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## Attitude of South African small businesses towards business social responsibility (BSR): an exploratory study

### Abstract

Empirical research on business social responsibility (BSR) in the South African small business context is limited. This creates a number of problems. For example, in South Africa, it is difficult to tell exactly what the attitudes of small businesses are towards BSR. Without such information, policymakers will find it difficult to formulate appropriate support mechanisms to enhance BSR efforts of small businesses bearing in mind that what works for large businesses may not necessarily work for the smaller ones. A structured, attitudinal survey instrument, validated for reliability with  $R = 0.89$ , was used to collect data from owners/managers of 173 small businesses in the small industrial estate of Botshabelo in South Africa to determine their general attitude towards BSR. The results reveal interesting findings. First, on less stringent criteria, a somewhat split opinion is found on the matter; however, on more stringent (pessimistic) decision criteria, the results indicate a general negative attitude towards BSR. Significant differences were found in attitude towards BSR based on personal and organizational demographic variables. This exploratory study is important because it has provided a window through which the typical South African small manufacturing firm's attitude towards BSR can be gauged.

**Keywords:** business social responsibility, SMMEs, BSR attitude, South Africa.

**JEL Classification:** M14.

### Introduction

**Context of the problem.** Botshabelo is believed to be the largest black settlement in the Free State province of South Africa and the second largest in the country after Soweto (Mangaung Local Municipality, 2009). Botshabelo, which is typical of such sprawling black communities in South Africa, remains plagued by problems of high unemployment, crime, and poverty (STATSA, 2001) rates. Like most South African townships, Botshabelo harbors mainly unskilled and semi-skilled inhabitants. Operating in the midst of these socio-economic challenges of Botshabelo are about 173 small, medium, and micro enterprise (SMME) textile factories. These businesses have emerged as the main source of meaningful economic activity for the people of Botshabelo and its surrounding villages because they provide most of the employment for the most of its citizens (Mangaung Local Municipality, 2004). Unfortunately, South African SMMEs have been criticized for not being able to create as many jobs as desired (Visagie, 1998; Dzansi & Pretorius, 2009) with the SMMEs of the small industrial area of Botshabelo being no exception.

This limited job creation (labor absorption) capacity of the Botshabelo SMMEs, and the aforementioned socio-economic situation of the area brings to mind Botha and Visagie (1998), as well as Dzansi and Pretorius (2009). These authors argued that in

economically depressed communities, where SMMEs cannot grow, hence, cannot provide enough employment, there is a need for such businesses to engage in business social responsibility (BSR) in order to make any meaningful socio-economic impact on the communities within which they operate. This means that the SMMEs of the Botshabelo industrial estate could make much more impact on the local community, but only if they embrace and conduct their businesses in a manner that is socially responsible – meaning showing a positive attitude towards BSR.

Meanwhile, BSR – a concept that requires business to voluntarily devote part of its resources to promoting broader societal well-being in addition to value maximization for owners has traditionally focused on corporations and driven primarily by Western agenda (Ma, 2012). However, as noted by Ma (2012), the idea is becoming increasingly relevant and important to SMMEs with uniqueness. In fact, researchers, including Jenkins (2004) and Ma (2012), agree that while there may be some similarities, SMME involvement in BSR is significantly unique compared to corporations in many ways. For instance, whilst as a self-regulating mechanism whereby business monitors and ensures its compliance with the law and ethical standards and norms may be common to businesses of all sizes, unlike big business, BSR in SMMEs depends on the personal judgment and values of owners/managers, who in most cases are the sole decision makers (Jenkins, 2004; Ma, 2012). Thus, focusing on owners/managers attitudes towards BSR presents an interesting research proposition to understanding the SMME/BSR interface.

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In line with Nejati and Amran (2009), Russo and Perrini (2010), Ma (2012), Kruse (2014) and Larson (2014) and so on, in this paper, the label, business social responsibility and the corresponding acronym BSR are preferably used in order to reflect neutrality and relevance to all types and sizes of business as opposed to more popular terminology of corporate social responsibility (CSR) that suggests a big business only connotation.

**Problem statement.** The socio-economic context of Botshabelo typifies the developmental problem facing most of South Africa, and the role and capabilities of SMMEs in this regard. The growing sentiments that South African SMMEs are not making the desired impact on their societies comes in the midst of growing normative assertions that by being socially responsible, SMMEs will be able to enhance their societal impact (Botha and Visagie, 1998; Dzansi and Pretorius, 2009; Ma, 2012). Whilst literature reveals that much effort and resources are being made available to South African SMMEs to encourage them to embrace the concept of BSR, no one knows for sure how seriously these SMMEs really take BSR. As a reality check, this paper poses the research question: what is the general attitude of SMMEs in the Botshabelo industrial estate towards BSR? It is important to gauge the attitude of South African SMMEs towards BSR because it is a truism that attitude determines or predicts behavior?

**Aim and scope.** The paper aims at contributing to a good, if not better, understanding of the attitude of South African SMMEs towards the concept of BSR. Considering this aim, it would have been ideal to geographically cover the whole of South Africa and to sample all types of SMMEs. However, due to practical reasons, the empirical research is limited to manufacturing SMMEs of the small industrial estates of Botshabelo. Although there are many theoretical lenses through which this understanding can be gained, the decision was made to adopt the stakeholder theory – a stance considered appropriate for SMMEs (Dzansi, 2011).

**Objective.** Based on the above broad aim, the specific objective of the paper is to determine the attitude of the manufacturing SMMEs of the Botshabelo industrial estate towards BSR.

**Contribution/importance of the paper.** This exploratory study is important because it provides a window through which the South African SMME's attitude towards BSR can be gauged.

**Structure of the paper.** The paper begins with exploration of the relevant literature. Thereafter, the methodology followed is described and discussed.

Following this, the results are presented and discussed in the context of theory and relevant extensive research. Finally, conclusions are drawn and implications for practice and research are provided. It is important to highlight at this juncture that the literature review is restricted to issues relevant to attainment of the research objective by focusing on operationalizing BSR for measurement, determinants of BSR attitudes of SMMEs, typical BSR activity areas of SMMEs, challenges facing SMMEs in BSR implementation as well as the theoretical and conceptual frameworks guiding the paper.

## 1. Literature review

It is customary to begin literature reviews with definitions. Besides, wide citation of Carroll's (1979) definition: "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" indicates consensus on the broad meaning of BSR. However, a unified and precise understanding and definition of BSR remains quite elusive (Fontaine, 2013). In the midst of this definitional 'confusion', and in line with norm, it is considered important to first define BSR to give direction for the remainder of the paper.

**1.1. Defining BSR.** To begin with, the United Nations Industrial Development Organization (UNIDO) regards BSR as a company's commitment to stakeholders' demands in the scope of its business operations, beyond what is required by law and industry norms (UNIDO, 2008). For Parker et al. (2010), BSR means a firm's voluntary integration of social and environmental expectations and concerns of stakeholders into its operations and interactions with stakeholders. According to Dzansi (2011, p. 5711), BSR demonstrates "a company's commitment to operating in an economically sustainable manner while recognizing the interest of its stakeholders (stockholders, customers, employees, business partners, local communities, and the environment and society at large) over and above those provided by law". Finally, Shama and Kiran (2013, p. 18) state that BSR is "a concept whereby companies integrate social, environmental and health concerns in their business strategy (policy) and operations and in their interactions with stakeholders on a voluntary basis". Even though these definitions to a large extent contrast, there seems to be a common understanding amongst them that to be socially responsible, a business must operate in an economically sound and environmentally sensitive manner, abide by the law, consider the interests of key stakeholders in its operations, and reach out to the community and society at large without being compelled to do so. Thus, simply put, being a socially

responsible business means going beyond legal compliance and investing in employees, the local community, and the environment. Therefore, for the purpose of this paper, BSR is defined as a company's balancing commitment to its economic obligations (owner value); stakeholders (customers, employees, local community); and the environment that goes beyond legal compliance.

**1.2. To engage or not engage in BSR – overview of the debate and evidence.** In discussing SMMEs attitude towards BSR, it is very important to briefly acknowledge the ongoing and never ending debate about BSR. Firstly, the 'economic sensibility of BSR was led by Friedman (1970). According to Carroll and Shabana (2010), detractors use a number arguments to make their case but three are discussed here. A very prominent one by Friedman (1970) holds that BSR does not make much sense as it depletes shareholder wealth. From this perspective, it is argued that BSR is more altruistic and not because of any direct economic gains, hence, conflicts owner value maximization objective of business. A main case against BSR is, therefore, simply that it erodes profit. The question that needs to be asked and answered is whether the acknowledged limited financial resources of small businesses lend to engaging in BSR. Friedman (1970) and his followers, therefore, propose that caring for societal well-being should be left to governments alone. Another line of argument against BSR identified by Carroll and Shabana (2010) and which bears semblance to that of Friedman (1970) holds that BSR is a deviation from the primary purpose of business which is profit maximization for owners (Hayek, 1969; Carroll & Shabana, 2010). Other detractors led by Davis (1973) argue that business managers do not have the social skills to be able to handle BSR issues (Carroll & Shabana, 2010). Again, one might be right in asking, will owner managers of small businesses have the necessary skills to make the right judgments concerning BSR?

However, on the other hand, Kruse (2014) and the likeminded argue that BSR engagement goes beyond the altruistic purpose since it can raise the profile of a business, reinforce employee morale, as well as foster teamwork and collaboration that enhances the job performance of employees. Richard Branson, the billionaire businessman, attests to having used BSR to grow his small business the *Virgin Records* (Branson, 2013). According to New York Life (2013), small businesses are duty bound to give back and get involved in their communities because such acts help to build loyalty, increase visibility and eventually positively impact on bottom. This means that BSR engagement can be beneficial to small businesses. It is, therefore, important for small businesses to have the right attitude towards BSR.

**1.3. Drivers/determinants of SMME BSR attitude.** Spence's (2007) ideas on SMMEs' social responsibility choice provide an interesting point of departure in understanding why SMMEs decide to adopt or engage in BSR. According to Spence (2007), SMMEs social responsibility engagement depends on: (i) the owner's/manager's personal motivation; (ii) the owner's/manager's decision, regarding what constitutes a primarily BSR need; (iii) the embeddedness of the business in a local community, which affects the firm's socially responsible behavior; (iv) the importance of the SMME's informal relationships for the success of the firm; (v) the central role assumed by human resources in SMMEs that generate a high commitment of the business towards its employees and their families; and (vi) the industries in which SMMEs operate, which directly affect their approach to how BSR activities are handled. Various authors are in agreement with the above reasons. For example, SMMEs may conform to the above norms in choosing their BSR activities, based on the characteristics or values of SMME founders or owners/managers (Murillo and Lozano, 2006). Jenkins (2009) agreed that BSR choices or approaches vary depending on individual personalities and differing ownership structures. Jenkins (2009) further asserted that because personal values influence decisions made on how to use company resources, the same affects decisions on which BSR schemes to pursue and how BSR should be approached.

**1.4. BSR focus, implementation challenges and benefits for SMMEs.** After a thorough literature review, Dzansi (2011) came to the conclusion that research evidence suggests that BSR in SMMEs is commonly practiced in the workplace (employees), marketplace (customers), the local community where most of the employees and customers come from. Another extensive literature review by Okyere (2013) led to the addition of *concern for the local environment* to this list. Therefore, customer care, employee care, community care, and environmental care are the proposed dimensions used in measuring SMMEs BSR activities.

The challenges to BSR implementation for SMMEs include: access to finance (Abor and Quartey, 2010); lack of managerial skills (Lighthelm and Cant, 2002); crime and corruption (Olawale and Garwe, 2010); equipment and technology (Abor and Quartey, 2010) among others, which are limiting factors for SMMEs to get involved in BSR activities.

Despite these challenges, studies by Dzansi (2011), Malkumari (2012), Andy and Mustapha (2013), and Inyang (2013) reveal that BSR can positively influence

SMMEs' competitiveness in numerous ways, such as via improved products, high customer loyalty, motivated employees, innovative and creative employees, cost savings, increased profitability due to optimum resource utilization, enhanced networking with business partners, and improved company image.

So, there is motivation for South African SMMEs, including those in the small industrial estate of Botshabelo, to engage in BSR. However, as stated in the introduction section, no one knows for sure how seriously these SMMEs take BSR. To ascertain this fact, BSR was operationally defined above as a company's balancing commitment to its economic obligations (owner value); stakeholders (customers, employees, local community); and the environment that goes beyond legal compliance.

**1.5. Theoretical framework.** The operational definition of BSR suggests that investors, customers, employees and the environment are the key areas to which small businesses owe obligations. This demarcation is consistent with the idea that BSR implies a three-legged approach to conducting business, based on social, economic and environmental concerns in order to achieve sustainability for shareholders, the environment and society at large. This approach to business management can be explained from at least three standpoints.

The first is premised on the idea that in their pursuit of shareholder value maximization through their daily operations, businesses unintentionally impose undesirable consequences in the form of negative externalities in the geographical areas of their operations; hence, society must compensate for this (Kapp, 1978). A perfect example exists in South Africa where it has become common knowledge that in the Kuruman area of the Northern Cape Province, many years after the closure of asbestos mining operations, inhabitants are today being diagnosed with and treated for asbestosis.

A second standpoint is based on the charity, or philanthropic, and stewardship principles. The charity, or philanthropic, principle originates from the idea that richer members of society should be charitable to the less privileged (Parmar et al., 2010). In other words, business spending on societal and environmental causes beyond what the law prescribes can be viewed as a philanthropic gesture. The stewardship principle prescribes that managers have been positioned in public trust, and their control of resources can affect others (Frederick et al., 1992). Consequently, Frederick et al. (1992) stated that managers need to act with a degree of social and environmental responsibility in making business decisions.

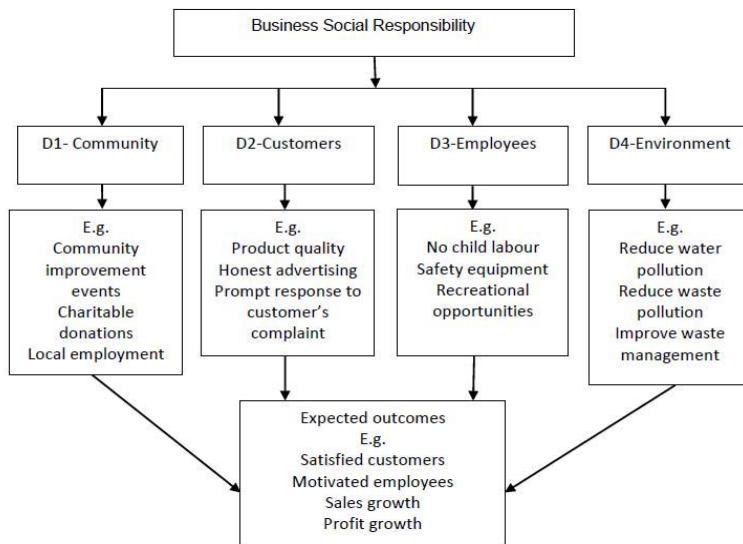
According to the third standpoint, which is the stakeholder theory, business managers need to interact skillfully with all groups that have a "stake" in what business does. If they do not do so, then businesses will not be fully accepted by the public. According to Dzansi (2011), the key stakeholders of small businesses are employees, customers, communities, and the owners (shareholders) and Okyere (2013) adds the local environment to this list. Numerous researchers, including Davis (1967), Carroll (1999), Brown et al. (2001), Crane et al. (2008), Crowther (2008), and Munasinghe and Malkumari (2012), have stated the significance of business-society relations and agreed that BSR promotes harmonious relationships between businesses and their stakeholders. For example, according to Crowther (2008), any action by a business will affect not only that business alone but also the external environment within which the business operates. Therefore, the interdependence between business and society cannot be understated.

So, at least from the stewardship principle, the philanthropic principle, as well as from stakeholder theory perspectives, there is recognition that business and society are intertwined and interdependent. Thus, it makes perfect sense for the operational SMMEs of the small industrial estate of Botshabelo to spend some of their financial resources on socially responsible activities within their impoverished Botshabelo and surrounding communities.

Of the three theoretical standpoints, this study is foregrounded specifically in stakeholder theory. Stakeholder theory is, therefore, used to explain the conceptual framework of the study (see Figure 1).

**1.6. Conceptual framework guiding the empirical study.** Stakeholder theory, as explained by Dzansi and Pretorius (2009) and Dzansi (2011), shows that BSR in SMMEs is characterized by activities that focus on economic and social factors and that a business must fulfill its economic obligations to shareholders and accommodate the interests of its other key stakeholders (customers, employees, and the local community) simultaneously. Okyere (2013) added the environment as another dimension leading to the framework shown in Figure 1.

According to Figure 1, the local community, customers, employees and the environment constitute the most important stakeholders of an SMME. Therefore, an SMME should identify BSR activities relevant to these communities and pursue them vigorously. Based on this framework, a five-point Likert scale was developed and used to measure the attitude of owners/managers towards various BSR propositions or focuses.



Source: Okyere, 2013.

**Fig. 1. A BSR framework for SMMEs**

## 2. Research methodology

### 2.1. Philosophical approach and research design.

This study is exploratory because it investigates owners'/managers' attitudes towards BSR among clothing manufacturing SMMEs in the South African context – a distinguishable group of SMMEs that has attracted very little research attention previously. Consistent with the underlying positivist paradigm, the design is mainly quantitative in nature. The literature review identified scant related previous studies in the South African context, including Wilkinson (1993), Lighelm and Cant (2002), Dzansi (2004, 2009, 2011, 2013), Olawale and Garwe (2010) and Fatoki and Chiliya (2012). Even then, none of these studies investigated the attitudinal aspect of the phenomenon in the small manufacturing and industrial estate context. So, the research is exploratory and as with exploratory researches, the results are designed to be mainly descriptive to lay the foundation for confirmatory studies that can be more inferential.

### 2.2. Population, sampling, data collection and analysis.

To recap, it was mentioned in the introduction section that the scope of the empirical enquiry was limited to SMMEs of the small industrial estate of Botshabelo in the Free State province of South Africa. It was further stated that there are about 173 SMMEs in the Botshabelo industrial estate. This number is considered reasonable to deal with, implying that a census was conducted, as opposed to sampling only a few elements.

In conformance with the quantitative design, the measurement instrument is a structured questionnaire, which was completed by the respondents themselves. According to Davis (2008), the determination of what

is to be measured should flow from the research problem and objectives of the study. In Section 1.5 above, a conceptual framework is proposed. This framework was used to construct the questionnaire with the research problem, aim, question and objective in mind.

The data collected were analyzed using the latest version of the *statistical package for the social sciences* (SPSS). Two types of data are produced from data analysis, namely, descriptive and inferential data (Zikmund & Babin, 2010). Being exploratory, a mostly descriptive analysis was conducted where percentage analysis was used to summarize and describe the results, which are presented in Table 1. It is necessary to use the non-parametric (percentage) analysis because the rating scale (Likert scale) produces data often considered to be at best ordinal, hence, better suited to non-parametric analysis, in accordance with conventional rules of statistics.

### 2.3. Decision criteria.

Research shows that in decision making, people only think in dichotomies or in bipolar terms; for example, good versus evil, liberal versus conservative, masculine versus feminine, and so on (DuBois and Burns, 1975; Kulas et al., 2008; Thompson et al., 2014). In line with this opinion, we decided to reduce the original five-point Likert scale to a bipolar format for the purpose of decision making. On a five-point scale of strongly agree, agree, neutral, disagree and strongly disagree, SMME owners/managers were quizzed on their attitude towards BSR. The five points were first converted to a three-point scale of agree, neutral and disagree. The upper part of Table 1 depicts the results of this initial computation. Thereafter, the scale was further reduced to a bipolar format. This is reflected in the lower section of Table 1, where the neutral

response is combined with “agree” to indicate negative attitude towards BSR, while the “disagree” responses indicate a positive attitude. The reasoning behind combining the neutral responses with the negative attitude, as opposed to the positive attitude, is somewhat “rule of thumb” in nature. Our stance is that a person who has a positive disposition to an issue does not hesitate to say so. Therefore, any deviation from outright support for BSR means non-support.

### 3. Results and discussion

**3.1. Validation of the questionnaire.** The self-constructed, structured attitudinal survey instrument was validated for reliability using Cronbach's alpha, which resulted in a value of 0.89. While Cronbach's alpha coefficients range between zero (0) and one (1), with the higher value indicating higher reliability, Zikmund and Babin (2010) and other methodology writers submit that a score of 0.7 is an acceptable reliability coefficient. With  $R = 0.89$ , the questionnaire can, therefore, be regarded as reliable.

**3.2. Demographic characteristics.** *3.2.1. Owner/manager demographic characteristics.* Perhaps the most important finding has to do with the gender composition of respondents. With 35.3% (61) of the respondents being female and 64.7% (112) male (see Table 1), gender distribution is skewed in favor of males. This finding must be disturbing and disappointing for policymakers in South Africa who have been striving for gender parity in economic participation in the country.

Alongside gender, youth entrepreneurship also rank very high on government socio-economic inclusivity agenda. The age distribution of respondents is quite interesting. Table 1 shows that majority (approximately 60%) of the owners/managers are youthful (between the ages of 18-45 years). Unlike gender, this finding will please policymakers due to its national priority.

A third demographic result of much interest in South Africa is race participation in the economy. The data on race distribution show that with Blacks, Coloureds, Indians, Whites and other race categories making 23.7% (41), 17.9% (31), 12.7% (22), 11.6% (20) and 34.1% of respondents, respectively, all races seem to be well represented.

Contrary to the widely reported complaints that foreigners are dominating most of the small business sector, which sometimes led to fatal violence in many parts of the country, including the recent xenophobic attacks on foreign small businesses, the data on nationality show otherwise.

Table 1. Owner/manager demographic characteristics

Variable	Variable categories	Frequency	Percentage
Type of respondent	Owner	3	1.7
	Manager	69	39.8
	Owner/manager	36	20.8
	Employee	65	37.6
Gender	Female	61	35.3
	Male	112	64.7
Race	Black	41	23.7
	Coloured	31	17.9
	Indian	22	12.7
	White	20	11.6
	Other	59	34.1
Age	18-35	45	26
	36-45	56	32.4
	46-55	44	25.4
	56-65	28	16.2
Highest level of education	Grade 5-9	14	8.1
	Grade 10-12	82	47.4
	Post-school	77	44.5
Religious denomination	Christian	144	83.2
	Muslim	25	14.5
	Other	4	2.3
Nationality	SA citizen	118	68.2
	SA perm res	16	9.2
	Non-SA	39	22.5

Table 1 shows that majority (78.5% – 134) of the respondents were either South African citizens or permanent residents and only a relatively few (22.5% – 39) were Non-South Africans. It is, however, important to point out that compared to other types of small businesses that require little set up capital, small manufacturing businesses found in the Botshabelo require substantial capital, which may have deterred foreigners. Whatever the case, it is very pleasing that South African nationals dominate this important sector of the economy.

A fourth important personal demographic characteristic is the level of education of owners/managers. Table 1 indicates that an overwhelming majority of the respondents (92% – 159) had matric or higher level of education. In addition, the data in Table 1 show that a high percentage (44.5%) of the owners/managers have post matric level education. Since education provides competencies, this finding is a positive sign for the future of small business management.

#### 3.2.1. Business characteristics.

Table 2. Profile of businesses

Variable	Variable categories	Frequency	Percentage
Type of business	Clothing manufacturing	57	32.9
	Clothing retail	41	23.7
	Metal	17	9.8

Table 2 (cont.). Profile of businesses

Variable	Variable categories	Frequency	Percentage
Type of business	Plastic	34	19.7
	Other	24	13.9
Form of business	Sole proprietor	8	4.6
	Close corporation (CC)	42	24.3
	Pty Ltd	118	68.2
	Partnership	5	2.9
Number of employees	1-10	28	16.2
	11-20	11	6.4
	21-50	61	35.3
	51-200	73	42.2
Gross turnover per annum	Up to R500th	20	11.6
	More than R500th but less than R2mil	102	59.0
	More than R2mil but less than R4mil	32	18.5
	More than R4mil	19	11.0
Return on investment for previous year	Loss making	12	6.9
	Break even	43	24.9
	Up to 2%	69	39.9
	3-5%	24	13.9
	More than 5%	25	14.5
% pre-tax profit spent on BSR per year	1%	133	76.9
	2%	36	20.8
	More than 2%	4	2.3
Age of business	4-6 years	42	24.3
	8-10 years	92	53.2
	11-15 years	30	17.3
	More than 15 years	9	5.2

Of the company demographics, as shown in Table 2, the most significant findings appear to be that: (i) majority of the businesses are either small or medium, according to the South African classification of small micro and medium enterprises (SMMEs); (ii) most (about 70%) are making profit with only a small proportion (about 7%) actually making loss; (iii) most of the businesses (about 77%) spend only a small fraction (about 1%) on BSR; and (iv) the businesses have been in operation for a reasonably long period of time ranging from four

years and above. These demographics were later used to analyze BSR performance.

**3.3. Attitude towards BSR.** The results show a split attitude towards BSR when the less stringent approach is used based on agree, neutral and disagree. This can be seen from the upper section of Table 3, where *only 34.4% (60 out of 173) of the respondents show a positive attitude* towards BSR by disagreeing with the statements that connote negative attitude towards community, consumer, employee and environmental issues. Identically, *34% (59 out of 173) of the respondents show a negative attitude* towards BSR by agreeing with the statements that connote negative attitude towards community, consumer, employee and environmental issues. Finally, the upper part of Table 3 indicates that *31.6% (54) show ambivalence*. Therefore, based on the less stringent decision criteria, on the whole it can be concluded that on the basis of our four dimensional framework (see Figure 1), whilst some of the SMME owners/managers of the Botshabelo industrial estate show a positive attitude towards BSR, a good proportion (34% and 31.6%) show negative and ambivalent attitudes, respectively. This situation is not good, and it becomes even gloomier when the more stringent criteria are used. According to the lower part of Table 3, the vast majority (*65.6% of the respondents show a negative attitude towards BSR*). A closer look at Table 3 indicates that respondents show an identical (69.9%, 67.6%, 61.6%, and 63.3%) negative attitude towards consumer, employee, environmental, and community issues, respectively. The study contradicts Fatoki and Chiliya (2012), who found a positive attitude towards BSR among a group of small businesses in East London in the Eastern Cape Province of South Africa. The current finding also undermines the European Commission's (2005) BSR framework that exhorts national governments to let their SMMEs focus on employees, society, market and environment in their BSR pursuits.

Table 3. Attitude towards BSR

Attitude statement	Upper section – less stringent						
	Agree		Neutral		Disagree		
	Negative attitude	Ambivalent attitude	Positive attitude	f	%	f	%
Customer less important than profit	91	52.6	30	17.3	52	30.1	
Employee less important than profit	86	49.7	31	17.9	56	32.4	
Environment less important than profit	24	13.9	82	47.7	67	38.7	
Community less important than profit	34	19.7	76	43.9	63	36.4	
Average	59	34	54	31.6	60	34.4	
Lower section – more stringent							
Attitude statement	Agree + neutral			Disagree			
	Negative attitude	Ambivalent attitude	Positive attitude	f	%	f	%
Customer less important than profit	121	69.9	52	30.1			

Table 3 (cont.). Attitude towards BSR

Attitude statement	Lower section – more stringent			
	Agree + neutral Negative attitude		Disagree Positive attitude	
	f	%	f	%
Employee less important than profit	117	67.6	56	32.4
Environment less important profit	106	61.6	67	38.7
Community less important than profit	110	63.6	63	36.4
Average	113	65.6	60	34.4

In the next set of tables, the four BSR attitude items were explored to illustrate the nature of variances. But before doing so, the items were first dichotomized (agree/strongly agree versus neutral/disagree/strongly disagree). Next, the scores were also recoded to range from 0 to 4, and not from 1 to 5 as originally measured. In other words, all 0's were changed to 1's, all 1's to 2's, all 2's to 3's, etc. The logic behind the recoding was to eventually have a total score that starts in zero when summing the scores of the four items. Thus, after recoding and summation, the scores for the BSR attitude could range, in theory, from 0 to 16 as BSR attitude was measured by four items and the new minimum and maximum scores for any individual item were 0 and 4 respectively. Moreover, because of reverse scoring, a high score indicates an opinion that the interest of the consumer/employee/environment/community is more valued than profitability (owner interest). Thereafter, mean scores were computed and compared for the different categories of the personal demographic and organizational variables. Where a variable comprises only two categories (e.g., gender – female/male) an independent t-test was performed. Where a variable consists of at least three categories (e.g. form of business – sole proprietor; cc; pty ltd; partnership) the appropriate test was a one-way ANOVA or F-test. These are presented in the next set

of tables. In cases where the one-way ANOVA resulted in a statistically significant difference in mean scores for the categories of a demographic or organizational variable, a post-hoc Bonferroni test (see Tables 5 and 7) was performed to determine which category differs significantly from which other category of the same variable.

First, the result in Table 4 shows that only organizational type and return on investment are not statistically significantly related to attitude towards BSR. The remaining factors all show significant differences and this was explored further through a post-hoc Bonferroni test (see Table 5) to determine which category differs significantly from which other category of the same variable. The self-explanatory results are shown in Table 5.

Second, the result in Table 6 shows that race, religion and nationality are not statistically significantly related to attitude towards BSR. The remaining factors all show significant differences and this was explored further through a post-hoc Bonferroni test (see Table 7) to determine which category differs significantly from which other category of the same variable. The self-explanatory results are shown in Table 5.

Table 4. Mean BSR attitude scores versus organizational characteristics

Organizational variable	Variable categories	Descriptive statistics			Sig test
		Mean score	S. deviation	Frequency	
Type of business	Clothing manuf.	7.75	2.60	57	F = 2.130
	Clothing retail	7.46	3.83	41	
	Metal	9.12	2.42	17	
	Plastic	8.32	3.29	34	
	Other	9.46	3.51	24	
Form of business	Sole proprietor	6.00	1.51	8	F = 6.924*
	CC	9.31	3.08	42	
	Pty Ltd	7.74	3.16	118	
	Partnership	12.20	2.05	5	
Number of employees	1-10	8.21	3.91	28	F = 2.983*
	11-20	9.73	2.90	11	
	21-50	7.30	3.10	61	
	51-200	8.64	2.94	73	
Gross turnover per annum	Up to R500th	8.80	3.44	20	F = 7.913*
	> R500000to R2mil	7.25	3.04	102	
	> R2milh to R4mil	9.78	2.89	32	
	> R4mil	9.68	2.85	19	

Table 4 (cont.). Mean BSR attitude scores versus organizational characteristics

Organizational variable	Variable categories	Descriptive statistics			Sig test
		Mean score	S. deviation	Frequency	
Return on investment for previous year	Loss making	8.92	3.23	12	$F = 1.916$
	Break even	7.53	3.10	43	
	Up to 2%	8.00	3.49	69	
	3-5%	9.63	3.17	24	
	More than 5%	7.96	2.35	25	
% pre-tax profit spent on social responsibility activities in a year	1%	7.66	3.24	133	$F = 7.643^*$
	2%	9.83	2.61	36	
	More than 2%	10.00	2.31	4	
Age of business	4-6 years	7.57	3.36	42	$F = 2.757^*$
	8-10 years	8.00	3.22	92	
	11-15 years	9.63	2.98	30	
	More than 15 years	7.78	2.28	9	

Note: \* = statistically significant result ( $p < 0.05$ ); significance determined by one-way ANOVAs.

Table 5. Post-hoc Bonferroni test for differences in BSR attitude by organizational variables

Organizational variable	Nature of significant difference
Form of business	CC > Sole proprietor
	CC > Pty Ltd
	Partnership > Sole proprietor
	Partnership > Pty Ltd
Number of employees	11-20 > 21-50
Gross turnover per annual	More than R2mil but less than R4mil > More than R500th but less than R2mil
	More than R4mil > More than R500th but less than R2mil
% pre-tax profit spent on social responsibility activities in year	2% > 1%
Age of business	11-15 years > 4-6 years

Note: Post-hoc Bonferroni test only performed where the one-way ANOVA revealed a statistically significant difference.

Table 6. BSR attitude versus owner/manager characteristic

Demographic variable	Variable categories	Descriptive statistics			Statistically significant difference
		Mean score out of 16	Standard deviation	Number of respondents	
Type of respondent	Owner	9.67	2.89	3	$F = 12.674^*$
	Manager	9.12	3.09	69	
	Owner/manager	9.42	3.25	36	
	Employee	6.40	2.57	65	
Gender	Female	6.93	3.26	61	$t = 3.682^*$
	Male	8.84	3.01	112	
Race	Black	7.15	3.34	41	$F = 1.721$
	Coloured	8.32	3.39	31	
	Indian	8.64	2.89	22	
	White	9.20	3.09	20	
	Other	8.27	3.13	59	
Age	18-35	5.98	2.34	45	$F = 11.308^*$
	36-45	8.75	3.18	56	
	46-55	8.91	3.41	44	
	56-65	9.36	2.66	28	
Highest level of education	Grade 5-9	4.71	2.56	14	$F = 26.289^*$
	Grade 10-12	7.28	2.71	82	
	Post-school	9.74	3.01	77	
Religious denomination	Christian	8.01	3.24	144	$F = 1.082$
	Muslim	9.04	3.01	25	
	Other	8.25	4.03	4	

Table 6 (cont.). BSR attitude versus owner/manager characteristic

Demographic variable	Variable categories	Descriptive statistics			Statistically significant difference
		Mean score out of 16	Standard deviation	Number of respondents	
Nationality	SA citizen	7.98	3.30	118	$F = 0.816$
	SA perm res	8.13	3.18	16	
	Non-SA	8.74	3.02	39	

Note: \* = statistically significant result ( $p < 0.05$ ); ns = not significant. Significance determined by independent  $t$ -test and one-way ANOVAs.

Table 7. Post-hoc Bonferroni test for differences in BSR attitude by personal variables

Demographic variable	Nature of significant difference
Type of respondent	Manager > Employee
	Owner/manager > Employee
Age	36-45 > 18-35
	46-55 > 18-35
	56-65 > 18-35
Highest level of education	Grade 10-12 > Grade 5-9
	Post-school > Grade 5-9
	Post-school > Grade 10-12

Note: post-hoc Bonferroni test only performed where the one-way ANOVA revealed a statistically significant difference.

### Conclusions and implications (suggestions)

**Conclusion.** The purpose of this study was to investigate the attitude of South African small businesses towards business social responsibility – conveniently referred to in this paper as BSR. A structured, attitudinal survey instrument, validated for reliability with  $R = 0.89$ , was used to collect data from owners/managers of 173 small businesses in the small industrial estate of Botshabelo in South Africa to determine their general attitude towards BSR. The results revealed interesting findings. First, on less stringent criteria, a somewhat split opinion is found on the matter; however, on more stringent (pessimistic) decision criteria, the results indicate a general negative attitude towards BSR. Significant differences were found in attitude towards BSR based on personal and organizational demographic variables. Based on the current research, it is concluded that South African small businesses show negative attitude towards BSR.

**Practical implications.** Although this empirical study has revealed that some of the SMME owners/managers in the Botshabelo industrial estate display a positive attitude towards BSR, the proportion (34%) is too low for comfort. Considering that the relationship between business and civil society has evolved from paternalistic philanthropy to a re-examination of the roles, rights, and responsibilities of business in society – and that BSR is now being seriously discussed and debated in the

public spheres across the world – policymakers cannot afford to let small businesses, such as the ones in the Botshabelo industrial estates, to lag behind in valuing BSR. In fact, in South Africa today, there are hardly any public contracts awarded without BSR being a qualifying criteria. It is possible that the SMMEs of the Botshabelo industrial estate do not bid for government tenders. However, regardless of whether they need BSR compliance to survive or not, there is an urgent need for SMME owners/managers to improve their attitude towards BSR in its entirety. Considering that these firms are all manufacturing businesses with the high potential to degrade the environment through actions, such as waste disposal, which may comply with legislation today but which can cause future harm, there is the need for a targeted campaign to bring these owners/managers on board to appreciate the value of BSR.

The research showed significant differences and the nature of such differences in attitude towards BSR based on both organizational and owner/manager factors. These findings can be used in designing intervention mechanisms that are appropriate for boosting small business attitude towards BSR.

More specifically, the research showed that education level plays significant role in attitude towards BSR. This implies that the education levels of the owner managers as well as employees be improved and such interventions should include elements of business ethics and BSR as key components.

**Research implications.** Because the research showed significant differences in attitude towards BSR based on both organizational and owner/manager factors. The research also identified the organizational and personal factors that influence attitude towards BSR and the nature of the differences thereof. It is recommended that future research identifies: (i) why the different organizational forms show different attitude towards BSR – this will help identify appropriate interventions to boost attitude towards BSR and; (ii) the reasons for differences in BSR attitude towards BSR based on personal factors.

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