Shifting framework of corporate social responsibility for small business

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ABSTRACT

The present authors, in previous works addressed several issues related to the concept of Corporate Social Responsibility (CSR) as it applies to small business. In those papers it was concluded that although there is a relatively small body of work on these topics, there is tremendous amount of involvement by small business owners regarding their perception and action within the social responsibility framework of business in general. However, recent trend in the field is emphasizing many aspects of CSR, which go beyond the traditional philanthropic actions.

In this paper other dimensions of social responsibility of business is examined and an argument is put forth to emphasize adoption of a strategy of creating positive impact on society, and of environmental sustainability on the part of small business owners.

Keywords: Small Business, Corporate Social Responsibility; Business ethics

INTRODUCTION

The present authors in several recent papers on application of Corporate Social Responsibility to small business were able to show the how, and why of the academic and professional misconception that either there is no involvement of small business in activities that are commonly referred to as Corporate Social Responsibility, or there is really not much written on the subject.

It was concluded that there are several reason for these misconceptions, the most important of which boil down to:

1. Questions of definitions of the term Corporate Social Responsibility;
2. Resources requirements of such activities,
3. Evolving content of activities that qualify as demonstration of being socially responsible as a small business.

In this paper the last point will be visited and expanded to reflect the newer notions of Corporate Social Responsibility and its application to small business.

PERCEPTION OF SMALL BUSINESS IN ACADEMIA

Public media and the academic world follows the same pattern of overlooking small business. As Castka et al. (2004), Lepoutre and Heene (2006), and Worthington et al. (2006) point out the public media debate on corporate social responsibility is mirrored in the academic context. For example, the media discourse is based on large-firm research, as are the scholarly writings by and large. Another example is the work by Blomback and Wigren (2009) which showed evidence that large, well-known companies are almost always chosen to present as suggesting best-practice examples of responsible behavior. Obvious examples include The Body Shop, Ben & Jerry`s, McDonald`s and many similar companies.

Juholin (2004) states, “The explicit choice to focus on large business as opposed to small implies a notion that firm size is an important factor for CSR [corporate social responsibility] practices” (p. 8). Blomback and Wigren, 2009, state, “… the focus on large business and a particular kind of corporate social responsibility activities in such firms contributes to narrowing the horizon of what CSR represents” (p. 258). One possible reason for the exclusion of small businesses when discussing corporate social responsibility is the belief that activities, such as involvement in local society rather than on a larger scale, are the main focus of their activities. Blomback and Wigren (2009) stated that many authors “repeatedly claim” that small businesses experience of CSR is in fact considered side show of the real debate on CSR (p. 258). Bloomback and Wigren are not alone in this assertion. See, for instance, Jenkins (2009), Perrini and Tencati (2006), Spence (2007), and Worthington et al., 2006 who elaborate on this notion by arguing that “rather than focusing on global issues, small business have more involvement in community based issues such as sponsoring local events and concern for employee satisfaction and health”.

Another possible reason for the exclusion of small businesses in corporate social responsibility is through the use of language. For example, language as a means to define, expose, and evaluate corporate social responsibility can exclude or even make invisible activities that do exist (Blomback &Wigren, 2009). Jenkins (2004) as well as Murillo and Lozano (2006) concur in saying that language could explain the exclusion of small businesses in research and discourse. Language is an important detail in this matter because it is said that firms do not think of or present activities as corporate social responsibility (Blomback &Wigren, 2009). In this instance, it is a fair assumption to say that because small business social activities, although good for the community, aren't presented as corporate social responsibility actions, they often get excluded from the CSR discussions. On the other hand, if small businesses were asked to define corporate social responsibility, that might make matters worse due to the fact that there may be a wide range of interpretations of what corporate social responsibility really is. In this venue, examples of such activities can range from strategic to non-local aspects of "doing good"; from focusing on environmental issues of supply chain management to ensuring brand differentiation ; and of course, from local sourcing issues to maintaining good relationships with local actors and looking after employees.

There are those, including the present authors, who argue small businesses are in fact capable of and do engage in corporate social responsibility, because of less complicated organizational structures and the flexibility that is associated with such structures (Mahdavi and Moore, 2015; Sarbutts, 2003).

However, a segment of the literature partly denies this idea, thus implying that small businesses are less interested in social issues and are less able to identify and manage actions (Lepoutre & Heene, 2006). Baker, (2003) for instance states, "Small businesses are held to be content with merely surviving and thus are not interested in making an impact on their surroundings." According to Tilley (2000), "Some research suggests that small businesses will be less proactive in terms of corporate social responsibility and that they are likely to demand experts or the government to guide their actions" (p. 36).

The basis of this study is to highlight the fact that small-business corporate social responsibility is often overlooked because the implication is based on large business being the norm, as opposed to firms and businesses in general. Blomback and Wigren (2009) insist that all firms, no matter the size, have economic, legal, and ethical responsibilities. Furthermore, they insist that all firms in one way or another have stakeholders, which implies that if all firms have stakeholders and responsibilities, then the size of a firm should not be a factor in discussions regarding corporate social responsibility.

> Blomback and Wigren (2009) state,
> "The idea that size should play a decisive role in the activities which can be seen as corporate social responsibility-related can be contrasted with other analyses of corporate social responsibility where firms are not segmented based on their size but rather the context they are in, like business to business, or business to consumer activities; if centered in the developing or industrialized world; or a particular country". (p. 261).

To substantiate the claims by Blomback and Wigren, Griffin and Mahon (1997), Moore (2001), and Sweeney and Coughlan (2008) claim that one assumption is that firms vary in terms of corporate social responsibility focus and reports, depending on industry. Blomback and Wigren state, "For example, firms in an industry that relies heavily on chemical ingredients are likely to experience extra evaluation and pressure concerning working conditions and effects on the environment regardless of size" (p. 261).

DEFINING CORPORATE SOCIAL RESPONSIBILITY

Early in the discussion of Corporate Social Responsibility Friedman (196 and 1970) described corporate social responsibility as the responsibility firms have to adhere to the desires of the stockholders, which is to make as much money as possible while conforming to basic rules of society. Contrary to this view, a more inclusive definition of corporate social responsibility included the well-being of the stakeholder. In other words, corporate social responsibility was believed to concerns itself with the well-being of the stakeholder by treating them in an ethical manner (Hopkins, 1998).

It is becoming clear that Corporate Social Responsibility, when applied to small business, becomes vague and somewhat counterintuitive, although it should be a topic of great deal of discussion. Even earlier writers, such as Lunheim, (2003) and Castka et al. (2004), believed that the very agenda of corporate social responsibility suffered from a clear definition, and thus it became a loosely defined umbrella embracing a vast array of concepts traditionally framed as environmental concerns, public relations, corporate philanthropy, human resource management and community relations.

In the absence of a clear and more or less universally accepted definition the literature provides several vast and all-inclusive definitions for corporate social responsibility. For example, Holme and Watts (2000) state, "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of the workforce and their families as well as of the local community and society at large" (p. 22).

The World Business Council for Sustainable Development (WBCSD) insists that corporate social responsibility is a firm`s commitment to behave ethically, provide economic development, and enhance the quality of life in the work force as well as those in the local community (WBCSD, 1999). Mallenbaker (2003) asserts that, "CSR [corporate social responsibility] is about how companies manage the business processes to produce an overall positive impact on society" (p. 1). The European Commission (2003a) provides a similar definition indicating that corporate social responsibility involves firms voluntarily integrating social and environmental concerns in their business operations and in their interaction with the stakeholders. Furthermore, the European Commission breaks down corporate social responsibility into two dimensions: internal and external.

The internal dimension of corporate social responsibility, according to the European Commission, involves what takes place within the company doors, such as socially responsible practices, which involve employees and relate to issues such as investing in human capital and health and safety matters. Externally, corporate social responsibility extends beyond the doors of the company into the local community and involves a wide range of stakeholders in addition to employees and shareholders, such as business partners, suppliers, customers, and so forth. According to these definitions of corporate social responsibility it can be argued that corporate social responsibility is about the relationship between the business and the stakeholder.

Thus, although there are many definitions of corporate social responsibility, it generally refers to serving people, communities, and environment in a way that goes beyond and above what is legally required of a firm (Barnea & Rubin, 2005).

BNET Business Dictionary.com ("Corporate Social Responsibility," n.d.) defines corporate social responsibility as, "a voluntary approach that a business enterprise takes to meet or exceed stakeholder expectations by integrating social, ethical, and environmental concerns together with the usual measures of revenue, profit, and legal obligation" (p. 1).

When applied to small business, it seems that a modern operational definition of CSR requires a completed full circle, back to Carroll`s (1979) definition of corporate social responsibility as a conceptualization that is broken down into four parts: economic, legal, ethical, and discretionary.

The definition of corporate social responsibility from an economic perspective involves providing a return on investment to owners as well as the firm`s shareholders; creating jobs and fair pay for employees; discovering new resources; promoting technological advancement, innovation, and the creation of new products and services.

The second part of the definition involves the law. From a legal perspective, Carroll defines corporate social responsibility as the expectations of legal compliance of doing business within the guidelines of the law.

The third part of the definition of corporate social responsibility involves ethics. Ethically speaking, firms have a moral and ethical responsibility to not only work within the guidelines of the law, but to also do business in a way that is respectful to others, avoiding social harm, and preventing social harm.

The fourth part of the definition of corporate social responsibility involves discretionary judgment. An example of this is a firm using its discretionary judgment when it comes to philanthropic contributions to charitable organizations. According to Jamali (2008) citing Frederick (1994) "the roots of this type of responsibility lie in the belief that business and society are intertwined in an organic way" (p. 215).

Based on the four-part conceptualization of corporate social responsibility provided by Carroll, the basic idea of this definition is that (whether it is economically, legally, ethically, or discretionary) corporate social responsibility can essentially be defined as a firm`s obligation to build shareholder wealth and exhibit social awareness.

CONCLUDING REMARKS

Examining the large spectrum of approaches to Corporate Social Responsibility as applied to small businesses, the present authors have come to believe that how CSR has been defined does not only enhance research and professional writing on the subject, it also encourages the small business managers to think constructively about their responsibility to the society. The operational definition provided by Carroll, as mentioned and elaborated in the previous section seems to be simple enough to be understood easily, to be acted upon and to be researched without much conceptual difficulty.

Furthermore, when the concept, and the ideas behind it are adopted by small business owners and managers, many potential, but not easily observable benefits would follow. As Epstein-Reeves (2012) mentioned, there are many reasons and benefits that embracing Corporate Social Responsibility can present equally to a small or large business manager.

It encourages business managers to be innovative and continuously looking to gain sustainability in his or her industry by tapping into their company`s research and development team to identify potential opportunities to produce products that would not cause harm to the environment. Along the lines of causing little to no damage to the atmosphere, seeking opportunities to produce eco-friendly products may also lead to saving costs. If done for an extended period of time, the savings in cost could add up tremendously.

It helps the small businesses to differentiate their brands. It provides an effective tool in advertising, using a brand with which customers can easily identify a socially responsible company.

Corporate Social Responsibility, by its very nature encourages, and even requires long term thinking. Companies that are the most successful are those that manage to stay relevant over the years. By doing this, small business owners must think beyond tomorrow, by keeping in mind the long term interest of the company.

Finally, probably the most important effect of embracing CSR is the customer engagement. At the same time, employee commitment to the goals and vision of the business in which long term social responsibility of the company are spelled out is not an inconceivable benefit. When employees are on board with the vision and direction of the company success and growth are almost guaranteed.

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