



**AN ASSESSMENT OF REPORTING TOOLS USED FOR CORPORATE SOCIAL
RESPONSIBILITY IN THE SMALL, MEDIUM, AND MICRO ENTERPRISES
(SMME) SECTOR IN KWAZULU-NATAL**

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DECLARATION

I, **Mthokozisi Buthelezi**, hereby declare that the work presented in this dissertation is my own work and findings. All sources used in this study have been recognised and acknowledged accordingly.

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ABSTRACT

Small, Medium and Micro Enterprises (SMMEs) are considered as the key role drivers in order to close the gap of inequality, particularly when it comes to investing in disadvantaged communities. In South Africa, Corporate Social Responsibility (CSR) is proposed as a strategy to revive the competitiveness of SMMEs. As global competitiveness continues to be a momentous trend, the notion of CSR is proposed as an impressive strategy to invigorate the operations and competitiveness of SMMEs. The aim of this study was to assess the reporting tools used for CSR in the SMME sector in KwaZulu-Natal (KZN). In so doing, this study utilised a qualitative research approach to assess the reporting tools used by the SMME sector. Non-probability and judgmental sampling was used to obtain participants. The target population was selected from the three geographic areas in KZN, namely Pietermaritzburg, Durban and Richards Bay. The population centered on 15 CEO's, and 15 general public representatives that had benefited from the CSR projects of the 15 selected enterprises. The participants were selected by the researcher based on their involvement on CSR. In-depth interviews, observation, and focus group discussions were conducted by the researcher to collect primary data from the SMME CEO's and the beneficiaries from their companies. The study revealed that some SMMEs used platforms such as meetings and strategic sessions to report on their CSR engagements. The findings further outlined that social media platforms such as Facebook, Twitter and Instagram were the most preferred reporting tools by SMME owners. The fact that these tools did not cost the company much was considered to be a major motivator for the adoption. Given that majority of SMMEs are actively engaged in CSR, most of them did not report their programmes at all to their stakeholders even though there are free tools that can be utilised. The study has provided additional contribution to the current literature on CSR and SMMEs. It further provided recommendations on how SMMEs can implement CSR programmes efficiently and use appropriate tools to communicate and report their CSR activities competently.

KEYWORDS: Corporate Social Responsibility, Reporting tools, Communication tools, SMME, CSR Strategies, KwaZulu-Natal

LIST OF ABBREVIATIONS

CSR	Corporate Social Responsibility
KZN	KwaZulu-Natal
SA	South Africa
SMME	Small, Medium, and Micro Enterprises
NGO	Non-governmental organisation

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CHAPTER ONE – INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

In South Africa (SA) the Corporate Social Responsibility (CSR) debate focuses mainly on big companies. The key initiators of the debate, including Non-Governmental Organisations (NGOs), and shareholders tend to focus mostly on big companies (BER 2003). Small, Medium and Micro Enterprises (SMMEs) are less likely to have formal policies on CSR issues, which is why this study is of necessity to assess the nature of CSR in SMMEs and the reporting tools that are used in this instance. This chapter presents an overview of the study. It briefly highlights the background of the study and identifies the research problem. The aim and objectives of the study, research methodology and design adopted in this study are clearly outlined.

1.2 BACKGROUND TO THE STUDY

SMMEs are considered as the key drivers in order to close the gap of inequality, particularly when it comes to investing in disadvantaged communities. In SA, CSR is projected as a tactic that is used to revive the competitiveness of SMMEs. As worldwide competitiveness continues to be a significant trend, the CSR idea is proposed as an impressive tactic to revitalise the competitiveness and also provide clear processes of CSR for SMMEs (Mandl and Dorr 2007: 2).

Kechiche and Soparnot (2012: 97) clearly states that although CSR has by tradition been allied with big business, the SMME business sector plays a major role in terms of the economic, environmental and social impact it makes. Regular and effective communication can have a direct and positive impact on the bottom-line, through the creating of new business opportunities (SAGE 2012: 4). In an attempt to understand

how SMMEs report their CSR interventions, Cortado and Chalmeta (2016) highlight that in recent years internet has offered various services such as the use of social media platforms. Unlike traditional platforms such as websites, social media platforms has offered companies possibilities to exchange of ideas and two-way communication process with their stakeholders on CSR subjects.

However, Jurisova and Durkova (2012: 147) state that annual reports are commonly used for informing the public, however they lack consistency. In most cases the annual reports used by each business are difficult to compare with others where sometimes it contains incomplete and unverifiable information. Based on the above background, it is essential to assess and establish the communication tools that are adopted by SMMEs to communicate and report on their CSR initiatives.

The aim of this study seeks to assess the reporting tools used for CSR in the SMME sector in KwaZulu-Natal (KZN). It aims to assess the nature of - reporting tools that are used by SMMEs and also to determine the effectiveness of these tools. In so doing, this study will utilise a qualitative research approach to assess the reporting tools used by the SMME sector.

1.3 RESEARCH PROBLEM

According to Chiloane-Tsoka (2014: 277) health care, education and entrepreneurial development are considered to be a major challenges allied with communal needs in SA. It is therefore imperative for the corporate sector to launch impactful CSR activities that will empower local communities.

Yu (2010: 03) contends that over the past years, SMMEs received little attention despite their significant impact on society. It is therefore unclear whether the reporting tools that are adopted by most SMMEs are effective enough to attract

researchers and media reporters so that the work that is done by SMMEs can also dominate the press. Ostberg and Osterberg (2012: 7) adds that the main reason for SMMEs to be neglected is because they focus on internal CSR, for instance to increase employees' satisfaction and motivated. These activities are important but do not provide a clear picture of a CSR commitment in SMMEs.

Turyakira, Venter and Smith (2012: 108) agree CSR activities in large corporates is totally different from the activities that are undertaken by SMMEs. Moravcikova, Stefanikova and Rypakova (2015: 338) argues that CSR is now a significant concept for businesses, as clients are interested in businesses that shows interest to address social problems encountered by the environment, community and employees. However, Hohnen (2015: 6) highlights that small businesses do not have funds to outsource professional services to produce CSR reports. However, despite the lack of resources they are able to disseminate information about their CSR activities using various sources of communication.

This study therefore assesses the types of reporting tools used for CSR in the SMME Sector and how communication is addressed and packaged to internal and external stakeholders, i.e., clients, community and employees.

1.4 AIMS AND OBJECTIVES

The overall aim of this study is to assess the reporting tools used for CSR in the SMME sector in KZN. The objectives of the study are as follows:

- Assess the nature of corporate social responsibility programmes in the SMME sector;
- Assess the reporting tools that are utilised by SMME sector;
- Determine the effectiveness of reporting tools preferred by SMMEs;

- To determine the importance of using the most appropriate reporting tools to promote CSR.

1.5 KEY RESEARCH QUESTIONS

Considering the objectives of the study, the following research questions were developed:

- What CSR programmes exist in the SMME sector?
- What reporting tools are currently used by the SMME sector?
- Are the reporting tools currently used by the SMME sector, effective?
- How important is it to use the correct reporting tools for CSR?

1.6 SIGNIFICANCE OF THE STUDY

According to Hinson and Ndhlovu (2011: 332) in developing countries such as SA, companies are anticipated to deliver social services and whilst implementing economic activities. As both small and large companies are constantly encouraged to take CSR seriously, the findings from this study will outline whether the SMME sector has taken CSR seriously and what reporting tools are currently being utilised to communicate their CSR activities. The study will further attempt to create awareness on the impact of CSR programmes undertaken by SMMEs and also encourage this sector to engage and adopt more CSR programmes to alleviate poverty.

1.7 DELIMITATIONS/SCOPE

This study was limited to 15 SMMEs that are based in three geographic areas in KZN and they were selected considering the sector, size and the impact they have displayed in their society.

1.8 RESEARCH METHODOLOGY

For the purpose of this study, a qualitative research approach was used. The qualitative method therefore enabled a deeper understanding of the reporting tools used for CSR in the SMME sector in KZN. The researcher used non-probability sampling to obtain participants for the study. In-depth interviews, observation, and focus group discussions were conducted by the researcher to collect primary data from the SMME CEOs and the CSR beneficiaries from their companies. Furthermore, the researcher coded data collected from participants in an expressive and descriptive technique. Data was collected through interviews, focus groups and observation sessions and was analysed using content analysis.

1.9 STRUCTURE OF THE DISSERTATION

Chapter One: Overview of the study

Chapter One highlights the aim and objectives of the study and the structure of the dissertation. It further explains the history and nature of the research problem and the definition of key terms.

Chapter Two: Literature Review

Chapter Two contextualises and provides a theoretical framework for the study. It

provides an overview of CSR in the SMME sector in KZN and the importance of communication and reporting tools used for effective delivery of information relating to CSR.

Chapter Three: Research Methodology

Chapter Three discusses the methodology for the study. The chapter describes the research design, target population, data collection and the reliability and validity of the study in detail.

Chapter Four: Research Findings and Discussion

Chapter Four presents the findings of the study, including a discussion and interpretation of the findings.

Chapter Five: Conclusion and Recommendations

This chapter presents the conclusions and recommendations of the study.

1.10 CONCLUSION

This chapter provided an overview of the study, highlighting the the background of the study and the research problem. The aim and objectives of the study, research methodology and design were also discussed. The next chapter will focus on the literature review and provide insight into CSR activities that are undertaken by SMMEs. The chapter will further highlight the nature of CSR reporting and communication tools and the impact it has on the SMME sector.

CHAPTER TWO – LITERATURE REVIEW

2.1 Introduction

It has been debated that almost all institutes have a huge impact on society through their services and day-to-day contact with their respective stakeholders. This signifies that CSR is significant in all businesses spanning the continuum of large to small enterprises (Delchet-Cochet and Vo 2012: 50).

Although SMMEs are incorporating CSR more into their everyday management, they have to overcome a number of difficulties in order to do so (Kechiche and Soparnot 2012: 100). Besides the incorporation of CSR into the SMME core functions, the industry also faces challenges on how they report their CSR activities. Nielsen and Thomsen (2007: 177) state that SMMEs should acquire knowledge from bigger businesses in relation to CSR. In order to ensure the effective and best practice of CSR execution and communication with the SMME sector, it requires sufficient knowledge of which the SMMEs owners can source from larger organisations as they have a good history of incorporating CSR as part of their operational activities.

This chapter provides a comprehensive background of CSR and the impact that it has on society. It highlights the role of SMMEs in SA. This chapter will further outline the nature of CSR initiatives within the SMMEs and how they report their CSR activities to their stakeholders.

2.2 Background to Corporate Social Responsibility

A clear understanding of CSR is crucial in order to provide insight into the contemporary debate in the literature pertaining to its applicability to the business environment. The first step in the history of CSR occurred in the 1920s, when both academic and managerial literature began to assign social duties to companies

(Perrini, Pogutz, and Tencati 2006: 58), however the earliest modern contribution to the subject came in the 1950s when management scholars started to focus and research about CSR. Choongo (2017: 1) adds that the past decades have seen a growing interest in CSR research in both commerce and academia.

Although it is possible to see the footprint and practices of CSR worldwide, especially in developing countries, there has been an increase of formal writings generally in the United States and Europe as they have shown much support towards the idea of CSR (Shaw 2012: 2). The table below provides a timeline of CSR activity from the early 20th century to the present.

Table 2.1: History of Corporate Social Responsibility

	Phase of CSR	CSR Drivers	CSR Policy instruments
CSR1 Early in the 20 th century but formally in the 1950s-1990s	Corporate Social Stewardship Corporate philanthropy, acts of charity managers as public trustee - stewards balancing social pressures	Executive conscience Company image/ reputation	Philanthropic funding Public Relations
CSR2 1960s-1970s	Corporate Social Responsiveness Social impact analysis Strategic priority for social response Organisational redesign and training for responsiveness Stakeholder mapping and implementation	Social unrest/protest Repeated corporate misbehaviour Public policy/government regulations Stakeholder pressure think tank policy papers	Stakeholder strategy Regulatory compliance Social audits Public affairs function Governance reform Political lobbying
CSR3 1980s-1990s	Corporate/Business Ethics Foster an ethical corporate culture Establish an ethical organisational climate Recognize common ethical principles	Religious/ethic beliefs Technology driven value changes Human rights pressures Code of ethics Ethics training	Mission/ vision/ values Statements CEO leadership ethics

		Stakeholder negotiations	
CSR4 1990s-present	Corporate/ Global Citizenship Stakeholder partnerships Intergrade financial, social and environmental performance identify globalisation impacts sustainability of company and environment	Global economics trade/investment High-tech communication networks Geopolitical shifts/ competition Ecological awareness/ concern NGO pressures	Intergovernmental compacts Global audit standards NGO dialogue Sustainability audits/reports

Source: Lawrence and Weber (2014: 51)

The above table by Lawrence and Weber (2014: 51) notes the history of CSR in the early 20th century, which began with more philanthropic acts, to allay social pressures of the company. Between 1960 and 1970 CSR idea took a turn and became a strategic priority. This became a public affairs function and the stakeholder became an important priority. The 1980s and 1990s saw organisations becoming more ethically motivated due to social pressure. This motivated the CEOs to change their mission and vision statements to show the presence of an ethically minded organisation.

Businesses today are expected to look beyond self-interest and recognise that they belong to a larger group or society that expects responsible participation (Thorne, Ferrell, and Ferrell 2011: 5). Thorne *et.al.* (2011: 5) further stipulates that if any group, society, or institution is to function, there must be a delicate interplay between rights (for example; what people expect to get) and responsibilities (for example; what people are expected to contribute) for the common good.

Involvement and adoption of CSR by big companies has also motivated SMMEs to consider CSR as part of their core functions. In recent years, the concept of CSR has received increasing amounts of attention from both academics and practitioners (Martinez-Conesa, Soto-Acosta, Palacios-Manzono, 2017: 1). However, Amaeshi,

Adegbite, Ogbechie, Idemudia, Anderson, Kan, Issa, and Anakwue (2016: 1) argues that CSR amongst SMMEs is often regarded as unstructured, informal and ad-hoc discretionary charitable activities.

The role of SMMEs in developing countries across the globe has received less attention from the researchers (Jamali, Lund-Thomsen, and Jeppesen 2017: 12). SMMEs have been recognised as key contributors towards job creation and poverty alleviation in underdeveloped countries, however, the CSR initiatives of SMME's are not constantly reported to their stakeholders.

2.2.1 Definition of Corporate Social Responsibility

CSR is a fairly recent term, but it is becoming a well-known expression for what in the recent past has been a collection of different and yet related terms: corporate philanthropy, corporate citizenship, business ethics, community involvement, corporate responsibility, social responsibility investment, sustainability, triple-bottom line, corporate accountability, corporate social performance (Lucas 2006: 286).

Considering that CSR is a broad concept, there are many perspectives and therefore a number of definitions have emerged. According to Wilburn, and Wilburn (2013: 06) CSR refers to a company linking itself with ethical values, transparency, employee relations, compliance with legal requirements and overall respect for the communities in which they operate. It goes beyond the occasional community service action.

All business leaders should consider the various types of corporate social responsibility as they provide guidance on how business owners can implement programmes that are good for the community and for their businesses (Leonard 2018). In the early 90's, Carroll (1991) introduced the most in-depth CSR pyramid. Carroll (1991: 40) outlined the four fundamental corporate responsibilities which are:

economic, legal, ethical and philanthropic.

In light of the above views, various levels of responsibilities have been outlined by Carroll (1991: 40) the foundation of these obligations being the economic responsibility which encourages businesses to be financially innovative. While businesses are making profit, they also have a huge responsibility to ensure that the business abides by the rules and regulations that are stipulated by government. The third level is ethical which focuses on guiding business owners and guiding them to avoid unethical behaviour and for an organisation to be perceived by its stakeholders as a good citizen. The last level is philanthropic which seeks to improve the quality of life within the society that is served by a business. Although the above may relate to large corporations, small businesses are still expected to ensure the same responsibilities on a smaller scale.

2.2.2 Overview of CSR in South Africa

In South Africa, CSR is not only a frequent topic for conversation and debate, but also a tangible effort by many companies. In On Africa (2011) maintains that the social picture of the country after the apartheid era was marked with inequalities in terms of education, infrastructure, economic power, and basic services access. The democratic regimes that governed the country since 1994 made important efforts in combating social imbalances through different social programmes and various public initiatives, this was followed by support which was also received from the private sector.

Javan (2016) argues that companies in South Africa are already making a huge impact even though a lot can still be accomplished through planned spending. Through the medium of good planning and allocation of budget to relevant projects, companies can reach out to many societal needs through CSR programmes. Hence, businesses should consider forming partnerships with other entities to ensure that

their CSR is impactful. Apart from large companies, SMMEs have also proved their worth in responding to CSR.

2.3 Relationship between Corporate Social Responsibility and the Small, Medium and Micro Enterprise

In the past, little attention was placed on SMMEs even though these enterprises have been actively participating in CSR. Turyakira (2017: 465) asserts that the understanding of CSR activities in the small business sector has not been fully explored. Therefore, this means there is a limit of literature in relation with CSR and SMMEs. Andreassen (2011: 18) affirms that researchers have traditionally been focussing on large enterprises and ignoring the role that is played by the SMMEs through their CSR interventions, as has been noted in earlier discussion in this chapter.

2.3.1 Defining the association between Corporate Social Responsibility and Small, Medium and Micro Enterprises in South Africa

Although CSR has customarily been linked with big businesses, the SMME business sector has shown itself to be a substantial sector in the South African economy (Chazireni 2017: 1). The small business sector is not greatly recognised as key role players towards the alleviation of social ills that are challenging communities where these enterprises are situated. Giving back to the community has always been associated with big corporates and undermining the role that is played by SMMEs.

Inyang (2013: 125) argues that the CSR initiatives for SMMEs are usually designed to address the needs of workers, customers and general public. On the other hand, Khoza (2014: 17) clearly states that the overall stakeholders for SMMEs in addition to the above mentioned stakeholders would include; small local competitors,

suppliers, and larger firms.

2.4 Defining SMMEs

According SEDA (2016: 5) SMMEs also referred to as small businesses, encompass a broad range of firms, some of them include formally registered, informal and non-VAT registered organisations (Le Fleur *et al.* 2014: 12). Le Fleur *et al.* (2014: 12) further provides traditional characterisation of the informal and formal sector as detailed in Table 2.2.

Table 2.2: Traditional characteristic of the informal and formal sector

Informal Sector	Formal Sector
1. Ease of entry	1. Registered entry
2. Indigenous resources	2. Reliance on national and foreign finance capital
3. Family ownership	3. Corporate ownership
4. Small-scale operation	4. Large-scale operation
5. Labour-intensive and adapted technology	5. Capital-intensive and imported technology
6. Skills acquired outside the formal system	6. Formally acquired skills
7. Unregulated and competitive markets	7. Protected markets

Source: Le Fleur *et al.* (2014: 12)

Okyere (2012: 29) states that the National Small Business Act 102 of 1996 is the mostly used framework to define SMMEs in SA. Both the quantitative and qualitative criteria are used for this purpose. This view is also affirmed by Tonge (2001) quoted in Pratt and Virani (2015: 7) who state that small businesses have an ‘economic’ definition (qualitative) and ‘statistical’ definition (quantitative). The following section will provide an understanding of these two definitions as outlined above.

2.4.1 Quantitative definition of SMMEs

Le Fleur, Koor, Chetty, Ntshangase, Mackenzie and Rawoot (2014: 7) state that the 'statistical' is used in three main areas:

- a) Quantifying the size of the small sector and its contribution to GDP, employment and exports;
- b) Comparing the extent to which the small firm sector's economic contribution has changed over time;
- c) And in a cross-country comparison of the small firm's economic contribution.

The above view provides a quantifiable definition of SMMEs and also looks at the numeric characteristics of the sector including an overall number of employees within the company, and the contribution that this sector makes to enhance economic growth and development, for an example by reducing unemployment.

According to Cele (2015: 3) SMMEs often involve minimal staff members such as the owner, additional family members and also few of the paid staff. In most cases the business lacks formality such as registration, operating permits and Value-Added Tax. Cele (2015) further alludes that some of these enterprises do not have sufficient capital and only have basic technical or business skills among operators.

2.4.2 Qualitative definition of SMMEs

The South African National Small Business Amendment Act No. 2003: 8, 9.; of 2004, quoted in Botha and Musengi (2012: 28) defines a small business as a separate and distinct entity, including co-operative enterprises and NGOs, managed by one owner or more which include its branches or subsidiaries, if any is predominantly carried in

any sector or sub-sector of the economy which can be classified as a micro, a very small or a medium enterprise. Le Fleur *et.al* (2014: 6) states that under the economic definition, a business is considered as small if has the following three characteristics:

- a) It has a relatively small share of their market place;
- b) It is managed by owners or part owners, in a personalised way through the medium of formalised management structure;
- c) It is independent and not part of larger enterprise.

2.4.3 An overview of SMME sector (Importance of SMMEs to Economic Development)

Small, Medium, and Micro Enterprises are acknowledged worldwide as the drivers of socio-economic development due to their important role in Gross Domestic Product (GDP) growth, new job creation and entrepreneurship (Karadag 2016: 22). Katua (2014: 464) also affirms that SMMEs have the ability to fuel economic growth because they create new jobs, expand the tax base, and are drivers of innovation. In other words, SMMEs enhances the economy through the continuous provision of job opportunities and new ideas.

Organisation for Economic Co-operation and Development (OECD 2017: 5) adds that across countries at all levels of development, SMMEs have an important role to play in achieving the Sustainable Development Goals (SDGs), by promoting inclusive and sustainable economic growth, providing employment and decent work for all, promoting sustainable industrialisation and fostering innovation, and reducing income inequalities. Torugsa, O'Donohua, and Hecker (2012: 384) allude that SMMEs play a critical role in support of the economic growth and prosperity through the execution of proactive CSR interventions that seek to pre-empt issues that

relates to satisfaction of customers, safety and quality check, supply chain management and interaction with stakeholders including customers and suppliers. Based on the above view, the nature of how small businesses functions in the market place is influenced by the feedback that is gathered from relevant stakeholders and are adopted into their internal function structure. Sen and Cowley (2012: 418) further states that the small businesses play an important role in regional development through participation in various societal problems, as small businesses focus more on community stakeholders through their structured approach.

Masarira (2014: 40) highlights that small businesses are the lifeblood of most economies, because on average, they represent over 90% of enterprises and account for approximately 50-60% of employment at a national level. Hence, the partnership between government and private sector in particular the small business sector is vital towards the economic development of emerging countries such as SA. The next section will therefore provide an overview of SMMEs in SA, and also provide an insight on how small businesses embrace CSR.

2.4.4 SMMEs in South Africa

In the estimate of the National Development Plan 2030, SSMEs will play an important role in the future as it is projected that 90% of new jobs will be created by SMMEs sector (Smit 2017). Kumar (2014: 04) believes that the government acknowledges the role of SMME over the past 20 years.

The South African Government News Agency (2014) highlights that small businesses requires wider access to financial services in order to expand their services. The Department of Small Businesses has provided SMMEs with an opportunity to access affordable loans. It should be emphasised that SMMEs also need to fully practise CSR in order to make huge impact on the lives of their beneficiaries (Okyere 2012: 55). Life assist (2018) confirms that there is a dire need

for South African SMMEs to adopt CSR and to implement innovative programmes that provide access to basic services and to improve the quality of existing services that will promote and encourage economic, social and educational development within their enterprises, while also providing active support to local initiatives. SMMEs should also actively stimulate regional employment to help support the economic regeneration of the country. In other words, South African SMMEs have been identified as key strategic executors of CSR and economic development.

The top performing companies and public sector website (2018) conclude this discussion by stating that SMMEs are expected to function as a driving force in SA's social and economic stability as the country is experiencing an expansion in the middle income segment with its increasing access to buying power. Consequently, there have been mounting pressures on existing infrastructure such as healthcare, security systems, services, supply of electricity, clean water and recycling, all of which offer opportunities for SMMEs to service them as well as markets around the globe. In other words, small and medium-sized businesses are expected to excel both socially and economically, however, their success on these two aspects of functioning is extremely contributed by the support be it financial or other resources that this sector gets from government and other stakeholders.

2.4.5 Role of SMMEs in the economy of South Africa

The Small Enterprise Development Agency (SEDA 2016: 5) states that SMMEs play a significant role towards economic growth through job creation and innovation. The South African Catholic Bishops Conference (2014: 3) concurs that small businesses are known as major drivers of job creation and growth of gross domestic product. In this regard, government has realised the role of small businesses and strategies have been developed to support the sector to succeed. . Kloppers and Kloppers (2008: 15) add that SMMEs contribute towards the societal development through employment, and are usually seen as strategic structures used for economic

stability. In other words, the provision of employment opportunities by SMMEs can be considered as part of their CSR programmes, hence most of the times employment opportunities targets unemployed people with an attempt of alleviating poverty.

The South African Catholic Bishops Conference (2014: 3) further indicates that since 1994, South Africa has been faced with the challenges of reintegration into world markets as a global economy, while at the same time positioning itself to realise the high expectations of its populace regarding a successful transition towards a more democratic order. The province of KwaZulu-Natal has been at the forefront of national contribution and SMME development. According to SME South Africa (2014) KZN accounts for:

- 26.9% of the country's agriculture sector;
- 21.6% of South African manufacturing sector;
- 13% of the value added in the country's construction sector;
- Around 15.7% of the country's electricity, gas and water output-placing it in second position;
- A share of about 17.8% of the country's retail and wholesale trade, catering and accommodation;
- An anticipated 22.3% stake of the nation's transport, storage and accommodation facilities;
- 13.4% of the country's finance, insurance, real estate and business activities, and at least 13.3% of SA's community, social and personal services sector activity.

These figures show that KZN is amongst other provinces that are playing a key role towards the development of the South African economy. Each of the above-mentioned sectors consist of small businesses that plays a pivotal role in KZN's economy and towards social development through CSR interventions.

Jili, Masuku and Selepe (2017: 3) allude that the South African government has realised the importance of SMMEs towards the development of the country's economy. Some SMMEs have a substantial influence on entrepreneurial dynamics and job creation, on quality of educational and other public service resources (Nhleko 2017: 19). Based on this view, SMMEs are also considered to be significant role players towards addressing the societal needs through the provision of employment opportunities and improving education access by donating learning resources and providing bursaries.

Small businesses may not be well recognised compared with the recognition that is given to large businesses in the context of social impact. However, the role that they play in society goes a long way towards the social and economic development of the country. Frimpong (2013) confirms that SMMEs are critical role players towards the economic development of any country. Oualalou (2012: 57) quoted in Nkwinika and Munzhedzi (2016: 77) concurs that SMMEs play an important role socially and economically through the creation of job opportunities to minimise the high rate of unemployment. The development of SMMEs can help to face many challenges linked with economic development in the country, inequalities, very high unemployment, demographic developments and the need for structural change. In a study that was conducted by European Commission (2007: 11) on the commitment of SMMEs to society revealed that SMMEs commit themselves to society most frequently with social facilities (71%) and with training initiatives (69%). In addition, over 50 percent of all companies stated that they support cultural and job market initiatives and sports clubs and over half take responsibility on behalf of society by setting down principles for the ethically responsible marketing of their products/services and by establishing procedures to prevent bribery and corruption. At 35 percent it is environmental initiatives that receive the least support. In this regard, it is clear that SMMEs are not forced by any policies to provide support towards the social development of the society and nature of programmes that they adopt as part of their CSR solely depends on the decision of the management at that

particular time.

Many SMMEs are already implementing CSR without realising this. In most cases, businesses that are socially responsible do not actively communicate their CSR activities (Chambers Ireland 2018: 2). In other words, the SMME sector does not consider CSR reporting as something major and that requires to be reported on. In an attempt to encourage small businesses to report their social responsibility activities, the CSR Asia and Hong Kong Council of Social Service (2011: 38) suggest that SMMEs can communicate via the company website or an e-mail or short newsletter, which only involve limited resource requirements. This allows the company to keep in touch with the community and further enhance its reputation as a responsible corporate citizen. SMMEs can use these platforms to engage with their internal and external stakeholders about their good work towards societal development.

Based on the above arguments, it is without any doubt that SMMEs are also considered as major contributors towards the development of communities where they are located. Most SMMEs are located outside of the big metropolitan areas and therefore are in a position to provide opportunities for employment of local people by putting in place community development projects that will encourage the culture of entrepreneurship.

2.4.6 Profile of SMMEs in South Africa

In an attempt to understand how SMMEs are profiled in SA, Graaf (2007: 7) states that SMME development was initiated by the new government in SA with an aim of creating job opportunities to address the high rate of unemployment. It is therefore clear that the South African government also value the contribution made by SMMEs, not only through their involvement on the economic growth, but also in

ensuring that the SMMEs go beyond what is expected of them by being socially involved to elevate poverty by implementing societal development programmes. In 2019 there were 2 653 424 SMMEs in SA, of which 779 297 were formal SMMEs and 1 791 431 were informal SMMEs (SEDA 2019: 19).

Table 2.3: SMMEs by province

Occupation	2018Q3		2019Q2		2019Q3		Quarterly change		Yearly change	
	Number	Distrib.	Number	Distrib.	Number	Distrib.	Number	%.	Number	%.
Western Cape	260 439	10.2%	317 330	11.9%	356 878	13.4%	39 548	12.5%	96 438	37.0%
Eastern Cape	210 986	8.3%	205 211	7.7%	242 367	9.1%	37 156	18.1%	31 381	14.9%
Northern Cape	27 760	1.1%	23 683	0.9%	19 365	0.7%	-4 317	-18.2%	-8 394	-30.2%
Free State	101 709	4.0%	115 134	4.3%	108 275	4.1%	-6 859	-6.0%	-6 567	-6.5%
KwaZulu-Natal	400 967	15.7%	431 610	16.2%	413 636	15.6%	-17 974	-4.2%	12 668	3.2%
North West	125 046	4.9%	103 014	3.9%	114 620	4.3%	11 606	11.3%	-10 426	-8.3%
Gauteng	888 120	34.7%	919 100	34.5%	864 280	32.6%	-54 820	-6.0%	-23 840	-2.7%
Mpumalanga	226 230	8.8%	233 574	8.8%	225 724	8.5%	-7 850	-3.4%	-506	-0.2%
Limpopo	315 634	12.3%	318 643	11.9%	308 279	11.6%	-10 364	-3.3%	-7 355	-2.3%
Total	2 556 891	100.0%	2 667 299	100.0%	2 653 424	100.0%	-13 874	-0.5%	96 533	3.8%

Source: SEDA (2019: 22)

Table 2.3 highlights the distribution of SMMEs between the 9 provinces of SA between 2018 and 2019. Possenti (2012: 9) alludes that the term SMME encompasses a broad range of classifications. In 2018 there were 2 556 891 registered SMMEs and in 2019 the registered SMMEs increased to 2 667 299 across the country. Gauteng seems to be a hub for most SMMEs as in 2018 it had a total of 888 120 of SMMEs, whilst in 2019 Gauteng province was still leading with an overall of 919 100 SMMEs. Northern Cape Province has the least SMMEs both in 2018 and 2019. In 2018, KZN was ranked in the second place with the highest

number of SMMEs compared to other provinces in SA. It had a total of 400 967 SMMEs in 2018, in 2019 it still remained at the second place however, the figures had increased as there were 413 636 SMMEs. The increase of SMMEs could be a result of awareness activities undertaken by government to support small businesses which ultimately results in some of the businesses being started. The success and/ or failure of SMMEs in SA would have a great impact on whether the small businesses adopt CSR. Should lack of support through the provision of resources such as financial support not be availed in an attempt of uplifting the SMME sector, this could have a huge impact on the social development of South African communities. In relation to the practice of CSR in South African SMMEs, Andreassen (2011: 33) alludes that South African SMME owners generally view CSR as an important business practice, yet they have limited knowledge about what CSR entails and how it can be implemented. Given the importance of CSR within the SMME sector, Ramasobana and Fatoki (2014: 284) argue that SMMEs are important to the reduction of unemployment, poverty and income inequality in SA. However, the failure rate of SMMEs is very high in SA.

2.4.7 Profile of SMMEs in KwaZulu-Natal

Kubone (2012: 26) states that KZN is SA's largest province by population, and the second-largest contributor to the country's economy. It also has a very important place in the cultural and political life of SA. However, SME South Africa (2014) argues that KZN is the third largest contributor to the South African economy. It is therefore noted that the province of KZN may have shifted from the second position in 2007, to the third position as discovered in 2014 during the assessment of the largest contributors to the South African economy. According to SEDA (2019: 22) there is a total of 413 636 SMMEs in KZN, which has been broken down as follows:

- Agriculture – 7 172
- Manufacturing – 34 524

- Construction – 68 194
- Trade and accommodation – 173 639
- Transport and communication – 28 897
- Finance and business services – 46 315
- Community – 53 949
- Mining- 0
- Electricity, gas and water-0

All the above mentioned and categorised SMMEs contribute towards the success and the enhancement of the South African economy. However, SMMEs have a critical role in society at large, as they also contribute towards addressing the challenges that South African citizens are confronted with (Economic Development and Growth in Ethekeini 2013: 4). Although it has been noted that SMMEs have huge responsibility towards addressing societal challenges, it cannot be ignored that they also have to ensure sustainability of the business while also acting responsibly in the society. According to Hlatywayo's (2015: 75) study assessing the nature of CSR within SMMEs in Pietermaritzburg, small businesses particularly in KZN experience finance-related challenges when implementing CSR initiatives, hence they struggle to make sound CSR decisions because of the size of the company being small and not making much profit.

2.4.8 Assessment of the SMME policy framework

Karungu, Elizabeth and Steller (2000: 12) state that SMME development is one of government's key components in its strategy for employment creation, and income generation and forms an integral part of Growth Employment and Redistribution (GEAR). Karungu *et al.* (2000: 12) further note that the National SMME strategy is directed at poverty eradication and social impact. As such, the SMME policy is included amongst the four components that characterise local economic

development. When SA achieved democracy in 1994, there was no comprehensive policy and strategy on small businesses development (Zikode 2014: 5). As a response a White Paper was published in 1995 on National strategy on the development of small business. According to Zikode (2014: 5) the White Paper intended to address the following measures:

- The creation of an enabling legal framework and streamlined regulatory conditions;
- Facilitation of access to information, finance, procurement and market access.
- Facilitation of access to affordable physical infrastructure and other business development services;
- Facilitation of access to appropriate technologies; and
- Introducing differential taxation and other business development and financial incentives.

The introduction of the White Paper, revealed that there was a significant need to provide support to small businesses. The introduction of the three South African policies namely; the National Strategy for the development and promotion of small businesses (The White Paper 1995), Integrated Small Enterprise Development Strategy (ISED 2005a), and the Integrated Strategy of Entrepreneurship and Small Enterprise (ISPESE 2005b) served to achieve different objectives that were intended to address challenges that are faced by small business sector in SA, however, none of the three policies highlighted issues that relates to CSR within the SMME sector and how potential challenges should be addressed.

In light of the above background and with some of the most critical challenges not being addressed, it is evident that the SMME sector faces financial restrictions that could significantly hinder it from adopting CSR as part of its daily activities. The next

section will provide an insight to some of the challenges that are experienced by small business.

2.4.9 Challenge of SMMEs in South Africa

The challenges that are experienced by SMMEs can be categorised into two factors, namely external and internal. Okyere (2012: 34) states that under macro factors, SMMEs management has little or no control over the exogenous problems that manifest themselves in the economic, socio-demographic, political, technological and international spheres, market size, competitors and low demand, while deficiencies in the internal environment are a major cause of SMMEs, and include: management skills, financial knowledge, lack of expertise in marketing and human resource management and overemphasis on financial rewards.

Makoya (2017) adds that it cannot be ignored that small and medium-sized businesses face special challenges in meeting stakeholder's corporate social responsibility expectations because of the challenges that they are experiencing. In other words, the limitations of access to finance by SMMEs, and lack of other important resources are major challenges that hinder small businesses ability to adopt CSR programmes.

SMMEs experience a number of challenges, however they remain committed towards the development of the society. Choongo, Van Burg, Masurel, Paas, and Lung (2017: 38) stipulate that in Africa, some SMMEs owners are positively motivated to peruse CSR initiatives by their personal values, ethics and religious beliefs, while others are inspired by the augmentation of the company reputation that will be retained after the accomplishment of CSR initiatives. Furthermore, strong ethics of the managers are considered as a key motive for SMMEs in SA to engage in pro-environmental behaviour.

Possenti (2012: 17) reveals that the main barriers to the implementation of CSR activities were largely identified in time and resource costs. Some respondents also indicated as barriers the presence of complex procedures of measurement and reporting as well as the lack of efficient institutions and facilities to assist and implement CSR activities. Bahru and Malaysia (2015: 138) confirm that small businesses face various challenges in undertaking CSR activities in terms of financial, time and human capital, hence CSR is not the priority of SMMEs in doing business. However, even though CSR is not a priority for SMMEs, there are still those that are concerned about involvement in CSR in order to sustain their business into the future (Bahru and Malaysia 2015: 138).

The introduction of corporate governance might then lead to an increase in the operational costs of a small business as the costs of compliance associated with the implementation of CSR might act as a disincentive to employment because business owners tend to employ fewer people in order to protect their profitability (Kloppers and Kloppers 2008: 19). It is clear that the execution of CSR programmes might act as a burden to some of small businesses due to the lack of financial support from major financial support institutions.

2.4.10 Models for Corporate Social Responsibility of Small, Medium and Micro Enterprises

As CSR has become an important pillar for both big and small business, this means that there is no business that can operate in isolation and succeed. Businesses are adopting to contribution towards the wellbeing of the community. According to Ma (2012: 437) there are four relevant models of CSR within the SMME sector. The first model is the Hierarchy Model of CSR which is divided into four levels; economic responsibility, legal responsibility, ethical responsibility and discretionary responsibility. Kanji and Agriwal (2016: 143) outline that the pyramid is arranged according to decreasing order of priorities, economic responsibilities being the most

important one. Legal responsibility is the second priority. Ethical responsibility, that is, the responsibilities and obligations that are not legally codified but should be performed for the greater good, comes as the third priority. Philanthropic responsibilities, which are actually supposed to be discretionary in nature, are assigned the least priority. The second model is the side-by-side model of CSR which examines the principles motivating responsible behaviour, the process of social responsiveness and the outcomes of corporate behaviour. The third is the Star model of CSR which indicates that the organisation does not only serve to make profit, but it has an overall obligation of taking care of the wellbeing of external stakeholders such as shareholders, customers, suppliers, employees, environment, and community. The fourth is the coordinate model of CSR which looks at the two relevant dimensions for the analysis of CSR in practice, involving the motivation basis (strategic versus altruistic) and the locus of responsibility (corporate versus individual). Each model plays a different role depending on the direction that the company wants to take towards the implementation of CSR.

The Hierarchy model of CSR focuses mainly on how a business should be able to create job opportunities, be compliant to rules and regulations set by government by doing what is right. The adoption and implementation of CSR is optional, while the Side-by-side model covers all the operation requirements of a business, including the implementation of CSR which include the principles of CSR, process of social responsiveness and the outcome of corporate behaviour.

Figure 2.1: Hierarchy Model of CSR



Source: Ma (2012: 438)

It is understandable that most SMMEs adopt the Hierarchy Model, as evidenced by Kanji and Agrawal (2016: 143) who contend that all businesses first priority is to make profit, legal responsibility is the second priority. Ethical responsibility and obligations that are not legally codified but should be performed for the greater good, comes as the third priority. Philanthropic responsibilities, which are actually supposed to be discretionary in nature, are assigned the least priority. The third model, which is the Star model recognises that business do not operate in isolation, hence it emphasises that a normal business should go beyond what is expected, to ensure that the needs of both the internal and external stakeholders are taken care of. On the other hand, the coordinated model focuses on planned and coordinated CSR where the management strategic interest are aligned with the community's interest. This approach assists businesses to maximise its impact both financially (revenue) and socially (community development).

The discussion reveals that the four models have a critical role towards guiding businesses, including SMMEs on how CSR programmes can be implemented strategically and voluntarily to better the lives of previously disadvantaged individuals. This therefore motivates SMMEs to adopt CSR as part of their mandate, even though this may not be a top priority as the generation of revenue is first priority.

The literature presented above clearly demonstrates that the term CSR has a deep meaning behind it and that businesses are not obliged to adopt all four models simultaneously.

2.4.11 Areas of Corporate Social Responsibility development within SMMEs in SA

In recent years, more and more companies are starting to actively participate in community development through CSR. All businesses, regardless of their size undertake CSR programmes to strengthen their relationship with internal and external stakeholders (Thorne *et.al* 2011: 5). Turyakira (2017: 466) states that SMMEs are viewed as businesses that treat their stakeholders (both internal and external) with fairness and honesty.

The lack of awareness of government support by SMMEs can hinder and restrict companies to adopt CSR as part of their core function. This is because of small business heavily depending on external funding in order to function smoothly and to adopt CSR programmes and implement them effectively. The table below highlights the percentage of SMMEs that are aware of government support and also those that have used these initiatives.

Table 2.4: Overall awareness of government initiatives and assistance received

Agency	Aware						Services received					
	Yes		No		Total		Yes		No		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Khula	88	79.3	23	20.7	111	100	5	5.7	83	94.3	88	100
SEDA	89	80.2	22	19.8	111	100	20	22.2	70	77.8	90	100
NYDA	97	87.4	14	12.6	111	100	10	10.3	87	89.7	97	100
SAMAF	27	24.3	84	75.7	111	100	2	7.4	25	92.6	27	100
NEF	54	48.6	57	51.4	111	100	2	3.7	52	96.3	54	100
GEDA	43	38.7	68	61.3	111	100	2	4.5	42	95.5	44	100
GEP	61	55.0	50	45.0	111	100	8	13.1	53	86.9	61	100
IDC	48	43.2	63	56.8	111	100	4	8.3	44	91.7	48	100

Source: Phillips, Moos, and Nieman (2014: 89)

Table 2.4 illustrates that fifty seven percent (57%) of SMMEs were aware of the support initiatives of government, and that there is a raised awareness of some of government's support initiatives. The NYDA, SEDA and Khula recorded the highest level of awareness amongst the respondents. The table also further revealed that even though the SMMEs were aware of the various support initiatives, only a small percentage (9.4%) of the SMMEs received support in 2014. The government support towards the small business sector enables enterprise owners to adopt and carry out CSR initiatives that are intended to reverse challenges faced by local community.

Inyang (2013: 127) believes that SMMEs are motivated by different factors to adopt CSR. The factors are categorised as follows: Internal factor which is based on internal drivers such as the Manager's or business owner's personal values and the external factor which is influenced by external environment such as the economy. Factors that drive SMMEs to engage in CSR could be based on the owner's individual ethics and their personal values. Sometimes SMMEs are forced by the company's needs and inequality to engage on CSR, while others adopt CSR to enhance their image in order to earn customer's loyalty. Pressures from big corporates, societal needs, expansion of business seem to be the common factors that motivate SMME to also adopt CSR. Further to this, CSR reporting enables SMMEs to obtain good publicity and earn stakeholder's trust. Andriana and Vasilika (2010: 14) maintain that there are a number of challenges that can hinder the execution of CSR practices by the SMME sector. These challenges are summarised as follows:

- **Lack of awareness:** Lack of awareness on the processes involved in CSR implementation.
- **Inefficient management system:** Lack of qualified CSR Practitioners to implement structured and impactful CSR programmes.
- **Unavailability of budget:** Unavailability of separate budgets is also considered as a contributing factor that may result for SMMEs not adopting CSR at all.

The majority of SMMEs experience difficulties as far as understanding the strategic role and benefits of CSR programmes. Due to the lack of funds and qualified staff, the implementation of CSR activities becomes an option rather than a core activity for small businesses (Hlatywayo 2015: 32).

Even if the SMMEs have a desire to execute CSR programmes, insufficient information about CSR, not enough and qualified staff capacity, and unavailability of budget can act as the barrier towards the implementation of CSR that there are specific barriers that hinder CSR development in SMMEs. These relate to the lack of time and resources that may be available. Jenkins (2006: 249) confirms that time and resource constraints and getting employees involved is a huge challenge for small businesses when addressing CSR issues.

2.4.12 CSR strategies within the SMME sector in South Africa

A CSR strategy is a road map for moving ahead on CSR issues. It sets the firm's particularly SMME's direction and scope over the long term with regard to CSR, allowing the small business to be successful by using its resources within its unique environment to meet market needs and fulfil stakeholder expectations (Hohnen and Potts 2007: 32). Rangan, Chase, and Karim (2012: 4) clarify that every company whether small or big needs a comprehensive CSR strategy given the enormous lure towards CSR, without the accompanying discipline, the question for corporations is not whether to engage in CSR, but what the best way forward is for crafting CSR programmes that reflect a company's business values, while addressing social, humanitarian and environmental challenges. Hlatywayo (2015: 37) highlights that considering the nature of CSR programmes undertaken by small businesses, SMMEs can use numerous tactics to implement impactful and efficacious CSR programmes. Armstrong (2016: 129) indicates that the CSR strategy is made up of six characteristics namely:

- ***Understanding society***: Understanding how business operates in the broader context and knowing the social and environmental impact that the business has on society.

- ***Building capacity:*** Building the capacity of others to help manage the business effectively. For example, suppliers understand the business's, approach to the environment and employees can apply social and environmental concerns in their day-to-day roles.
- ***Questioning business as usual:*** Individuals continually questioning the business in relation to a more sustainable future and being open to improving the quality of life and the environment.
- ***Stakeholder relations:*** Understanding who the key stakeholders are, and the risks and opportunities they present. Working with them through consultation and taking their views into account.
- ***Strategic view:*** Ensuring that social and environmental views are included in the business strategy such as that they are integral to the way in which the business operates.
- ***Harnessing diversity:*** Respecting that people are different, which is reflected in fair and transparent business practices.

Further to the above views, Zeka (2013: 33) presents her own view of CSR strategies. She unpacks the strategies into four: Community focused strategy, employee focused, environmental and customer focused strategies. Battaglia, Testa, Bianchi, Iraidó, and Frey (2014: 77) add that CSR strategies can be categorised into environmental-related CSR, workplace CSR, community-related CSR, and marketplace CSR. Based on the above views provided by each researcher, it is confirmed that each of the four CSR strategies are considered as standard guidelines for any organisation that intends to be socially responsible.

In other words, an organisation should ensure that their CSR initiatives covers the wellbeing of employees. In support of this view, Rangan, Chase, and Karim (2012: 20) highlights how companies can go about being socially responsible to their employees. Rangan *et.al* (2012: 20) suggest that employers can consider providing employees with courtesy transportation to commute them daily to work, if this is not practical the company should assess how employees can be assisted to easily gain access to public transport. In this regard, if employees are happy, it is most likely that for them to participate willingly in CSR activities that are carried for external people. Market CSR looks at the wellbeing of customers, while community focused CSR looks at the wellbeing of people in which the firms operates. The environment CSR focuses on whether the firm considers their actions and that it does not harm the environment.

Battaglia *et al.* (2014: 77) view the four core CSR categories as follows:

- **Workplace CSR:** This category covers how a company treats its employees. It includes issues such as recruitment, work-force diversity, pay and working conditions, health and safety and human rights.
- **Marketplace CSR:** This strategic area covers how a company operates in relation to its suppliers, customers and other economic actors operating along the supply-chain. It includes issues, such as responsible advertising and marketing, dealing with customer complaints, ethical commercial practices and imposing social and environmental requirements on suppliers.
- **Community-related CSR:** This category deals with the relationships between a company, citizens and communities, who may be affected by business operations. It includes dialogue and partnership with potentially affected communities or active contribution to social wellbeing.

- **Environment-related CSR:** This category refers to the actions a company can take to mitigate its negative impact on the environment, such as energy efficiency measures, a reduction in pollutants, water saving initiatives and a reduction in dangerous waste production.

Each of the above mentioned categories plays a critical role towards the successful implementation of CSR on both small and big firms. Table 2.5 below, outlines four strategies that are used by community groups in enhancing and uplifting societies.

Table 2.5: Corporate Social Responsibility strategies

CSR Strategies	Activity by SMMEs
Community focused	<ul style="list-style-type: none"> • Contribute money to be used to construct infrastructure for the local communities. • Contribute towards scholarships for students in the local communities and other research programmes. • Donate to games and sports events in communities. • Participate in community projects such as building libraries, schools, houses for the needy families. • Donate towards treatment of chronic diseases e.g. Ebola, HIV/AIDS, Cancer, and TB. • Provide voluntary counselling and physical support to enhance motivation to workers.
Employees focused	<ul style="list-style-type: none"> • Fair treatment of workers. • Provide bonuses and incentives for workers to stimulate competition in the company. • Include workers in decision making processes.
Environmental Focused activities	<ul style="list-style-type: none"> • Reduce pollution. • Produce products that are environmentally friendly.

	<ul style="list-style-type: none"> • Craft and implement policies that can be used to safe guard the natural environment in business processes. • Work with government and other organisations in environmental campaigns
Customers focused	<ul style="list-style-type: none"> • Make sure customer complaints are responded to quickly. • Make sure that products and services do not harm people and natural environment. • Provide product information to customers. • Provision of honesty advertising, product safety, reliability and durability of products.

Source: Zeka (2013: 33)

Table 2.5 sourced from Zeka (2013: 33) briefly outlines the four strategies of which the community groups focus on the enhancement and uplifting of society through provision of financial support to fight against social ills. The employee focused CSR deals with the wellbeing of internal stakeholders. The environmental CSR strategy focuses on taking care of the environment and adhering to policies that are set by government to govern the operations of organisations. The last strategy focuses on the wellbeing of customers and is a critical strategy as it deals with ensuring the customer is well informed. Collectively, the above mentioned core and most critical CSR strategies allows the small businesses sector to give back to the community using various methods.

Armstrong (2016: 130) stipulates that to develop and implement a CSR strategy based on these principles it is necessary to:

- Understand the business and social environment in which the firm operates.

- Understand the business and HR strategies and how the CSR strategy should be aligned to them.

It is important to identify the key stakeholders and their associated interests and expectations of CSR. Doda (2015: 90) adds that a well formulated CSR Strategy can develop sustainable competitive advantage, to enhance social and financial performance and therefore increase organisational performance beyond numbers and bottom lines. As such, an effective CSR strategy will provide a company with added value that will strengthen the organisation's internal operations while enhancing the reputation of the organisation.

2.4.13 Corporate Social Responsibility policy for SMMEs

CSR basically describes business behaviour that transcends the boundaries of commercial objectives and legal requirements by having a positive social impact. Most small businesses recognise the value of corporate social responsibility (CSR) and may often already be involved in some form of CSR activity (The FIS 2015: 1). In terms of the formalisation of CSR requirements, both customers and SMMEs ask for compliance with current legislation and, to a lesser extent, they demand that companies sign a written commitment in the form of a policy or a code of conduct (Ayuso, Roca and Colome 2012: 501).

Businesses are guided by CSR policies, which highlights activities and areas that will be covered by the business. Policies further provide an insight on how the impact of CSR will be monitored and evaluated (Simply CSR 2018). Mahmood and Pakistan (2008: 13) outline that the following components should be part of SMMEs CSR policies after consulting with their stakeholders to have a clear understanding of CSR and to create a culture of accountability:

- a. Board Members

- b. Financial Reports
- c. External Audit
- d. Internal Audit

According to the Australian Broadcasting Corporation (ABC 2012: 1), the adoption of CSR policy by business is seen as a process of enhancing their core values of integrity, respect, independency, and recognises that failure to achieve compliance with policy objectives lead to loss of reputation. Albareda, Lozono, Tencati, Midttum, and Perrini (2008: 359) argues that governments have to ensure that CSR policy fits the business agenda, as well as taking into account the concerns of civil society in general, and NGOs in particular.

For the past 30 years, Researchers have not been able to provide guidelines on the formulation of CSR policies to guide SMMEs on financial and overall company's performance on CSR (Morsing and Perrini 2009: 3). The lack of research weakens the efforts to establish CSR framework on the implementation of CSR by SMMEs. The Robert Walters Group (2016: 1) argues that a good CSR Policy should encompass a long term goal and benefit to company and its internal and external stakeholders. The Robert Walters Group (2016: 1) further state that a good CSR policy should cover the following important areas; Employees, safety and health, environmental impacts, sustainable development, relationship with customers, suppliers and partners, and ethos. The CSR Hub (2012) states that carefully implemented CSR policies can help SMMEs to accomplish new opportunities such as:

- Increased support from customers
- Enhanced relationship with suppliers
- Motivated employees with the spirit of "Ubuntu"-humanity.
- Enhanced business corporate image
- Attract value adding stakeholders

Given a huge recognition of the role played by the SMME sector, the development of clear CSR policies by small businesses will further enable this sector to communicate and report their CSR activities efficiently to their relevant stakeholders.

2.5 Corporate Social Responsibility communication and reporting for SMMEs

Moravčíková, Gajanova and Rypáková (2015: 332) state that CSR reports have become tool of communication for Corporate Social Responsibility. Those are a voluntary comprehensive reports involving not only economic data, but also information from environmental and social field. These reports focuses on the company's policy in relation to the environment, sustainability, or there are directly focused on fulfilling the commitments accepted by the company within the concept of social responsibility.

2.5.1 Definition of communication for Corporate Social Responsibility

CSR communication can be defined as the practice of disseminating content that relates to the company's role towards the wellbeing of the society at large. CSR communication can be associated with the flow of CSR news whether internal or external, depending on the target audience of the organisation (Schiefelbein 2010: 8).

2.5.2 CSR Reporting

Given that CSR plays a pivotal role in society, it is noted that choosing the most appropriate CSR reporting tools to report their CSR activities to their stakeholders is also important. Schiefelbein (2014: 03) highlights that consumer expectations related to CSR over the past ten years have augmented as companies with CSR continues to grow. Schiefelbein (2014: 03) further states that based on the increasing

number of companies that engaged in CSR, more companies are beginning to prioritise CSR reporting.

In relation to CSR reporting channels that can be utilised by SMMEs to disseminate their CSR initiatives to their respective stakeholders includes controlled and unrestrained channels (Kim and Ferguson 2014: 03). Controlled channels includes the following: publicity, leaflets, website, and digital media platforms, bulletins, and annual reports. Unrestrained channels constitute mechanisms such as media coverage, external blogs, and social media platforms from external stakeholders.

Annual reports are usually the most preferred tool used to keep the public informed about CSR matters (Jurisova and Durkova (2012: 147). Recently companies have been using website as part of their reporting tool to share their CSR engagements with their clients (Matei 2013: 20).

CSR reporting is the process of evaluating and dissemination of information relating to how the company has performed towards societal performance (Steiner and Steiner 2006: 157). Steiner and Steiner (2006: 157) further state that in the past five years CSR reporting has increased. Companies has been producing reports titled: environmental, social, and sustainability reports.

Based on the above definitions of CSR reporting and communication, it can be noted that the nomenclatures possess some similarities in terms of discussions on the various forms of engaging with stakeholders with an intention of keeping all stakeholders informed about the CSR initiatives that are adopted by the organisation.

Lydenberg and Wood (2010: 5) details that even though there has been an increase of CSR reporting, it is still unclear of what should constitutes CSR reporting. CSR reporting remains essential for corporate communication to keep stakeholders

informed on the business's sustainable accomplishments (Matei 2013: 16). However, Nair and Sodhi (2012: 587) highlights that it is less likely for CSR reporting to be undertaken by SMMEs considering the financial implications involved.

2.5.3 Nature of CSR reporting tools in the SMME sector

The manner in which organisations choose to communicate with their stakeholders varies from one organisation to another, but ideally it should be a two-way communication process (Fourie 2014: 182). In this regard, the stakeholders should be able to provide feedback to what is communicated to them.

The nature of a CSR report should satisfy all audiences to some extent (Minarechova 2017). Targeted communications to different groups can be developed thereafter using information from the full report. However, Matei (2013: 16) contends that most organisations report their CSR in order to become accountable to their constituents, stakeholders, or those agencies that fall within the company's sphere of influence. It is therefore understandable that most firms are motivated by different circumstances in order to report on their CSR interventions.

CSR communication should be directed to both internal (employees) and external stakeholders (general public, suppliers and customers). (Jurisova and Durkova 2012: 145). Stakeholders are generally keen to learn about the social responsibility initiatives of companies, yet they often have difficulty in getting the information they crave (Bhattacharya, Sen, and Korschun 2011: 76). Managers must therefore develop and execute plans to get CSR information into the eyes and ears of stakeholders. Lydenberg and Wood (2010: 5) states that CSR reports seeks to portray a good relationship between the company and its stakeholders.

The institute provide reasons to why communicating CSR activities to both internal and external stakeholders is crucial. Tonello (2011) provides a clear demonstration on how CSR information flows to reach out to all stakeholders.

Figure 2.2: Framework of CSR Communication



Source: Tonello (2011)

Figure 2.2 above emphasises the importance of understanding how most SMMEs report their CSR initiatives. This includes questions on how to communicate, content to be communicated, and where to communicate.

There are a number of reporting tools through which companies can report their CSR engagements (Du, Bhattacharya and Sen 2010: 13). Du *et.al* (2010:13) elaborates that companies can also report their CSR activities through authorised documents such as media releases, magazines and also use corporate website, television and billboard advertisements. Consequently, it is noted that there are various CSR

reporting tools such as media statements and website can be used by companies to disseminate information about their CSR programmes. Theaker and Yaxley (2013: 196) state that keeping all stakeholders abreast about the organisation activities is crucial. Golob and Bartlett (2007: 8) add that CSR reporting to meet stakeholder needs and expectations are complex as most of the time the understandings of what those expectations are is evolving through a range of global and regional standards, codes and guidelines. Table 2.6 highlights the expectations of stakeholders:

Table 2.6: Expectations of different stakeholders

Stakeholders	Expectations
Customers	Want to buy from companies who share their views
Employees	Want to share their values with their organisations
Communities	Want jobs and revenue to be created locally as well as environments in which they want to work and live
Suppliers	Want to partner with companies with sound business practices and reputation
Government	Want business to support society
Media	Want organisations to deliver public expectations
Investors	Want to see added value and avoid damaging crises

Source: Theaker and Yaxley (2013: 196)

Table 2.6 illustrates what stakeholders expect from a socially responsible organisation. Customers intend to associate and support companies that demonstrate the characteristics of being a good citizen, while employees of the organisation tend to associate themselves with organisations that share the same values as theirs. Suppliers are always protecting their reputation and they want to be associated with companies that will not compromise their reputation. Government policymakers encourage companies to support the society through programmes

such as CSR. Media houses want to cover stories about organisations and their CSR programmes. Positive media coverage also intends to attract value adding stakeholders such as investors. A social report that is not regulated by standards or external guidelines risks becoming merely a marketing tool, not meeting the requirements of stakeholders such as investors, lobbyists, and NGOs (Birth, Illia, Lurati, Zamparini 2008).

Mitchell and Hill (2015: 50) states that a number of businesses both small and large use social and environmental reports to enhance their corporate image and most of the time the reports do not necessarily disclose what the stakeholders desire to be informed of, in relation to how CSR programmes are carried out. It is thus clear that most businesses tend to report CSR with an aim of enhancing their image rather than communicating information that will be of mutual expectation between the organisation and its stakeholders.

2.5.3.1 CSR Reporting tools for SMMEs

Lydenberg and Wood (2010: 5) state that CSR reports come in different forms. Some are no more than a few paragraphs in a company's annual financial reports. Others are extensive stand-alone reports, while others appear on the company website. Some reports are short on substance, while others bury the reader in detail. Some are simple exercises in public relations, others confront head on the greatest challenges that a company faces.

The main challenges that may be experienced by small businesses in reporting CSR could be the lack of appropriate resources to effectively allow the sector to report community development activities. Hohnen (2015: 6) recommends that uploading content on the website and social media is considered as one of the easiest and cheapest methods of reporting. In addition, companies can also use brochures and pamphlets. Jurisova and Durkova (2012: 146) affirm that there are numerous ways

by which businesses could report their CSR to the public by using internet platforms such as websites, corporate blogs, and social networks, as well as printed brochures, press releases, and annual reports. The reporting of CSR has grown progressively for the past few years. This is confirmed by Figure 2.3 which shows that there has been a progress on CSR reporting between 1999 and 2017.

Figure 2.3: Growth of CSR reporting



Source: Ruane and Quinn (2019: 27)

CSR reporting is crucial as it is considered as a test to whether a company has created something interesting and worth for reporting to its stakeholders (Pattberg 2009). The above graph reveals a total of CSR content published worldwide. In most cases and under normal circumstances businesses produce at least two reports annually. Figure 2.3 sourced from Ruane and Quinn (2017: 27) illustrates that from 1999 there were only 24% of CSR reports that were published, and by 2017 there were 75% of CSR reports across all countries. The increase on CSR report could be

that particularly small businesses now understand the significance of communicating their CSR activities. The extent to which CSR reporting is benefiting companies in SA is discussed in the next section.

2.5.3.2 Benefits of CSR Reporting for SMMEs in South Africa

Companies have increasingly maximised their online presence over the years (Cortado and Chalmers 2016: 10). The total number of messages that are associated with CSR has increased on Facebook and on Twitter. Companies have considered social networks as their primary CSR reporting tools perhaps because of cost cutting measures or to constantly engage with their stakeholders with less financial implications for the organisation.

The increase of CSR posting on digital space could be due to companies adopting social media as part of their CSR reporting. Ros-Diego, and Castelló-Martínez (2011: 1) assert that digital social media platforms such as twitter and Facebook have become an essential requirement for a business to effectively engage with its stakeholders and to increase its visibility. Companies utilise these tools as two-way communication in order to allow their target audience to engage and respond to their posts. Social media sites such as Facebook offer a moderate level of control as brands can post messages, videos, images, and the like at a social network site and allow consumers and other stakeholders to participate in a dialogue with the brand, (Berg and Sheehan 2014: 102).

In order to communicate the CSR report effectively, the communication channel through which the information will be transmitted to the target audience also needs to be chosen carefully depending on the specific stakeholder group that the company wants to target Mendez (2010: 18). Mendez (2010: 18) argues that not all audiences respond in the same way to the same communication channel, as the usage of communication channels differs according to the needs of the audiences. Du Toit, Erasmus and Strydom (2011: 152) highlight that most organisations today conduct

CSR activities for different reasons such as for marketing and projecting the company to be socially responsible.

Even though it has been noted that SMMEs are driven by different reasons towards the implementation of CSR activities, Gomez and Chalmeta (2013: 280) state that CSR activities must be communicated accordingly to all relevant stakeholders in order to boost the company's corporate image and reputation. Recently, enterprises are using digital platforms such as; websites, and social media instead of TV, radio, and bulletin boards. As indicated above, it is noted that that most enterprises today opt for internet-based platforms in order to communicate their CSR activities.

Hohnen (2015: 1) suggests that the goal is to ensure that there is a flow of information engaging different stakeholders on CSR matters. To achieve this, social media platforms such as twitter and facebook are normally used.

2.5.3.3 Challenges faced by SMMEs to report on CSR activities in South Africa

CSR reporting has become the norm for any of the committed responsible business practice but, when done incorrectly, reporting can do more harm than good (Turner 2013). As discussed above, CSR reporting is crucial for SMMEs as it keeps their stakeholders abreast of the company's social responsibility activities. However, Motwani (2012: 1) states that CSR communication is challenging compared to implementing the actual CSR activities. Furthermore, Pellinen (2016: 10) states that the key challenges of CSR communication are bringing issues to stakeholder's attention and avoiding scepticism towards their messages. In order for SMMEs to overcome this challenge, they have to ensure that their CSR communication responds to their stakeholder's expectations, and also ensure that it forms part of the core function of the business.

SMMEs are therefore encouraged to report frequently on their operations as this increases transparency on stakeholders (Global Reporting Initiative 2018: 08). However, Makoya (2017) argues that although small businesses are facing challenges when it comes to communication with stakeholders, which is a key component of CSR, they may lack the financial resources to bring their efforts and achievements to the attention of the broader community through advertisements. The unavailability and insufficient funds may also hinder the SMME sector from reporting their CSR activities. To overcome challenges faced by SMMEs in reporting their CSR initiatives, it is crucial that SMMEs set achievable and clear goals, and ensure that they have the capacity to achieve their goals. This process will ensure that they report relevant CSR information to their stakeholders, which will allow two-way communication.

2.6 Conclusion

In this chapter, the researcher presented a review of literature related to the topic of the research, namely, the societal impact of CSR, the relationship between CSR and the Small, Medium, and Micro Enterprise, CSR communication and reporting for SMMEs, the role of SMMEs to the economy of SA and the role of SMMEs to social development in SA. This chapter focused on the link between CSR and SMMEs and the nature of reporting tools that are used by SMMEs to report their CSR initiatives and the core reasons for their implementation. It is evident that the SMME sector plays a vital role towards the improvement of the lives to whom they serve.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the research methodology employed in this study, and explains the necessary steps and the instruments used to gather, analyse and present the data. The chapter also includes the target population, sampling method, measuring instrument, how the data was collected and the reliability and validity. This chapter will end with discussions surrounding ethics that needs to be considered during the gathering of data.

3.2 Research design

Academic research can be categorised into two sets, namely: qualitative and quantitative research (Skinner, von Essen, Mersham, and Motoa 2010: 35). Both the qualitative and quantitative approaches intend to serve different purposes based on the philosophical assumptions on the nature of reality under investigation. The quantitative approach is associated with statistics which mostly seek to confirm or disagree with unverified theories. The qualitative approach is relevant in the study of multiple social realities, hence, mainly associated with theory generation.

The difference between the two approaches; Quantitative research is inquiry into an identified problem, based on testing a theory, measured with numbers, and analysed using statistical techniques (Marion 2007). Whereas, qualitative research is based on a subjective and experiential process of inquiry which has the goal of understanding a social or human problem from multiple perspectives. DeFranzo (2011) concurs that qualitative research is primarily exploratory research as it is mostly used to gain an understanding of underlying reasons, opinions, and motivations whereas quantitative research is used to quantify the problem by way of generating numerical data or data that can be transformed into usable statistics.

For the purpose of this study a qualitative research approach was used. This type of research type intended to enable the researcher to gather quality data while also monitoring and evaluating the actions and feelings of the participants. The qualitative approach also intended to provide a more truthful and in-depth understanding of the reporting tools used for CSR in the SMME sector in KZN. CEOs were selected based on the company's involvement in CSR, this was done through referrals and desktop research on companies that are actively undertaking CSR initiatives. The members of the public were selected based on the companies CSR activities and the fact that they had benefited from the companies through CSR. As far as the qualitative research approach is concerned, participants are not limited in terms of how they responded, as they are afforded an opportunity to provide additional information by elaborating and providing useful examples that might be of value to the researcher to achieve the research objectives. The quantitative paradigm was not considered as it usually does not provide detailed narrative, hence it mostly provides numerical descriptions which was not suitable for this study.

3.2.1 Research Objectives

The purpose of this research methodology is to achieve the following objectives:

Objective one: Assess the nature of Corporate Social Responsibility in the SMME sector.

Objective two: Assess the reporting tools that are utilised by SMME sector.

Objective three: Determine the effectiveness of SMMEs preferred CSR reporting tools.

Objective four: To determine the importance of using the most appropriate reporting tools to promote CSR.

3.3 Population/ target population

The term population in social science refers to the units of interest to the research (Neuman 2011: 94). For this study, the unit of interest was the SMMEs sector in KZN, mostly those that are socially responsible. The Small Enterprise Development Agency (SEDA 2016: 17) estimates that there are 373 434 of SMME's in total in KZN, with 74 976 that are formal and 283 165 that are informal. The target population was selected based on their involvement in CSR from the following sectors; Media and ICT, engineering, entertainment and arts, property, retail, services, construction, community development and training and development.

The target population was selected from the three geographic areas in KZN, namely Pietermaritzburg, Durban and Richards Bay. The three cities were selected based on their size and the number of SMMEs located in each city. Pietermaritzburg being the capital city of KZN, followed by Durban then Richards Bay. The population centered on N=15 CEO's, and 15 general public representatives that had benefited from the CSR projects of the 15 selected enterprises. Marshall, Cardon, Poddar, and Fontenot (2013: 11) define the concept data saturation as information that is developed originally for grounded theory studies but applicable to all qualitative research that employs interviews as the primary data source. It further entails bringing new participants continually into the study until the data set is complete, as indicated by data replication or redundancy. Therefore, the targeted population intended to provide in-depth information that will assist the researcher to answer the research questions. The small sample allowed the researcher to gather data through conducting intensive in depth interviews, observations and holding focus group discussions.

The participating SMMEs were selected and identified by the researcher. This was dependent on whether they had CSR programmes. Participants specialised in the following sectors; media and ICT, engineering, entertainment and arts, property, health, retail, services, construction, community development, and training and development.

SAMPLE	Target Population	Data collection tool
PMB: 5 CEO's	5	In -depth interview, Observation,
Durban: 5 CEO's	5	In-depth interview, Observation,
Richards Bay: 5 CEO's	5	In-depth interview, observation,
General public	15 (5 per city)	focus group

The participation of businesses are a representation of the microcosm of small businesses in KZN.

3.4 Sampling method

Sampling techniques are divided into two methods which consist of probability sampling and non-probability sampling (Dube 2015: 50). Hlatywayo (2015: 51) states that probability sampling technique is used to choose research participants where every individual of the population have the same chances of being chosen. In other words, all target audience stand a chance to be selected as this method involves random selection of research participants. Furthermore, Hardon, Hodgkin, and Fresle (2004: 60) highlights that there are five probability sampling methods

discussed as follows:

- **Simple random sampling:** To select a simple random sample you need to make a numbered list of all the units in the population from which you want to draw a sample or use an already existing one (sampling frame).
- **Systematic sampling:** In systematic sampling, individuals or households are chosen at regular intervals from the sampling frame. For this method researchers randomly select a number to tell them where to start selecting individuals from the list.
- **Stratified sampling:** Is only possible when we know what proportion of the study population belongs to each group we are interested in. An advantage of stratified sampling is that it is possible to take a relatively large sample from a small group in the study population.
- **Cluster sampling:** The selection of groups of study units (clusters) instead of the selection of study units individually. Clusters are often geographic units (for example, districts, and villages) or organisational units (e.g. clinics, training groups).
- **Multi-stage sampling:** Is carried out in phases and usually involves more than one sampling method. In large and diverse populations, sampling may be done in two or more stages.

Non-probability sampling, is also called judgment or non-random sampling. Every unit of population does not get an equal chance of participation in the investigation (Mohsin, 2016: 13). In this case, the research participants were identified and selected by the researcher based on their displayed qualities and potential to contribute effectively to the study. According to King (2013: 2) non-probability consists of the following sampling methods:

- **Convenience Sampling:** The investigator chooses the closest live persons as respondents. "Captive audience" sampling. (E.g. using a class of introduction to psychology students).
- **Quota Sampling:** Equivalent to a stratified sample with the added requirement that each stratum is generally represented in the sample in the same proportion as in the entire population.
- **Dimensional Sampling:** A multidimensional form of quota sampling. One has to specify all dimensions (variables) of interest on the population and then to make sure that every combination of these dimensions are represented by at least one case.
- **Judgemental/ Purposive Sampling:** The researcher uses his or her own judgment about which respondents to choose, and picks those who best meets the purposes of the study.
- **Snowball Sampling:** Has achieved increased use in recent years; particularly by researchers conducting observational research and in community studies. It is conducted in stages. In the first stage, a few persons having the requisite characteristics are identified and interviewed. These persons are used as informants to identify others who qualify for inclusion in the sample.

This study utilised non-probability, judgmental sampling to obtain participants. The participants were selected by the researcher based on their involvement on CSR. In-depth interviews, observation, and focus group discussions were conducted by

the researcher to collect primary data from the SMME CEO's and the beneficiaries from their companies.

3.5 Data collection method

Lee Wong (2016: 81) states that focus group interviewing is conducted simultaneously with a group of people. The main advantage is that it is a technique that captures social phenomenon, hence its relevance in this study. The focus group interviews with the beneficiaries assisted the researcher to get different views on matters that involves the implementation of CSR by SMMEs. For the purpose of this study, an interview schedule was developed by the researcher with the help of both Supervisors. Questions were grouped into themes to allow participants to provide desired data. This intended to allow the researcher to easily analyse data and to answer research questions. While observation is defined as a method of data collection in which researchers observe within a specific research field. It is sometimes referred to as unobtrusive, as it provides a chance to learn things that people may be unwilling to discuss in an interview (Bryant 2016: 5). Observation is the process of watching behavioural patterns of people in certain situations to obtain information about the phenomenon of concern. For the purpose of this study, the researcher used observation technique to confirm data that was collected through interviews with the SMME's CEOs. In this regards, the researcher observed the availability of visible reporting tools that may be utilised to communicate CSR activities.

Robinson and Tolley (2004) quoted in Tuli (2010: 100) explains that qualitative research methodology often rely on personal contact over some period of time between the researcher and the group being studied. Building a partnership with study participants can lead to deeper insight into the context under study, adding richness and depth to the data. The researcher offered a complimentary lunch to participants. Before the commencing of the interviews, the researcher interacted with

the participants to give them a background of the study and its impact. This was intended to allow the researcher to earn the participant's trust, which ultimately allowed partakers to engage with the researcher freely.

For the purpose of this research, the researcher conducted an interview with the CEOs that were selected. The researcher further observed the availability of visible reporting tools that are utilised by SMMEs to communicate CSR activities and focus group interviews were conducted with the beneficiaries to assess the nature of CSR programmes that they benefited from and also determine the effectiveness of the reporting tools used by SMMEs. Questions were based on the literature review, focusing on the communication tools employed in reporting structures. The interviews lasted for one hour and 30 minutes in length, the session was supplemented by follow-up questions.

3.6 Data analysis

Du Plooy (2002: 93) quoted in Govender (2014: 63) states that the analysis of data is a crucial step in the research process, because the analysis and interpretation of data forms the basis of conclusions and recommendations. Data analysis also influence whether or not recommendations will be implemented in a particular study. It often involves synthesis, evaluation, interpretation, categorisation, hypothesising, comparison, and pattern finding.

Data was collected through interviews, focus group discussions and observation sessions and was analysed using thematic analysis. Thematic analysis is a widely-used qualitative data analysis method. It is one of a cluster of methods that focus on identifying patterned meaning across a dataset (The University of Auckland 2018). Therefore, the researcher coded data collected from participants in an expressive and descriptive technique. The following data analysis process was considered.

The researcher conducted interviews and recorded the interviews to make it easy to write notes and to have accurate information. The researcher transcribed data into a word processing package within 24 hours after the interview. This allowed the researcher to assess the appearance of categories within the data and thereafter group the codes to create meaning. With the help of the professional statistician, the researcher used NVIVO to develop the primary themes of the research findings. The researcher further assessed the participant's responses to identify important quotations that would assist with answering the research questions. The quotations were then translated into codes where the researcher looked for similar words or phrases that were mentioned by the interviewees, from this process the phrases were then categorised into themes.

3.7 Pilot test

The researcher conducted a pilot test on two participants who were not part of the target population. The two participants (one company within the construction industry and the other one focuses on entertainment). Both companies were selected based on their background in community development and the researcher intended to identify questions that could be eliminated and also identify further questions that needed to be added as it was discovered by the researcher that some of the participants did not understand some of the questions, the researcher further discovered that some of the questions had to be combined as they were repetitive.. This process assisted the researcher to eliminate long redundant questions which ultimately resulted in the researcher saving time. Pilot testing also helped the researcher to evaluate whether the respondents had an interest in answering the questions and whether they understood questions that were being asked.

3.8 Anonymity and confidentiality

Ngxongo (2017: 79) states that confidentiality can be elucidated as an explicit or implied guarantee by a researcher to a respondent in social science research whereby the respondent is confident that any information provided to the researcher cannot be attributed back to that respondent. Furthermore, the assurance of confidentiality carries with it the additional implication that non-researchers cannot discover the respondent's identity. In other words, it is the assurance of the researcher to participants that the data provided will remain strictly confidential.

The researcher ensured the anonymity and confidentiality of the respondents by not revealing their names. This was done to ensure that they responded freely without fear of being victimised. The participants of this study were informed through a consent letter and during the interviews that data gathered would remain confidential.

A strictly anonymous study design is one in which it is impossible to trace data or information back to the research subject from whom it was obtained. In other words, the data cannot be traced to any particular research participant, while confidential research participation means that the data from the research subject(s) can potentially be identified or linked to a particular individual (Claremont McKenna College 2019: 01)

3.9 Trustworthiness (Qualitative study)

Statistics Solutions (2021) state that in qualitative studies, this concept is more obscure because it is put in different terms. Since qualitative researchers do not use instruments with established metrics about validity and reliability, it is pertinent to address how qualitative researchers establish that the research study's findings are credible, transferable, confirmable, and dependable. According to Devault (2017)

trustworthiness consists of the following components; Credibility, transferability, dependability, and confirmability. Anney (2014: 276) define these terms as follows:

Credibility: it is defined as the confidence that can be placed in the truth of the research finding. Credibility establishes whether or not the research findings represent plausible information drawn from the participant's original data and is a correct interpretation of the participant's original views. In relation to this study, interviews were recorded using the audio recorder and notes were taken. The gathered content was sent to the Supervisors to verify whether the information was analysed accurately.

Transferability: refers to the degree to which the results of qualitative research can be transferred to other contexts with other respondents. In this regard pilot testing was conducted to assess the accuracy of the data.

Dependability: refers to the stability of findings over time and involves participants evaluating the findings and the interception and recommendations of the study to make sure that they are all supported by the data received from the informants of the study. During the interpretation of data, both supervisors were requested to oversee this process to ensure that the data received is dependable.

Confirmability: refers to the degree to which the results of an inquiry could be confirmed or corroborated by other researchers. Confirmability is concerned with establishing data and interpretations of the findings that are not figments of the inquirer's imagination, but clearly derived from the data. The Supervisors were requested to oversee the process of data interpretation to ensure accuracy of the respondent's perceptions and views.

3.10 Ethical considerations

Bryman and Bell (2007) states that ethical considerations focuses on the following points when conducting research:

- Research participants should not be subjected to harm in any ways whatsoever.
- Respect for the dignity of research participants should be prioritised.
- Full consent should be obtained from the participants prior to the study.
- The protection of the privacy of research participants has to be ensured.
- Adequate level of confidentiality of the research data should be ensured.
- Anonymity of individuals and organisations participating in the research has to be ensured.
- Any deception or exaggeration about the aims and objectives of the research must be avoided.
- Affiliations in any forms, sources of funding, as well as any possible conflicts of interests have to be declared.
- Any type of communication in relation to the research should be done with honesty and transparency.
- Any type of misleading information, as well as representation of primary data findings in a biased way must be avoided.

Based on the above definition of ethical consideration, it can be noted that the critical points related to ethical consideration should be adhered to ensure the correctness of the study and that the necessary steps of protecting the participants dignity is adhered to. Ethical authorisation was obtained from DUT via the Faculty Research

Ethics Committee. Anonymity and confidentiality matters were addressed before embarking on the research. The researcher ensured that the participants were informed that the research was conducted anonymously, and the findings would be kept confidential and stored electronically protected with password, where access to the stored data will only be limited to the researcher.

3.11 Conclusion

This chapter has offered an overview of the research methodology used in this study. Various research processes including anonymity and confidentiality, and ethical consideration were discussed. The next chapter will therefore deal with data analysis. It will analyse and interpret the information that was gathered and use the findings to approve or reject the literature review.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the results of the data collected through semi-structured interview samples, focus group discussions and observation. The findings of the study will therefore be compared to the literature review to determine the nature of reporting tools used for CSR in the SMME sector in KZN.

4.2 Aim and Objectives

The overall aim of this study was to assess the reporting tools used for CSR in the SMME sector in KZN. The objectives were:

- To assess the nature of corporate social responsibility programmes in the SMME sector;
- To assess the reporting tools that are utilised by SMME sector;
- To determine the effectiveness of reporting tools preferred by SMMEs;
- To determine the importance of using the most appropriate reporting tools to promote CSR.

4.3 Themes

The following themes were generated from the objectives of the study:

- Context of CSR
- SMME and CSR Programmes

- CSR Communication
- CSR Reporting

Each theme will be unpacked in discussions emanating from the semi-structured interview stage and focus group discussions.

4.4 ANALYSIS AND DISCUSSION OF THEMES

4.4.1 Theme one: Context of CSR

The context of CSR was of importance to the study in relation to the adoption of CSR by SMMEs. This theme aimed to uncover the context of the business and their adoption of CSR along with community perceptions of the CSR. The questions asked were:

- How long your company has been in existence?
- Which service sector does your company belong to?
- What is the staff compliment within your company?
- Who is involved in CSR decision making?
- What is your overview on the adoption of CSR by SMMEs?

4.4.1.1 Years of existence, Sector of specialisation and Staff compliment

The figures relating to years of existence of SMMEs that participated in this study is presented in Table 4.1.

Table 4.1: Years of existence

0-5 years	8
6- 10 years	4
11- 15 years	2
16-20 years	0
More than 20 years	1 (25 years)

Most of the businesses surveyed were in their infancy, with 8 within the 5-year mark of existence. However, four respondents indicated that they have been in existence between six to ten years, while two respondents revealed that they have been operational between 11 to 15 years. One respondent highlighted that they have been up and running for more than 25 years. This signified that some of the businesses were well established.

Table 4.2: Sector of specialisation

Media and ICT	4
Engineering	2
Entertainment and Arts	2
Property	1
Health	1
Retail	1
Services	1
Construction	1
Community Development	1
Training and Development	1

Table 4.2 displays the sector and specialisation of the businesses that participated in this study. There was a good overall representation of various sectors ranging from media and ICT, entertainment and art to engineering.

Table 4.3: Staff compliment of SMMEs that are socially responsible

0-5 staff	4
6- 10 staff	5
11- 15 staff	2
16-20 staff	2
21- 25 staff	2

Four companies revealed that they had a staff complement of 0-5, while five companies had a staff complement of 6-10. Two companies indicated that they only have 11 to 15 employees, while the other two companies indicated that they had a staff complement of 16 to 20. The last two companies indicated that they have a staff complement of 21 to 25. This demonstrates that the participating companies are well established, with a balanced number of staff members employed on a full time basis.

4.4.1.2 Staff involved in CSR decision making

Table 4.4: Semi-structured interview samples of business owners in the context of staff involvement in decision making

<i>"Myself and I've got a partner.... A female partner who is based in Pietermaritzburg. So the two of us decide."</i>	Respondent 9
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<i>“It’s a team work, we present programmes then the team decide on initiatives that we will adopt and also decide on programmes that are not a priority at that particular time.”</i>	Respondent 1
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In the context of staff involvement in decision making during the implementation of CSR in the SMME sector, semi-structured interview respondent 9 admitted that majority of the decision making was done by management. These included managers, owners and directors. A corresponding approach was exhibited by semi-structured interview respondent 1 who contended that their staff members are involved in decision making during the implementation of CSR as most decisions are based on team efforts.

During the observation session it emerged that some of the businesses involved their staff members when it came to decision making in relation to the implementation of CSR programmes. The data collected during the observation, harmonises with the interview findings that SMME owners involve their staff when it comes to the implementation of CSR with SMME sector. It was clear that some companies do involve staff members indirectly when it comes to the implementation of CSR.

The findings are supported by Gazzola and Mella (2016: 487) who affirm that when employees are involved in decision making in relation to CSR implementation, employees may feel attached to the organisational membership and could experience organisational success or failure as part of their personal achievement. Further, Skar and Rustad (2016: 19) are also in consensus with the above view as they indicate that when employees are engaged on CSR, this could motivate their employers to constantly implement CSR activities. It is therefore evident that the “top-down” management approach will motivate employees to be fully committed in accomplishing the company’s goals in relation to CSR.

4.4.1.3 Perception on adoption of CSR by SMMEs

Table 4.5: Semi-structured interview samples of business owners in the context of perception on adoption of CSR by SMMEs

<i>"I think it's very important because to think that we have also adopted CSR to bring positive change to the community. We are not just adopting the corporate responsibility outlook to get our brand known, however we want our staff to get involved and let them feel like they are doing some good as well"</i>	Respondent 6
<i>"I think it's one of the key imperatives to engage while you are still growing, because I don't think it something that can be started at a later stage. I mean you can start giving the little, it goes a long way. Another thing that people are failing to understand is that CSR doesn't have to be in monetary form if you are still growing a company, you know money is a scarce commodity but you can start by giving your time, by so doing because time equates to money, so if you start investing a little bit of your time in social activities then it becomes easy for you as you grow and you grow strategically."</i>	Respondent 15
<i>"What I have seen is that some they do CSR, for the sake of doing it and for publicity purposes, while others adopt CSR to claim from SARS because if you give back, they can</i>	Respondent 12

<i>minimise your tax. For an example if you took 1 million for CSR activities, you can claim 40 to 60 % from SARS. So there are those few organisations that are really serious about changing lives.”</i>	
<i>“I would say it is relevant, it something that the community needs, there are some areas where we noticed that people establish CSR for personal reasons, I am sure they benefit through that.”</i>	Respondent 10

Table 4.6: Focus Group samples of business CSR beneficiaries in the context of perception on adoption of CSR by SMMEs

<i>“Personally, I feel that SMME are under intense pressure of surviving the harsh economic market of this country. Such businesses receive little to no aid from government entities designed to assist them. There is also the challenge imposed on them by bigger companies whom offer somewhat the similar goods or services which in a way compete with them. Another competition is the well-established business from financially stable family mainly white families that create other difficulties in respective business sectors. It's a tremendous responsibility on their side and they should be applauded for affording to support certain communities.”</i>	Focus group 3
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<i>"The businesses involved in CSR are playing a big role in developing South African communities because by doing so the government doesn't have to be the only key role player with the burden of moving South Africa forward."</i>	Focus group 2
<i>"I share the same sentiments too, we cannot deny that we experience so many social challenges and the small businesses always come on our rescue. They always have a better understanding of where to assist and how to alleviate poverty."</i>	Focus group 1

In relation to the perception of CSR adoption by SMMEs, focus group participants 1, 2 and 3 believed that CSR brought about positive change in the community through engagements, and social development and the alleviation of poverty. This was confirmed by semi-structured interview respondent 6 who admitted that SMMEs plays a significant role towards the betterment of people's lives through the adoption of CSR.

The focus group discussion 3 participants made an interesting point that due to pressures that businesses face in their daily operations in the economic market with no aid from government, they still take initiative to do CSR. However, semi-structured interview respondent 16 felt that *"it's one of the key imperatives to engage while you are still growing."* This move is intended for the SMME sector to play their part in addressing social ills through CSR.

Semi-structured interview respondent 12 highlighted that most of the companies are engaged in CSR for reasons other than community welfare but rather for tax purposes and reputational gain. This was supported by semi-structured interview respondent 9, as they expressed that as much as CSR programmes are required

some of the companies initiated these programmes to enhance their own image, increase their sales and revenue and be praised. In other words, it is for their own businesses intentions and not for the good of the community. Moyeen and Courvisanos (2012: 365) maintain that businesses regardless of how big or small they are, should respond to government's call to integrate CSR as part of their daily operations. Another focus group participant indicated that policies should be developed to support businesses in relation to CSR. These policies should promote growth and mitigate against losses and this can be added incentive for businesses to engage in CSR.

In summary of the semi-structured interviews and focus group discussion in the context of perception on the adoption of CSR by SMMEs, it is evident that the adoption of CSR by SMMEs is mainly informed by societal needs and to alleviate social ills that are affecting communities such as poverty and unemployment. This is evident that if government was in full support of the aspiring entrepreneurs through the provision of funding, the impact of SMMEs through social responsibility would be greatly recognisable and impactful. The lack of financial support for the SMMEs also have an impact on the nature of CSR programmes that they undertake.

4.4.2 Theme Two: Corporate Social Responsibility Programmes

The semi-structured interview respondents were asked to outline good citizenship programmes that they implement to address social development. Questions asked in this section are presented below:

- Please give an overview of your CSR programme?
- What factors motivated your CSR intervention in particular communities?

- Do you have a separate budget that is allocated for CSR programme annually or your organisation provide support only if there is urgent societal need that requires to be addressed?
- How long has your company been involved in CSR programmes?
- What factor influenced the specific CSR programmes offered to these communities?
- How do you determine the effectiveness of your CSR programmes?

This main theme focused on the CSR programmes covering various key aspects of CSR engagement from both the business and community angles. An analysis of content data generated has been recorded as follows:

4.4.2.1 An overview of CSR programmes

Table 4.7: Semi-structured interview samples of business owners in the context of CSR programmes that are undertaken by their respective companies

<p><i>"I think we are more on the donations to the needy.</i></p> <p><i>We support according to what is expected, because we ask what do they need, where can we assist and then we donate accordingly.</i></p>	Respondent 10
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<i>"We also fundraise through the book that I wrote, the money is then used to fund other initiatives for youth development."</i>	Respondent 8
<i>"So our CSR programme, in 2014/15 we did robotic initiation week. Then recently, in 2017 we started piloting the Gqakaza girl initiative which is a programme focusing on developing girls in the digital sector and preparing them for the Fourth Industrial Revolution."</i>	Respondent 11
<i>"We have two that we are totally not getting anything in return. We have a learner development training programme where we mentor Chesterville secondary high school learners, we do training in different topics to assist the Youngers. We also have the mentorship at the park programme. It's a mentorship of people who are little older, but it doesn't shut down someone who is still in high school."</i>	Respondent 12
<i>"We have other community development programmes that we run, we also do school visits just to motivate learners to dream big and also discourage them from thinking that their current situations are their destiny. We encourage them to think beyond their current situation."</i>	Respondent 1

Table 4.8: Focus group samples of business CSR beneficiaries in the context of CSR programmes offered by SMMEs

<i>"The company is currently assisting us with providing guidance on how to register our companies, they also do presentations on where we can get funding."</i>	Focus Group 3
<i>"The company usually calls us when they have events to support with entertainment, and they call us whenever they have activations at different malls to market ourselves as an NGO."</i>	Focus Group 2
<i>"Providing internship opportunities to outstanding students."</i>	Focus Group 2
<i>"Most parents are not working, they are relying on the Child's support grant and you know that is not enough and you will see some of our learners are wearing torn clothes.... I noticed that girls are wearing the same uniform for three to four years and its gets shorter and shorter or torn. So the organisation has been providing school shoes to us."</i>	Focus Group 2
<i>"They usually buy food grocery to prepare meals for small kids."</i>	Focus Group 1

The analysis revealed that donations were a key item of CSR programmes that are offered by SMMEs. The donations included food items, stationery, school uniforms and the building of toilets for some needy schools as asserted by semi-structured interview respondent 10. This was confirmed by the focus group participant 1 who advised that *"they usually buy food grocery to prepare meals for small kids."* In addition to this, semi structured interview respondent 8 indicated that youth

development was a key focus for their CSR activities. Semi-structured interview respondent 12 had a learner development programme to mentor learners at high school level and offered training in different areas. They also had programme targeted to older people.

This is supported by Turyakira, Venter and Smith (2013) who states that Corporate Social Responsibility for SMMEs usually include; training, career development workshops, recycling of waste, employee training, and donating to local NGOs.

Apart from youth development initiatives and donations, the Fourth Industrial Revolution era has motivated some SMMEs to come up with dynamic and innovative programmes aimed to expose mostly the disadvantaged individuals to digital opportunities. This was confirmed by semi-structured interview respondent 11 who indicated that as part of their CSR programmes they promoted youth development by ensuring digital transformation and transition. This entailed offering digital solutions to help community members in their businesses and also educating them about IT. During the observation session almost all six companies did not have a documented overview of CSR programmes that they undertook. This is a bit concerning as companies did not have proper guidelines of CSR activities that they are adopting. This means that the nature of CSR programmes within SMMEs are implemented and decisions are made based on needs of the community identified at that particular time.

In relation to focus group participant views on CSR activities undertaken by SMMEs, the following was found: focus group participant 2 confirmed they benefited from the company through internship and mentorship which ensured that people (especially young people) were being capacitated, developed and exposed to work environment that could enhance their success levels. Furthermore, focus group participant 2 confirmed that the company ensured that they were getting necessary exposure and experiences in the forte. This allowed them to build confidence and experience in

what they do. Extending help and services such as helping school children with uniforms and providing groceries and food and building of toilets was well received by communities.

Chambers Ireland (2019: 06) indicates that companies can do small things such as assisting local non-profit organisations with skills that are available within the organisation.

The statement above indicates that CSR for SMMEs involves the simple offering of expertise to the community, such as donations. This does not require much budgeting or resources.

4.4.2.2 The effectiveness of CSR programmes

Table 4.9: Semi-structured interview respondents focus on techniques used to measure the effectiveness of CSR programmes

<i>"It's a very complex question, I do not think we have an answer at this current point of time, the reason is because the industrial revolution that is currently taking place, very few people are clear of what is going to happen next and we as a small business we are also in that line of thought, so whatever it is that we are doing because of the nature, we are disruptive in nature and that means it is a trial and error method until such a time we feel over a period of time say after a year or two and even ten years when we realise that "Hey this is actually processes that works."</i>	Respondent 4
<i>"Continuity and growth. For example the first Expo that we had, we only had 20 exhibitors, the second that we had 40</i>	Respondent 7

<p><i>we are currently standing at a good 60 whenever they come through, now that is effective. So its growth number 1 in terms of size, and number 2 continuity including partnerships., if it has been happening for the past ten yes, it means that people feels that this is effective and number three is participation and graduation of students that we fund.”</i></p>	
<p><i>“For us when it comes to designing an M and E programme that speaks to our stakeholders on our mandate and objectives is before we start a project, there is a specific form that people fill where they include their profile information and their interest in the next five years to come and then looking at a gap and where the need is, we then design an M&E system that speaks to that and at least at the end we are able to backtrack to see where we started and this is where we are at now, we then identify areas that are priority and that we need to engage in going forward.”</i></p>	Respondent 13

Table 4.10: Focus group samples of business CSR beneficiaries in the context of effectiveness of CSR Programmes

<p><i>“The Company has landed a helping hand in a community of Esikhawini (a big township just out of Empangeni) by donating toys, food parcels, mattresses, which has made huge difference in the community as most of the parent are unemployed and cannot be able pay monthly school fees.”</i></p>	Focus group 2
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<i>"This project has been very helpful in a community as unemployed parents have less problem to worry about uniform and stationary because the company is true and loyal in doing this this CSR project."</i>	Focus group 2
<i>"No really, because its only target certain individuals."</i>	Focus group 1
<i>"Yes, many people have benefited through their programmes. They have managed to encourage young people to come up with innovative ideas."</i>	Focus group 3
<i>"Yes. Students benefit from the real-world experience of a software development entrepreneur. Some students also benefit from being interns at the SMME."</i>	Focus group 2

This question examined the measurement of the effectiveness of CSR programmes. In relation to the lack of appropriate monitoring and evaluation systems to measure the effectiveness of CSR programmes, semi-structured interview participant 4 expressed that they used the 'trial and error method. This involved doing various processes that could yield different results. Hence, continuous efforts were made until such time they could realise benefits. Until then it would be trial and error. As far as measuring the effectiveness of CSR by SMMEs, Cunningham (2013: 07) states that measuring the impact of corporate social responsibility, particularly through the lens of social impact is a challenging undertaking. Cunningham (2013: 07) further indicates that as a focus on results is increasing, corporate social investors must be prepared to accept that measuring social subjects is by its nature, complex and imperfect and requires continuous monitoring and adjustments.

Semi-structured interview participant 7 alluded that they viewed community and growth as a measurement technique. If they had more partnerships and exhibitors

at each event, then this signified growth. Furthermore, for semi-structured interview respondent 7, it was all about 'seeing' growth visually, e.g. seeing students get into university due to their programmes. Interestingly, semi-structure interview respondent 13 also revealed that they have a monitoring and evaluation system whereby they captured details of community needs. This was then evaluated through the system that could monitor progress from when it started.

In the context of focus group participant's perspective on effectiveness of CSR programmes, focus group 2 mentioned that sponsorships and donations ranked very highly as benefits derived. This included school uniforms and stationary, toys, food, mattresses, which has made a positive change to the community as most parents are unemployed. Focus group 1 contended that the CSR programmes undertaken by the company were not effective as they only target certain individuals, it does not benefit the entire community. However, Focus group 3 participants highlighted that they have benefited largely through the CSR programme offered by the particular SMME as their students have been exposed to a real world experience of developing software and encouraging them to be entrepreneurs.

During observation, it was ascertained that there was no structured method that the researcher came across that were used by participating SMMEs to determine the effectiveness of their CSR programmes in four companies from a total of six that were sampled for observation purposes. One company had evaluation forms that they used to measure the impact of the CSR activities, while another company relied more on reviews of their social media platforms. It was observed that there was a review on their Facebook page dated 23 January 2015:

“We would like to thank all those that reached into their hearts and donated to this beautiful cause, none of this would have happened without you. Siyabonga.”

As shown above, people that have benefited through the radio station’s CSR interventions to uplift the lives of disadvantaged communities, the beneficiaries are able to post on their social media platforms to express their gratitude. Accordingly, KPMG (2016: 01) proposes that companies should adopt a Social Return on Investment which is a framework that helps businesses to evaluate and measure their CSR value on environmental, social, and economic. Measuring the impact of CSR can be a difficult exercise for some SMMEs, this is however necessary as it will assist the company to evaluate the impact of their CSR programmes and identify areas that requires improvement.

4.4.2.3 Factors that influenced the CSR Programmes and Budget allocation

Table 4.11: Semi-structured Interview samples of business owners in the context of factors that influence CSR programmes and the allocation of budgets

<i>“Its because I grew up in rural areas, I know the pain of not having all that you desire to have. Wearing torn pants, in winter we would walk bare footed because we didn’t have shoes so I know the pain. While I was studying at Mangosuthu, I used to stay in a hostel called Steinhilber, and I used to get only R80 as my monthly allowance from home, so I used to buy a 10 kg of maize meal, 3 kg of potatoes, eggs and cooking oil to sustain me for the entire month. At some stage, you will find out that I was only able to buy a maize meal because I had to make copies and print</i>	Respondent 2
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<i>assignments. So I know how it feels like to be needy, so the little that I have, I then decided to look back and assist those that are less fortunate.”</i>	
<i>“We big when it comes to personal development, and most CSR programmes they are mostly developmental. So how do you become a personal development and training company? And then you don’t do anything that has to develop people.”</i>	Respondent 12
<i>“The sectors first of all is community development, its seems like we have a problem with the centralisation of operation by the government that are innovative enough to respond to problems as they come, so that have given birth to organisations such as ours to drive channels and to give sort of hope and most importantly to give the things that people that seem to be isolated from such as the tecno-how, the digital skills, and how to break these down for their individual understanding applicable in their respective rural spaces and bottom down basically as ordinary people some of them even form the rural outskirts, and intermediately far from the metropolitan areas that are known for biggest opportunities.”</i>	Respondent 4
<i>“Disability, I am in a wheel chair I can’t run away from that one, I just cannot run away from that one. Let me tell you something as much as I would stand in front of an audience to discuss things that affect me directly or the things that I have gone through there is so much that I do not tell audience what I discovered people with disabilities doing when I was paralysed back then, there were doing a lot of</i>	Respondent 7

<i>things so when I was paralysed I did not go to CSR to wake people with disabilities up, no I went to CSR because I had seen that movement before and I knew that in doing it my way I could also establish my own legacy here.”</i>	
<i>“Its comes from the ideology from founders, first and foremost the leaders of the organisation they are in themselves people who are social, they are people who are concerned about development and they have come to influence the approach and the direction that the organisation takes. Given the sort of necessary intervention that the organisation should take given the sort of dark past that we come from as we know capitalism and how it has affected the black communities, so we sort of felt the need to intervene with the little that we have to ensure that there is social progress that the system bring development within our communities and that we reverse whatever that happened pre 1994.”</i>	Respondent 7
<i>“Yes we do, so we...our separate budget comes from funders that set aside and internally we handle the costs for the marketing.”</i>	Respondent 11
<i>“We have programmes that self-budget, what I am trying to say is that we draw up a budget based on project based, budget is then allocated specifically for that particular project. We do not wake up in January and say this year our budget is...because we don’t even have a budget we have networks that makes things happen, so from that perspective I wouldn’t say we ever budget for anything, we</i>	Respondent 7

<i>only budget as we send proposals to people that might assist.”</i>	
<i>“No I don’t, I more or less, I don’t have a separate budget as in money that I generate from somewhere else and I put aside for that. I know what I need to spend when it comes to these initiatives for example I know the boot camp will costs me about R10 000 depending where it is, R10 000 to R20 000 but then I know it has to come from me so by the meaning of budget, if you are meaning is there any money that I generate just for that no, there is none just for that, if you mean is there any money that I allocate from my own funds as a budget for that then yes. I do allocate money from my own funds.”</i>	Respondent 9

This question examined primarily the factors that influenced CSR programmes and the allocation of budget to implement community development projects. Considering various factors that motivates the implementation of CSR activities by SMMEs, semi-structured interview respondent 2 reflected on their own experience of being less fortunate which was an added motivation to CSR. They have since been motivated by their upbringing to use their companies to impact the lives of those that are unfortunate through CSR.

Personal development through training was seen as an important part of CSR by semi-structured interview respondent 12. In support of this,, semi structured interview respondent 4 felt that skills development, especially digital skills was mandatory particularly for those that were isolated or in deep rural areas with no exposure to such. In support of the above analysis, Arama and Mary (2016: 07) indicate that in the last decade, the issue of sustainability has become critical the world over for

governments and business alike. This has seen an increased uptake of CSR activities by many organisations, even SMMEs in the areas of environmental, social and economics as marked by increased expenditure in implementation of CSR programmes in an effort to contribute to the sustainability agenda.

It was discovered that companies were influenced by different factors to undertake CSR. One company is motivated by the profession of the owner, who has a background in career and skills development coaching. The researcher also noted that almost all the CSR programmes that were undertaken by the participants did not involve money, hence they did not consider the allocation of budget.

Disability empowerment was a passionate area for semi-structured interview respondent 7. This entailed disability empowerment and unleashing the potential of people with disabilities. The same respondent further alluded that they were motivated by transformation and change to respond especially to previously disadvantaged communities (in the previous regimes). Hence, post 1994, respondents believed that it was time to ensure that transformation was taking place through CSR interventions.

Adeyemo, Oyebamiji and Alimi (2013: 58) however, raises an interesting point that CSR is accomplished when businesses successfully meet the society's expectations to address societal challenges faced by the community. However, businesses are only able to implement this only if they are profitable and have a CSR interest.

In the context of allocating a separate budget to undertake CSR activities, only one semi-structured interview respondent 11 confirmed that they had a budget put aside for CSR and this was based on the budget from funders. This meant that funders dedicated a budget for CSR, which the company used. On the other hand, semi-structured interview respondent 7 was clear that they were trying to do more with less when it came to budgeting, the interview respondent further revealed that their

budget was primarily programme based. This was whereby a specific programme was budgeted for within an allocation. There was no set budget at the start of the year.

Semi-structured respondent 9 utilised their own funds and this was based on cost estimates of the programme they ran. It is clear that the majority of SMMEs have a separate budget for CSR. Lieser (2013) advises that there is no maximum budget set for CSR spending. The task of coordinating and allocating of funds is usually assigned to CSR officers to persuade management on why a budget is required.

. In this view, it is clear that the allocation of budget for CSR mainly depends on business revenue, budgeting resources and company size and nature. On the other hand, Chaudhury, Das and Sahoo (2011: 79) propose that in order to measure the impact of the CSR spending and utilisation of allocated budget, there should be a system of periodical monitoring and reporting to the board. Kassean and Jawaheer (2010: 07) adds that there should be legal and mandatory requirements to enforce corporate bodies small and big to allocate a budget for CSR activities.

The mandatory requirement to impose for all businesses, including SMMMEs to allocate budget for CSR might discourage aspirant entrepreneurs to start their own businesses. The findings revealed that most SMMEs prefer to allocate their time instead of money, this is because of insufficient budget. In respect of this particular theme, the focus group did not highlight anything of relevance.

4.4.3 Theme Three: CSR Communication process

The Corporate Social Responsibility (CSR) communication process became a primary theme given the importance of using appropriate communication tools to disseminate CSR information. Interview respondents were asked to outline how CSR communication benefits the company, whether challenges were encountered

during CSR communication and how these challenges were addressed. Questions asked in the context of this section are presented below:

- Who does the community representative communicate with within your company?
- What are the typical or preferred ways in which CSR requests are communicated to your company?
- Do you have a full functioning Marketing and Communications department that is responsible for communicating your CSR activities to your stakeholders? If not, who is responsible for this role and do they understand its nature?
- What communication tools does your company use to disseminate CSR information?
- How has your CSR communication benefited your company?
- What are the challenges that has been encountered by your organisation when it comes to CSR communication?
- Are there any actions that your company is considering to adopt in an attempt to address the identified challenges?

This main theme focused on the CSR communication process involved to disseminate CSR information covering various key aspects from both the business and community angles. An analysis of content data generated has been recorded as follows:

4.4.3.1 Communication tools to disseminate CSR information and its benefits to the company

Table 4.12: Semi-structured interview samples of business owners in the context of communication tools used to disseminate CSR information and the benefit of communicating CSR activities

<i>"Its newspapers, like last week I was featured by Isolezwe they feature me a lot, because they call me for advices as well."</i>	Respondent 9
<i>"First and foremost its stakeholder meetings that we normally have in this facility, we normally have engagements from time to time."</i>	Respondent 4
<i>"Our socials makes us to be in touch with our stakeholders."</i>	Respondent 14
<i>"And then we have these many other partners that we have, we also shoot out on their own sites disseminating messages of what we are going to be doing."</i>	Respondent 7
<i>"It has given our company a more reputable reputation. It has made our clients and competitors aware of that we are not just out here to make money."</i>	Respondent 5
<i>"I think it has benefited us in terms of the element of accountability, I mean having to get used to scenario you are not the one who is important. What I am trying to say is</i>	Respondent 4

<i>that even if you the founder of the organisation it doesn't mean that you can do things just anyhow, there are processes, reporting mechanisms where you need to ensure that there is accountability within the organisation."</i>	
<i>"so that instils discipline, that instils a culture of delivery in respecting for deadlines so it is a process that is important in calculating a culture of growth as well as professionalism within the organisation, so that how It has benefited us."</i>	Respondent 4
<i>"Yes, because what you need to understand is that people support something that produces good results. When we started back then, we didn't upload our activities on social media but we then realised that it's like we wasted money as what we do is not known by our stakeholders."</i>	Respondent 1
<i>"There have been effective, because if you go face to face you are able to say exactly what you want to say either then phone calls because there are also financial implications involved but all they have been effective we have managed to communicate sometimes if it's something that urgently requires our engagement, via calls we can communicate."</i>	Respondent 12
<i>"Yes, because of the community development projects and meeting with other community forums it has boosted my company."</i>	Respondent 8
<i>"Not really. Maybe it's because we hardly use these communication tools and we do not have the monitoring mechanism that we use to determine how the organisation benefits through CSR communication."</i>	Respondent 2

Table 4.13: Focus group samples of business CSR beneficiaries in the context of CSR communication between the company and beneficiaries

<i>"To schedule free radio interviews, they normally call us."</i>	Focus group 3
<i>"It's usually through social media, WhatsApp and we communicate through emails."</i>	Focus group 2
<i>"It was through meetings, emails, and phone calls."</i>	Focus group 3

In terms of communication tools that are used by SMMEs to disseminate CSR information to beneficiaries, the following positives were highlighted. Many organisations were seen to be utilising digital platforms which included social media as asserted by semi-structured interview respondent 14. This is logical considering that social media is seen as the most dominant media platform in today's epoch. The social media utilised by companies to communicate their CSR activities included mainly Facebook, Twitter, Instagram and WhatsApp. Semi-structured interview respondent 4 relied on physical social gathering and meetings of which some are done at the premises and sometimes the interview respondents advised that they go directly to the community. Bruhn-Hansen (2012: 13) is of the view that websites are largely used by businesses as part of the CSR communication channel as it allows flexibility in terms of content and it is easily accessible by the target audience.

On the other hand, semi-structured interview respondent 9 stood apart from other respondents as they reported mostly using radio to disseminate their CSR news. The focus group discussion in the context of CSR communication between the company and the beneficiaries, revealed that the majority of the focus group participants (13) indicated that the company communicated with them using the phone as a primary means. There also seemed to be physical face-to-face meetings

as indicated by focus group 3. This entailed the company going to the community or schools and engaging with community representatives. The focus group discussion also confirmed that the communication between the company and beneficiaries was through emails and social media such as WhatsApp.

Further to this, semi-structured interview respondent 9 strategically used their business partners for disseminating information. This was via traditional word of mouth (WOM) and also even using partner's sites for posting their information. Schiefelbein (2016: 13) agrees and alludes that if a company does not communicate sufficiently over their CSR engagements, consumers might believe that it is hiding something. On the other hand, if it communicates too much about it, it is likely that consumers may think that they are exploiting the social cause. This makes the communication of CSR engagement very difficult.

In relation to using social media for CSR communication, Ali, Jimenez-Zarco, Bicho (2015: 08) encourages companies to adopt social media applications as it is low-cost and bias-free, so that companies are using it to gain insights into the market, collaborate with their consumers, or design marketing communications. The attractiveness of social media recently has led to a number of businesses considering Facebook, Twitter, Instagram, and LinkedIn to engage with their stakeholders in relation to their CSR programmes. This confirms the findings of the study as most respondents revealed that they heavily relied on social media to disseminate CSR information.

4.4.3.2 Various means of CSR Requests

Table 4.14: This question examined the means in which CSR request came from the community (from the semi-structured interview respondent's perspective)

<i>"They can visit our website, they can engage us through social media because we have established Facebook, Instagram and Twitter accounts and other platforms that we get invited to we do give out our details."</i>	Respondent 15
<i>"Usually they come through...the past instances we have received recommendations from corporate members, who have directed people to work with myself."</i>	Respondent 11
<i>"None, because of again we are talking of unconventional approaches, you can't say emails, you can't say Facebook, I mean it depends, what if a person bumps into you in a taxi rank would you say that's not ideal, so it depends on the energy."</i>	Respondent 4

Table 4.15: Focus Group samples of business CSR beneficiaries in the context of how the community requests assistance from the company from the perception of the community

<i>"We were approached by the company as they were looking for young people for particular project."</i>	Focus group 3
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<i>"The assistance was volunteered, we did not approach them."</i>	Focus group 2
<i>"The company was referred to us by our late Colleague's family in memory of their mother."</i>	Focus group 2

This theme assessed CSR requests that came from the community from the interview respondents' perspective. The majority of interview respondents revealed that requests were mainly received by social media. This included mainly Facebook, as well as other social media platforms such as Twitter and WhatsApp. Semi-structured interview respondent 11 indicated that CSR requests came via other corporate members for particular projects.

Semi-structured interview respondent 4 made an interesting point that the form in which CSR requests are received the community was dependent on each business owner. This clearly indicates that the process of CSR request for SMMEs in most cases is not done via email or any formal processes, however it is done through physical interactions with people anywhere and at any time.

The promotion of company reputation seemed to be the most highly ranked actor of CSR benefits. It allowed sponsors to continue funding the company so that the CSR trajectory could continue. It promoted a sense of accountability whereby the company was also accountable to society in its processes and operations. Accountability in turn promoted a positive business culture, which entailed respecting deadlines for CSR and promoting professionalism in the company.

In the context of how the focus group participants requested assistance from the company, focus group 3 and 2 participants revealed that the company approached them. This was through referral or based on community needs. However, other beneficiaries revealed that they had to contact the company for assistance. This was

via; phone, social media, email, walk in, formal application and attending programmes hosted by the company.

Considering the number of CSR requests that businesses receive every day, Fritz (2019) encourages beneficiaries to consider the following means for CSR requests; phone calls, visits, mail, and email interchangeably according to the circumstances. One contact method may not be sufficient, an integrated, systematic approach may be more valuable.

4.4.3.3 Marketing and Communication

Table 4.16: Marketing and Communication that is responsible for the dissemination of CSR information to stakeholders

<i>"So we are a marketing and communications agency, where would we do that anyway? It's not a specific role, we do have bloggers that work with us and share our content and so forth."</i>	Respondent 11
<i>"Not fully functioning, but we do have marketing department that sort of looks to those things but because we are a start-up so we have a person who is the marketing director and also looking into other processes of the organisation, either cleaning or security or what not, so that's a nature of start-ups. But because of a nature of the organisation itself, we are a marketing company if you like, marketing is embedded in our DNA so it becomes a complex processes to say this is marketing department, because in a sense pretty much everyone in the organisation is a Marketer, pretty everyone"</i>	Respondent 4

<i>can blog, everyone does podcast every now and then so that's the approach that we have it is unconventional."</i>	
<i>"I don't, I would say. But I have a PR student who is doing the learnership so she is soon going to graduate. So far, I have been holding the communications since I also have a degree in media and management, I do media and communications. I did PR so I am able to handle such things."</i>	Respondent 12
<i>"No we don't, but we outsource the services of marketing and communications when we have projects that we do."</i>	Respondent 2

This question examined if the respondent SMMEs had a fully functional marketing and communication department. Semi-structured interview respondent 11 asserted that by default they were already a marketing and communication agency and hence this was part of the specialisation. The observation exercise revealed that in some businesses, they do not have a fully functioning Marketing and Communications department, which results in work being done by the owners who do not have relevant qualifications and understanding of this area. Semi-structured interview respondent 4 added that they had a department but it was not fully functional due to being a start-up company. Whilst they did have a marketing director, the director was also involved in other processes due to it being a small company. However, all staff were marketing people in their own right and therefore the company did have marketing strength.

There were five respondents (in their capacity as management) that did the marketing themselves. They absorb it into their role and provide marketing directive. Some managers do it because there is no other capacity within the organisation, whilst some managers do have marketing experience from previous occupations. They are however assisted by subordinates and other employees as indicated by

semi-structured interview respondent 12 who is “*assisted by a PR student.*”

An interesting finding was that some companies such as semi-structured interview respondent 2 were actually outsourcing their marketing function. However, they worked closely with the outsourced service providers to ensure that the messaging was done correctly. Outsourcing is a common occurrence in today’s business epoch. In this context, Freisleben (2011) confirms that SMMEs are less likely to employ people in public relations or marketing positions, and therefore are less likely to consciously pursue goodwill from CSR activities. This implies that the majority of SMME owners and senior managers only take the responsibilities of marketing managers often after normal work hours, normally once other core business elements have been looked after.

In respect of this particular theme, the focus group did not have anything to highlight. The overall results indicate that most respondents did not have a dedicated and fully-functional marketing and communication department. This will require improvements and assistance in terms of development in the future.

4.4.3.4 Challenges encountered with CSR communication

Table 4.17: Challenges encountered by SMMEs in the process of CSR communication

This sub-theme addresses both the challenges and actions taken by SMMEs in the process of CSR communication.

<i>“One of the key thing is the platform where people can get hold of you and how do you communicate back to them, you know we got a geographical spread province we can receive</i>	Respondent 15
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<i>a call from someone in Nquthu or Empangeni and you are here in town most of the activities are close to CDB, so how do you reach there, how do you filter down your programmes so that they can accommodative in terms of geographic segmentation of our province knowing very well that we have got the ten rural district municipalities and one metro, so it becomes a challenge.”</i>	
<i>“I think it’s just more resources, at the moment we lack equipment. I’ve got one laptop.”</i>	Respondent 8
<i>“With us, small as we are we knew from the beginning that certain things are going to be challenge and then put them aside. We do not have a desire to take the programmes that we do and splash them on major newspapers, its expensive number 1 and we do not have those resources.”</i>	Respondent 7
<i>“I think the challenge is not to just make it about a whole public branding thing, not just about getting your brand out there, but to really get the idea behind the project, not just about look at how good I am, but about what we really trying to do for the people. I think a lot of companies miss that, they try to say for Mandela day we did this but sometimes I think like really do you think that people really needed that, or could you not have done something better with that R100 000. I think sometimes we think too much in our own mind, so it’s not about what the people really need. So it’s about getting a balance about getting your name out there and getting it right.”</i>	Respondent 6
<i>“The other challenge I’ve had is there is this habit that you are the flavour of the month and other months you are no</i>	Respondent 11

<i>longer a flavour of the month, so you find yourself having to position things based on what the interest is the time as oppose to just putting on content.”</i>	
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Table 4.18: Actions taken to address CSR Communication challenges

<i>“The social media part which is WhatsApp, we always encourage to send sms’s, and call if we can’t get hold of them, and even teachers and principals we always try to leave a message if they do not pick our phone calls at least to ensure that they do receive my messages.”</i>	Respondent 12
<i>“We are considering to establish partnerships with other institutions who we may consider providing financial support.”</i>	Respondent 13

Questions examined the challenges experienced by business in relation to CSR communication. It further reviews action taken to overcome or address the challenges. Funding was by far the biggest challenge. Capital is very important for sustainability of the business and it’s CSR. Hence, the lack of funding can hinder CSR communication efforts and also limit expansion of businesses. In relation to the above, some business also experienced a lack of resources and equipment, which are important for operations. This was further confirmed during the observation session that there was insufficient resources such as tools of trade (laptops and printers and digital software) which allowed the companies to communicate effectively with their stakeholders. Semi-structured interview respondent 7 mentioned that advertising was expensive and they did not have the resources for advertising. An interesting point was made by semi-structured interviewee 6 who

indicated that it was sometimes a challenge to draw a balance between the company name and branding and the actual CSR idea itself. Sometimes one would conduct a CSR activity for the sake of the company name but not considering the essential needs of the community.

Another major challenge as indicated by semi-structured interview respondent 11 was that the company popularity was subject to timing. This was whereby the company would be popular at a certain point in time, thereafter interests would change and so would company positioning. Sometimes a company would go through substantial efforts to communicate and conduct CSR activities, but the response from the community would be poor.

In an attempt to address the identified challenges, the semi-structured interview respondent 4 expressed that they have established a website to communicate their CSR activities effectively and for the community to also understand the operations and processes that go into various CSR initiatives. This would allow for the community to appreciate the CSR even more though their understanding.

Semi-structured interview respondent 12 highlighted that in addition to WhatsApp usage, they also send out text messages to their beneficiaries to ensure that there is no breakdown of communication. However, it was noted that most respondents were considering the adoption of cost effective measures to address the lack and inadequate of CSR communication.

For semi-structured interview respondent 13 they are considering establishing partnerships with other value adding institutions who may consider providing financial support to their businesses so that they can be able to communicate efficiently using different platforms. Recently, it has become challenging for SMMEs to communicate with their stakeholders using traditional communication platforms.

Most companies struggle to use the emerging digital media (Maltseva, Fieseler, and Trittin-Ulbrich 2018: 45).

It is against this background that Etter, Morsing and Castello (2011: 06) advise that communication in social media with external audiences be it for CSR or in general, is new to most companies. The unfamiliarity with the medium and the lack of knowledge about the effects, negative as well as positive, lead to a high degree of uncertainty and the estimation of CSR communication in social media as an internal risk from a financial perspective. Based on the analysis of the data gathered, it can be revealed that the SMME sector are experiencing a number of challenges including inadequate resources which hinders the CSR communication process. In an attempt to address this problem, it is suggested for SMMEs that are actively engaged in CSR to develop an effective communication plan which will outline the target audience and recommend cost-free platforms that can be utilised to communicate CSR successfully.

4.4.4 Theme Four: CSR Reporting

The Corporate Social Responsibility (CSR) Reporting became a primary theme. It represents both business and community perceptions. Questions asked in the context of this section are presented below:

- What reporting tools do you use?
- Are there any specific reasons for choosing the above mentioned tools?
- How has the reporting of CSR benefited your company?
- Are you required to report to SEDA?

4.4.4.1 CSR reporting benefit to company

Table 4.19: Interview samples of business owners in the context of how the CSR reporting has benefited their companies

<i>“Not yet, because we have not taken it to the rands where we would like it to be. For now it’s something that have just started and developed. We are still growing it but at some stage we would like to arrive there.”</i>	Respondent 19
<i>“No, because for now it has not been shared to anyone beside myself. I haven’t taken it to any other structure, my hope on what I am currently doing where I look for potential partnerships it’s going to be a good motivation, even if I do not show them I can tell them that I have facts and figures. So partnering will benefit not only the community but it will also benefit me as a business.”</i>	Respondent 9
<i>“We do not do CSR activities to benefit ourselves, our programmes are more community development centred rather than the marketing tool. Hence I don’t believe that we have benefitted much from it, beside that we are known for our philanthropic acts.”</i>	Respondent 1
<i>“Absolutely, it has benefited the organisation. We are taking ownership of the word social innovation and CSR, because we are able to articulate that and to sort of distinguish how does it become CSR, how does it become a business so absolutely we are able to... I am sorry for coming out, but</i>	Respondent 4

<i>we are sort of becoming a household brand name when it comes to defining that term within business and social terms basically.”</i>	
<i>“We see it as marketing strategy that is put in the marketing sector. Our CSR will be included in the evaluation for brand Ambassadors.”</i>	Respondent 3

This question focused on the reporting of CSR. Semi-structure interview respondent 1, 9, and 19 asserted that they have not realised direct benefits yet as they have not done a comparison in monetary terms. However, they do it as having potential value adding capabilities to the company whether it be monetary or other benefits such as partnerships. For semi-structure interview respondent 3, CSR reporting has become part of their marketing strategy and included in their valuation for brand ambassadors. Semi-structured interview respondent 4 advised that CSR reporting served a key benefit of being able to monitor and evaluate the business from community perspectives. Feedback from community stakeholders allowed for the business to adapt and change in a positive way. It serves as a means of continuous improvement. This is evidenced by Moravcikova, Stefanikova, and Rypakova (2015: 02) who affirm that CSR reporting can assist businesses to develop a systematic approach on how they can manage their CSR activities. It will further assist businesses to assess risks and opportunities linked with CSR implementation. In other words, corporations are facing a huge demand from the community including beneficiaries of their CSR activities for information about their CSR performance. It is evident from the above that CSR reporting is not only a vital activity for large companies but also for the SMME sector. Vartiak (2016: 02) confirms that it is essential for businesses to report their CSR activities for stakeholders to understand the organisation’s CSR commitment. For this purpose, the image of the business is enhanced.

Khan, Halabi and Samy (2009: 346) support that disseminating information on environmental and social matters could jeopardise the company and harm its image. Furthermore, if stakeholders have a better understanding of CSR activities undertaken by the company, less criticism will be received from stakeholders. It is against this backdrop that SMMEs are actively engaged in CSR to report their activities to their respective stakeholders.

In respect of this particular theme, the focus group did not have anything to highlight.

4.4.4.2 Reporting tools

Table 4.20: Interview samples of business owners in the context of reporting tools that are used by SMMEs to disseminate CSR information to their stakeholders

<i>"It's just going to be basic report, as in write up and then it forms part of the financials as I have to show how much I used."</i>	Respondent 9
<i>"We don't have a fancy tool, we just prepare a report and you present it whether its projected, the management asks questions and they sometimes invite people from outside, but people that are on the industry to particularly from bigger businesses to make sure that they guide us or to see if we are still on the right track."</i>	Respondent 10
<i>"We have direct contact with our stakeholders, their own investment, their own institutions, and business friends"</i>	Respondent 4

<p><i>which becomes our business ecosystem practices or rather grounds where we do business with them through the support that they give. Because we do not have massive programmes that are out of control where we have thick layers of communication so we always insist in dealing with the project as man to man in the office, then we will report back on the progress and all sort of those things. So because of the fact that we really don't have a line of over spiral CSR programmes, therefore our communication remains the fact that everything is being reported to in progress, as it is done depending on how far it goes in person through appropriate meetings, we do use emails but everything is being dealt with and being drilled through appropriate meetings by means of a particular objectives that were set prior to the rolling of that project."</i></p>	
<p><i>"For example, every Thursday we meet with the community at B section where we are located, host community meetings. So we have got a person who is the community liaison officer, a community activist. So we communicate mostly with him as he either organises these meetings or is an active participant within the panel where often share insight and information with the community. So we primarily communicate with him."</i></p>	Respondent 13
<p><i>"For now we have our own internal Annual Performance Plan which is broken down to Key Performance Indicators, for now we just have random targets that we set for ourselves during the beginning of the year when we have our annual strategic sessions so we set on the number of</i></p>	Respondent 15

<i>people that we anticipate to reach and how we are going to reach them.”</i>	
<i>“We use Social media and other digital medias.”</i>	Respondent 5
<i>“Word of mouth, most people in our communities do not have access to digital infrastructures.”</i>	Respondent 8
<i>“Traditional, honestly traditional and it has been improving with time because we can now even send them links that can show them videos, or even link them to other profiles that we have been working with. For instance, let me tell you what I am trying to say I could pick up my laptop and write a word document to tell you how exactly I spent and the activities that went on, that is traditional but it starts improving itself where my report exactly in words of what took place or transpired with your funding that you gave me for a particular purpose I can now double that up in email with links that shows you videos.”</i>	Respondent 7
<i>“We chose this communication method because we can reach almost everyone. For an example, if we upload content on our Facebook page and then boost it we can reach to almost everyone that support us and they are assured that their money is spent towards community development.”</i>	Respondent 1
<i>“It is the most convenient tool as we are able to highlight monies accrued as well as the expenditures that took place during the nature of the activities that we had. We invite the affected stakeholders, but before we even share the information with general public we would choose community</i>	Respondent 13

<i>leaders that we can dissect some sensitive information to, so that's the process we adopt when engaging with our communities."</i>	
<i>"No we are not required, but that purely because we are in preparation in meeting their standards because we have seen what they want, but also part of our diligence we have not taken their operations into linking them with ours, but once it gets there we will report to them."</i>	Respondent 4

Table: 4.21: Community perspective on CSR reporting

<i>"I think a professionally designed and engaging website will be, because it easily accessible and members of the community will be able to see CSR activities that are undertaken by the company."</i>	Focus group 1
<i>"Yeah, it would be great if they had a website where we could just type everything instead of sending emails or WhatsApp messages."</i>	Focus group 3
<i>"But they do not report more often."</i>	Focus group 2

This question reflects the current reporting tools for CSR used by the businesses. It also supports it with the way the business prefers to use such tools. Semi-structured interview respondent 9 and 10 indicate that they did basic reports, whereas respondent 10 presented their report to management during meetings. There were semi-structured interview respondents that provided CSR reporting via meetings and strategic sessions. This is evidenced by semi-structured respondent 4 who insisted

that meetings ensured proper governance and control of CSR projects, ensuring that all members were on the same page. For semi-structure interview respondent 13 they prefer to constantly meet with key community stakeholders to share and give insight to their CSR activities.

In relation to focus group's views on company's reporting efforts, it was asserted that the companies should consider other means of reporting in addition to the use of social media for extended reach. However, the focus group respondents 1 and 3 felt that companies should use their respective websites to report on their CSR activities. This should be addressed as the community should be seen as a key stakeholder being the recipients of CSR and the websites can serve as a convenient formal online platform to get updated information. A high number of community respondents indicated that there was a lack of or no reporting done by the companies as evidenced by focus group respondent 2.

Semi-structured interview respondent 15 focused on annual strategy sessions where key performance indicators of CSR activities were discussed and how the company was going to reach them. Social media platforms was a preferred reporting tool for semi-structure interview respondent 5. According to Crişan and Zbucnea (2015: 10), Facebook and Twitter could be used effectively to disseminate information in order to develop the company's image and engage with stakeholders. This is also supported by Bosetti (2018: 18) who maintain that the evolution of corporate reporting is strongly connected to the spread of innovative technologies supporting timely and efficient communication between firms and a multitude of stakeholders located all over the world. Companies are presently being stimulated to seize the opportunities created by the Internet and strive to improve online reporting.

In this context, social media could assist companies to generate value and also help them to frequently engage with their stakeholders. Another form of reporting was revealed by the semi-structured interview respondent 8 who claimed Word of Mouth as their reporting tool. This shows that there seems to be a lack of

standardisation of reporting tools. Reporting is an important governance activity and should be treated as critical by these businesses. Proper reporting tools and methods in accordance to regulations must be considered.

All 15 of the businesses surveyed were currently not reporting to the Small Enterprise Development Agency (SEDA). This could mean that they are not aware of the non-financial support that is offered by SEDA and how they can access these services.

4.5 Conclusion

This chapter has presented the analysis of the study. The findings of the study were first analysed, interpreted then compared to the literature review in order to determine the reporting tools used for CSR in the SMME sector in KZN. This chapter has revealed that the adoption of CSR by SMMEs is mainly informed by societal needs and to alleviate social ills that are affecting communities such as poverty and unemployment. The findings further revealed that Twitter, Facebook, and Instagram are the most preferred reporting tools by SMME owners. Less financial implications associated with these tools was considered to be a major motivator for the adoption. It further revealed that some SMMEs used platforms such as meetings and strategic sessions to report on their CSR engagements. Given that majority of SMMEs are actively engaged in CSR, most of them did not report their programmes at all to their stakeholders even though there are free tools that can be utilised. The next chapter will present the conclusions that were drawn from the study and will further offer recommendations based on the interpretation of the results.

CHAPTER FIVE: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The previous chapter provided an in-depth analysis of data that was collected during the process of conducting research. In this chapter, conclusions of the research from the SMME sector in KZN are presented and discussed. This chapter will further provide a summary of discussions in the context of reporting tools used for Corporate Social Responsibility in the SMME sector in KZN. The chapter will conclude with the final recommendations of the study.

5.2 Summary of the study

The overall aim of this study was to assess the reporting tools used for CSR in the SMME sector in KZN. The target population was selected from the three geographic areas in KZN, namely; Pietermaritzburg, Durban and Richards Bay. The population was 15 CEO's, and general public representatives that benefited from the CSR projects undertaken by the companies.

The Literature review (Chapter Two) provided an overview of reporting tools used for CSR in the SMME sector. The reviewed literature revealed that companies could report their CSR to the public using various platforms such as: Websites, social media platforms, flyers, media releases and strategic documents.

Chapter Three discussed the methodology for the study. This chapter described the qualitative research design, the target population, and the data collection utilised in the study.

Chapter Four presented the findings of the study, including discussions and interpretation of the findings. In this chapter, four themes emerged after the data was analysed namely:

- a. Theme one: Context of CSR
- b. Theme two: Corporate Social Responsibility Programmes
- c. Theme three: Corporate Social Responsibility communication process
- d. Theme four: Corporate Social Responsibility reporting

A non-probability, judgmental sampling design was utilised in this study. Participants were selected by the researcher based on their involvement in CSR. In-depth interviews, observations, and focus groups interviews were conducted to collect primary data from the CEOs and relevant beneficiaries.

5.3 Conclusion and achievement of the objectives of the study

The aim of this study was to assess the reporting tools used for CSR in the SMME sector in KZN.

5.3.1 Assess the nature of corporate social responsibility programmes in the SMME sector

The analysis revealed that donations were a key area of CSR programmes that were offered by SMMEs. This included the offering of food items, stationery and school uniforms, and the building of toilets for needy schools. In addition to this, some interview respondents indicated that youth development was a key focus for their CSR activities as they had a learner development programme to mentor learners at high school level and offered training in different areas. Apart from youth development initiatives and donations, the era of the Fourth Industrial Revolution

has motivated SMMEs to be innovative and creative in designing programmes to expose disadvantaged individuals to digital opportunities. This entailed offering digital solutions to help community members in their businesses and also educating them about IT.

5.3.2 Assess reporting tools that are utilised by the SMME sector

The findings revealed that most companies relied mainly on traditional reporting tools such as word of mouth which cost less. Some interview respondents indicated that they provided CSR reporting via meetings and strategic sessions. Others insisted that meetings ensured proper governance and control of CSR projects to ensure that all members were on the same page. Some interview respondents revealed that they prefer to constantly meet with their key community stakeholders to share and give insight to their CSR activities. Further to this, the study revealed that there are companies that do not report their CSR activities whereas some report via social media platforms such as Facebook. In relation to the focus group's views on company's reporting efforts, it was inferred that companies should consider other means of reporting in addition to the use of social media for extended reach.

The results indicate a lack of structured and systematic reporting process as well as a lack of standardisation of reporting.

5.3.3 Determine the effectiveness of their preferred reporting tools

Benefits derived from CSR reporting using various reporting tools was discussed in detail. The study revealed that while some SMMEs' reporting tools was traditional in nature, this was steadily being improved. This entailed sending text reports, accompanied with videos to show activities taking place. Better and more effective communication was a key factor for some businesses and their preference for the choice of tools selected. Furthermore, the study revealed that some SMME owners

felt that their preferred tools facilitated quick and easy reach to the community and stakeholders. This was mainly for those who used social media as a preferred reporting tool.

5.3.4 Determine the importance of using the most appropriate reporting tools to promote CSR

Findings revealed that CSR reporting served a key benefit of being able to monitor and evaluate the effectiveness of CSR programmes. However, some SMMEs were experiencing difficulties to measure their effectiveness towards keeping stakeholders informed on matters that involved CSR. This was due to the lack of a systematic approach in reporting CSR matters. Through constant CSR reporting using relevant reporting tools to promote CSR and receiving feedback from the community stakeholders, the SMME sector will be able to adapt and change in a positive way towards continued improvement.

The significance to having well-trained marketing and communications officials plays an important role towards choosing relevant and appropriate reporting tools to promote CSR. The findings revealed that even though some businesses did have a fully functioning marketing and communications unit, they were still struggling to identify appropriate tools to report on their CSR activities. The majority of respondents (in their capacity as management) revealed that they did the marketing and reporting themselves. Managers take on this role because there is no other capacity within the organisation. The lack of appropriate training could disadvantage the organisation in relation to choosing appropriate tools to engage and promote CSR.

5.4 Recommendations

The following recommendations derived from the study are vital in ensuring that SMMEs implement CSR efficiently and use appropriate tools to communicate and report their CSR activities competently.

- Constant encouragement from Government is required for SMMEs to undertake CSR activities.
- Financial support from government to SMMEs is vital to ensure that SMMEs implement impactful CSR activities.
- SMMEs should develop assessment strategies to evaluate the impact of CSR.
- SMME forums should be established where small business owners will share their experiences and best practice in terms of CSR, this will encourage more participation in community engagement projects.
- SMMEs should ensure that all their employees are well informed and trained about CSR to ensure quality contribution to the community.
- SMME forums should maintain an up-to-date database of all CSR initiatives that have been implemented by SMMEs to avoid duplication of community engagements.
- SMMEs must network with Non-Profit Organisations to establish ways that they can use their existing resources to add value and contribute to the well-being of society at large.
- SMMEs should develop CSR policies with employee buy-in.
- SMMEs should establish innovative ideas to communicate and report their CSR.
- SMMEs should have at least one employee that will be trained to coordinate the marketing and communication requirements.

5.5 Limitations of the study

The research undertaken had the following limitations:

- This study was limited to 15 SMMEs that are based in three geographic areas in KZN.
- The participants were selected considering their sector, size and the impact they displayed in society.
- The focus group discussion was only limited to beneficiaries from the selected SMMEs.

5.6 Recommendation for future research

Since CSR has developed in the SMME sector, it was essential to assess and establish the reporting tools that are adopted by SMMEs to connect with their stakeholders in the context of CSR. The findings of this study provided an overview of CSR initiatives implemented by SMMEs and it further highlighted the reporting processes and tools employed or the lack thereof.

Further research could explore the following:

- The role of SMME sector towards economic growth, job creation, and alleviation of poverty.
- The role of government in promoting CSR within the SMME sector.

5.7 Closing statement

In summary, this chapter presented an overview of the study findings related to the literature review and further outlined recommendations to SMME owners that are actively engaged in CSR activities. This study recommends that financial support from government to SMMEs is vital to ensure that SMMEs implement impactful CSR activities. It further recommends that SMMEs should develop CSR policies to guide them with the implementation and reporting of CSR programmes.

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APPENDICES

Annexure A: Letter of Information



LETTER OF INFORMATION

Title of the Research Study: Assessing the reporting tools used for Corporation Social Responsibility in the Small, Medium, and Micro Enterprises (SMME) sector in KwaZulu-Natal.

Principal Investigator/s/researcher: Mthokozisi Blessing Buthelezi (Master of Management Sciences - Public Relations Management). **Co-Investigator/s/supervisor/s:** Prof R Rampersad (PhD)

Brief Introduction and Purpose of the Study:

This study assesses the reporting tools that are utilised by Small, Medium, and Micro Enterprises when they are reporting their CSR activities.

The research objectives of the study are to:

1. Assess the nature of corporate social responsibility programmes in the SMME sector;
2. Assess the reporting tools that are utilised by SMME sector;
3. Determine the effectiveness of reporting tools preferred by SMMEs;
4. To determine the importance of using the most appropriate reporting tools to promote CSR.

Outline of the Procedures:

For the purpose of this study, the researcher will use a qualitative research paradigm. The researcher will then conduct an in-depth interview with SMME's owners, marketing managers and operations managers in order to assess the nature of reporting tools that they have adopted and to determine the core reasons for SMME's to engage in CSR. The researcher will also interview the selected SMME's target audience in order to determine the effectiveness of these tools. The interview will require approximately \pm 30 minutes. Participation is strictly voluntary and participants may refuse at any time. If you choose to participate in this project, please answer all questions as honestly as possible. In order to ensure that all information in this study is confidential, responses will remain completely anonymous.

Risks or Discomforts to the Participant: There are no foreseeable risks from participating in this research.

Benefits: Participating SMME's will receive a summary of the outcomes of this study. This will allow them to understand whether they communicating effectively with their target audience. The outcomes of this study will be made available through publications in accredited peer-reviewed journals; presentations at local and international conferences and also seminars and workshops given at the institutions.

Reason/s why the Participant May Be Withdrawn from the Study:

Participation in this research is completely voluntary. If you choose not to participate or withdraw from the study at any time, there will be no penalty.

Remuneration: No remuneration will be paid to the participants.

Costs of the Study: The participants are not expected to cover any cost incurred.

Confidentiality: The data will remain under the ownership of DUT. Electronic data will be protected by passwords.

Research-related Injury: Not applicable.

Persons to Contact in the Event of Any Problems or Queries:

Please contact the researcher (0794079050), my supervisor 031 373 5277 or the Institutional Research Ethics administrator on 031 373 2900.

General:

The primary spoken language of the research population is English.

Annexure B: Letter of Consent



Faculty of Management Sciences

Department of Public Relations and Communications Management

Date: 29 April 2019

Dear Participant

RE: CONSENT TO CONDUCT INTERVIEWS – ACADEMIC RESEARCH

It is with great pleasure that I introduce myself to you, I am Mthokozisi Buthelezi a Master's degree candidate in the Department of Public Relations and Communication Management at the Durban University of Technology (DUT). I am conducting research for my Master's study into the reporting tools that are used for Corporate Social Responsibility In the Small, Medium, and Micro enterprises (SMME) sector particularly in KwaZulu-Natal (KZN). My supervisor for this project is Professor Renitha Rampersad.

I hereby request your permission to participate in a focus group and observation activity as part of the data collection for the research. The protocol of questions for the focus group session is attached for your kind attention. Please also note that the findings of this study will be made available to you upon request.

I thank you in advance and look forward to your favourable consent. Should you require further information, please feel free to contact me or my supervisor.

I thank you in advance and look forward to a favourable response.

Yours sincerely

Mr Mthokozisi Buthelezi
Student Number: 21133803
Cell: 0789063862/0794079050
Email: buthlezi103@gmail.com

ACKNOWLEDGEMENT AND CONSENT

I (...SIPHO MABABA...) hereby acknowledge that Mr M. Buthelezi will be conducting research with MABAWULA INVESTMENTS (PTY) LTD as the unit of analysis. I hereby grant consent to Mr Mthokozisi Buthelezi conduct interviews with staff and CSR beneficiary at the above-mentioned organisation.

Signature

10/05/2019
Date

Annexure C: Interview Schedules

Section A: The SMME Owner

1. How long has your company been in existence?
2. Which services sector does your company belong to?
3. What is the staff complement within your company?
4. Who is involved in CSR decision making?
5. What is your overview sense on the adoption of CSR by SMMEs?

Section B: The SMME and CSR Process

1. Please give an overview of your CSR programme?
2. What factors motivated your CSR intervention in particular communities?
3. Do you have any policies that are guiding your organisation to engage on CSR? –If yes, please elaborate.
4. Do you have a separate budget that is allocated for CSR programme annually or your organisation provide support only if there is urgent societal need that requires to be addressed?
5. How long has your company been involved in CSR programmes?

6. What factor influenced the specific CSR programmes offered to these communities?
7. How do you determine the effectiveness of your CSR programmes?

Section C: The SMME and CSR Communication

1. Who does the community representative communicate with within your company?
2. What are the typical or preferred ways in which CSR requests are communicated to your company?
3. Do you have a full functioning Marketing and Communications department that is responsible for communicating your CSR activities to your stakeholders? If not, who is responsible for this role and do they understand its nature?
4. What are communication tools does your company use to disseminate CSR information?
5. How has your CSR communication benefited your company?
6. What are the challenges that has been encountered by your organisation when it comes to CSR communication?
7. Are there any actions that your company is considering to adopt in an attempt to address the identified challenges?

Section D: The SMME and CSR Reporting

1. Are you bound by any policy to report on your CSR Activities? What is the basis of reporting your CSR activities?
2. What reporting tools do you use?
3. Are there any specific reasons for choosing the above mentioned tools?
4. How has the reporting of CSR benefited your company?
5. Are you required to report to SEDA?

The SMME and Community engagement (Questions)

1. How long have you been associated with the company? Other programmes that they run?
2. What is your take on SMMEs that are engaged on CSR?
3. Which CSR programmes is the company currently engaged within your community?
4. Has CSR programmes been beneficial to your community? Please explain
5. How did you request assistance from the Company?
6. How did the company communicate with you?

7. How did the company report on its CSR involvement with your community?
8. Are there any additional reporting tools that you would like to see the company adopting?
9. Are you aware of any other CSR projects that the company is engaged on within or outside your community?

Annexure D: Observation Protocol

Theme	Notes
The SMME and CSR Process <ol style="list-style-type: none">1. Is there an overview of the CSR programme?2. What are the factors that motivated the CSR intervention in particular communities?3. What are the policies that guide the organisation to engage on CSR?4. What is the budget that is allocated for CSR programme annually or does the organisation provide support only if there is urgent societal need that requires to be addressed?5. How long has your company been involved in CSR programmes?6. What factor influenced the specific CSR programmes offered to these communities?7. How long have you been involved in the particular CSR programme?8. How do you determine the effectiveness of your CSR programmes?	
The SMME and CSR Communication <ol style="list-style-type: none">1. Who does the community representative communicate with within the company?2. What are the typical or preferred ways in which CSR requests are communicated to your company?3. Who are the main community representatives that the company communicate with?	

<ol style="list-style-type: none"> 4. Do you have a full functioning Marketing and Communications department that is responsible for communicating your CSR activities to your stakeholders? If not, who is responsible for this role and do they understand its nature? 5. What are communication tools does the company use to disseminate CSR information? 6. How has the CSR communication benefited your company? 7. What are the challenges that have been encountered by the organisation when it comes to CSR communication? 8. Are there any actions that the company is considering to adopt in an attempt to address the identified challenges? 	
<p>The SMME and CSR Reporting</p> <ol style="list-style-type: none"> 1. Is the organisation bound by any policy to report on your CSR Activities? What is the basis of reporting your CSR activities? 2. What reporting tools are used? 3. Are there any specific reasons for choosing the above mentioned tools? 4. How has the reporting of CSR benefited the company? 5. Is the organisation required to report to SEDA? 	