

## **Do small businesses owners engage in CSR?**

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### **Abstract**

Corporate Social Responsibility is typically defined as a company's ethical and moral obligation to combine the social and environmental concerns of local communities with the daily operations of the business. The term Corporate Social Responsibility is extremely vague / ambiguous such that after over 30 years, there is still not a standard definition of the term. As a result, many small business owners have had differences of opinion regarding attitudes towards Corporate Social Responsibility. The aim of this paper is to identify these attitudes and analyze the findings.

**Key Words:** Corporate Social Responsibility; Business Ethics; Small Business

## **Introduction**

In the world of academia as well as business, many definitions of corporate social responsibility have been offered but to date, a universal definition of the term has yet to be accepted by academics and practitioners alike; thus the existence of multiple definitions of the concept in the literature today. Research of the literature covering the period between 1980 and 2003 found 37 definitions of corporate social responsibility (Dahlsrud, 2006). Some examples should illustrate this point: Khoury, Rostami, & Turnbull (1999) state, "Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance". Kotler & Lee (2005) state, "CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources".

As a result of the numerous definitions of the concept, small business owners seem to have developed differing attitudes towards the topic. As Carroll & Shabana (2010) state, "Over the years, corporate social responsibility (CSR) has continued to grow in importance and significance. It has been the subject of considerable debate, commentary, theory building and research". One of the attitudes exhibited by small business managers is that small businesses cannot engage in corporate social responsibility. For example, "The literature has shown that conventional approaches to Corporate Social Responsibility are based on the assumption that when it comes to Corporate Social Responsibility, large business are the norm and that Corporate Social Responsibility has been predominately developed in and around large business" (Jenkins, 2004a). To examine this assertion authors of this paper made a study to gauge small business owners`

attitudes of corporate social responsibility. This paper will present some of the findings of the study, mainly in the areas of the small business owners' attitude toward Corporate Social Responsibility.

## **Literature Review**

Although there is not a universally accepted definition of corporate social responsibility, it is a topic that has increasingly grown in popularity over the years. Jarutirasarn & Aiyeku (2010) state that this concept has grown tremendously in the last decades and its study and application is gradually becoming a global trend. "Companies are now expected to explicitly take into account all aspects of their performances including financial results, social and environmental concern".

Jarutirasarn & Aiyeku (2010) insist, that CSR is "a matter in which a corporate responds to the economy, society, and environment aspects aiming to benefit people, groups, and societies". It also concerns the role of a business corporations in a society and expectation of the society upon it. In spite of the tremendous, and increasing pressures CSR is expected to be considered and implemented willingly by the corporation and its "executives should be involved in pursuing various activities leading to a sustainable development that meet the needs of the society". It is stated that engaging in CSR should be done willingly but the reality is that small business owners have different attitudes and beliefs regarding CSR engagement.

Besides the fact that many definitions of CSR have created a variety of attitudes toward it, the assumption that CSR is only reserved for large firms further contributes to this diversity of outlook. For instance, Jarutirasarn & Aiyeku (2010) states, "Normally, the concept of CSR is more suitable for the large enterprises than the small ones". Blomback and Wigren (2009) state, "Authors repeatedly claim that small businesses experience additional sides of CSR [corporate

social responsibility] than those currently considered in the debate” (p. 258). Jenkins (2009), Perrini and Tencati (2006), Spence (2007), and Worthington et al., 2006 elaborate on the previous statement by arguing that small business owners tend to have more involvement in community based issues such as sponsoring local events and concern for employee satisfaction and health, rather than global issues. Furthermore, the literature implies that small businesses are less interested in social issues and are less able to identify and manage actions (Lepoutre & Heene, 2006).

As shown above, there is a general belief among many writers, that small business managers have different attitudes towards CSR as a result of the many definitions tied to the topic. The present authors believe that if we are to form a full idea of these implications which cause small business owners to exhibit differing attitudes, academics and practioners must focus on the points of view of the small business owners. To that end of understanding of small business owners` attitudes towards CSR, the present researchers deemed it necessary to ask small business owners about their attitude towards CSR. The study that is the subject of this paper was designed to understand these viewpoints.

## **Methodology**

The major tool of research utilized in this study was a survey questionnaire designed to develop an understanding of small business owners' perception of corporate social responsibility as applied to small businesses. The questions were administered in the form of a Likert scale, which was measured on a five-point scale, ranging from *Strongly Agree* to *Strongly Disagree*. The purpose of this study was to bridge the gap between corporate social responsibility and small business.

A random sample of 500 small-business owners was asked to complete the questionnaire. E-mails were used to obtain the sample, and to contact the respondents and to retrieve their completed questionnaires. Participants were anonymous and remained anonymous. The participants were encouraged to answer the survey questions completely and honestly. Participants were also be ensured that there is no right or wrong answers to the survey questions.

### **Research Questions**

Survey questionnaire was designed to obtain answer to the following research questions:

1. Do most small business owners feel that Corporate Social Responsibility applies specifically to large business?
2. Do most small business owners believe that their business can engage in Corporate Social Responsibility within the sector they operate, and be just as effective as large business?
3. Do most small business owners think that Corporate Social Responsibility requires resources that are not available to them?
4. Are most small business owners willing to engage in meaningful Corporate Social Responsibility activities if they could pull together their limited resources?
5. Do most small business owners believe the best device to pull together resources should be based on industry; or geographical location?

### **Analysis**

Research questions one through five focused on the opinion(s) of small business owners and their beliefs on whether or not their business can be successful as large business in regards to Corporate Social Responsibility.

A summary of the results of the study are presented as follows:

- A majority of the participants in the study were of the opinion that corporate social responsibility was reserved for large businesses. Thirty six percent of the participants strongly agreed with the statement, and 34.9 of the participants agreed with the statement.
- Over half of the participants (73.5 %) believed that corporate social responsibility was a necessary factor in achieving success.
- As to availability of resources, a majority of respondents agreed or strongly agreed that their business did not have the resources to engage in corporate social responsibility. This accounted for nearly two-thirds of the participants in the study.
- As to the extent and sufficiency of governmental support for small businesses to engage in CSR activities slightly more than half of the respondents (55%) believed that they did not think there was any government programs available to assist small business owners with engaging in corporate social responsibility.
- Over three quarter of the respondents stated that they believed their business could engage in corporate social responsibility within the sector it operates.
- The highest levels of agreement for any question in the survey, with 76 (91.6%) of the participants indicating that they would be willing to engage in meaningful corporate social responsibility activities if they could pull together their resources.
- Over 58 % of the respondents disagreed that the best device to pull together resources should be based on geographical location.

## **Conclusion**

There are many terms offered to define CSR. In addition to this phenomena, when speaking of CSR, it is assumed that the term is limited to large firms. Based on the data presented, we find that this is not the case. For example, the data says that 82% of the small business managers polled believe they could engage in corporate social responsibility within the sector they operate. It is important to note that the majority (91%) of small business owners agreed that they would be willing to engage in meaningful corporate social responsibility activities if they could pull together their resources. In closing, small business owners do believe that engaging in CSR is a vital component to the success of their business and one can also conclude that although it is assumed that CSR is reserved for large businesses, small business owners have a positive attitude towards CSR.

Perhaps the most significant insight provided by this study is a confirmation of the belief stated earlier, that it is best for academicians as well as the practitioners in this field to engage specifically with small business managers in order to acquire a firsthand idea of how they really feel about corporate social responsibility. There is of course a great need for many studies similar to the present one, with larger scope and latitude to illuminate the thoughts and attitudes of small business owners and to provide practical and theoretical understanding of this aspect of business for the small business owners.

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