1311</td>
<td>2.64244</td>
<td>.33833</td>
<td>9.00</td>
<td>22.00</td>
</tr>
<tr>
<td>Dip/Degree</td>
<td>212</td>
<td>15.5566</td>
<td>2.63437</td>
<td>.18093</td>
<td>9.00</td>
<td>22.00</td>
</tr>
<tr>
<td>B.Tech/Honours</td>
<td>32</td>
<td>15.8438</td>
<td>2.64098</td>
<td>.46686</td>
<td>11.00</td>
<td>22.00</td>
</tr>
<tr>
<td>M.Tech/Masters/MBA</td>
<td>48</td>
<td>16.2500</td>
<td>2.74831</td>
<td>.39668</td>
<td>11.00</td>
<td>24.00</td>
</tr>
<tr>
<td>D.Tech/Doctorate</td>
<td>12</td>
<td>15.6667</td>
<td>2.10339</td>
<td>.60720</td>
<td>13.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Total</td>
<td>365</td>
<td>15.6055</td>
<td>2.64117</td>
<td>.13825</td>
<td>9.00</td>
<td>24.00</td>
</tr>
<tr>
<td>Grade12</td>
<td>61</td>
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<td>1.93783</td>
<td>.24811</td>
<td>7.00</td>
<td>14.00</td>
</tr>
<tr>
<td>Dip/Degree</td>
<td>212</td>
<td>10.4481</td>
<td>1.82197</td>
<td>.12513</td>
<td>6.00</td>
<td>15.00</td>
</tr>
<tr>
<td>B.Tech/Honours</td>
<td>32</td>
<td>10.1875</td>
<td>1.57475</td>
<td>.27838</td>
<td>6.00</td>
<td>13.00</td>
</tr>
</tbody>
</table>
The above analysis show that an attitude is strongly driven by morals. The Stakeholder Theory identifies the fact that social responsibility is anchored on morals. The researcher is not disputing the fact that education can easily induce a strong attitude towards something, however, the results show that it is not about education. Pietermaritzburg Municipal region is the business centre of KZN which is known of its rich cultural orientation, it is the researcher’s expectation that entrepreneurs increase in the practise of CSR to compliment the cultural status of the region.

**ANOVA test output for level of education**

The ANOVA test showed that the mean scores for attitudes, barriers and values were significantly different among different level of education groups (p<0.05).
Table 4.21: ANOVA test output for level of education

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitudes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>571.181</td>
<td>4</td>
<td>142.795</td>
<td>11.507</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>4467.531</td>
<td>360</td>
<td>12.410</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5038.712</td>
<td>364</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Practice</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>36.032</td>
<td>4</td>
<td>9.008</td>
<td>1.296</td>
<td>.271</td>
</tr>
<tr>
<td>Within Groups</td>
<td>2503.157</td>
<td>360</td>
<td>6.953</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2539.189</td>
<td>364</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Barrier</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>37.374</td>
<td>4</td>
<td>9.343</td>
<td>2.966</td>
<td>.020</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1134.095</td>
<td>360</td>
<td>3.150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1171.468</td>
<td>364</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Values</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>47.631</td>
<td>4</td>
<td>11.908</td>
<td>3.366</td>
<td>.010</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1273.701</td>
<td>360</td>
<td>3.538</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1321.332</td>
<td>364</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A multiple comparison test showed that having grade 12 qualification had significantly higher mean attitude score compared to those having diploma/degree qualification (p<0.05). Also, participants having diploma/degree qualifications had significantly lower mean scores compared to those having B.Tech/Honours degrees or M.Tech/Masters/MBA qualification (p<0.05).

When these entrepreneurs start their Hospitality SME business for example with a grade 12 qualification, they come in with a positive attitude to business and in a way accommodate every idea or strategy (CSR) that make profit for the business. However, as they gain experience, which may be in the form of business acumen or they advance their education to for example a diploma/degree, there are chances that they will start to scrutinise and criticise most of the initial business strategies that
may seem costly. CSR has long-term benefits, but this may not go down well with their vision which is driven by profit maximisation.

4.8: CHAPTER SUMMARY
Finally, the results of chapter five's analysis found that hospitality SMEs in the Pietermaritzburg Municipal region are increasingly becoming more sensitive to social responsibility involving employees, but are generally apathetic to CSR involving community and natural environment stakeholders. The survey data is related to chapter six, which is a review that emphasizes the study's key findings, makes recommendations, and presents a model for CSR to hospitality SMEs in the Pietermaritzburg Municipal Region based on the Stakeholder Theory. In order to accomplish this, Chapter 5 addressed all of the survey's questions.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The goal of this study was to establish CSR on Long-Term Growth of Hospitality SMEs in the Pietermaritzburg Municipal Region. A quick examination of the attitudes of hospitality SMEs toward CSR was part of the journey. Furthermore, this chapter aims to determine the extent to which the study questions were addressed through a review. Conclusions and recommendations based on the study's findings are offered in accordance with the CSR on Sustainable Growth of Hospitality SMEs in the Pietermaritzburg Municipal Region. A five-step strategy based on the Stakeholder Theory is given in the abstract of this research study to promote CSR on Sustainable Growth of Hospitality SMEs, as mentioned in the abstract. The chapter will finally conclude by narrating the limitations of the research study and subsequently describing directions for future research.

5.2 REVIEW OF THE MAJOR FINDINGS OF THE STUDY

This section summarises the major findings of the research study in line with the research objectives. However, a relook at the key research questions is inevitable and guides and regulates the flow of this chapter.

KEY RESEARCH QUESTIONS

- What are the attitudes of owner managers of Hospitality SMEs in Pietermaritzburg Municipal region in respect of their social responsibility towards the community, employees and environment?
- To what extent do Hospitality SMEs in Pietermaritzburg Municipal region practise corporate social responsibility?
- What are the barriers undermining the practise of corporate social responsibility by Hospitality SMEs in Pietermaritzburg Municipal region?
• What are the key owner-manager’s personal values for the sustainable growth of Hospitality SME businesses in Pietermaritzburg Municipal region?

5.3 SUMMARY OF THE MAJOR FINDINGS REGARDING THE KEY RESEARCH QUESTIONS

5.3.1 What are the perceptions of Hospitality SME owner managers in Pietermaritzburg Municipal region in respect of their responsibility towards their employees, community and environment?

Hospitality SMEs are not supportive of the Stakeholder Theory, which states that all Stakeholders must be treated equally. SME owner-managers hold the idea that they pay salaries therefore taking care of employee welfare is never part of their CSR. In terms of community, hospitality SMEs in the Pietermaritzburg Municipal Region are aware of the concept of corporate social responsibility (CSR) and appear to enthusiastically embrace it. However, apart from their core industry, hospitality SMEs in the Pietermaritzburg Municipal Region have sadly withdrawn themselves from extra-curricular obligations. In terms of the environment, SMEs are conscious of the necessity to participate in environmental protection and preservation as part of their CSR. The majority of their viewpoints, however, refer to giant corporations as the primary perpetrators. SMEs expect the government to take care of the environment after they pay taxes.

5.3.2 To what extent do Hospitality SMEs in Pietermaritzburg Municipal region practise CSR?

In the Pietermaritzburg Municipal Region, hospitality SMEs are not treating their employees in a socially appropriate manner. They perform some employee CSR, but the negative headlines surrounding most employee-focused CSR efforts exceeds what they accomplish. Furthermore, when it comes to environmental CSR, hospitality SME owner managers do not act socially responsible, considering that the government, local region, and major corporations, particularly those in industry, are accountable for the environment. In terms of community involvement, the majority of hospitality SMEs in the Pietermaritzburg Municipal Region indicated that they had no involvement with the community or that they were unwilling to participate in any way in the community because they follow all applicable laws and pay taxes, which can be used to support community needs. Nonetheless, this goes against the
Stakeholder Theory's philosophical approach, which encourages the business's entire consideration of all stakeholders.

5.3.3 What are the barriers undermining the practise of CSR by Hospitality SMEs in Pietermaritzburg Municipal region?
The most prevalent and frequent challenges preventing Hospitality Sector SMEs from engaging in CSR further and regularly are: high expenditures incurred by the company; lack of time, staff; and a lack of enthusiasm, in that order. Apart from the challenges they face in implementing CSR, Hospitality Sector SMEs in the Pietermaritzburg Municipal Region see little benefit in doing so. Due to obstacles, these SMEs prefer not to consider any of the Stakeholders identified by the Stakeholder theory and instead focus on their primary business.

5.3.4 What Assistance is needed by Hospitality SMEs to further engage in CSR activities?
The expenditures required in meeting the standards and expenses of CSR hinder hospitality SMEs in the Pietermaritzburg Municipal region from engaging in CSR. As a result, the majority of these SMEs enterprises anticipate financial help in order to expand their CSR efforts. Some hospitality SMEs are uninterested in receiving support in the form of CSR counsel or guidance because they believe it will be pricey. That is why, because the 'know how' is non-critical to them, most SMEs fail to properly practice and implement CSR as a sustainable growth strategy.

5.3.5 What are the personal values that influence the way SME owner-managers in Pietermaritzburg Municipal region manage their businesses (Q27).

Morals have an essential role in the applicability of philosophical principles, according to Stakeholder Theory. The majority of hospitality SME owners in the Pietermaritzburg Municipality consider morals as the driving force behind their businesses. However, SME executives claim that regulations defining right and wrong have had a significant impact on how they run their businesses. In this regard, the majority of owner-managers of hospitality SME's were unsure whether their personal values influenced the way they ran their businesses. Hospitality SMEs demonstrated that they did not equally consider all stakeholders in CSR by not seeing morals as a primary driving reason behind their businesses.
5.3.6 Perceived degree of importance of owner-manager values in attracting investment opportunities for Hospitality SMEs in Pietermaritzburg Municipal region?

Even if their values as owners are carefully maintained, SME owner-managers of Hospitality SMEs in the Pietermaritzburg Municipal region believe that there is a slim to no likelihood of investment possibilities coming their way. Investors are concerned because the nature of their industry, which works in a fluctuating market with variable consumer tastes, profit margins, and competition levels, makes them fear that their efforts would be wasted. As a result, it didn't matter whether or not to uphold personal principles because it generated no money to the hospitality SMEs other than principled employees. Stakeholder Theory does not apply to their business since the values enshrined in responsible business do not bring any investment to their businesses.

5.4 OTHER MAJOR FINDINGS RELATED TO THE SOCIAL RESPONSIBILITY OF HOSPITALITY SMEs IN PIETERMARITZBURG MUNICIPAL REGION

- The dedication of SMEs to support Black Economic Empowerment (BEE), Affirmative Action (AA), and Employment Equity has been acknowledged as a positive trend (EE). 72.6% of small business owners agreed. Businesses with a revenue of less than R5 million a year are free from having to put up a BEE scorecard, according to the amended BEE regulations, which became legislation in 2007. In light of the foregoing, further investigation found a negative difference in willingness to undertake changes in line with BEE, AA, and EE among SME owner-managers aged 46 and up. Following that, one would discover that the 72.6% has surely fallen, since the turnover is now capped at R5 million every year, and most Hospitality SMEs in the Pietermaritzburg Municipal local region are far less than that value. In addition to this, the findings show that the majority of respondents in that area were pre-colonial masters, who were clearly benefactors and a preferred group during South Africa’s political era. As a result, the 72.6% represents the views of a minority of SME owner-managers rather than the majority.

- Hospitality Higher-qualified SME owner managers were aware of global warming and sustainable development, and believed that businesses function in an environment, and that the environment, if not conserved, will inevitably damage
the business's long-term growth. However, there is concern that SMEs believe they are too small to have a harmful impact on the environment. Furthermore, some of these SMEs violate Stakeholder Theory by focusing just on profit and adhering to their day-to-day operations, ignoring environmental preservation.

5.5 CONCLUSIONS

The outcomes of this study reveal that hospitality SMEs in the Pietermaritzburg Municipal Region have a favourable attitude toward CSR and are aware of its importance. However, given the tremendous unemployment in the South African economy, a positive attitude without real results in this research would not hold water.

Despite their importance and contribution to economic progress, SMEs in South Africa continue to face a slew of problems that stifle their expansion. Apart from a lack of proper training and education, SMEs in the Pietermaritzburg Municipal region fail to embrace, implement, and practice sustainable growth strategies such as CSR, which is a primary reason for the high growth failure rate. As a result, the high incidence of failure of hospitality SME businesses leads to business closures and high unemployment rates in the sector.

Given the above, the findings of the study show that Hospitality SMEs in Pietermaritzburg Municipal region practise partial CSR with regard to employees and completely do not practise community and environmental oriented CSR. SMEs are sensitive to and have a positive attitude towards the concept but fail to implement it fully in their organisations. These SMEs are selective regarding which CSR activities to practise towards their employees. The main reasons for such an approach are as follows:

- Unlike large corporations, Hospitality SMEs are owned privately and therefore experience less pressure from labour regulatory institutes and less risk to brand image or reputation when flouting labour laws and employee well-being. Very few of these private owners take a strong Stance in upholding the needs of employees since the major issue to private owners is to make a profit in all circumstances, despite unfashionable labour exploitative methods. Private owners apply a partial approach to employee oriented CSR where they target
revenue generation activities. Any other employee-oriented CSR activity that comes with a cost to their pockets is considered less relevant. The idea with Hospitality SMEs is that since they operate in a cash business environment, the strategy is that the lower the use of money in non-revenue generation activities, the higher the revenue for transactions. Hence 95% of their employees are on short contracts in order to avoid such cost-intensive employee oriented activities. If every Hospitality SME in Pietermaritzburg in South Africa considered employees as number one Stakeholders, then the economy will be filled with a skilled, motivated labour force.

With regard to the environment, the findings revealed that the majority of owner managers for Hospitality SMEs in Pietermaritzburg region are not interested in the environmental performance of their businesses, ostensibly because they think that the impact of their operations is not significant and that their operations have less or nothing to do with the environment. Hospitality SMEs presume that government, local authorities and large corporations are solely responsible for caring and rehabilitating the environment. SMEs have a strong belief that since they obey all government laws by paying tax, annual licencing fees, healthy certification and rates to the Municipal region, they expect those funds to be used to maintain the environment. A huge environmental burden is set on the shoulders of large corporations whom hospitality and Hospitality SMEs believe the impact of their operations harm, exploit and weigh heavily on the environment and hence must face the financial care and payback to the environment. In addition, society has little or no expectation of Hospitality SMEs taking care of the environment. Therefore, there is pressure to practise environmentally-oriented CSR.

Regarding community/society-oriented CSR, Hospitality SMEs in Pietermaritzburg Municipal region professed negativity towards such activities such as investing and operating in less deprived areas of the community or getting involved with traditionally marginalised groups (i.e. handicapped, unemployed, homeless). Regrettably, SMEs distanced themselves from extra-curricular responsibilities apart from their core business which goes against the Stakeholder Theory. It is likely that such an attitude is because most SMEs’ perception has been built on the belief that they were too small to engage themselves in such responsibilities and point out the fact that such CSR activities are predominantly for Multinational companies (MNCs).
Though it is a common belief that community loyalty to a business plays a big role in the sustainable growth of the SME businesses and that in most cases it is community support that actually props up the business, Hospitality SME owner managers focus on profit making activities, neglecting non-revenue generating social responsibility like Stakeholder-related activities. Furthermore, the findings revealed that the majority of Hospitality owner-managers indicated that community-oriented CSR responsibilities were actually not applicable to their respective organisations given that their business rely not only on the community they operate in but collectively on the general public. With particular reference to Hospitality businesses, owner-managers believe that 90% of their business transactions are with fellow businesses and 10% is towards the general public. The results also (surprisingly) reveal that there are Hospitality SMEs in Pietermaritzburg who do not believe that there is a good reason to join hands in fighting crime. The main reason could be that they have never experienced any crime-related cost or drawback. Therefore, it makes no meaning to support a cause that seem not to have an effect on them.

Nonetheless, unlike their counterparts in Europe, SME owner managers are highly concerned about their businesses' environmental performance. Similar research conducted in Europe revealed that, Hospitality SMEs in developed countries such as the United Kingdom uphold the principles of Stakeholder Theory and are more environmentally responsible in the communities in which they operated, than the Hospitality SMEs in Pietermaritzburg Municipal region (Mullerat 2018).

Regrettably, the South African government considers the sustainable growth of SMEs as a critically important strategy to alleviate and fight the soaring levels of unemployment by progressively empowering previously disadvantaged citizens of the country simultaneously forgetting to enforce mandatory policies for SMEs to fully commit and engage in CSR. Likewise, since the governing authorities in South Africa at all levels are generally shallow-resourced, incapable and/or inept when it comes to policy enforcement, SMEs are not a priority even if the impact of their operations is bigger. It is utmost importance to note that besides all the gains that are expected by Hospitality SMEs from CSR, if all businesses large or small were socially responsible then the standard of living for all will be high. Proof is, in developed countries such as Australia, Japan, Germany. Their cultures taught them to be responsible organisations no matter the size, industry is highly socially responsible and evidently, unemployment rates are relatively low with crime levels at insignificant levels.
Finally, while the Hospitality SMEs in Pietermaritzburg Municipal region are a small part of the economy, if they increase their commitment, uphold and apply Stakeholder Theory then they can change the negative approach to CSR by SME businesses in Pietermaritzburg Municipal region. The state may not have enough resources to address the ever-changing demands and socio-economic problems (particularly unemployment) but it should be in the interest of every individual and business (large or small) to collaboratively team up with the state in an effort to address the problems. SMEs in general are vital to society, employees, the environment and they need each other for sustenance. Hence, owner-managers for Hospitality SMEs in Pietermaritzburg Municipal region should acknowledge the fact that sustainable growth and survival of their businesses is based on CSR (i.e. strength, cohesiveness and life of their relationship with the society, employees, environment and any other Stakeholders).

5.6 RECOMMENDATIONS

According to the definition of an SME provided in chapter two, what is naturally driven from the characteristics of an SME business, which include management structures and style, size, resources etc. Given the characteristics, it has proved difficult for SMEs (especially Hospitality SMEs) to engage in the type of CSR practised by large corporations by the mere fact that they refer to themselves as small. Furthermore, it is of great importance to note that there is a thin line between the social responsibilities of an SME owner-manager and the business itself and they are inseparable compared to that of large corporations. Hence the approach ‘Corporate Social Responsibility’. It is therefore recommended that the approach used to stimulate and encourage Hospitality SMEs in Pietermaritzburg Municipal region cannot be adopted uniformly and should be distinct from the one used by corporates. Given the above statements, the approaches used by large corporations are likely to ignite moral and business strife on the part of SMEs to embrace CSR initiatives and policies.

Furthermore, the word ‘Corporate Social Obligation’ should be renamed ‘Small Business Responsibility’ or simply ‘Business Responsibility’ in order to contextualize the entire responsible business concept and promote and refer to SMEs' social responsibility. The statement simply leads SMEs to believe that they are barred from participating in the practice due to their size. The concept of ‘Corporate Social
Responsibility' imposes a difficult trip on SMEs and is psychologically scary, which explains their aversion to CSR.

As previously described in the previous chapters, there are numerous benefits of practicing CSR. In contrast to the aforementioned, the hospitality SMEs in the Pietermaritzburg Municipal Region are unaware of these potential benefits, preventing them from fully adopting and implementing the strategy. Given this context, it is suggested that business forums, relevant ministries, and the responsible chamber of commerce in the Pietermaritzburg Municipal Region be charged with raising awareness and educating SMEs about the benefits of being a responsible business. There are a number of platforms and business institutions, both locally and internationally (for example, the Honolulu Japanese Chamber of Commerce), that advocate and forward CSR ideas. Local Chambers of Commerce and the responsible government ministry can simply join these networks to gain access to free, up-to-date information that will aid in educating Pietermaritzburg's hospitality SMEs on CSR.

Furthermore, it is recommended that the responsible government ministry and local Chamber of Commerce, in their effort to educate SMEs to engage in CSR, must encourage them through expanded CSR awareness campaigns to registering as active members with the local Chambers of Commerce, highlighting the need and benefits of being a member. The geographical spacing of SME businesses in Pietermaritzburg Municipal region and the country at large poses numerous challenges to the local chambers in their efforts to educate SMEs on CSR, as most them are not registered or had since revoked their membership from the chamber, citing that the institution does not assist them with anything.

Recently, South Africa has experienced vertical unemployment levels coupled with higher SME failure rates. SMEs are a large contributor to the reduction of unemployment in the South African economy. However, there are so many reasons that SME businesses fail before they reach half-life. One of the reasons is regarding SMEs failing to attract skilled personnel that can drive such strategies as CSR. Skilled personnel obviously settle for attractive packages offered by large corporations and at the end of the day, SMEs struggle to manage that expert skills gap. Therefore, it is recommended that SMEs invest in higher education through scholarships for particular courses (e.g. strategic management, marketing) that will in future benefit the company given that when the students finish, the company can simply provide employment to these knowledgeable individuals. The SME business
will be exposed to a literate community which in turn reduces training costs, increases productivity, reduces wastage and increases profits. It is to the advantage of the SME business in that the company will actually create a skills database that grows year to year. The SME business will also be creating a brand name within the community that it operates in. Consequently, there are chances that the community becomes loyal to the business and create that willingness for every scholarship product to join and progress the business.

In an effort for Hospitality SMEs in Pietermaritzburg Municipal region in KZN to safeguard the health and welfare of all employees, there is need to tackle the impact of HIV in their organisations and the country as a whole. In South Africa, KZN proved to be the most affected, to such an extent that SMEs also lost innumerable skilled personnel through this pandemic (Fatoki and Garwe 2019). Given the aforementioned, SMEs by virtue of their size, and financial capacity cannot cope with the erosive impact of the disease. However large or small Hospitality SMEs can play a significant role especially with regard to their workforce. Therefore, it is recommended that Hospitality SMEs adopt a cost serving approach to tackling HIV/AIDS by implementing and practising the following:

- Provide state sponsored condoms;
- Encourage employees to go for HIV/AIDS testing;
- Invite nurses from local clinics to provide awareness workshops;
- Provide statistical information to employees on risky sexual behaviour; and
- Provide moral support for infected employees and do away with stigmatisation and discrimination in all spheres of the organisation (Fatoki and Garwe 2019).

Furthermore, it is recommended that Hospitality SMEs in Pietermaritzburg as a way of promoting the welfare of employees do the following:

- Craft and implement training and development policies;
- Engage in non-discriminatory employment policies;
- Provide subsidised staff meals;
- Support by providing a subsidised gym fund;
- Encourage employees to upgrade their qualifications through in-house training or provide education development employee support funds for external part-time/fulltime studies;
• Adopt and mandate a subsidised medical aid fund as a priority so as to maintain a healthy workforce;
• Empower employees by involving them in critical decision-making, especially in area that concern their existence in the organisation; and
• Facilitate and encourage employees to attend and participate in environmental, HIV/AIDS and business workshops.

According to the definition for sustainable growth in Chapter One, the business must maintain a growth rate without disadvantaging or creating other significant economic problems, especially for future generations. Future generations is when a business considers the effects of its growth on its employees, community and the environment. Therefore, it is highly recommended that Hospitality SMEs be involved in all programmes meant to stabilise, maintain and conserve the environment (e.g. the yearly Durban Climate Change Conference). In South Africa, SMEs’ environmental impact cannot be ignored since they constitute a significant %age in the economy. Hospitality SMEs in Pietermaritzburg Municipal region have the obligation to support environmental initiatives and improve their environmental performance. Therefore, it is recommended that to achieve sustainable growth, Hospitality SMEs in Pietermaritzburg region must balance their growth with environmental obligations. Therefore, it is recommended that South Africa’s environmental policy framework should be galvanised / strengthened to enforce SME participation and support by cultivating a positive attitude and behaviour towards environmental issues.

Furthermore, environmental regulatory bodies should increase their monitoring of SMEs and ensure that environmental rules are followed. The regulatory authorities should develop policies that treat all firms equally, in accordance with the country’s laws, and SMEs should be encouraged to view themselves as fully fledged businesses responsible for their actions, according to Stakeholders theory and to move away from the belief that environmental responsibilities are for large corporations because of the assumed impact of their operations. Not forgetting the challenges that Hospitality SMEs in Pietermaritzburg Municipal region go through in terms of their balance sheets, it is worth considering the adoption of the following low-cost environmental conservation approaches Park and Ghauri (2015):

• Send used plastic and waste paper to recycling companies rather than dumping or littering or leaving them to fly in the streets.
• Progressively moving to paperless offices by fully utilising modern technology such as electronic filing.
• Avoiding sending notices or memos to individuals rather use emails or notice boards;
• Use of energy saving lights in their company premises, for example compact fluorescent lamps use less energy as compared to ordinary lights;
• Support street clean up campaigns;
• Donate ageing equipment to communities, clinics or old age’s homes;
• Make use of recycled material like printer cartridges, toilet papers, etc.;
• Print back to back for all internal communication purposes; and
• Serve energy by switching of all computers, lights, warehouse machinery by the end of the day.

The findings in this study strongly indicated that Hospitality SMEs in Pietermaritzburg Municipal region neglected community-oriented CSR. Therefore, it is recommended that in an effort to encourage them to practise responsible business within the communities they operate in, some of the following practical approaches regardless of their shallow balance sheets can be taken:

• Develop a policy framework that will accommodate internship programmes in the company as a way of creating employment for the community;
• Assist the less privileged with school fees;
• Support community-based humanitarian programmes to alleviate poverty by providing expertise and donations in the form of ageing but useable machines;
• Give first preference to potential employees from the communities that they operate from;
• Support crime reduction programmes by local authorities, police and the community at large by arranging crime awareness and prevention programmes for employees;
• Create employment by outsourcing labour or expertise and give more business contracts to suppliers and service providers in the community in which they operate;
• Offer business shares to the potential community business person; and
• Offer subsidised or free services or products to disadvantaged individuals, charity homes and the handicapped.

Conclusively, it is relevant and important to note that according to Stakeholder Theory, Hospitality SMEs in Pietermaritzburg Municipal region cannot ‘go it alone’
as they need collective support from all Stakeholders, and encouragement so that they can achieve the desired business sustainable growth while at the same time being CSR proactive.

5.7 CONTRIBUTION TO NEW KNOWLEDGE

The recommended model for hospitality SMEs in the Pietermaritzburg Municipal Region to practice corporate social responsibility is provided below, based on the Stakeholder Theory.

The model was created as a guideline for Pietermaritzburg-based hospitality SMEs to embrace and follow in their efforts to be more socially responsible.

According to the results of this study, it is clear that over 50% of Hospitality SMEs are willing to practise CSR if they are provided with support in the form of information on the benefits of practising CSR and guidelines on how to go about CSR. Hence the model, which progressively will be titled Corporate Social Responsibility: a simplified practical approach. Experience over the years has taught researchers that human beings normally avoid information, especially on aspects that they have no or less interest in. Therefore, the model, which will be formatted in to a portable handbook, shall be accessed through offices of the Ministry of Small Business Development South Africa and the Durban Chamber of Commerce. The aim of the word ‘simplified’ is to try and induce a positive attitude in the minds of Hospitality SME owner managers in Pietermaritzburg Municipal region and change the general view of SMEs that CSR is for large corporations and to rather view it as simplified and achievable, unlike before. To avoid reinventing the wheel on a subject that is common in business circles, this study shall adopt a model titled: Corporate Social Responsibility for SMEs: A Smarter Business Guide, published and presented by the Ireland Chamber of Commerce.
How to Make the Business Practically More Socially Responsible?

Table 5.1: Proposed Model to Guide Hospitality SMEs in Pietermaritzburg Region to Increase Their Practise in Corporate Social Responsibility

First Stage

It is possible that your business has a positive perception towards Corporate Social Responsibility but has struggled to put the concept into practise. To assist, the process has been formalised and it is therefore recommended that you and your employees answer the following questions, which will be facilitated through a questionnaire. The process demands that if a respondent provides a negative answer then equally, the respondent is required to provide a suggestion on what he/she believes is a solution. To solicit objectivity and credible answers, the responses from all respondents will be anonymous.

1. Do you think we have a strong relationship with our employees and community?
2. In your view are we socially responsible?
3. What are the community’s expectations of us?
4. What are the employees’ expectations of the business?
5. What is expected of us towards the environment?
6. Do you think we are considerate of the natural environment?
7. Do our operations have any impact on the environment, local community and employees?
8. Do we sell products that are good for people?
9. Are we ethical and fair in our responsibilities towards our employees, society and the environment?
10. Do you think our packaging material is harmful to the natural environment?
11. Do you think we are playing a role in uplifting the living standards of society?

It is expected that answers may vary and may seem contradictory, with emotions unavoidable.
Second Stage

All the responses provided above in Stage One should then go through an analysis where the suggestions from the respondents are grouped into short, medium and long-term implementable sets. However, it is not a hard and fast rule where the business is under pressure to implement or prioritise the suggestions even though the suggestions may be exhibiting some negative effect on the business. Corporate Social Responsibility is a process and therefore cannot be a reaction as it demands intensive planning and resource mobilisation. This booklet provides some practical examples of corporate social responsibility areas of practise. Therefore, it can be aligned to the suggestions that come out of the responses. In an effort to encourage speedy implementation of some of the suggestions, the end of the booklet provides a summary list of benefits that can be realised by being a responsible business, though they vary and can only be realised in line with the type of business. In addition, it is your duty (or CSR department/expert) to align the suggestions and implementation with the benefits, bearing in mind that the business may not instantly realise all of the benefits as some are intangible and hence difficult to measure.

Stage Three

Naturally, the vision of most SME businesses is enshrined in the mind of the owner-manager. After accumulating all the information about the benefits of being a responsible business and at the same time aligning them to prioritised area of intended practise, it is recommended that the Hospitality owner-managers in Pietermaritzburg Municipal region take it upon themselves to champion responsible business practises in their businesses. Note, it is important that the idea, approach, benefits and strategy about responsible business should be made known to all the functional departments in the company. The owner-manager must make it a point that there is buy-in on CSR as a strategy and create a universally accepted positive perception by all employees in the organisation.

Stage Four
Besides yourself, you can identify an individual employee/expert/team that will drive all responsible business initiatives in the organisation. The individual employee/expert/team will need to establish a two-way communication channel between the company and all the Stakeholders of the business (e.g. community). Making use of the intranet, website, newsletters, meetings and the media, you/individual employee/expert/team should communicate to internal and external Stakeholders of the business on all the responsible business initiatives, activities and practises underway in the business. It is also recommended that all responsible business should take off after extensive consultation with Stakeholders in order to avoid surprises and on the same note, the two ways communication must be used to gain support and buy-in to the idea.

Stage Five

Responsible business is not a once-off activity. Rather it is a process. Therefore, it is advisable that a review of the activities should be carried out after an approximate period of 6 months, depending on the duration of the involvement in that activity. During the review, attention must be given to the benefits accrued. The review should determine and measure all the benefits accrued during each activity. Besides measuring the tangible and intangible benefits, the reason for carrying out such a process is to motivate you/individual employee/expert/team, employees and the business as a whole on the advantages of adopting responsible business practices and create a positive attitude towards CSR resulting in responsible business practices becoming permanent behaviour in the enterprise.
### EXAMPLES OF AREAS OF ENGAGEMENT IN RESPONSIBLE BUSINESS PRACTICES FOR THE ENTERPRISE

<table>
<thead>
<tr>
<th>COMMUNITY</th>
<th>EMPLOYEES</th>
<th>ENVIRONMENT</th>
</tr>
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<tbody>
<tr>
<td>• During recruitment, give priority to disadvantaged communities and consider potential employees from diverse backgrounds.</td>
<td>• Support, improve standard of living and safeguard the health of all employees.</td>
<td>• Promote and enforce the use of recycled material (e.g. paper, toner cartridges)</td>
</tr>
<tr>
<td>• Consider giving charities, old age homes and orphanages free products or at cost or subsidised.</td>
<td>• Invest and empower employees by involving them in decision-making, particularly on issues that concerns them.</td>
<td>• Completely switch off all electrical gadgets and appliances when not being used during weekends, public holidays, shutdown and/or after work (e.g. lights, computers).</td>
</tr>
<tr>
<td>• Support the community you operate in by employing locals and at the same time supporting local suppliers by giving them business</td>
<td>• Offer educational support to your employees.</td>
<td>• Make use of energy saving appliances (e.g. energy saving light bulbs).</td>
</tr>
<tr>
<td>• Offer and provide internships to students from colleges and</td>
<td>• Promote gender equality in the organisation.</td>
<td>• Avoid paper cheques and make use of Electronic Funds Transfer (EFT) facilities when paying creditors and employee salaries.</td>
</tr>
</tbody>
</table>
universities in your local community.

- Support upcoming entrepreneurs through expertise and business acumen in your organisation.

- Support local schools and upcoming business individuals by donating things like second hand machines, equipment, materials and books, etc.

- Allow humanitarian community development, volunteering by your employees even during working time. But tie the activity hours to the employee’s training and development.

- Provide Health-lifestyle support to employees through subsidised exercise facilities (e.g. gym, sporting clubs).

- Provide support, awareness to affected HIV/AIDS employees and counselling to alcoholic employees.

- Prioritise and offer Training and development opportunities for all employees.

- Eradicate and avoid any discriminatory tendencies with respect to gender, race, age, ethnicity, disability, sexual orientation or religion in the workplace.

- Adopt and implement effective management system, like ISO 14001.

- Trade in/with environmentally friendly products

- Implement environmentally friendly operations processes.

- Practise the conservation of natural resources by participating in tree planting, gullies and dongas refilling.

- Effectively enforce and reduce emissions of hazardous substances into the atmosphere.

- Avoid and reduce pollution and dispose of waste in an environmentally friendly way.
• Provide support to the local community when affected by natural disasters like floods, drought, veld fires, etc.

• Practice equitable remuneration to all employees according to position and practise fair financial support for employees (e.g. pension systems, medical aid).

• Print and copy on both sides of paper, at the same time reuse material like envelopes, paper clips, etc.

WHAT ARE THE BENEFITS OF ENGAGING IN RESPONSIBLE BUSINESS PRACTICES FOR YOUR ENTERPRISE?

Below is a summary list of some of the benefits that will be realised in practising responsible business:

• The company will boast of the gained reputation and competitive advantage when tendering for contracts.

• The company is bound to accumulate significant cost savings because of utilising recycled material; minimising waste and packaging; and the reuse of paper.

• Through its reliability to the community, the company improves relations and maintains its operating licence from the local community.

• The company’s business improves gradually because of the positive publicity in and around the community.

• By practising responsible business, the company will realise sustainable growth of the business simultaneously engaging in environmentally-friendly practices your company will be contributing to the sustainable development of the entire economy.

• Trust between company, management and employees will be improved resulting in loyal, more committed and dedicated employees.

• As a result of improved employee skills and motivation, the enterprise’s
productivity will improve resulting in sustainable growth.

- As the staff is involved in decision making, the staff will be highly motivated, absenteeism and staff turnover decreases, resulting in lower recruitment and training costs.
- The enterprise will easily attract skilled and retain a staff.
- Your enterprise will maintain and retain reliable suppliers, business partners, and customers because of its environmentally friendly practices.

5.8 DIRECTIONS FOR FUTURE RESEARCH

As the research title states (Investigation into CSR on Sustainable Growth of Hospitality SMEs in Pietermaritzburg Municipal region), the study focused on the attitude/perceptions and practises of Hospitality SMEs in Pietermaritzburg Municipal region with respect to CSR. This researcher was motivated by the fact that KwaZulu-Natal is the researcher's province of residence. At the same time, consideration of the logistical and financial issues come into play. However, future research studies could investigate social responsibility amongst SMEs in other provinces in South Africa with the aim of setting and undertaking a comparative analysis research study. Furthermore, future research can be undertaken where the results of social responsibility of South African SMEs can be compared with other countries, both developed and non-developed. Future research can also be a comparative study between SME businesses from various sectors of the South African economy, establishing the nature and level of differences if any.
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**ANNEXURE A**

**LETTER OF INFORMATION**
My name is Nompumelelo Ngubane. I am a masters candidate at Durban University of Technology (DUT). I am conducting a study on: “The role of corporate social responsibility on growth of Pietermaritzburg Hospitality Small and Medium enterprises”. This study is part of the requirements for the completion of my masters degree at DUT. This study is entirely funded by DUT therefore you are not expected to make any financial contribution or to benefit in monetary term from this study. You are one of a minimum of 20 potential participants. You are therefore randomly but purposively chosen and requested to voluntarily participate in this study. I will ask you questions related to the role of corporate social responsibility on growth of Pietermaritzburg Hospitality Small and Medium enterprises.

If you choose to be part of the study you will:

(h) Be required to complete questionnaires with me as a key informant or;

(i) You may be part of a group of participants in focus group discussion;

(j) You may be part of a group as a volunteer participant during the implementation and evaluation of the project outcomes

Your participation is voluntary and you can withdraw at any time. There will be no negative consequences should you choose to withdraw from the study. You will not be paid for participating in the study and you will not be expected to pay anything to take part in the study You have the right not to answer certain questions you feel uncomfortable with, or to completely withdraw at any point during the interview in case you feel ill or unease; it will have no any
punitive consequences on you. You will not provide your name in the questioner and I will not use your name when reporting on the focus group discussions. Your answer will only be seen by me. However, if you participate in the action team to develop and implement the outcomes from this project, then you will be known to everyone. All the data you give me will only be used for this study and your anonymity is guaranteed. The products of this study such as thesis, commentaries, and academic journal articles will be accessible by everyone at DUT.

In case if you have any problems or queries then please contact me on e-mail: 21308636@dut4life.ac.za or mobile phone 0631038215 / 0744124348 or my supervisor Dr Bob Chazireni (+27 849569043) or the Institutional Research Ethics Administrator on 031 373 2375. Complaints can be reported to the Director: Research and Postgraduate Support Dr L Linganiso on 031 373 2577 or researchdirector@dut.ac.za.

Nompumelelo Ngubane

(Researcher)
CONSENT

This study aims to investigate the role of corporate social responsibility in promoting growth of hospitality sector SMEs in Pietermaritzburg municipal area. The study intend to achieve the aim by executing the following objectives: investigating the practice of Corporate Social Responsibility by hospitality Small to Medium Enterprises; assessing the perception of Small to Medium Enterprises’ owners towards Corporate Social Responsibility; establishing barriers to the practice of Corporate Social Responsibility by hospitality SME businesses and exploring Small to Medium Enterprises owner’s personal values key to the practice of Corporate Social Responsibility.

Statement of Agreement to Participate in the Research Study:

• I hereby confirm that I have been informed by the researcher, Nompumelelo Ngubane, about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: ___________.

237
• I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.

• I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.

• In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.

• I may, at any stage, without prejudice, withdraw my consent and participation in the study.

• I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.

• I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

________________________
_ Full Name of _
Participant

________________________
Date Time Signature / Right

Thumbprint

I, Nompumelelo Ngubane herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

Nompumelelo Ngubane_____ 03/03/2021 N.Ngubane
Full Name of Researcher Date Signature

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Full Name of Witness (If applicable) Date Signature

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<th>Full Name of Legal Guardian (If applicable)</th>
<th>Date</th>
<th>Signature</th>
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239
Good day, I hope this letter finds you safe and well

My name is Nompumelelo Ngubane, a Master of Management Sciences-Management student at the Durban University of Technology. The research I wish to conduct for my Masters dissertation titled; The role of corporate social responsibility on growth of Pietermaritzburg Hospitality Small and Medium enterprises

I hereby seek your consent to undertake my research in fulfilment of my Master’s Degree.

The study will make use of a Quantitative methodology as approach to data collection, data analysis and presentation. The hospitality sector SME business owners are the targeted participants of the study. A questionnaire shall be use as a research tool to collect data from participants and it will take you at most 30min to complete. The questionnaire is made up of questions where a participant is expected to select their choice of answer.

Accompanying this letter is my project proposal that was submitted to Durban University of Technology. The document also includes copies of the questionnaire, consent form that you may need to read for you to give your consent to participate in the study. There is also an approval letter to carryout
data collection, which I received from the Institutional Research Ethics Committee (IREC) at the Durban University of technology.

If you require any further information, please do not hesitate to contact me 0631038215 or 21308636@dut4life.ac.za; my supervisor Dr Bob Chazireni (+27 849569043); Director: Research and Postgraduate Support Dr L Linganiso on 031 373 2577 or researchdirector@dut.ac.za;

Thank you for your time and consideration in this matter.

Yours sincerely,
Nompumelelo Ngubane
Mobile number: 0631038215
Email: 21308636@dut4life.ac.za
Durban University of Technology

ANNEXURE D:  Questionnaire
Title: Corporate Social Responsibility on Sustainable Growth of Hospitality SMEs: A case study of Pietermaritzburg Municipal region in South Africa

There are five components to this questionnaire:

1. The first section contains basic personal information about yourself and your business.
2. The attitude of hospitality SMEs in Pietermaritzburg is discussed in Section 2.

3. Corporate social responsibility as a strategic tool for long-term success in the municipal region.

4. Your company's corporate social responsibility practices are discussed in Section 3.

5. The fourth section examines the obstacles to the successful adoption and implementation of corporate social responsibility (practise).

Section 5 delves into your own values, which are crucial to the success of the project.

Please be assured that your responses are confidential and will only be used for research purposes.

Please specify in your response (in all parts) by putting a "X" in the corresponding box.

1st Section

The following questions are related to your biographical profile and also include questions about your relationship with the company.

Q1. Please indicate the age group to which you belong in?

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<td>1.1</td>
<td>Ages 25 and under</td>
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<tr>
<td>1.2</td>
<td>Between the ages of 26 and 35</td>
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<tr>
<td>1.3</td>
<td>36-45 years old</td>
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<tr>
<td>1.4</td>
<td>46-55 years old</td>
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1.5  56-65 years old
1.6  People aged 66 and up

**Q2.** Please indicate your gender

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<td>2.2</td>
<td>Male</td>
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**Q3.** Please indicate your highest qualification

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<td>3.1</td>
<td>D-Tech/Doctorate</td>
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<td>M-tech/Masters/MBA</td>
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<td>3.4</td>
<td>B-Tech/Honours</td>
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<td>3.5</td>
<td>Diploma/Degree</td>
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<td>3.6</td>
<td>Up to standard 10/grade 12</td>
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**Q4.** Please indicate how long you owned/managed your present business?

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<td>4.1</td>
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<td>16 to 20 years</td>
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<td>4.3</td>
<td>11 to 15 years</td>
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<td>4.4</td>
<td>6 to 10 years</td>
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<td>4.5</td>
<td>Less than 5 years</td>
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Q5. Please indicate how many people are employed as full-time employees in your organisation?

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<td>5.2</td>
<td>101-150</td>
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<td>5.3</td>
<td>51-100</td>
<td>3</td>
</tr>
<tr>
<td>5.4</td>
<td>21-50</td>
<td>4</td>
</tr>
<tr>
<td>5.5</td>
<td>Less than 20</td>
<td>5</td>
</tr>
</tbody>
</table>

SECTION TWO:

This section carries questions that focus on your attitude/perception towards corporate social responsibility (CSR) with respect to Stakeholders primarily the community, employees and the natural environment.

Q6. Please indicate how important owners/shareholders are in your business?

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Extremely important</td>
<td></td>
</tr>
<tr>
<td>6.2</td>
<td>Highly important</td>
<td></td>
</tr>
<tr>
<td>6.3</td>
<td>Moderately important</td>
<td></td>
</tr>
<tr>
<td>6.4</td>
<td>Important</td>
<td></td>
</tr>
<tr>
<td>6.5</td>
<td>Least important</td>
<td></td>
</tr>
</tbody>
</table>
Q7. Please indicate how important community/society is in your business?

<table>
<thead>
<tr>
<th></th>
<th>Extremely important</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Highly important</td>
<td></td>
</tr>
<tr>
<td>7.2</td>
<td>Moderately important</td>
<td></td>
</tr>
<tr>
<td>7.3</td>
<td>Important</td>
<td></td>
</tr>
<tr>
<td>7.4</td>
<td>Least important</td>
<td></td>
</tr>
<tr>
<td>7.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q8. Please indicate how important are customers in your business?

<table>
<thead>
<tr>
<th></th>
<th>Extremely important</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Highly important</td>
<td></td>
</tr>
<tr>
<td>7.2</td>
<td>Moderately important</td>
<td></td>
</tr>
<tr>
<td>7.3</td>
<td>Important</td>
<td></td>
</tr>
<tr>
<td>7.4</td>
<td>Least important</td>
<td></td>
</tr>
<tr>
<td>7.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q9. Please indicate how important are employees in your business?

<table>
<thead>
<tr>
<th></th>
<th>Extremely important</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Highly important</td>
<td></td>
</tr>
<tr>
<td>7.2</td>
<td>Moderately important</td>
<td></td>
</tr>
<tr>
<td>7.3</td>
<td>Important</td>
<td></td>
</tr>
<tr>
<td>7.4</td>
<td>Least important</td>
<td></td>
</tr>
<tr>
<td>7.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q10. Please indicate how important the natural environment is in your business?

<table>
<thead>
<tr>
<th></th>
<th>Extremely important</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Highly important</td>
<td></td>
</tr>
<tr>
<td>7.2</td>
<td>Moderately important</td>
<td></td>
</tr>
<tr>
<td>7.3</td>
<td>Important</td>
<td></td>
</tr>
<tr>
<td>7.4</td>
<td>Least important</td>
<td></td>
</tr>
<tr>
<td>7.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q11. Which of the following Stakeholders is the most significant in your firm if you rank their importance from 1 to 5 (with 1 being the least important, 2 somewhat important, 3 important, 4 highly important, and 5 being extremely important)?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1</td>
<td>Owners/shareholders</td>
</tr>
<tr>
<td>11.2</td>
<td>Environment</td>
</tr>
<tr>
<td>11.3</td>
<td>Community/society</td>
</tr>
<tr>
<td>11.4</td>
<td>Customers</td>
</tr>
<tr>
<td>11.5</td>
<td>Employees</td>
</tr>
</tbody>
</table>

Q12. How much do you agree or disagree on the importance of goodwill, company image and public relations to the growth of the business?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>12.2</td>
<td>Agree</td>
</tr>
<tr>
<td>12.3</td>
<td>Neutral</td>
</tr>
<tr>
<td>12.4</td>
<td>Disagree</td>
</tr>
<tr>
<td>12.5</td>
<td>Strongly disagree</td>
</tr>
</tbody>
</table>

Q13. Rank, from 1 to 5, (with 1 being strongly disagree and 5 strongly agree), whether your business is obliged to social and environmental responsibilities?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>12.2</td>
<td>Agree</td>
</tr>
<tr>
<td>12.3</td>
<td>Neutral</td>
</tr>
<tr>
<td>12.4</td>
<td>Disagree</td>
</tr>
<tr>
<td>12.5</td>
<td>Strongly disagree</td>
</tr>
</tbody>
</table>
Q14. In your view, ranking from 1 to 5, (with 1 being strongly disagree and 5 strongly agree), whether there is a relationship between environment, social responsibility and growth of the business?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>12.2</td>
<td>Agree</td>
</tr>
<tr>
<td>12.3</td>
<td>Neutral</td>
</tr>
<tr>
<td>12.4</td>
<td>Disagree</td>
</tr>
<tr>
<td>12.5</td>
<td>Strongly disagree</td>
</tr>
</tbody>
</table>

Q15. In your view, ranking from 1 to 5, (with 1 being strongly disagree and 5 strongly agree), whether there is a relationship between business growth and responsible business practises?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>12.2</td>
<td>Agree</td>
</tr>
<tr>
<td>12.3</td>
<td>Neutral</td>
</tr>
<tr>
<td>12.4</td>
<td>Disagree</td>
</tr>
<tr>
<td>12.5</td>
<td>Strongly disagree</td>
</tr>
</tbody>
</table>

Q16. In your view, rating from 1 to 5, (with 1 being Don’t know, 2 Not at all, 3 Little, 4 Fair, 5 A great deal), at what level could your business be following responsible business practises?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16.1</td>
<td>A great deal</td>
</tr>
<tr>
<td>16.2</td>
<td>fair</td>
</tr>
<tr>
<td>16.3</td>
<td>Little</td>
</tr>
<tr>
<td>16.4</td>
<td>Not at all</td>
</tr>
<tr>
<td>16.5</td>
<td>Don’t know</td>
</tr>
</tbody>
</table>
Q17. Which of the areas of society, employees, and environmental CSR is your company involved/participating in, in your opinion?

<table>
<thead>
<tr>
<th>Item</th>
<th>Yes</th>
<th>No</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.1 Reducing the environmental impact of activities</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.2 Waste reduction with increasing recycling</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.3 Employees with training and development opportunities</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.4 Improving the health of staff</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.5 Taking care of the well-being of the employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.6 Affirmative action, Black economic empowerment, and employment equity</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.7 Participation in the local community's living standards</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.8 Participation in community-based non-profit organizations</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.9 Participation of the community in educational institutions (schools, etc.)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.10 Involvement with traditionally marginalized and underserved groups (orphans, unemployed, handicapped, homeless etc.)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.11 Working in sections of the community that are underserved</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>17.12 Taking into account the mutual benefits of business and society</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

SECTION THREE

The following questions discuss the extent to which your organisation practises responsible business.
Q18. With respect to your employees, please indicate by means of (X) which of the following is offered by your organisation?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1</td>
<td>Meals are provided free of charge to employees.</td>
</tr>
<tr>
<td>18.2</td>
<td>HIV/AIDS, hazardous drugs, alcoholism, and drug misuse counseling for employees</td>
</tr>
<tr>
<td>18.3</td>
<td>Employees are provided with free transportation.</td>
</tr>
<tr>
<td>18.4</td>
<td>Staff uniforms are provided free of charge.</td>
</tr>
<tr>
<td>18.5</td>
<td>Paid Training &amp; Development Courses</td>
</tr>
<tr>
<td>18.6</td>
<td>Medical assistance was provided by the company in the amount</td>
</tr>
<tr>
<td>18.7</td>
<td>Fees for Dependents of Employees</td>
</tr>
<tr>
<td>18.8</td>
<td>Contribution from the company to the pension fund</td>
</tr>
<tr>
<td>18.9</td>
<td>Study fees for employees</td>
</tr>
<tr>
<td>18.10</td>
<td>No-interest loans</td>
</tr>
<tr>
<td>18.11</td>
<td>Reward programs</td>
</tr>
<tr>
<td>18.12</td>
<td>Other perks available but not listed above: (Please specify below)</td>
</tr>
</tbody>
</table>

OTHER SPECIFY:

______________________________________________________________________
______________________________________________________________________
______________________________________________________________________

Q19. With respect to the environment, please indicate by means of (X) which of the following applies to your organisation?

<table>
<thead>
<tr>
<th></th>
<th>Yes, no, or not applicable</th>
<th>Ye</th>
<th>N</th>
<th>N/</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>s</td>
<td>o</td>
<td>A</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>19.1</td>
<td>Is there a plan in place to limit pollution from the company's operations?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>19.2</td>
<td>Is the company in compliance with environmental laws?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>19.3</td>
<td>Has the company taken any steps to ensure that national and international environmental standards are met?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>19.4</td>
<td>Is recycled material used by the company?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>19.5</td>
<td>Does the company practise waste management by disposing waste under environmental friendly methods</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>19.6</td>
<td>Other practises not listed <em>(specify below)</em></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

**OTHER**

**SPECIFY:**

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________


**Q20.** With respect to the community, please indicate by means of (X) which of the following applies to your organisation?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>20.1</td>
<td>We work to improve the community's quality of life, such as health standards.</td>
</tr>
<tr>
<td>20.2</td>
<td>We support the community by providing financial support to educational institutions.</td>
</tr>
<tr>
<td>20.3</td>
<td>We support cultural and sporting activities in the communities.</td>
</tr>
<tr>
<td>20.4</td>
<td>We don't participate in communities because we follow all government regulations and pay taxes.</td>
</tr>
<tr>
<td>20.5</td>
<td>We give back to the community by supporting educational institutions financially.</td>
</tr>
</tbody>
</table>
20.6 In the neighborhood, our organization is participating in crime-fighting programs.

20.7 We assist charitable organizations by offering cash or material support.

20.8 All of the above do not apply to our company.

**OTHER**

**SPECIFY:**

Q21. Corporate Social Responsibility (CSR) is a term used by different persons to define the activities indicated in the questions above (related to employees, the environment, and the community/society). What phrase would you use to best describe this, in your opinion?

______________________________________________________________________

______________________________________________________________________

Q22. Please indicate by means of (X) what motivates your organisation's involvement in the areas outlined by you in Q18 - Q20 above?

<table>
<thead>
<tr>
<th>22.</th>
<th>CSR efforts have a favorable impact on the company's overall profit.</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.</td>
<td>Increase and retain customer and brand loyalty</td>
</tr>
<tr>
<td>22.</td>
<td>Company certification in accordance with ISO standards</td>
</tr>
<tr>
<td>22.</td>
<td>Raise everyone's living standards so that society can have a brighter future</td>
</tr>
</tbody>
</table>
4 re.

22. Boost employee self-esteem and sustain high levels of employee satisfaction.

22. Strengthens ties between businesses and the communities in which they operate.

22. Is actually beneficial to the company's image and increases brand loyalty.

22. To address the needs of international clients and corporate supply chain partners.

22. Other factors (please define) that are not listed above

OTHER SPECIFY:

____________________________________________________________________
____________________________________________________________________
____________________________________________________________________

Q23. Please indicate by (X) which of the following Stakeholders your business communicates responsible business involvement to in terms of the amount of engagement between your firm and its Stakeholders (workers, the environment, and/or the community as shown by your responses to Q18-Q20).

| 23.1 | Government (local, national) |
| 23.2 | Employees |
| 23.3 | Partners in the supply chain (suppliers etc.) |
| 23.4 | Customers |
| 23.5 | The community in which they work |
| 23.6 | Local, regional, and international media (TV, press) |
23.7 They do not need to be informed about our CSR activities.

SECTION FOUR
The following questions ask you to concentrate your answers on the challenges your company has in attempting to practice corporate social responsibility.

Q24. Please indicate by (X) what are the barriers preventing your organization from practicing responsible business in the areas you mentioned as critical for Hospitality SMEs to be involved in the areas you previously listed in Q17 above.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>24.1</td>
<td>Lack of interest</td>
</tr>
<tr>
<td>24.2</td>
<td>Huge cost to be incurred by the company</td>
</tr>
<tr>
<td>24.3</td>
<td>Lack of time</td>
</tr>
<tr>
<td>24.4</td>
<td>Lack of manpower</td>
</tr>
<tr>
<td>24.5</td>
<td>There are no benefits from CSR activities</td>
</tr>
<tr>
<td>24.6</td>
<td>Other barriers not listed above (please specify below)</td>
</tr>
</tbody>
</table>

OTHER SPECIFY:
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________

Q25. Which of the following, in your opinion, would be the most helpful in aiding Hospitality SMEs in furthering their corporate social responsibility efforts in the areas mentioned in Q17?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>25.1</td>
<td>Guidance on the advantages of participating in various areas</td>
</tr>
<tr>
<td>25.2</td>
<td>Guidance on specific areas where SMEs in the hospitality industry can contribute</td>
</tr>
<tr>
<td>25.3</td>
<td>Suggestions for becoming involved</td>
</tr>
</tbody>
</table>
Q26. Please indicate by using (X) which of the following issues, aside from failing to practice responsible business, most likely threatens the growth of your business if you do a business analysis.

<table>
<thead>
<tr>
<th>Issue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees with a high rate of HIV/AIDS infection</td>
<td></td>
</tr>
<tr>
<td>High crime rate &amp; corruption</td>
<td></td>
</tr>
<tr>
<td>High levels of Competition (from large corporations &amp; small entrepreneurs in the same industry and substitute products from foreign owned Chinese low price charging companies)</td>
<td></td>
</tr>
<tr>
<td>Accessibility to financial support (High interest rates for loans from banks etc.)</td>
<td></td>
</tr>
<tr>
<td>Shortage of skilled labour</td>
<td></td>
</tr>
<tr>
<td>Financial assistance is available (High interest rates for loans from banks etc.) a scarcity of skilled workers</td>
<td></td>
</tr>
<tr>
<td>Increased energy scarcity and rising pricing Raw material scarcity is becoming more acute.</td>
<td></td>
</tr>
<tr>
<td>Other things that aren't covered above yet pose a threat to your company's growth (please specify below)</td>
<td></td>
</tr>
</tbody>
</table>
SECTION FIVE

The following questions focus on your personal values that influence the way you run your business

Q27. In your opinion, how important is each of the following in influencing the way you run your business?

<table>
<thead>
<tr>
<th></th>
<th>Not Important</th>
<th>Important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.1</td>
<td>Religious convictions</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>27.2</td>
<td>The result/consequences of my actions on my company</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>27.3</td>
<td>My personal viewpoints</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>27.4</td>
<td>Right and wrong are governed by the rule of right and wrong.</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Q28. Taking a look at your current business, how would you rate the success of your business?
Submission ID: 1632557494

File name: Nompumelelo_Ngubane_Final_Thesis.docx (715.05K)

Word count: 47721

Character count: 264756

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<table>
<thead>
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