

Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.

Capitalism with a Conscience: SMEs and Community Engagement

A thesis presented in partial fulfilment of the requirements for the degree of

Masters of Management
in Management

at Massey University, Wellington, New Zealand.

Angela Patricia Yates

2007

ACKNOWLEDGEMENTS

This thesis is the end of a journey to obtaining my Masters in Management. I have not been working in a vacuum. There are some people who made this process easier with support, encouragement and friendship.

My thanks goes to Professor Claire Massey, for providing me with patient direction along the way; Kate Lewis for giving valuable advice in the early stages; and Dr Alan Coetzer for his careful reading of my manuscript and perceptive comments to shape the final drafts. Thank you to all the participants who shared their stories with me – it was at the point of meeting you all that I got seriously excited about my research.

I would especially like to thank all my friends. To begin, my gratitude goes to Rebecca Galloway, for her precious friendship, magical editing skills and for encouraging me to return to University. Thank you also to the talented Sarah Miller who patiently edited some of my jumbled up ideas. Becca, Tyron, Amy, Hanne, Kirsty, Ana, Fiona, Sean, Marcus and Mary - thank you. These individuals all helped me keep my life in context.

Financial support was provided by the Massey Maori Masters Scholarship of which I am very grateful. Thank you to the New Zealand Centre for SME research for experience, employment and resources throughout my Post Graduate studies.

Lastly, and most importantly, my deepest gratitude goes to Milton and Lynette Yates, for their unflagging love and support throughout my life. To them I dedicate this thesis.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	ii
TABLE OF CONTENTS	iii
ABSTRACT	v
CHAPTER ONE: INTRODUCTION	1
1.1 General background	1
1.2 Relevance of BSR to SMEs.....	3
1.3 Definitions.....	5
1.3.1 Defining SMEs.....	5
1.3.2 Defining BSR.....	6
1.3.3 Defining community	7
1.4 Research aim, questions and the research approach.....	8
1.5 Organisation of the thesis.....	9
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 BSR developments	10
2.1.1 Terminology and definitions.....	10
2.1.2 The pyramid of CSR and the stakeholder theory.....	14
2.2 The key debates	16
2.2.1 “The business of business is business”	16
2.2.2 A broader perspective	17
2.3 New Zealand research into BSR.....	19
2.4 SMEs and BSR.....	20
2.4.1 The complexities in the literature	21
2.4.2 New developments.....	22
2.4.3 Focusing specifically on ‘community’.....	25
2.4.4 New Zealand research on SMEs and BSR.....	28
2.5 Summary.....	28
CHAPTER THREE: RESEARCH DESIGN	30
3.1 Researching BSR in SMEs: Previous approaches	30
3.1.1 Research aim and questions.....	30
3.2 Elements in research design.....	31
3.2.1 Constructivist knowledge claims	31
3.2.2 Qualitative methodology.....	32
3.2.3 Choice of method.....	34
3.3 Data collection	35
3.3.1 Locating the participants.....	35
3.3.2 Interview procedures.....	37
3.4 Analysis of the interview data.....	39
3.5 Ethical issues.....	41
3.6 Summary.....	42

CHAPTER FOUR: PERCEPTIONS OF COMMUNITY ENGAGEMENT	43
4.1 Participants.....	43
4.2 Views on the relationship between business and the community	43
4.2.1 The complexity of the terms and concepts	43
4.2.2 More than making profit	45
4.3 Types and organisation of community engagement initiatives.....	50
4.3.1 Forms of community engagement	51
4.3.2 Organising and managing community engagement.....	52
4.4 Perceived motivations and benefits of community engagement	58
4.4.1 The ‘normative’ case.....	58
4.4.2 The business case	61
4.5 Summary.....	65
CHAPTER FIVE: DISCUSSION, CONCLUSIONS & IMPLICATIONS.....	67
5.1 Views on the relationship between business and community	67
5.1.1 The elusive BSR discourse.....	67
5.1.2 More than making profit	69
5.1.3 The social contract	70
5.1.4 The role of women	71
5.2 Community involvement	71
5.2.1 A plurality of stakeholders.....	72
5.2.2 Stakeholder engagement – SME style	73
5.3 Reasons for their community engagement	75
5.3.1 Role of the family, morals and religion	75
5.3.2 The business case: An enlightened self-interest?.....	77
5.4 Conclusions	81
5.4.1 Conclusions about research questions	81
5.4.2 Contributions.....	82
5.5 Implications	83
5.5.1 Implications for policy and practice	83
5.5.2 Study limitations: Implications for future research	84
5.5.3 Implications of findings for future research.....	84
5.6 Thesis summary	85
APPENDICES	86
APPENDIX A:.....	87
APPENDIX B:.....	88
APPENDIX C:.....	91
REFERENCES.....	94

ABSTRACT

It is commonly acknowledged that business organisations are expected to demonstrate ethical and moral conduct, yet throughout the last half century the bar has been raised. Not only are organisations expected to behave ethically; they are being summoned to exercise Business Social Responsibility (BSR). While there is a growing amount of literature on BSR, research in this field has largely confined itself to corporations. As such, especially in the New Zealand space, it has neglected prolific Small and Medium-sized Enterprises (SMEs). The aim of this study was *to explore SME owner-managers' perceptions of community engagement*. To accomplish this aim an exploratory, qualitative study involving semi-structured interviews with 10 SME owner-managers was conducted. SME owner-managers interviewed perceive business as having a highly integrated function in society. The owner-managers engage with their communities in significantly diverse ways, covering an extensive range of stakeholders. Primarily influenced by values pertaining to religion, family, and moral orientation, many owner-managers overlook economic gain, yet consider peripheral benefits to accrue nonetheless.

CHAPTER ONE: INTRODUCTION

This is a study of the perceptions of business social responsibility (BSR) amongst ten small and medium-size enterprise (SME) owner-managers in Wellington, New Zealand. The study focuses on ‘community engagement’ – an aspect of BSR. This chapter starts by outlining the broad field of study and then leads to the significance of adopting an SME perspective within this field. Definitions of the key terms used in this study are then discussed, followed by an outline of the overall thesis structure. Thereafter, aspects of the research design are introduced including the overall research aim, research questions and research approach.

1.1 General background

Traditionally the main purpose of business has been to achieve profitability by providing consumers with goods and services. For instance, eighteenth-century philosopher Adam Smith observed in *The Wealth of Nations* (Smith, 1771/1981) that economic self-interest is typically a more reliable path to societal wellbeing than considering the wider interest of the public. Even up till the 1960s discussions around issues of fair wages, unjust labour practices and the morality of capitalism were left to theologians – ‘business social responsibility’ (BSR) was not a major concern of businesspeople (Lantos, 2001). There were exceptions to this rule such as the traditional western business practice of ‘corporate philanthropy’, where a business donates a proportion of profits to ‘good causes.’

Where this practice was once considered sufficient, it is now deemed inadequate (Grayson & Hodges, 2001). Over the past several decades there has been a revolution in the way that the relationship between business and society is understood. Over this time, various cultural and political trends have created new pressures for business accountability (Besser, 2002). In New Zealand, as elsewhere in the world (Kelsey, 1999), the forces of privatisation, technology transformation, economic liberalisation and economic globalisation have resulted in a power shift from what was traditionally an area of governmental concern to the realm of the private sector (Sethi, 1996). Activities such as art promotion, education, recreation, youth welfare, assistance to the poor, community betterment have now been ‘outsourced’ from government to the

private sector (Curran, Rutherford, & Smith, 2000), in a climate where firms are increasingly regarded by society as a source of solutions for social problems (Grayson & Hodges, 2001). Creating further pressure on business has been the fallout of the unethical business practices that have led to such corporate disasters as the Exxon Valdez oil spill and the collapse of Enron and WorldCom. Such events have led to global advancement of the responsibility of business (Hopkins, 2004).

Governments across the world have been advocating an increasing awareness of BSR. The United Kingdom Government and the European Union have published numerous documents espousing BSR. A number of intermediary organisations have been specifically set up to promote business-community involvement such as the International Business Leaders Forum; The Conference Board; World Business Council for Sustainable Development; World Economic Forum Global Institute for Partnership and Governance; and Business in the Community (Googins & Rochlin, 2000).

In the New Zealand context, businesses have had to critically consider their role in society. A shift in Government becoming Labour-led has influenced such change, alongside an increase in public demand for businesses to consider their social role (Lee, 2006). Additionally, values have changed in New Zealand, shifting away from being dominated by a free-market ideology (Roper, 2004). In response to these changes, some businesses have actively become involved with the community gaining assistance from networks such as the Sustainable Business Network (SBN) and New Zealand Business Council for Sustainable Development (NZBCSD).

The boom of interest in business-society relations in the past decade can be seen in the growing number of books, colloquia, articles, and conferences on the topic. Similarly it can be seen through the foundation of societies both general and specialised such as the International Association for Business & Society and the Social Issues in Management Division at the Academy of Management. Archie Carroll – a member of both of the aforementioned societies – is one of the most prestigious scholars in this discipline and is much referenced in the literature. Alongside Carroll's work is the work of scholars such as Wood, Buccholtz and Donaldson who have helped to lay the foundation for much contemporary thought around business' concern for society's welfare.

BSR scholarship in New Zealand is in its infancy; however its significance is ever increasing (Eweje & Bentley, 2006). Research in this area is on the rise. For example, Massey University and Waikato University scholars are engaged in conversation around the relationship between business and society and publications are growing, comprising of an extensive range of subject matters (see section 2.2.3).

What has emerged globally is a plethora of theories, proclamations and arguments for and against business involvement in social issues. In this tumult of contradictory and opposing concepts and theories around the nature of business, the fundamental idea of what it means to demonstrate 'good' business practice remains contested. Ultimately it is the assumption of each commentator that there may be 'one best way' for business to be socially responsible that is up for grabs.

1.2 Relevance of BSR to SMEs

There has been a revolutionary shift in the way academics, policy makers and commentators understand the business population. SMEs, however defined (see section 1.3.1), were once considered to exist on the margins of the economy (Spence & Rutherford, 2003). Today their significance is ever increasing. A shift in the 1970s resulted in the emergent realisation that SMEs were both vital to growth (Cameron & Massey, 1999) and constituted the bulk of enterprises in economies throughout the world (Storey, 1994). In New Zealand this is also true, as SMEs are predominant within the economy and the behaviours and perceptions of SME owner-managers have a profound and direct impact on suppliers, customers and employees. This explains why the SME sector should not be excluded from dialogue around business-society relations.

Despite the increasing global recognition of the significance of SMEs, the study of BSR has taken a considerable time to recognise that the economy is not comprised merely of big businesses (Spence, 1999). Spence and Rutherford (2003) suggest that this can be attributed to these factors: Firstly, when the discipline of BSR emerged, research focussed primarily on large firms, reflecting the dominance of large businesses in the cultural psyche of economists specifically and society in general. Secondly, there has been a tendency for funding of business ethics consultancy and BSR research to come

from large, private sector firms. This big business bias has resulted in a widespread lack of appreciation of the significance of BSR to SMEs, resulting in an alarming paucity of studies on the topic (Besser, 2002; Thompson & Smith, 1991). The assumption has been that the understanding of BSR as established for large firms can be applied universally (Spence & Rutherford, 2003). SMEs are profoundly different in nature from large firms (Holliday, 1995), which is further reflected in the perceptions of BSR amongst SME owner-managers (Spence, 1999).

There are important benefits of this research for policy, programmes and practice. Public policy and programmes play an important role in determining the kind of businesses that populate local communities. It would make sense for policy makers wishing to promote social performance within communities to, in some sense, understand the perceptions and behaviours of the sector our economy is reliant on – the SME sector. This research provides an opportunity to begin to establish the way in which the decision-makers in SMEs think about, and attach meaning to, community engagement and arrive at decisions to engage with their communities.

At the local level, the findings from this study have implications for SME owner-managers and community organisations. The value of this research is strongly related to praxis as managers and community organisations may find the insights from the owner-managers interviewed of value. This study presents perspectives of SME owner-managers that are actively engaged with the community. Moreover certain findings may act as inducements for other owner-managers to similarly become engaged.

It is on the issues outlined above that this research is focused, and on which the overall research aim and research questions listed below are based. This study recognises that SMEs have characteristics that are distinctive and places them firmly outside the conventional understanding of business as applied to large firms. Furthermore, this study postulates that only by limiting and specifically examining research on SMEs can a sound understanding of their relationship with BSR be gleaned. The findings from this study may be of interest to policy makers, community groups and SME owner-managers alike.

1.3 Definitions

In order to establish an understanding of the key terms used in this research, this section will discuss the meanings of the terms 'small and medium-sized enterprises' (SMEs), 'business social responsibility' (BSR) and 'community'. This research is primarily situated in the broader BSR literature, which will be discussed in more depth in Chapter Two.

1.3.1 Defining SMEs

There is no single, uniformly acceptable definition for SMEs (Storey, 1994). The criterion used most often to distinguish between small and large firms is the number of FTEs (full-time equivalent employees) within the firm (Curran & Blackburn, 1994). However, Curran and Blackburn suggest that such a quantitative definition as the number of FTEs ignores the wider range of sector characteristics that differentiate small and large firms.

Several influential SME commentators (e.g. Cameron & Massey, 1999; Curran & Blackburn, 1994; Storey, 1994) argue that the small firm is fundamentally different from the large firm. Consequently, attempts have been made to define the 'small firm' using qualitative definitions that reflect these differences, such as the influential Bolton report (1971) and the Wiltshire Report (1971) (cited in Cameron & Massey, 1999).

The term 'small and medium enterprise' (SME) was coined to assist with overcoming definitional discrepancies that were evident in the definition of the 'small firm'. The SME sector is made up of three components: micro-enterprises; small enterprises; and medium enterprises. However, the numbers of FTEs in each category differ globally and certain countries do not choose to use these categories at all (Storey, 1994).

Curran and Blackburn (2001) recommend that adoption of a definition should be useable in relation to the objectives of a particular study, suggesting that it is unrealistic to demand a uniform approach when defining the small firm for research purposes.

Thus, for the purpose of the field research and this study in general, Cameron and Massey's (1999) definition of SMEs is used. In this definition micro-enterprise is defined as an enterprise that employs fewer than 5 FTEs; a small enterprise employs 5-49 FTEs; a medium-sized enterprise employs 50-99 FTEs; and a large enterprise employs 100 FTEs or more. In adding a qualitative dimension to the aforementioned quantitative meaning, the authors tailor the Bolton committee's 1971 definition of the small firm to the New Zealand context, describing it as "a business that is independently managed by the owners; who own most of the shares; provide most of the finance and make most of the principle decisions" (p.5).

1.3.2 Defining BSR

Within the literature that conceptualises business-society relations, there is a vast range of terminologies, positions and perspectives. A variety of associated terms and ideas have been formed (of which are at times used interchangeably) such as: corporate social responsibility (CSR); corporate citizenship; business sustainability; the triple bottom line; corporate social performance and stakeholder theory. This study adopts business social responsibility (BSR) as an umbrella term for these unless specifically stated.

Many scholars have tried to define BSR, an enterprise that has proven challenging due to the contested nature of the field (see section 2.2.). Carroll's (1979; Carroll, 1991) four-tiered comprehensive model of CSR has maintained much credence in the literature. Carroll brings together four aspects of CSR: the economic, legal, ethical and discretionary categories of business performance (elaborated on in section 2.4).

In order to better analyse BSR theory, this study will focus on discretionary responsibilities – the fourth and highest level of Carroll's (1979; Carroll, 1991) model. Discretionary responsibilities are defined as activities that extend beyond economic and legal social responsibilities. The position that BSR should extend beyond legal and ethical obligations is a position that has been taken by many authors (Carroll, 1979; Davis, 1973; Thompson & Smith, 1991), further reinforcing this particular study's focus on discretionary responsibility.

Throughout the literature researchers have attempted to throw certain aspects (or dimensions) of BSR into relief, in order to assist with putting the concept into practice (e.g. Carroll, 1979; Davis & Blomstrom, 1975; Luthans, Hodgetts, & Thompson, 1987). Various commentators have identified individual aspects such as: business ethics; human resource management; environment; community engagement; and consumer marketing. In practice, however, these demarcations between different aspects of discretionary responsibility are not discrete and self reliant but are intertwined and overlapping. Due to the challenge of covering all aspects of BSR within the time constraints and the limited resources of this research, this study chooses to focus primarily on the community aspect of BSR. Previous research in this field has predominantly encompassed the community dimension as part of wider studies without attempting to discuss in-depth the issue of community engagement. This study is likely to make a contribution to the current literature by focusing on just that – community engagement – whilst acknowledging the inherent difficulties in taking such a focussed perspective.

1.3.3 Defining community

‘Community’ is a term used with considerable regularity in everyday language, and which also features highly in academic discourse. The concept of community is controversial, dynamic, complex and historically determined (Wiensfeld, 1996) meaning that the term has different applications in different contexts. Lee (2006) describes community as “ambivalent and slippery” whilst maintaining that the term has both an idealistic and a practical application (p.145).

Competing definitions have focused variously on community as a geographical area; as the sum of the people of a particular area; and as an area of common life (Knox, 1995). However Cohen (1985) debates the validity of creating a definition of ‘community’ on the basis of socially constructed assertions such as geographic or sociographic fact. It is for this reason that adopting a narrow definition of community for the purposes of this research poses risks. Consequently, throughout this study the participants will define the meaning of community. This reflects, more appropriately, constructivist thought (see

Chapter Three).

1.4 Research aim, questions and the research approach

The overall aim of this study is:

- *To explore SME owner-managers' perceptions of community engagement.*

This aim is explored through three primary research questions:

1. What are their views on the relationship between business and community?
2. How are they (and their firms) actually involved in their communities?
3. What are the reasons for their community engagement?

As explained in more detail in Chapter Three, the research on BSR has been dominated by *positivist* paradigms. Positivist methodologies stress the importance of measurable data which, when applied in BSR research, has met with limited success. Recent pleas have been made for more innovative approaches to BSR and business ethics inquiry (Crane, 1999). In response to these pleas, this study adopts a qualitative research design. It is sufficient at this point to say the study draws inspiration largely from constructivist thought, particularly the work of Crotty (1998).

Within this study, the responses of the interviewees were shaped by each individual's own perception of the meaning of community engagement. This research then emphasises the importance of understanding the many and complex perceptions of community engagement. This perspective says that the mind is active in the construction of reality or knowledge. Knowing is not passive, but active therefore, human beings do not discover knowledge but rather create it and thereby make sense of their world (Schwandt, 1994). That is, by adopting a qualitative methodology, a space is created where an understanding of the way in which the ideas of community engagement are used and interpreted can be understood from the perspective of the owner-manager.

For this reason, a stringent or strict theoretical framework has not been adopted to guide this study, which is often recommended for PhD research (Adams & White, 1994). Instead the researcher addresses issues of community engagement through the constructivist perspective where the aim is not to 'discover' but to 'construct' meaning by its participants (Easterby-Smith, Thorpe, & Lowe, 1997). However, whilst there is

no strict theoretical framework, the researcher does critically discuss, conclude upon, and offer recommendations to existing theory and constructs within the field of BSR.

Adoption of the constructivist approach is likely to yield novel insight and therein lies a potential contribution for this study. This is examined in more depth in Chapter Three.

1.5 Organisation of the thesis

This thesis adopts Perry's (1998) thesis model that suggests a style convention of five chapters. Chapter Two begins with an examination of definitions and terminology associated with the phrases 'business social responsibility' (BSR) and 'corporate social responsibility' (CSR). It follows with a discussion on the opposing views of the role of business in society as articulated in the research and popular literatures. Thereafter the state of research into BSR in New Zealand is discussed. This chapter then examines the literature on SMEs and BSR, paying particular attention to research that focuses on the community aspect of the BSR construct.

Chapter Three discusses the methodological approach adopted in this study, taking into account the limitations of previous research as discussed in the preceding chapter. Furthermore, the theoretical stance of this study is presented, followed by justification of the researcher's decisions regarding data collection methods, locating participants and methods of data analysis.

In Chapter Four the data gathered are presented and analysed, drawing together major themes. Specific examples are presented in the form of quotations which highlight patterns whilst not overlooking the strength of in-depth particulars. The discussion of the findings and conclusions are left for Chapter Five where comparisons are drawn to the findings of previous research. Implications of this study for policy and practice are discussed, along with limitations and suggestions for future research.

CHAPTER TWO: LITERATURE REVIEW

This chapter is dedicated to providing an overview of the literatures surrounding the topic of BSR. This review was undertaken by reviewing relevant and current literature, books and articles. The majority of the literature review was completed *prior* to the setting of the research questions as this assisted to identify gaps in the current knowledge.

The literature review begins with a discussion of terms and conceptual frameworks employed to describe, elaborate and explain the relationship between businesses and society. Next, key opposing views presented in the literature on the role of business in society are presented. This literature review is largely dependent on the notion that has dominated the academic literature: *corporate* social responsibility (CSR), which implies reference to big businesses with broad and complex ownership (Jenkins, 2004). Furthermore, the majority of the literature originates from the understandings of the British and the American perspectives, therefore selections of the broader business and societal literature from New Zealand are presented. Finally, a more detailed examination is made of the literature relating to BSR among SMEs, with particular attention to the literatures that have specifically addressed community engagement.

2.1 BSR developments

2.1.1 Terminology and definitions

Although the rhetoric of BSR is continually evolving, the construct has tended to suffer criticism for its perceived imprecision with definitional inconsistencies (Friedman, 1962; Levitt, 1958). Within the field of BSR, both academic and mainstream literature uses a number of terms and definitions, which at times imply alternative and/or interrelated meanings (Carroll, 1999; Windsor, 2001). ‘Corporate social responsibility’, ‘stakeholder theory’, ‘business ethics approaches’ and ‘corporate citizenship’ are but some of the numerous terms that have come in and out of vogue.

On their own, the words ‘business,’ ‘social’ and ‘responsibility’ carry a vast array of interpretations (Walker, 2003). For example, Clarkson (1995) notes that the numerous meanings attached to the word ‘social’ leave ample room for misunderstanding and

contestation. He states: 'The connotation of social is society, a level of analysis that is both vague and inclusive...it has become difficult, if not impossible, to define what is, or what is not, a social issue' (p.102). Clarkson goes so far as to suggest the lack of clarity with definitions has hampered the progression of the field.

Opponents of BSR have not hesitated to exploit any semantic contestation as justification, at least in part, for dismissal of the concept. For example, Friedman (1970, cited in Clarkson, 1995) took advantage of this ambiguity in his criticism of the concept, stating: "The discussions for the 'social responsibilities of business' are notable for their analytical looseness and lack of rigor." (p122)

Capitalising on this 'looseness', Friedman (1970, cited in Clarkson, 1995) chose to define 'social' issues and 'social' responsibilities as representative of non-business issues and non-business responsibility – establishing a distinct separation (as Wicks, 1996 calls 'the separation thesis') between business and society. Friedman (1970, cited in Clarkson, 1995 p. 103) illustrates this point: "the business of business is business". According to Clarkson, Friedman's separation of the terms 'business' and 'society' enabled him to invalidate the entire concept of corporate social responsibility, condemning it as "a fundamentally subversive doctrine."

Originating mostly from the United States, many definitions have contributed to the debate surrounding BSR. A selection is outlined below demonstrating the range which can be positioned on a (hypothetical) continuum: from the purely economic 'for profit' perspective; to the more socially oriented 'moral engagement' view.

The purely economic perspective implies that the fundamental purpose of business is profitability and creation of economic value for its owners (i.e. shareholders). In short, those who are economically responsible contend that improving profitability is the only social responsibility required of business. This is clearly evident in work of the well-known economist Friedman (1962).

In the 1970s there was a shift away from the traditional economic end of the continuum. Davis (1973) and Carroll (1979), pioneers in the field, include economic and ethical obligations in their definitions, but also highlight certain responsibilities to society which extend beyond the direct economic interest defined by Friedman (1962). For

example, Davis (1973) describes the responsibility of business as:

The firm's consideration of, and response to, issues beyond the narrow, economic, technical and legal requirements of the firm....to accomplish social benefits along with the traditional economic gains which the firm seeks (p.312).

Jones (1980) and Manne (1972, cited in Carroll, 1979) take this definition a little further by adding two critical facets. Firstly, they both suggest that any initiatives must be voluntarily adopted. Secondly, Jones suggests that the obligation is a broad one, extending beyond the traditional duty to shareholders, to other societal groups such as customers, employees, suppliers and the community.

In the 1970s, the definition of corporate social responsibility shifted in emphasis away from mere awareness to more performance based considerations. In 1971, the Committee for Economic Development (CED) proposed the BSR concept comprised three concentric circles which defined business social responsibility. This concentric circle model was important as it gave examples of responsibilities at each level and explicitly described non-economic responsibilities (Besser, 2002).

The inner circle includes businesses' basic economic responsibilities (such as quality products, services, jobs and shareholder payments). The intermediate circle encompasses the responsibility to exercise the business function with a sensitive awareness of changing social values (such as environmental protection and safe working conditions). The third and outlying circle outlines newly emerging responsibilities that businesses resume to become actively involved in improving society (for example: community leadership, education, culture and the arts) (Besser, 2002).

Several earlier definitions include examples of normative prescriptions which contain an 'ought' element (such as Frederick 1978, cited in Besser, 2002; Preston & Post, 1975). This approach has been criticised by commentators (see Zenisek, 1979). Frederick, for example, later re-evaluated his approach to normative prescriptions, suggesting a shift away from social responsibility to a more proactive definition. 'Social responsiveness' focuses on doing what one has decided to do, rather than simply defining what one should do. This approach is a more practical alternative to CSR (Frederick, 1994) and

advocates claim it is more tangible and less normative than social responsibility, as it is flexible enough to accommodate unpredictable societal circumstances (Besser, 2002). There has been a shift in the social responsibility debate from a moral slant toward more pragmatic arguments (elaborated on in section 2.2.2) evidenced by slogans such as 'doing well by doing good' (Walker, 2003).

A good deal of time and energy has been spent in the literature discussing terminologies and definitions. While certain commentators have frequently viewed the lack of universal understanding negatively, suggesting concern for the field's progression (e.g. Clarkson, 1995; Dentchev, 2004; Friedman, 1962), others have embraced this ambiguity, anticipating the non-linear nature of BSR (Burchell & Cook, 2006).

Lockett, Moon and Visser (2006) suggest the definitional debates lie in the vast disparity of imported ideas that this field has adopted, due to its multidisciplinary origin. Commentators have grounded their arguments in diverse disciplines such as psychology, sociology and economics. Whilst these overlap, the various disciplines do not collectively recognise one core paradigm (Walker, 2003). Commentators have conveyed a sense of gratitude and appreciation for the differing theories which they suggest aid in understanding the BSR construct. For example, Burchell and Cook (2006) suggest the discourse around BSR has proven to be effective in responding to ethical debates surrounding businesses' relationships with society. Firstly, the authors claim the various terms used suit the current context of the way businesses view their role in society. Secondly, the authors see the vagueness of the many concepts as beneficial, stating:

The discourse has broad scope and reach, satisfying the concerns of the public for more ethical practices and greater transparency...CSR is also definitely vague, allowing it to appeal to a broad range of groups despite them having different views on the actual parameters of the concept (Burchell & Cook, 2006 p.125).

In short, while BSR has been defined or conceptualised in a variety of ways that are often ambiguous and open to critique, it may be helpful, as displayed, to present this thought on a continuum. At one end sits the purely economic 'for profit' perspective which highlights the maximisation of profit; at the other end resides a socially oriented

view which maximises the moral engagement of managers. The points in between these two poles encompass a combination of legal obligations, voluntary perspectives, ethical concerns, and public responsibilities.

Whilst certain models and constructs abound, the following section presents the 'pyramid of corporate social responsibility' and 'stakeholder theory' as two significant notions which have received considerable attention over the past few decades.

2.1.2 The pyramid of CSR and the stakeholder theory

Different visual models have arisen in an attempt to define and assess both the actual and ideal responsibilities of businesses (Carroll, 1991). One of the most quoted models is Carroll's (Carroll, 1979; 1991) Pyramid of Corporate Social Responsibility, which portrays the 'nature and composition' of CSR (Walker, 2003, p.24). As previously mentioned, this pyramid consists of four kinds of social responsibility; economic, legal, ethical and discretionary (see Appendix A).

In this pyramid, levels one and two represent what is 'required' of business. The primary concern of business is economic, which firms are expected to pursue within the framework of the law. Though less well defined, the third area of responsibility requires business to conduct their affairs in an ethical manner. The fourth category deals with what Carroll calls discretionary responsibilities. Despite Carroll (1999) later attempting to refine this category to 'philanthropic,' Walker (2003) suggests it remains reasonably broad. Examples include providing work-family programmes or giving donations to charities, although it is at the discretion of the business as to what specific area(s) they chose to support. Carroll (1991) suggests this fourth category (discretionary responsibilities) most likely represents the general meaning behind notions of BSR. According to Carroll, society expects businesses to respond beyond their economic, legal and ethical responsibilities.

Carroll's (1991) model has been used as a base for several social responsibility initiatives (such as Wartick & Cochran, 1985; Wood, 1991), but there have been detractors. While not dismissing Carroll's model, Besser (2002) notes the categories are not particularly accommodating when attempting to understand a business's specific reaction to a particular social issue. Further, Wicks (1996) has criticised the model for

lacking detailed illustrations demonstrating the depth of connections between categories.

Despite the earlier exposition of diverse definitions, the majority depict the recurring theme of 'stakeholder' input – there is a natural fit between the idea of corporate social responsibility and an organisation's stakeholders Carroll (1991).

Freeman's (1984) publication *Strategic management: A stakeholder approach* marked a focal point by bringing stakeholder theory into the mainstream of management literature (Frooman, 1999). This theory centres on the idea that businesses are responsible not toward society in general, but toward their stakeholders. This theory enables managers to understand stakeholders and strategically manage them.

An obvious play on the word 'stockholder,' (Walker (2003) notes 'shareholder' is more commonly used in New Zealand), the approach sought to broaden the concept of business beyond its traditional roots, by defining stakeholders as "any group or individual who can affect or is affected by the achievement of the organisations objectives" (Freeman, 1984 p, 46), such as suppliers, customers, employees, shareholders and the local community. However, Walker (2003) suggests broad interpretations can include the natural and physical environment, generations unborn, and even (of particular interest in a New Zealand context) matters of an ancestral nature. Several authors have made somewhat different and often more narrow definitions of what a stakeholder is (e.g. Clarkson, 1995). However, the main notion of Freeman's definition persists.

According to stakeholder theory, it is the businesses' duty to be accountable in this wider context. Firms are motivated by the desire to address the wide ranging and constantly changing set of stakeholder demands, thus directing businesses towards social responsibility (Jenkins, 2004).

Frooman (1999) notes that many stakeholder commentators have regarded Freeman's (1984) 'hub and spoke' model as adequately descriptive of the firm-stakeholder relationship. Freeman (1984) presents this model as a map of which the firm is the hub of a wheel and the stakeholders are at ends of spokes around the wheel. It has been suggested by Harrison and St John (1994) that stakeholders can be divided into two

groups; internal (e.g. employees, shareholders and managers/owners) and external (business partners and suppliers, customers, local communities, as well as the natural environment).

Stakeholder theory also has been criticised for being ambiguous as it may be utilized and interpreted in several different ways. Commentators from New Zealand have voiced disapproval of stakeholder theory. Kerr (1998), the Chairman of the NZ Business Round Table, noted his concern regarding a definition, stating: "Indeed the whole concept of 'stakeholder' is so slippery of definition that it is almost infinitely expandable" (p.9).

In response to criticism, advocates of the theory have attempted to create typologies (i.e. Donaldson & Preston, 1995) along with instrumental theories to support the stakeholder model (i.e. Jones, 1995) providing some clarity. In spite of opposition, the theory has gained in popularity and is likely to shape the understanding of BSR in the future (Carroll, 1999; Clarkson, 1995).

2.2 The key debates

Following the establishment of some common terminology, this section addresses the question: do businesses have a responsibility to society? To that end, various commonly discussed views for and against BSR will be presented utilising the terms discussed in the prior section. The focus of this section is not to compare and contrast the differing views, rather to provide a context for the emergence of concepts and theories around the topic of BSR. In order to understand the relevance of particular elements of BSR it is helpful to review some of the key debates of the role of business in society.

2.2.1 "The business of business is business"

Founded in the ideology of neoclassical economics, Friedman (1962) argues that the only purpose of business is to make profits for shareholders. He contends that applying organisational resources to promote social responsibility jeopardises organisational survival. Friedman further argues it may be immoral for business managers to pursue socially responsible objectives without proper consultation, as practising social responsibility requires money and resources the manager may not be at liberty to spend. Recently a more compelling iteration by Buchholz and Rosenthal (2004) suggests

managers have no legitimacy in making decisions about social responsibility as they would in effect be imposing taxes on the public by using money that appropriately belonged to shareholders, consumers, and employees for a public purpose.

Although Friedman's (1962) ideas are more widely recognised, Levitt (1958) proposes a similar argument. Levitt contends businesses should be concerned only with improving production and increasing profits, leaving governments, churches, unions and civic organisations to care for the general welfare of the community. Levitt goes so far as to describe BSR as a threat to the trappings of democracy itself.

Abrams (1979, cited in Besser, 2002) agrees that the only responsibility of business is business itself. Furthermore, the author writes that managers do not have the time, education or skills or inclination to address social problems. He claims businesses are self-centred and questions whether it is possible for businesses to put aside their self-centredness and work for the 'common good.'

While these views are still in evidence today, recent arguments against BSR are more pragmatic. New pressures have been placed on firms due to the impact of changing technologies, global competition and communication developments. As a result of these new pressures, businesses are claiming they are no longer able to behave as socially responsibly as they may have once done (Besser, 2002).

2.2.2 A broader perspective

At the same time as the opponents of BSR were positing theories, evidence of a broader perspective was forming. Supporters of this broader view (i.e. those in favour of BSR) stress that modern business is intimately integrated with society and therefore has responsibilities beyond profit-seeking.

In questioning the consequences of business actions, Freeman (1984) considered the "externalities" created, and emerged with the all-encompassing stakeholder theory. As discussed, this notion is now well established in the literature: the motivation for a business to practice social responsibility is to address demands placed upon the firm by stakeholders. Mahoney (1994) also suggests that the firm 'belongs' to many more people than its shareholders, believed the stakeholders should be regarded as the moral owners of the organisation, making their rights and interests

critical to business decisions.

A second key argument claims that the significant power wielded by businesses is directly proportional to the level of social responsibility required of them. In Davis and Blomstrom's (1975) writing, this 'Iron Law of Responsibility' necessitates social responsibilities of businesses matching their social power. Besser (2002) explains the concept further by stating "society has allowed businesses to amass great fortunes and power. If those businesses do not ultimately serve the interests of society, society will take the resources away from them" (p.41). The 'Iron Law' is enforced through government regulation or loss of business (e.g. through consumer boycotts) for those businesses who do not serve the interests of society.

The 'Iron Law of Responsibility' may also be called the 'social contract' (Besser, 2002). According to Cannon (1994) there has always been a kind of social contract that exists between business and society. The contract spells out society's expectations of business as well as business' expectations of society. Anshen (1980) suggests that historically the social contract has evolved and will continue to do so. As an example, he maintains that the main interest of nineteenth century society was success measured by economic growth. By contrast, modern society has new concerns beyond economic prosperity - such as quality of life and environmental preservation.

Much of the earlier research on BSR has been 'normative'. The normative case suggests that a firm should adhere to BSR as it is the moral thing to do. However, recently it has become popular for researchers and managers to promote BSR on the grounds that it 'pays.' This is often presented as the 'business case' and one way this is visible is in the rhetoric of 'enlightened self-interest (ESI)' (Jenkins, 2004). Following the arguments put forward by certain academics advocating social responsibility, the ESI model quite simply suggests that businesses that do 'good' will be more successful than those that do not. For example, business support for the community will be recognised and rewarded by its members in their roles as customers, employees, suppliers, voters, bankers etc. This in turn ensures socially responsible businesses are more successful than those that are not. According to ESI logic, behaving in a socially responsible manner will enhance the prestige of the business and improve the public image, winning more customers (Besser, 2002).

In a similar vein, there is a popular ‘win-win’ scenario in the literature that suggests that good social performance, at a minimum, would benefit both business and society. This has been heavily promoted particularly in the big business literature, and is assumed to be a similar motivation for SMEs (see The SME key organisation, 2002 cited in Jenkins, 2004). Indeed, it is often argued that BSR can – and should – offer strategic benefits to the businesses involved. Gradually more businesses have sought to align their BSR initiatives with competitive advantage (Porter & Kramer, 2002) and parallels have been drawn in academic and other literature between BSR and risk management (see Fombrun, Gadberg, & Barnet, 2000).

Despite the ‘win-win’ scenario being a central component of the business case debate, results from studies have been equivocal. Some studies have identified a positive relationship between CSR and corporate financial performance (Cochran & Wood, 1984; Parket & Eilbert, 1975) while others have argued a negative relationship (Wright & Ferris, 1997), or no relationship at all (Arlow & Gannon, 1982).

Much of the argument for and against BSR engagement has stemmed from the research of large businesses and their agents – the question is whether these apply to SMEs. There is an assumption in various aforementioned points that business is conducted in public corporations with stock owners, large management staffs with vast recourses and machine bureaucracies. But can the ‘corporate’ be construed as the standard? Doing so may result in a big business bias, leading to propositions claiming universal application.

2.3 New Zealand research into BSR

Roper (2004) notes that prior to 1998, the term ‘social responsibility’ received practically no attention in New Zealand. This was in part “...a reflection of the almost complete dominance of neo-liberal free-market ideology at that time” (p.23). However, many businesses have had to reconsider their role in society due to changes to the Labour-led government in 1999, increasing demands from the public, and the shift from free-market ideology. BSR is still not a dominating concept for New Zealand managers; however, its significance is ever increasing, particularly in recent years (Eweje & Bentley, 2006).

Lee (2006) notes that New Zealand Government policy has favoured terms such as

'sustainable development' or 'sustainability' when addressing the relationship between business and society. These terms have often implied a focus toward environmental compared to social responsibilities. The Department of the Prime Minister and Cabinet (2003, cited in Lee, 2006) launched a New Zealand Sustainable Development Programme which emphasises the importance of all Government policies incorporating sustainability.

The New Zealand debate mirrors that occurring on a global level, with groups arguing for and against the current 'flavour' for BSR. New Zealanders are often exposed to rhetoric of these opposing views in an attempt to convince the country one way or the other. Two of the nation's more prominent corporate figures, Roger Kerr, and Dick Hubbard, represent the opposing ends of the spectrum for this debate (Walker, 2003).

Despite New Zealand's recent growth in BSR rhetoric (Roper, 2004), research in this arena is still in its infancy. Nevertheless, some investigations have provided valuable empirical insight into the relationship between business and society in New Zealand (see Von Tunzelmann & Cullwick, 1996). Within the wider business and society arena, the majority of New Zealand research has focused on 'big' business and has been dominated by researchers from accounting, economics and finance disciplines. Consequently, themes that dominate the New Zealand literature encompass notions of linking financial achievement and BSR (Walker, 2003).

Publications range extensively including topics that span across business ethics (Milton-Smith, 1997; Tse & Au, 1997), corporate volunteering (Lee, 2006; Lee & Higgins, 2001), corporate philanthropy (Love, 2006), BSR (Walker, 2002) and employee perceptions of BSR (Ashby, 2005). However, most frequently, research in New Zealand has focused on the environmental aspect of BSR, encompassing rhetoric on green entrepreneurship (De Bruin & Lewis, 2005), environmental reporting (Collins, Corner, Kearins, & Lawrence, 2004; Milne, Owen, & Tilt, 2001), and under the more recent initiative sustainable development (Tregida & Milne, 2006).

2.4 SMEs and BSR

This section reviews literature on SMEs and BSR, beginning with an examination of the broad rhetoric, and focusing particular attention to available literature encompassing a

'community' dimension. Mapping of the research terrain will facilitate identifying existing knowledge, and possible knowledge gaps. However, before attempting a discussion of the literature, it is necessary to first acknowledge layers of complexities present within the SME and BSR literature.

2.4.1 The complexities in the literature

From reviewing the literature, confusion around the use of the terms 'SMEs' and 'entrepreneurs' becomes apparent. There is a generous amount of research which focuses specifically on entrepreneurs – which Smith and Miner (1983) note are a very specific type of business owner-manager (e.g. Longenecker, McKinney, & Moore, 1989; Solymossy & Masters, 2002; Teal & Carroll, 1999). Whilst the SME owner-manager can be entrepreneurial, the entrepreneurship literature is only at times specifically related to SMEs. Research specially related to SMEs has delved on occasion into the entrepreneurship literature, which at times has failed to distinguish the differences between these groups. Acknowledging differentiation is crucial to understanding socially responsible behaviours when addressing these groups. Despite the potential for research in the entrepreneurship arena holding relevance to this study, it has not been considered in detail because of the aforementioned reasons.

A considerable amount of research on BSR within the SME domain has chosen to use the term 'corporate' social responsibility. Commentators have recently deliberated over the applicability and functionality of the term CSR when used in the context of SMEs (e.g. Besser, 1998, 1999, 2002; Besser & Miller, 2004; Castka, Balzarova, Bamber, & Sharp, 2004; Jenkins, 2004; Lewis & De Bruin, 2006; Moore & Spence, 2006; Walker, 2003). The word 'corporate' generally refers to public companies with broad ownership, assuming the existence of shareholders along with a wide range of stakeholders, which is often not the case for SMEs.

Pre-1990 research was dominated by studies based in the United States. Research has become more universal however, still predominantly stems from the UK and the US. The majority of earlier research on SME BSR utilized a quantitative methodology similar to that of big business research. To this day, quantitative methods prevail when studying BSR independent of firm size (Lockett et al., 2006). In the wider realm of organisation studies, Crane (1999) called for a greater plurality of research approaches

to studying the field of business ethics. According to Crane, qualitative approaches “may offer substantial liberating potential in the development of a stronger and more theory-rich empirical base” (p.237).

2.4.2 New developments

Regardless of the complexities mentioned, progress has been made within the SME and BSR literature. Based on a review of the literature on ‘ethics and values of SMEs’, De Bruin and Moore (2003) divide the literature into two broad themes. This first theme has been devoted to addressing the ‘ethics’ of the owner-manager. These findings are commonly concerned with issues of honesty and morality. The second common theme emerging from the literature is one which focuses on SME engagement in community, societal and environmental activities – this is where the term ‘corporate social responsibility’ is commonly used.

Although BSR and SME research often incorporates addressing community, societal and environmental activities, it is the latter that has received the most attention recently (see Hillary, 2000; Hitchens, Thankappan, Trainor, Clausen, & De Marchi, 2005; Palmer & Andrews, 1997; Schaper, 2000; Tilley, 1999, 2000; Vives, 2006; Williamson & Lynch-Wood, 2001). Certain SME environmental commentators suggest the collective and cumulative activity of SMEs have a significant environmental impact, therefore necessitating investigation (Hitchens et al., 2005; Tilley, 1999, 2000).

This study is concerned with the second theme highlighted by De Bruin and Moore (2003) focusing on the ‘community’ dimension. Literature on the ‘ethics’ of SME owner-managers will be omitted as the overall aim of this research is to discover, describe, analyse and explain what people think and act regarding community engagement, not to make normative statements about it.

One of the first publications to bring an academic perspective to the topic was presented by Fisher and Groenveld (1976). Using quantitative methodology, this research intended to establish criteria for legislating socially responsible actions and to compare the impact of this criterion on small and large firms. However, the main contribution of this paper is to raise the awareness of the significance of small businesses, rather than to discuss matters of BSR.

Reeder (1978) qualitatively examined 24 firms in Texas. The study concluded that social activities were not delegated, and social involvement was *ad hoc* and informal, despite responsibility to the community being evident. There appeared to be no noticeable difference among firms of different sizes or categorisation. Reeder made no reference to the method of analysis, and the findings appear to be broad and somewhat superficial. This research is methodologically atypical for two reasons: firstly, most early studies into BSR in smaller firms used quantitative methods not qualitative (apart from Wilson 1980, as discussed further on). Secondly, this research refrained from duplicating studies previously conducted on larger organisations – a procedure often found in early literature.

Questionnaire research was implemented by Gomolka (1978), which had two basic objectives. The first of these was to compare the social responsibility between large businesses and minority-owned small businesses. The second was to compare the owners' perception of whether the firm was currently involved in a number of specific areas of social responsibility. The results showed that in contrast with large businesses, minority-owned small businesses are less involved in socially responsible activities; minority-owned small businesses are more socially responsible than non-minority owned small businesses; and that the firm and the personal characteristics (of the owners) affect the degree of social involvement. This study was important because many of its findings empirically validated general statements about the relationship between size, and personal characteristics of the firm's owner-manager with regard to social responsibility involvement.

Wilson (1980) produced the most frequently cited research in this field. She suggested that SME owner-managers could be divided into two distinct types of individuals: those that are profit orientated, and those that are concerned about values in addition to profitability. Wilson concluded that the profit motive concerned, at least indirectly, 88 percent of participants. This 88 percent performed the 'socially responsible thing' either not at all, or did so in order to make the business a success in the long run.

Wilson's (1980) research helped form the basis for future investigations. This is evident in research by Chrisman and Fry (1982) who set out to confirm and clarify Wilson's findings. Chrisman and Fry focused their quantitative research on differences in perceptions between small business owners and individuals not directly related to a

business. Their research addressed differences in each group's definition of BSR; the BSR practices of the small business compared to the large; and established the most important areas of BSR to each group. Some aspects of Chrisman and Fry's findings differed sharply from Wilson's. For example, Chrisman and Fry found that small businesses seemed to be in touch with the expectations of society and were more critical of their own performance than the general public. To explain this diverse result, the authors suggest there either was a rapid change in attitude since Wilson's research, or that there had been an overall increase of public awareness.

In a similar vein to Chrisman and Fry (1982), Brown and King (1982) contributed to the literature by including a non business dimension. These researchers found that both groups rated small business 'ethics' as high as or higher than that of physicians, big business persons, or government officials. Findings suggest that the norms and pressures of the local community and peers have more influence on business ethics than moral or religious principles, fear of punishment, upholding laws or the anticipation of rewards. In contrast to Wilson (1980) – who concluded small firms are out of touch with the expectations of society – Brown and King's findings provide further support to the contention that small businesses are perceived to perform well in discharging their social duties, at least in comparison to large firms.

Insights to the attitudes and behaviours of SME owner-managers towards BSR have been offered from two United Kingdom reports (cited in Worthington, Ram, & Jones, 2006). Considered in conjunction with each other, they signify that smaller businesses largely express positive attitudes toward the idea of BSR, something that is reflected in their day to day decisions and activities. Many SMEs in this research noted that they found the terminology 'corporate social responsibility' both vague and confusing. In a similar, more recent vein to Reeder's (1978) findings, Graafland, Van de Ven and Stoffele (2003) confirmed that much of this activity goes unpublished and is generally carried out on an informal basis. Needless to say, the two UK reports found few SMEs monitor or measure the effectiveness of their involvement, and remain unclear and/or unconvinced of any bottom line benefits of engaging in BSR initiatives.

Some scholars suggest a relationship between BSR and certain features of the business, such as size. As noted earlier, when studying minority-owned small firms, Gomolka (1978) claimed the smaller the firm, the less socially responsible it is. However, later

studies have suggested this parallel between size and BSR is not straightforward. For example, Chrisman and Archer (1984) along with Van Auken and Ireland (1982) contend that more socially responsible behaviour is generally expected from a firm with more resources. Van Auken and Ireland claim that due to SMEs lacking the resources of larger firms, SMEs are excused from performing discretionary social responsibility. The authors see SMEs as too insignificant to take the trouble of BSR initiatives. They sum this up by stating: “the real challenge for small business lies not so much with embracing political social responsibility as it does with steadfastly avoiding social irresponsibility” (p.2).

Spence and Rutherford (2001) conducted a study of BSR and small firm owner-managers in England. These findings are of significance as they identify four ‘frames’ of perceiving the social perspective of the small business. These are: Profit Maximisation (not active in social issues, money focused); Subsistence (not active in social issues, long-term survival and security of livelihood); Enlightened Self-interest (active in social issues and realises its business benefits); and Social Priority (active in social issues for lifestyle not profit). The authors make the important point that policy-makers will have to be aware of the heterogeneous nature of SMEs and not to assume they are purely concerned with rational profit maximisation.

Jenkins (2006) chose to study ‘exemplar’ SMEs with a proven track record in BSR-related activities. Key themes emerged from the qualitative data that have aided with the understanding of the opportunities and the limitations for BSR in SMEs. Similarities between this study and previous work in this field were evident, particularly within the areas of terminology, the influence of the manager’s values, and the nature, motivations, benefits and challenges of BSR activities. In particular this research identified a preference held by SMEs for learning through networking with their peers. Additionally, this study provided evidence that stakeholder theory may be a useful framework for understanding BSR within SMEs.

2.4.3 Focusing specifically on ‘community’

Prominent research on SMEs and community engagement stems from Besser’s (1998; Besser, 1999, 2002; Besser & Miller, 2001, 2004) research. Combining qualitative and quantitative methodology, Besser collected information on the business, the owner and

employees and the local community in Iowa, USA. Despite Besser (2002) defining 'small' as fewer than 500 employees, this research elaborates many aspects of SMEs attitudes and contributions toward their communities. Consistent with findings from prior research, the Iowa study revealed that firm size does matter. Firms *with more* (i.e. resource slack, greater net income or greater gross sales), *give more*. This study makes a significant contribution to prior research by demonstrating that size is an important factor, but only through its relativity to other businesses in the community.

Besser and Miller (2000) utilized data from the aforementioned Iowa study to test the applicability of the 'enlightened self-interest' (ESI) model of BSR (as discussed in section 2.3). This research provides partial support for the ESI argument that social responsibility can be a beneficial strategy for business. In this study, businesses that reported the highest level of community support and leadership are also the most likely to consider their business the most successful. This adds to a rising body of literature that suggests there are numerous tangible and intangible business benefits from being a socially responsible SME.

The theoretical concept of 'social capital' has recently been employed by commentators to assist with understanding and analysing BSR within the SME context (e.g. Fuller & Tian, 2006; Spence, Schmidpeter, & Habisch, 2003; Worthington, et al. 2006). Definitions of social capital vary in conceptual degrees and often in clarity, yet Worthington et al. (2006 p.23) boil the concept down to its essence, stating: "social capital concerns the resources which reside in, and emanate from, social interaction with institutions, networks and relationships (e.g. trust, loyalty, co-operation, respect, friendship)." Besser's (2002) findings illustrate that communities with higher levels of social capital are more likely to receive the benefit of business engagement in community activities. Thus, it is proposed that a firm's involvement in various forms of socially responsible behaviour not only contributes to the 'common good,' but can also assist in creating social capital for enterprise, individuals (Spence & Schmidpeter, 2003) and for the community as a whole (Habisch, 2004). SMEs can therefore play a central and important role in society as an employer or investor, but also in the way they contribute to a community's social capital.

Habisch (2004) elaborates on the idea of SMEs as embedded elements of the local community, with a broad stretch of social responsibilities. Social capital was identified

by Habisch as a means to highlight the economic advantages of engaging in socially desirable business practices for SMEs. To explain the rationale of investing in social responsibilities, the author mentions various effects of social capital that especially ally to SMEs. They include: improved reputation, risk management, gathering of information, and local knowledge.

The notion that SMEs are closely embedded within their local communities is consistent with the influential 1971 Bolton Committee of Inquiry of Small Firms (Great Britain Committee of Inquiry on Small Firms, 1971) which states:

[A] major contribution of the local businessman to his [*sic.*] community has been his willingness to contribute his experience to the service of the community in which he lives and works. Small business provides a valuable source of practical men to serve in local government, on the bench and in local charitable and social organizations. These men are experienced in the organization of activity on a local scale and have deep roots in the local community having in many instances effectively replaced the squire as local benefactor and leader (p.26).

However, recently researchers have been sceptical of the conclusion of the Bolton Report and its “somewhat nostalgic view” (Curran et al., 2000, p. 129). Originating mostly from the UK, opposing standpoints propose that smaller firms and their owners are likely to concentrate on business activities to the detriment of involvement in their communities, preferring complete autonomy in decision making and operating independently of their society (see, notably Curran & Blackburn, 2001).

Curran, Rutherford and Smith (2000) interviewed fourteen SME owner-managers in Britain. The results portray SMEs as disconnected and internally fragmented groups, largely alienated from local communities and the political activities that surround them. When compared with the US literature on the relationship between SMEs and their communities (e.g. Besser 2002), the results differ remarkably. The diverse results may suggest the relationship between businesses and their community is perceived differently between these two countries.

2.4.4 New Zealand research on SMEs and BSR

Within New Zealand there is a grave paucity of research specifically related to BSR and SMEs. This literature review has found an even wider gap in the research that focuses on SME community engagement. Consequently, any knowledge of New Zealand SMEs and their BSR is largely based on limited data, which is primarily quantitative.

One question is posed within a compulsory survey from Statistics New Zealand concerned with community social responsibility in small, medium and large firms. The survey, titled 'Business Practices and Performance Survey,' showed that 82% of participants supported their local communities; specifically addressing sponsorship contributions and donations. The most frequently noted reasons for these contributions involved a mixture of self-interest and altruism. The results show that firms recognised the importance of supporting community as well as realising the potential marketing benefits (Knuckey, Johnston, Campbell-Hunt, Carlow, Corbett & Massey, 2002).

The University of Waikato Management School and the Sustainable Business Network (see Lawrence & Collins, 2004) are conducting quantitative, longitudinal research on small, medium and large firms titled 'Sustainability practices of New Zealand businesses'. The survey presents a snapshot of sustainable business practices (i.e. environmental practices and social practices relating to community and employees) with two questions which specifically address the community aspect of the debate. The 2003 survey found that businesses in New Zealand are actively engaged in environmental and social practices. Nonetheless, the authors acknowledge that utilising self-assessment instruments such as this may promote more positive results than what exists in reality.

2.5 Summary

A great deal of energy has been expended on attempting to define concepts and develop theories in the literature relating to BSR. The key debates for and against businesses having a responsibility beyond mere profit making activities have played a very significant role in understanding concepts and theories around BSR. At its extremes BSR reflects Friedman's (1970) purely economic – and somewhat limited – focus on maximizing the profit of shareholders; or the stakeholder theory which considers the impact of the firm's actions on its stakeholders. Arguments, theories and key constructs

have been provided to review the background to the debate.

This chapter reviewed literatures on SMEs and BSR, highlighting complexities and advancements in research in the field. While there are a few useful insights in the work done to date, no clear picture of community engagement for SMEs has yet emerged. Research on SMEs in this field remains in its infancy, and the parlous nature of research on this topic that has been performed in New Zealand is somewhat alarming.

With this in mind, the researcher has chosen to specifically address two limitations evident in the prior research where this study can make a contribution; these will be discussed in the following chapter.

CHAPTER THREE: RESEARCH DESIGN

This chapter describes the research design and methods of inquiry adopted for this study. It begins by identifying limitations in the designs of previous research on BSR in SMEs which have helped shape the design of this study. Thereafter, the chapter discusses the methodological approach and rationale for the choice of strategies, outlining how they were executed to answer the research questions. The strategy adopted in this research is a qualitative strategy drawing from a constructivist epistemology. Once the philosophical and methodological foundations are discussed, considerations of strategies for dealing with ethical concerns in conducting this research are presented. The chapter concludes with a summary of the key achievements of this chapter.

3.1 Key factors influencing research design

The previous chapter highlighted some of the complexities and shortcomings in earlier SME and BSR research. These prior research limitations helped shape the research design of the current study. This study makes a contribution to current knowledge on SMEs and BSR by addressing two limitations evident in prior research. In this study the researcher:

1. Employs a qualitative approach, which has largely been ignored in previous research on this topic.
2. Conducts research on BSR in SMEs, which has largely been ignored in the BSR literature, suggesting a need for exploratory qualitative studies.

3.1.1 Research aim and questions

The design of the study was also influenced by the nature of the research aims and research questions (elaborated on in 3.2.2). The overall aim of this study is:

- *To explore SME owner-managers' perceptions of community engagement.*

The key aim is explored through three primary research questions:

1. What are their views on the relationship between business and community?
2. How are they (and their firms) actually involved in their communities?

3. What are the reasons for their community engagement?

3.2 Elements in research design

A vast range of frameworks have been presented in the literature to discuss elements in research design. (Creswell, 2003) suggests there are three basic elements to any research process. He presents these as a set of questions to define the boundaries of research inquiry. These are:

1. What knowledge claims are being made by the researcher?
2. What strategies of inquiry will inform the procedures?
3. What methods of data collection and analysis will be used?

The three elements described by Creswell serve the purpose of ensuring the soundness of the research and assist with making outcomes credible. These elements inform decisions that range from broad philosophical stances and theoretical approaches, to more practical aspects such as data gathering techniques and procedures.

The researcher decided to adopt Creswell's framework for this study. The above three questions have been used to structure the material in this chapter.

3.2.1 Constructivist knowledge claims

The justification for the use of a particular methodology is influenced by the researchers' assumptions about what is knowledge. Crotty (1998) breaks down knowledge claims into three stances: objectivism, constructivism and subjectivism. Objectivism asserts that research can lead us to know and authenticate an objective truth. At the opposite end of the spectrum, subjectivism claims there are infinite interpretations of events, none of which are more 'true' than the others. In the middle is constructivism, which posits an objective world, mediated by an individual's framework or conceptual lens. However, as Candy (1989, p.8) has noted "few pieces of research are ever 'pure' examples of any one paradigm, fitting unequivocally into one category to the exclusion of the others."

Whilst acknowledging this, this study draws broadly from a *constructivist* approach. The constructivist paradigm (often combined with interpretivist) is becoming accepted as an alternative to positivism, in an attempt to understand the complexities of human

and social reality (Crotty, 1998; Lincoln & Guba, 1985). This perspective assumes that there are multiple and varied realities, allowing in turn for the existence of multiple 'truths'. A central focus for the constructivist is to understand social life and to make sense of the meanings and perspectives that others place on the world. These subjective meanings are negotiated by individuals through interaction and through the operation of cultural and historical norms (Crotty, 1998). It is within the wider spectra of the constructivism paradigm that the researcher draws on to develop her own project.

The researcher's recognition that both her and her research participants bring their own particular points of view to each stage in the research process is reflective of a constructivist approach. These points of view are shaped by their values, life experiences and personal histories (Denzin & Lincoln, 2000). As such, the researcher makes no claims that the findings are absolute 'truth' or an accurate representation of what is 'real'. That which is researched and reported owes its relevancy to a particular situation at a particular point in time (Van Glaserfeld, 1990). A qualitative approach is likely to capture this.

3.2.2 Qualitative methodology

Methodology refers to "the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and particular methods to the desired outcomes" (Crotty, 1998, p.3). At the methodological level, a distinction often occurs between qualitative and quantitative research (Crotty, 1998). While there are virtues to both qualitative and quantitative methodologies the researcher, after an extensive review of the literature on the merits of each, deemed that a qualitative approach was the most suitable methodology for this study. The various merits of quantitative methodology will not be presented here as they were not employed in this research however a brief outline of qualitative research is necessary to demonstrate its applicability to this study.

Many theorists have offered definitions of qualitative research over the years, but the complexities and intricacies of this are beyond the scope of this study. After thoroughly reviewing the literature, an example from Creswell (1998, p.15) is offered as a departure point from which to understand the implications of the methodology:

Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The research builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting.

Strauss and Corbin (1990) advocate the use of qualitative methodologies when researching an area in which there is little known. Research which addresses the business-society interface has been around for sometime. However, as discussed earlier, research which focuses specifically on these issues within the SME context, and both within this context and specifically orientated for New Zealand, has rarely been undertaken. This suggests a need for exploratory qualitative research that examines fundamental aspects of BSR in SMEs, as it is conceived by owner-managers. In addition, adopting this approach provides, as Strauss and Corbin (1990) suggest, a fresh perspective which is in contrast to traditional positivist approaches. As discussed earlier, these methodologies have been dominant in BSR research (Crane, 1999).

Furthermore, qualitative research is recommended in any field where the objective of the research is to reveal the nature of people's experiences (Strauss & Corbin, 1990). Denzin and Lincoln (1994 p.2) expand further on Creswell's point quoted above, when they note that qualitative researchers "study things in their natural settings, attempting to make sense of, or interpret phenomena in terms of the meaning people bring to them." Creswell (1998, p.15) emphasises the "complex, holistic" nature of qualitative inquiry which allows for multiple dimensions of issues and thus displaying the complexity of the case.

Considering the above viewpoints, it seems apparent that qualitative methodology is the most effective considering the overall aim of this study: to explore SME owner-managers' *perceptions* of community engagement. The participants needed to be able to give free expression to their beliefs and attitudes without being constrained by a strict set of questions or a rigid format. Qualitative techniques are well suited to this, as they are flexible, yielding rich open-ended data that is not constricted by predetermined ideas (Creswell, 1994; 2003).

It has been argued, quantitative methodologies may be inappropriate for research on 'moral' or 'ethical' dimensions in business (Brigley, 1995 cited in Crane, 1999) which

further justifies the approach taken here. Liedtka (1992) suggests that researching business-society relations is an area fraught with subjectivities. Crane (1999 p.245) concurs and emphasises that studying the morality of businesses “requires a degree of contextual sensitivity not as yet evident in much of the current use of positivist approaches.” Crane strongly encourages interpretive approaches based on qualitative/and or case study data as this approach is “under utilized in the business ethics area despite offering substantial epistemological potential.”

In a similar vein, Devins and Gold (2002) point out that most ‘mainstream’ research on SMEs emerges from the positivist paradigm, the appropriateness of which has been questioned by Hill and McGowan (1999) in its application to the SME sector. Various authors call for an interpretive research agenda when researching SMEs that minimize the distance between the researcher and the participants (Hill & Wright, 2001; O'Donnell & Cummins, 1999). Hill and McGowan (1999, p.8) believe that the qualitative approach may be more suited for researching the SME sector as it “openly espouses and supports humanistic approaches” and takes better account of the characteristics of SMEs. The SME literature explicitly and repeatedly points out that small firms are not ‘Small Big Businesses’. Research approaches need to reflect this, taking into consideration the individual under scrutiny and their unique characteristics. According to Hill and McGowan (1999 p.8), this can be done by conducting research “under the auspices of the qualitative paradigm, referred to as constructivism”.

The attributes of the qualitative approach, and the deficiencies of quantitative, make the rationale for employing the former in this study compelling and sound. However, it is not the researcher’s intention to privilege the qualitative-style without justification, rather to acknowledge this particular approach and its suitability for this study. Exploring and comprehending patterns of human behaviour and perception is best done through the use of interview methods.

3.2.3 Choice of method

In order to understand community engagement with SMEs, interviews were used as the research method to collect the data. As Cassell and Symon (2004) explain the purpose of a qualitative research interview “is to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena”

(p.10).

Initially, the researcher considered focus groups as a possible method to adopt for this study. However, Clarke (1999) notes that focus groups do have some disadvantages. Firstly, he suggests that the depth of information gained in a focus group situation can be limited as it can be hard to probe individual ideas. This is due to the nature of group work in which individuals may suppress or modify their true feelings when in the presence of others. Secondly, participants can believe they are being pressured by the group to agree and supply group acceptable answers. Krueger (1994) further comments on focus groups by proposing a fundamental methodological question: to what extent are participants' perceptions a true reflection of their beliefs or are they an artefact of the focus group method?

As previously noted, the study of social responsibility in business requires a degree of sensitivity that group work may not provide. Clarke (1999) suggests individual interviews have a strength of confidentiality that focus groups do not. Liedtka (1992) argues that the personal interviewing method is particularly appropriate when studying ethical issues in business. She notes that using interviews allows for deep exploration into individual decision making processes within the social context. She points out that the interview-based approach permits the researcher to capture the "world view of the observed" (p.162) which can be particularly complex within the study of ethical issues "given that the field is both exploratory and highly sensitive" (p.163).

Knight (2002) states that even when interviews are likely to be exploratory, conversational and free flowing they still need to be carefully planned. For this reason, the researcher adopted a 'semi-structured' interview format to allow the achievement of depth so that clarification could be sought when unpredictable issues and views were raised during the interview.

3.3 Data collection

3.3.1 Locating the participants

The goals of qualitative and quantitative research are quite different; therefore, researchers in each genre follow different procedures for locating participants (Creswell, 2003; Denzin & Lincoln, 2000). In qualitative research, 'samples' (as used in

Patton, 2002) are not randomly selected from a representative population, instead the researcher carefully and purposefully selects participants who can serve as rich sources of information (Patton, 2002; Creswell, 2003).

In order to satisfy this condition, the researcher used 'purposive sampling' (Patton, 2002) to locate the participants. According to Patton (2002) purposive sampling involves locating research participants based on their ability to disclose enough data and insight into the area that the researcher wishes to explore. The researcher of this study found that this process assisted her in accessing information rich cases pertinent to the focal point of the inquiry.

Patton (2002) maintains that there are several diverse strategies for purposively locating information-rich cases. In this study, 'snowball' (or 'chain') sampling was adopted as the approach for locating participants. Patton defines this type of strategy as involving the identification of:

...cases of interest from sampling people who know people who know people who know that cases are information rich, that is, good examples for study, good interview participants (p.243).

As the researcher asks an expanding number of people 'who should I talk to?' new information is accumulated and hence, the snowball gains in size.

The first three SME owner-managers to be interviewed were recommended by the staff at the Sustainable Business Network (SBN is a business forum for those interested in sustainability). Gaining assistance from the SBN allowed the researcher to establish co-operation with the participants, as the referrals came from a network the SME owner-managers were both members of and familiar with. Subsequently, the first three SME owner-managers were telephoned and briefed on the research aim and process. They were asked if they perceive themselves to be involved in what they defined as 'community engagement' and permission was requested to interview them about their perceptions and experiences on the topic. The initial interviewees then assisted the researcher in identifying further owner-managers that they perceived as being engaged with the community. As with the initial process of contacting potential participants through the SBN, these networks lent the researcher credibility as well as cementing

relationships between these BSR-concerned members of the business community. All participants that were contacted acknowledged their community engagement and gave their permission to be interviewed.

In this study, a small number of SME owner-managers were interviewed enabling the researcher to accomplish a deep and interpretive analysis. This was most appropriate considering the aim of this study which was to unpack ideas and experiences rather than to make statistical generalisations. Kvale (1996) suggests that the necessary number of participants interviewed depends on the purpose of the research.

In this study, ten interviews were deemed sufficient as the researcher decided 'theoretical saturation' had been reached at this point. Theoretical saturation, according to Strauss and Corbin (1998), is reached when further interviews cease to reveal new themes or relevant data within a categories and that the linkages between the categories are well developed. At this point, they suggest, locating further participants is no longer necessary.

3.3.2 Interview procedures

The initial interview schedule was tested with a volunteer before the data collection was undertaken. Bryman and Bell (2003) suggest that it is always desirable to undertake a test to ascertain that the questions are appropriate. A number of questions were changed and re-phrased as a result of this test and the questions were substantially reduced in length. Following Haverkasmp and Young (2007), further analysis of the early interviewees' responses produced preliminary themes that were then pursued in the later interviews. That is, the initial interviews were semi-structured in an attempt to identify preliminary themes and concepts related to the research questions. The later interviews were guided by those that preceded them, and as a result there was more structure to later interviews in order to probe emergent themes.

All questions were designed to gauge individual opinions and were therefore broad and primarily open-ended (see Appendix B). For all interviews, the opening questions were intended to relax the participant, ensure her or him of confidentiality and obtain biographical information. The interview schedule simply acted as a guide for the discussion, with the order of the questions often changing and with the participants at

times giving more insight on certain questions.

While there was a core set of questions asked of all participants, many of the interviews explored different tangents the participants raised that were not catered for directly by the questions. In some cases new questions arose that were only relevant to that particular interview, they were therefore not repeated subsequently. However, some of these questions were posed in later interviews, if they helped answer the research questions. Therefore, it is important to acknowledge that due to the semi- structure, free flowing nature of the interviews meant that not all participants were asked all the same questions, as it was not possible to go back and interview all the participants to gain their view on the new questions.

Participants were asked for their permission to be tape recorded, permission that was granted in all cases. While tape recorders can be considered invasive in a research setting (Stainback & Stainback, 1988), they are crucial for providing a record of the interview and, more importantly, are required for coding the interview material (Curran & Blackburn, 2001). Further, Kvale (1996) notes that the use of tape recorders allow the researcher to focus their attention wholly on the interviewee and to listen and engage with their responses. Additionally, recording the interviews makes it significantly easier to correctly and accurately quote a statement in the written study. Operation of the tape recorder was handled quietly and unobtrusively.

While listening to the participants the researcher also took written notes that were then reviewed (i.e. added to or amended) the same day or the day after the interview, while the interview was still fresh in her mind. Furthermore, the notes acted like a reflective notebook (Etherington, 2007), which contained lists of activities for the researcher to complete along the research journey, points for the researcher to follow up, descriptions of the various interview environments and any further reflections on the interaction. The researcher deliberately left time between the interviews in order to reflect on the experience and proceedings of each and consider the possibilities for reworking the structure of the next.

To enhance the quality of the interview process, the researcher endeavoured to perform the interview in a quiet setting. Further, an informal attitude was maintained in order to engage with the participant on a personal level and to enable participants to comfortably

verbalise underlying attitudes, beliefs and feelings on the topic. The interviews were conducted in Wellington at the owner-manager's place of work, and each interview took between 45 and 120 minutes. During the interview, the researcher maintained awareness of her non-verbal behaviour, that is, her use of personal space, body movement and tone of voice. Schurink (1998) suggests that non-verbal elements within the interview are as important as verbal; body language should support the verbal communication and reinforce the open and empathetic tone of the interview.

3.4 Analysis of the interview data

In qualitative studies, the data are often voluminous. This study adopted a "general inductive approach" (see Thomas, 2003, p.1) to assist with the analysis of the qualitative data. Miles and Huberman (2002, p.394) expand on this by stating: "like the phenomena they mirror, these data are usually complex and ambiguous and sometimes downright contradictory"

The use of a general inductive approach guides the qualitative researcher's understanding of complex data through the development of summary categories, themes and assertions that come directly from the data (Janesick, 2000). This method allows concepts to be modified and relationships between these concepts to develop during the research process (Guba & Lincoln, 1989). This process of analysis was ongoing throughout the study, occurring simultaneously with the data collection (Creswell, 1994).

The analysis began with the researcher creating verbatim transcriptions of the interviews. Vygotsky (1987) notes that each word a participant speaks should be valued as it reflects his or her consciousness. The transcripts were kept electronically and produced in hard-copy format during the analysis. As previously mentioned the researcher also created notes that were similar to memo-writing in the grounded theory approach as described by Charmaz (2002). Those notes helped the researcher to begin coding early on in the research process.

The data analysis methods in this study involved data reduction, clustering codes into concepts, and organizing concepts into themes (Miles & Huberman, 1994). During this process transcripts were re-read and re-arranged frequently. The data was

condensed for the sake of manageability. Every sentence in the transcripts was analyzed along with the researcher's field notes for a full range of possible codes (tags or labels) or categories. This involved subdividing the data as well as assigning codes for allocating units of meaning to the text. At times the codes took the form of straightforward category labels however, at other times they were more complex, for example, in the form of a metaphor (Miles & Humberman, 1994). The next stage involved comparing and contrasting the codes in order to discover similarities and differences, sequences and patterns. Examining the data involved a significant amount of thinking to a) make sense of the data b) look for patterns and relationships and c) make general 'discoveries' about the phenomenon.

In this research, the methods of Agar (1991) were also used and integrated. This approach involves "looking at a few detailed passages, over and over again", in the form of a "dialectic dance between an idea about how text is organized" while trying to figure out what to look at, "how to look at it and why" (p.190). Agar also suggests that when examining small and detailed passages one must rely on large amounts of thinking, and he does not shy away from encouraging the use of "slippery things like intuition and serendipity" (1991, p.193).

Crotty (1998) maintains that the nature of interpretive inquiry can lead to biased interpretations. To reduce bias the researcher collaborated with Post Graduate students to ensure collective support and insight throughout the writing process. Guba and Lincoln (1989) refer to this relationship as 'peer debriefing'. The peer debriefers (the researchers' student peers) assist the researcher by periodically reading through the work, by posing questions and by providing an outside perspective, that is, a critique from individuals detached from the study. This peer debriefing occurs as the researcher collects, codes, and analyzes the data, serving to keep the researcher grounded in the data and providing an avenue for reducing stress via the feedback and support.

Lincoln and Guba (1985) advocate allowing participants the opportunity to double-check the data to allow for authenticity of findings and arguments (often termed 'member checks'). Following this recommendation, a complete copy of the transcripts was provided to the research participants so that he or she could read and determine whether thoughts and comments were captured and recorded accurately. The researcher was in contact via email with certain participants during both the data collection and

data analysis stages to ensure meanings behind particular points in the transcripts were fairly honoured.

3.5 Ethical issues

This study used human participants and as such was approved by Massey University's Human Ethics Committee. The most important ethical issues impacting this research were anonymity, the individual's right to privacy (also protected by the New Zealand Privacy Act, 1993), and the participants' right to information.

Anonymity was preserved by excluding the name of the business or the person who participated in the interview from the thesis. Non-identifying information (i.e. numbers from 1-10) was used to denote each respondent. Verbatim quotations were used in reporting the findings but the source remained anonymous. Usage of the data is restricted to the study and research papers that may result from it.

The individual's right to information about the research and the need for informed consent from all participants was also important. A letter and information sheet (see Appendix B) was sent to each of the ten owner-managers. The letter requested an interview and the information sheet explained the purpose of the research. The requirements for informed consent were included on the information sheet which gave assurance of confidentiality and explained that the tape and transcript would be made available on request. A week later, the researcher made a telephone call to the firms to follow up the letter. Before each interview, the consent form was signed and the participants were given time to ask questions. Gratitude was expressed through a letter of thanks to the participant two weeks after the interview. Additionally, respondents were informed that all raw data and transcripts would be kept in a secure, locked and private place and will be destroyed on completion of the research.

The aforementioned methods were used in this study to both protect and completely inform participants from whom data was collected. The Human Ethics Committee approved the ethical conduct of the study.

3.6 Summary

This chapter described the research design and qualitative methods of inquiry adopted for the current study. It began by identifying two limitations of prior research in the area that this study will address. Subsequently the research design was explained and justified. Procedures for conducting the qualitative study were discussed in detail. The chapter included a discussion of strategies to address ethical concerns in carrying out the study.

CHAPTER FOUR: PERCEPTIONS OF COMMUNITY ENGAGEMENT

In this chapter the findings of the study are presented. The findings emerged from analysis of interviews, as discussed in Chapter Three. This chapter is restricted to presentation of the findings without drawing conclusions or comparisons to those of previous research discussed in Chapter Two. In Chapter Five discussions of the findings within the context of the literature will occur.

4.1 Participants

Interviews were carried out in total with ten SME owner-managers. To protect his or her identity, each interviewee was allocated a number from 1-10, and the actual names of the firms and individuals removed from the illustrative quotations. The participants were all owner-managers of independent firms (i.e. not subsidiaries of larger corporations) and all firms were located in the central city area of Wellington, New Zealand.

4.2 Views on the relationship between business and the community

The first research question asked, “What are your views on the relationship between business and community?” The themes that arose from the first two interviews helped shape the structure of the remaining eight as discussed in section 3.3.2 (Chapter Three). In regard to the first research question, the following themes emerged: a) the complexity of terms and concepts b) more than making profit c) small vs. large business responsibility d) expectations on business over time e) the role of women and f) the weight placed upon environmental issues. These themes are elaborated and illustrated with quotations in the following sub-sections.

4.2.1 The complexity of the terms and concepts

Before delving into the detail of the interviewees’ responses to the interview questions, it is important to discuss the participants understanding of the term ‘community engagement,’ as this sets the scene for the interviewees’ responses. Participants were actively aware of the breadth of the term ‘community.’ In five interviews the issue of terminology came up spontaneously and certain interviewees did not hesitate, without

prompting, to problematise the notion 'community'. Interviewee #10 commented that 'community' is a "pretty nebulous sort of term in that there are so many different kinds of communities people can belong to." (#10) Early in the interview, participant #1 posed the hypothetical question, "What is community?" She attributed the diversity of meanings that could be given to community as a sign of present-day society where "we can choose to belong to communities that [have] nothing to do with the geographical locations. Today there's a mish-mash of communities." (#1)

During the interview process a picture emerged of the diversity of meanings each participant associated with the term 'community engagement.' For many, 'community engagement' was an all-embracing concept that at times overlapped with other terms used in the business and society arena. For example, 'sustainability' was mentioned by three participants to identify their community involvement. For various interviewees 'environmental responsibility,' or simply 'the environment,' was discussed as a key area of BSR and an element of community engagement. For other interviewees it was employees, customers or specific community groups that were central to their understanding.

One interviewee (#2) explained that the "language in the corporate social responsibility field" was too "abstract" and strongly expressed a desire for the language to be made more understandable by using every-day language. When this interviewee spoke to other firms regarding issues of BSR she chose to "avoid all that talk" as "it's very confusing and alienating for a small business owner." Instead the owner-manager chose to talk about being socially responsible using tangible examples. She commented: "I just tell stories about the cost of rubbish bags these days. They can relate to that. They want to find the savings too". This interviewee described the current CSR language as a barrier for SME involvement as it evoked a spectre of regulation that was perceived to be burdensome to this SME owner-manager.

Interviewees grappled not only with terminology, but also with the complex concepts they described. Interviewee #1 had spent many years trying to understand sustainability: "What is sustainability? ...It's too big to understand... Sustainability is everything...How do I grab sustainability? ... How does anyone start it?"

4.2.2 More than making profit

All respondents interviewed agreed that the responsibilities of businesses are greater than simply producing goods and services and creating jobs and wealth. Indeed, all SME owner-managers that were interviewed felt that businesses are unavoidably involved in the social realm. However, the owner-managers' descriptions of what their community engagement meant for business practice varied, reflecting a variety of perspectives articulated on the social role of business in society.

Opinions differed on the relative importance of social versus economic goals. According to some SME owner-managers, business-community engagement should only be performed after obligations to shareholders are met, and when businesses are in a position to contribute (i.e. when they are financially secure): "If business is doing well then it should be able to give back." (#5) Interviewee #5 felt it was important to secure the firm's commercial and economic objectives, before the business looked at broader social responsibilities. This participant asserted that owner-managers have obligations to shareholders first and foremost and they must be conscious that money spent on community engagement is not necessarily theirs to give away.

There was a clear message from certain interviewees (#1, #7 and #9) that business must operate at a profit as this is required for survival and essentially a responsibility businesses have. Participant #5 claimed he would not be involved with "giving back" if it "was gonna have a detrimental effect on the business – I wouldn't be that generous". Participant #9 emphasised a similar position:

...the company is an independent, commercial, sustainable entity, it has to survive as a company, if we just give everything away then we just wouldn't be in business tomorrow and we wouldn't generate profits for the community.

A different interviewee referred to Maslow's 'hierarchy of needs theory'¹ to illustrate a point. The participant felt that as a firm grows, it can become more active in its social

¹ There are five basic levels of needs in Maslow's theory: physical or survival needs, security needs, social needs, achievement needs and self actualisation needs. The hierarchical structure of the theory suggest that until an individual is freed from being concerned with the lower levels of needs he/she cannot be concerned with the upper levels (Maslow, 1943).

responsibility. Until then the firm needs to “focus on survival”. Securing the firm’s survival economically and commercially was seen as a priority, and this was characterised as the springboard from which action in the wider community could be launched.

... businesses go up that hierarchy of needs, they start with the fundamentals I think...but as they perhaps get longer in the tooth, perhaps they get more people within the company...that’s when they have time to begin thinking about how they would put a ring around what corporate responsibility means, and that’s when the theories come out, and that’s possibly when some kind of strategic approach begins to happen. (#7)

Several SME owner-managers held quite different perspectives to interviewee #7. Some believed that businesses’ commercial and social imperatives were complementary and mutually reinforcing. For example, community engagement was seen by one participant as something that “should be part of their [the businesses’] day to day life” (#6) rather than an “add-on” to normal economic behaviour.

Participant #6 described why he thought businesses should be engaged with their community. He highlighted the interdependence he perceived to exist between the health of the community and the health of the business. He believed: “... if you have a community that thrives then that will generate business. It’s got that return value.” (#6) This participant spoke of education, healthcare and equal opportunities as essential to a productive workforce.

In a similar vein, participant #9 described how community engagement provides value to both his business and to the community:

We think we are expanding the market and it makes good business sense to have more capable, competent people around contributing to society expanding the size of the pie, expanding New Zealand’s economy, bigger market for us, bigger market for everybody else, and everyone lives happily ever after. Yes, there is some altruism, but we think it makes good business sense as well.

One participant illustrated this same perspective with a hypothetical example:

.... we feel we do have a role to play...we are part of this community... and we are drawing from the community... If you take a small business – say you had a small manufacturing plant, very small – in somewhere like Petone, chances are that most of the people who would work for that location may be residents of Petone. It would be really good for them to be thinking about what are the needs in their community ... is there something that they could be doing in that small community because it would be of benefit to the people who were working in that organisation? (#3)

The assumption here is that if society gains then business will gain too. It was common to hear interviewees state that a healthy society creates an expanding demand for businesses, as the needs of individuals and communities are met and aspirations grow.

The sense that businesses are not independent from the rest of society was frequently expressed; business was viewed as a part of society's fabric. As one participant explained:

... businesses don't work in a vacuum – in terms of the social community, they need social equity and society on your side, not just at a consumer level, but it's the pool from where you get your labour force from, it goes without saying. (#4)

According to two interviewees (# 9, # 4) the result of businesses ignoring social matters may lead to diminished business success. Interviewee #8 specified that irresponsible businesspeople find themselves “being isolated” and “disliked.” Interviewee #4 believed society has begun to respond to issues of BSR differently and stated: “if you're not gonna do it [*act responsibly*] then they're gonna avoid you.” However, it was more common to hear of positive influences of BSR that contributed to business success, such as employee motivation, retention and marketing benefits.

Interviewee #4 described society as a “system” made up of dependent constituencies, of which business is one part. From his perspective, every thing on earth is part of this system, and if the complex system was to be broken into parts then solutions could be developed in each individual area.

Many interviewees conveyed the notion of the inseparability of personal moral responsibilities and business social responsibilities. These interviewees conflated the

responsibilities they felt as citizens and human beings with the social responsibilities of their businesses.

... It starts with the question whether or not you are a citizen of society...for plenty of businesses you can say 'it's just business, it's nothing personal' but not for me ...you must remember you are standing outside your door as a citizen. (#2)

...In my opinion companies have exactly the same obligations as people...if you live in a neighbourhood you are not going to go pick your neighbours vegetable crops, or pee on their doorpost...companies need to have a similar sense of responsibility. (#10)

The views expressed above suggest that businesses are comprised of citizens who are interested in social matters, and regard their business responsibilities toward society in a similar manner to their individual responsibilities. Consequently, for a collection of interviewees, this explained why it is not appropriate for businesses to ignore social matters.

One of the themes that arose from the data was the difference in responsibility that SME owner-managers perceived as existing between smaller and larger businesses. All interviewees believed their smaller size did not excuse them from engaging with the community, however there was a discrepancy over how much responsibility small firms should have in comparison to large firms.

Half of the firms interviewed believed that big businesses should have more responsibility than small ones. Common reasons noted include the fact that larger firms have more resources, and more expertise. For this reason, half of the interviewees felt big business should carry a larger share of the financial burden for community betterment.

...The more profitable you are.....the more you should give. (#5)

...they [large firms] are in a better position to be able to change the way they do it [do business]. (#1)

...Ultimately, a big company should be able to afford it more than me, they

don't have to worry if their phone bill is paid at the end of the month, and they've got a machine which makes money. (#6)

In sharp contrast, half of the participants believed there to be no difference between big and small businesses: they should have proportionately equal responsibility.

No, I don't think they [*large firms*] have any more responsibility, I think every big business was a small business once. It's a matter of consistency...(#2)

Interviewee #2 felt there should be "no excuse for a business getting worse on the social responsibility front" due to their growth in size or profits. The participant unequivocally labelled such behaviour as "ridiculous".

According to several interviewees, in recent years society has demanded more socially responsible behaviour from business than previously. According to interviewee #6, being socially responsible was once a point of difference for business. However, the expectations of contemporary society dictate that all firms conduct their business in a socially responsible fashion.

It's not an added value as to what the customer will get, its more of an expectation of society – it's actually something they have to do as opposed to something that's nice to do. (#4)

Interviewee #1 expanded this point adding that social responsibilities of businesses have shifted in importance over time. This interviewee used the need for the Equal Pay Act of 1960 as an example to illustrate how, historically, it was legally permissible to discriminate against woman, by paying woman less than men for doing the same work. For this interviewee, society's perceptions and expectations of businesses once evolved at a leisurely pace – changes would occur at an incremental rate, over generations - but now were shifting with electrifying speed.

Two further interviewees (#4, #7) concur with interviewee # 1 in their assessment of society's expectations. They associate this with the rise of new concepts (such as CSR, sustainability and triple bottom line reporting). These concepts and practices are signifiers of what interviewee #4 called a "change in the tide."

Contrary to these views, two participants (#9 and #1) believed that demands of

businesses by society have not changed over time and have always been “absolutely integral to how business should do business” (#9). This participant believed the only difference between the past and the present is the way the concepts have been interpreted, managed and theorised in recent years. According to interviewee #1, “.... it’s just a way of thinking, and it’s always been there. Have a look in the socialist circles; it’s always been really important.”

The role of women was broached by three interviewees when asked to describe their perceptions about the relationship between business and the community. According to one SME owner-manager (#2), the increased role of women in business has had a vital role to play in the way BSR has changed over time:

When women entered the workplace, feelings started being considered...over the 20th century there’s this massive change in BSR...women will and would be making the difference. (#2)

Interviewee #7 was very interested in women’s general motivations as opposed to men’s. She believed the way women operate in business is not necessarily any better, just different. This interviewee spoke of women offering the BSR discourse a less “masculine” analysis and more of an “emotional” perspective. Participant #7 said:

...I do think women do bring a different perspective, and it’s good to have that balance.

A further interviewee (#1) concurred with this assessment of women’s role in BSR. This interviewee thought that women were particularly skilled at “shifting paradigms.” One possible reason put forth by this interviewee was that women “have had to fight for everything we have earned.”

It was common for female interviewees to cite examples of female leaders such as Anita Roddick (from The Body Shop) and Vandana Shira (an activist and ecologist) – these “big names” (#1) were perceived as relevant to the BSR discourse.

4.3 Types and organisation of community engagement initiatives

The purpose of the second research question was to gauge how these firms and/or the owner-managers under examination were engaged with their communities. This

question not only identified the several different forms of community engagement but also allowed exploration into how this behaviour was managed and organised.

4.3.1 Forms of community engagement

The variety of community involvement evident in the interviews was extensive, taking a vast array of styles and foci. A list of findings is presented in Appendix C. It should be noted that the examples in Appendix C are grounded in the responses from the interviewees and not in a priori classification created by the researcher.

The list of community engagement initiatives reinforced the wide range of meanings placed upon the word 'community' as previously described in this chapter (section 4.3.1). When questioned about community initiatives, interviewees had a variety of responses that spanned across concepts such as 'environment,' 'quality of work/life,' 'philanthropy' and 'marketing.'

The findings could be divided into 'internal' and 'external' initiatives. In this categorisation, internal would be defined as people and activities situated inside the firm. Internal initiatives may include equal opportunity employment, supporting employee involvement in community causes, and staff health and wellbeing. External would be defined as people or activities existing outside the parameters of the firm. Examples of external groups may include customers, suppliers, and family members of employees. Finally, they extended to local and national community groups such as youth programmes and small enterprise/entrepreneurship development schemes and charities.

A number of interviewees perceived a tendency for businesspeople and the general public to discuss and practice environmental responsibility to a greater extent than social and/or community responsibility. Interviewee #3 stated that there are "three sides to being a sustainable business": economic growth, social equity and environmental management. To counteract the emphasis placed on environmental issues (to the detriment of social and community) she planned to "spread the message of the three sides" through a networking event "to try and get them to see that it's not just environmental." (#3)

There was a sense that environmental responsibility was more tangible than social and

community responsibility, being something that “people can identify with and see.” (#3) The complexity of the concepts surrounding social and/or community responsibility was evident in the following comment by interviewee #9:

... when you start discussing the gaps between the rich and the poor you start talking about the difference between the left and the right, the role of the state as a mechanism to re-distribute wealth, and how right that is...[*this discussion*]... falls outside of our comfort zone.

For one interviewee (#1), adopting “more environmental awareness” was the first step toward addressing other areas of BSR. This involved changing current cleaning products to environmentally friendly cleaning products, and recycling and reusing within the office. For this participant, making these “tangible” and “measurable” environmental changes was a way to progress into other – perhaps more challenging - aspects of being a socially responsible business.

4.3.2 Organising and managing community engagement

As noted, this study explored the manner in which community initiatives were managed and organised. One of the strongest themes to emerge from the interviews was the vast variation in the process of business-community engagement. Even businesses of a comparable size and type appeared to differ widely: in how they made decisions concerning community involvement such as budgets and criteria used for decision making; who was involved; and whether policies were developed to facilitate the process. Interviewees often presented more than one position when discussing the issues.

Interviewees often practised community engagement on an intuitive, *ad hoc* or ‘one-off’ level. The most common form was cash donations; all participants participated in this at some stage whilst in business. For some interviewees, this *ad hoc* approach was indicative of the informality in their strategy for managing community engagement. The majority of these initiatives came directly from the SME owner-manager and were often implemented by him/her on an individual basis with little, if any, discussion with staff.

Despite the popularity of ‘one off’ activities, three participants (#1, #6 and #2) described informal structures of community engagement as far from ideal. All three

revealed a preference to give goods, services or skills rather than cash. In their view, these would provide more benefit to community organisations than cash hand-outs. For example, participant #3 favoured a “long-term relationship with a community organisation” as they “did not want to do a one-off and say, well that feels good, and pat [themselves] on the back.” This SME owner-manager provided financial support and free training to the community organisation. To this participant, the free training was designed “to give her [*the community organisation co-ordinator*] more skills to deal with the issues that happen, which is what you need when working with staff and working with people, managing people. This will build her base line.” (#3)

In a similar vein, participant #6 avoided giving cash hand-outs stating, “otherwise you create that hand-out mentality”. Instead, he gave to the community organisation “in a way that is empowering” as the things he did were “more business-like,” which kept “pushing them forward,” creating a “sustainable business...[*through which*]...I can help someone to generate some money to pay the bills... because I want them to last longer than me.’ (#6)

Participants #1 and #2 mentioned that their preferences for more long-term relationships with community organisations would be perceived as atypical compared with other SMEs. They suggested that it is more common for SME owner-managers to consider the demands of time and money resources demanded by community engagement practices to be insurmountable obstacles.

There was a sense from participants #1, #2 and #6 that the constraints and obstacles faced with regard to community engagement were more of a challenge than a barrier. Participant #6 explained how engaging with the community is accessible for all businesses:

So, whether its time or money or resources, its like ‘there’s a computer screen sitting there, that can go in there...that’s an old one for me but is useful for them’...little things like that...there’s lots of opportunities for everybody right throughout the spectrum, no matter what firm size...it’s accessible and it it’s easy to do for everyone. Sometimes it requires education, sometimes it’s a matter of breaking the norm, and that’s usually good for your business.

One interviewee described her community engagement in terms of “relationships,” relationships with suppliers, agencies, community etc. For her, having community responsibility involved:

...individuals that usually have a passion for what they are doing and who grow strong relationships in the communities. It is often those individual relationships, I think, that lead to a lot of social responsibility – it may not be called ‘corporate’ responsibility but a responsibility to relationships (#7)

The participant went on to explain that good relationships need to be built through open dialogue. Interviewee #1 gave more structure to this idea, describing the importance of conversations between stakeholders where values and issues can be openly articulated.

Interviewee # 6 also maintained the importance of relationships within community responsibility. This participant held weekly dinner parties to help promote dialogue and networking within the business community:

Well, to explain a bit more, also with the community thing, I have a dinner party every Tuesday night and it’s open house, and people will turn up with food and wine and ingredients and have dinner here ...that just happened through a sense of community in the street I was living, just around the corner. But the things that have spun out of that are massive. It’s a sort of ‘getting back’ with something like that is overwhelming sometimes. (#6)

In this study two SMEs owner-managers (#1, #2) had created a formal commitment or policy regarding their community engagement. The two SMEs had devised these statements during the past three years. A further SME owner-manager (#7) revealed she had aspirations to “think more strategically” about community engagement. This interviewee felt the need to integrate the firm’s community engagement into their strategy and planned to do this in the near future. She felt the firm was “lagging behind” in this respect, and rectifying the situation would give the firm a “competitive advantage.”

Some owner-managers (#3, #4) suggested that focusing on a limited number of community organisations was a preference as this was seen as an effective method for dealing with the large number of requests received for charitable donations.

Interviewee #1 had a particular staff member to administer the community engagement programmes.

There's a lot to this. I don't know whether I am going to be able to keep it up, progress it....so we sorted out a plan...our office manager became our internal champion, she got onto the Sustainable Business Network and we were able to sort out a plan. (#1)

However, the participant expressed management of this nature was "unusual for the average SME" which often performs in a more *ad hoc* and reactive way rather than being this proactive, to this degree.

Interviewees spoke of a variety of influences, affiliations and associations that contributed to their decision to support a particular community initiative.

According to two interviewees (#6, #5) the participation of the firm in a community initiative revolved around the skills and expertise of the SME owner-manager.

I preferred to give something I am good at, that they normally wouldn't get something that really uses my skill set that they wouldn't be able to afford or wouldn't normally think about. (#6)

For two participants (#1, #9), the decision of who or what to support was based not only on the skills of the owner-manager but also on a personal interest they had in a particular community project, group or cause. For example, one SME owner-manager (#9) noted how he personally believed "the philosophy [of] working toward making the world a better place". This led him to forming a business that combined his skill-set with a strong personal desire to reach a goal that would "get the voices of New Zealand's communities heard in their own voice with minimum polishing... the idea is to increase social cohesion in New Zealand."

Interviewee #3 chose to support a particular organisation because it did not garner assistance from other businesses, and was not very well-known.

... we were trying to decide what we would look for in terms of who we would support. And simply because they are a community organisation and they don't get a lot of big exposure and a lot of big funding, that's why we thought we

would rather go into something like that. (#3)

Quite the opposite view was taken by interviewee #7. She referred to her selection criteria as evidence of where her “commercial side comes in.” Under her criteria, she would be looking for:

...organisations that maybe have a national focus, are relatively well known or unique in some way, shape or form, for example [*name removed*], that was a local group, but that was supporting a national charity, a very worthy charity. (#7)

The nation-wide focus of this interviewee’s criteria corresponded to the SMEs investor base. She additionally felt that particular criteria would assist with dealing with the many calls and requests that the SME received from community organisations and charities.

For interviewees #1 and #10, employees’ preferences had a significant part to play in the decision regarding whom or what to support. Employees in interviewee #1’s firm were allocated half a day a week to engage with the community. What this meant specifically was up to the employees “...they can do what they want. [*One staff member*] thought she would help the children cross the road to school. That’s fine. She comes to work a bit later. I give blood and take an hour or two off work to do so. We encourage this. Staff can choose.” (#1) In the case of staff working for interviewee #10, an entire day a week was allocated for all staff to “to do what ever it is that you need to do.”

A slightly different model was adopted by the firm of interviewee #3: instead of staff being given the time to engage with the community, they were given the opportunity to decide what causes the firm would collectively support. Decisions were based on staff interests, and whether skills within the firm matched community needs. Only interviewee #3 and interviewee #1 spoke specifically of responding to specific needs in the community when selecting, rather than focusing on the needs of the business.

With the exception of a small number of firms (#4, #8, #1), the participants spoke of minimal external communication of their socially responsible business practices. However, it was more common to hear of internal communication i.e. amongst staff.

Some participants were suspicious of consciously displaying to the public their socially responsible business practices, as this was perceived as insincere (see Section 4.5.2). However, at the same time, it was common to hear participants speak of the importance of telling their story of their socially responsible business practices, and expressed a desire to improve in this area. Table 4.1 illustrates the modes of communication used by the participants in this study to convey their community engagement.

Ways identified to transmit community engagement

Internally	Externally
Office displays	Via websites – the firm’s and others
Meetings	Through business networks/associations
	Media
	Through mail-outs to clients
	Festivals/carnivals

A key theme from the data was a paucity of communication around SME community engagement in general. Several interviewees (#3, #4, #10) suggested those businesses engaged with their community should publicise their socially responsible initiatives as a means to increase the awareness and involvement of other businesses.

Participant #10 described the overall lack of positive community engagement messages in New Zealand’s media. He states:

...if you look at the mass media and the sorts of messages you get from the mass media, turn on the TV, you don’t hear people saying, ‘have you done a Parent Help at your Kindy this week?’ ...you don’t get a lot of television programmes that celebrate people doing Parent Help for Kindy, or celebrate people driving kids around to various sporting events, or that celebrates people actually going to hospitals and visiting sick people who are feeling disconnected from the community. These sorts of things are not celebrated. (#10)

4.4 Perceived motivations and benefits of community engagement

From questioning participants on the reasons for their community engagement, certain themes became apparent. The themes that emerged in response to that question are: a) the role of religion b) the influence of family c) marketing and public relations d) networking opportunities and e) employee attraction and retention. These are discussed below.

It is important to note the complexity of distinguishing between factors that initially motivate engagement with the community, and the benefits that accrue from such engagement. Certain SME owner-managers who claimed to be involved purely for ‘moral’ reasons also found they reaped business benefits. Moreover, those that openly recognized they are involved in community engagement to improve their business reputation found they achieved a certain amount of personal fulfilment. It was beyond the scale of this study to disentangle the motivations and subsequent benefits.

4.4.1 The ‘normative’ case

The single most consistent explanation for supporting community engagement was centred on moral justification (often referred to as the ‘normative’ case or rationale - see section 2.1.2). For many of the owner-mangers, personal ‘ethics’, ‘values’ and ‘morals’ prompted them to work towards community betterment. This was expressed in statements such as “it’s the right thing to do.”

Religious themes were displayed in several discussions where the interviewees drew on statements of their faith to explain why they were advocates of BSR. Interviewee #6, for example, described how he attended Sunday school and thought his religious education helped develop the concept of “giving” that has “been instilled in me for a very long time.” (#6)

In a similar vein, participant #9 placed his actions in the context of religious beliefs (in this case the Jewish faith). The following quote conveys how strongly participant #9 viewed the relationship between his faith and his socially responsible business practices.

... we have been instructed specifically by God to repair the earth and repair human relationships into the perfect state – where they were at, at the beginning

of creation. So, that's a driving central ethos. (#9)

Interviewee #9 creates and implements an annual budget that reflects the religious practice of tithing. "...one of our stated policies is that 10% of our profits will go back into the communities ...we have these charitable aims that are part of the company values."

Interviewee #10 spoke of a connection between her mother's religion (Baha'i) and her own outlook and business practices. Quotations from Mahatma Gandhi were used throughout the interview to illustrate her views: "Be the change that you want to see in the world, that's what I mean about human beings as opposed to human doings." This interviewee's beliefs led her to instigate an uncommon business practice: in her company, everyone works for a four day week without pay reduction. The employees have the freedom to spend that day doing whatever they want: writing personal emails, having their hair cut, reading a book. The interviewee envisaged that her employees would spend that extra day off on such things as "research development", "planning," "creating visions," and asking themselves questions such as "where do we want to go?" and "what's the new world we want to create?" This participant believed that in giving her employees the space and time to ask these philosophical questions, positive change can occur. It could be assumed that this business practice ultimately stems from the participant's spiritual outlook.

Although other participants did not subscribe to any particular religious denomination, some used religious terminology to discuss their community engagement activities. One participant (#5) spoke about the concept of 'tithing' as a sound business practice. The principle of tithing was also mentioned by participant #6, who made the connection between the practice and its religious origins.

Seminars say 'give 10% to charity because you will get it back' but in order to receive you need to give, it's in the bible and all that sort of stuff, so there are lots of routes for doing that and lots of reasons to do that. I would guess a lot of religions would suggest doing that. (#6)

Often the interviewees made reference to their family as having an impact on their current community engagement practice. For example, one participant's mother (#1)

influenced this owner-manager's perception of the nexus between business and society. This participant did not directly attribute her attitudes about community engagement to her mother, but drew upon her mother's experiences when talking about her own attitudes.

My mother started a shop ...and built up a strong sense of community around her shop. She became the most successful hand craft and wool shop...her business was run on the traditional family model, community based. Mrs Smith would come in, her husband had beaten her, mum would say 'come in, have a cuppa tea'... The whole sense of community was amazing.... watching her connect with people, creating networks. It's interesting. The world is interesting. (#1)

As discussed in the previous section, interviewee #10 spoke of a connection between her mother's values and the influence these have had on her own outlook on life.

Gandhi is awesome, obviously...my mother is Baha'i so she was, or has been, somewhat radical views about humanity, wholeness and oneness and that sort of stuff. I've kinda walked this line, having the way made for me. (#10)

Participant #2 perceived her business as a means to both support her family and instil in her children an alternative way of operating a business. The business was run from the family home and was referred to as the family's "economic sustainable sustenance ... what money is made downstairs can feed and create a lifestyle for who lives upstairs". To her, creating her own model of a sustainable business was a perceived benefit: the participant's family could "take pride" in a lifestyle they created for themselves.

... My kids have a mum and dad that run a kick-ass business that supports them, sustains them. Not only this, but is able to do the fundraiser at their school or their Kindy. I definitely feel I have given them something to be proud of.... I see that as a benefit... when they begin a business or work with, or for somebody else, they can pass it forward and have their way that they know as 'normal' (#2)

4.4.2 The business case

Despite moral rationales being well-cited in the interview data, many interviewees understood that community engagement was not driven by purely moral imperatives. The owner-managers recognised there were economic benefits as a result of ‘doing good’. This study set out to establish what business benefits accrued to the SME owner-manager and/or to the firms that engaged in community initiatives. The business benefits resulting from community engagement varied depending on the type of activity. However, it is beyond the scope of this study to assess business benefits quantifiably.

A selection of businesses were motivated by the Public Relations (PR) pay offs from their community engagement. There was some suspicion amongst the interviewees towards the term ‘PR:’ for some (#1, #6) it seemed to epitomise big-business ‘spin-doctoring’ and an insincere approach to community engagement. However, when broadly defining PR as communicating to an array of publics such as customers/potential customers, others in the same industry, potential employees, funding bodies etc almost all the interviewees were in favour of PR.

Around one third of the interviewees used their community involvement credentials to some extent in their marketing. For example, some of the interviewees placed their philosophy, community engagement activities, and awards gained as a result of these activities, on their websites. One interviewee (#3) sent mail to the firm’s clients that demonstrated their connection with a particular community organisation. She states:

But what we get from them [*the community organisation*] is they design a Christmas card for us every year...they are quite unique... it’s been designed for us and we get this art work which we will be framing. We can acknowledge our partnership ... through sending our Christmas card to our clients. (#3)

When discussing an award one participant received for being an exemplary sustainable business, the participant mentioned the publicity and “enhanced reputation” that came along with the reward, as well as her hesitancy to self-promote using the award as a tool for business promotion.

...there was amazing PR in this [*pointing to the award*], amazing, and I think

that PR is important, only because, how do other people find out about it? ...There is a quiet movement happening anyway, but I don't think standing on top of the mountain screaming 'God, aren't we so bloody good!' is necessary. It's that crass in a sense. But, if I hadn't read about things that other people had done, or if people hadn't told other people, then how do you find out? It's not PR, but raising profile of the issues. (#1)

Despite many interviewees stating the importance of communicating their socially responsible practices, others had hesitations with promotional activity. To some interviewees, this self promotion was seen as a "big business" thing to do and there was a belief that many large businesses only undertake socially responsible practices for the resulting PR benefits.

Telecom for example, they give a lot of money to schools, because schools affect every New Zealander in their target demographic...That's an example of a very measured social conscience. (#6)

Many of the interviewees wanted to specifically target other SME owner-managers in their external communications. This was primarily in order to lead by example, to encourage others to become more socially and environmentally responsible.

One means of 'spreading the word' about social responsibility and specific businesses involvement was through business network meetings. These business networking meetings provided a venue for creating opportunities for connecting, sharing stories and encouraging community engagement.

One participant spoke of 'spreading the word' by taking friends and acquaintances to events run by the community group he supported and once at the event, allowing the guest to ask questions:

I wouldn't tell you I was associated with the committee.... In that context it would then probably come out how I got involved with that...If people want to know I will suggest ways they then could sign on ... or give a dollar a day ...[or] you could come in and help in some other way and people see that as being accessible. It's like you can offer something which they can do right now. (#6)

For this participant, physically engaging his friends and acquaintances in a very “real” way gave them a tangible experience that could help “generate their own thoughts about what the community needs” and potentially encourage their involvement.

Interviewee #10 discussed how engaging with the local community assists with gathering “important information.” Her friendships were mechanisms for “learning what’s going on.” The information gathering was often informal and unplanned.

Having literally no marketing budget meant that participant #2 had to pursue avenues of garnering publicity that were free of charge.

...it’s about word of mouth for us. Every customer has to walk out the door passionate and wanting to talk about us. (#2)

Participant #2 also used community events, such as local festivals/carnivals, to capture new customers. The policy of “Zero marketing budget” was an integral part of her business strategy, and this led the participant to be able to clearly distinguish between her business image and business practices.

That’s our basic philosophy with social responsibility. You don’t need to throw money at your image, its got nothing to do with that, if your image is sound – not even your image – if your practices are sound, what goes around comes around. (#2)

It was common to hear the saying “What comes around goes around.” However, there was a sense from many participants that the business benefits that ‘come around’ happen in the long-term. Interviewee #2 puts it succinctly:

... the profit margins on some of our competition is way better because they are not sustainable like we are. We are keeping slower and smaller for longer through our sustainable model ... I believe real change takes longer – we will have a global empire one day.

One participant (#6) offered a different perspective by suggesting the business benefits for engaging in the community would have a direct and immediate impact on the business. He noted:

That would probably have a huge impact on the morale of the organisation and increase their profitability ...I would say fairly immediately. If a boss in a big company walked around and said 'You've got an hour of your paid time with us per week to do a community project' ... And, you're going to be thinking, well, its sort of like getting a gift by the organisation, and you feel obliged to repay it. Being given a gift like that would ultimately inspire you and make you happier in your work and that would become an hour every week that you would look forward to ...they would waste more time than that standing by a water cooler talking about work – and they will still do that anyway.

Several participants spoke about their community involvement and the public's knowledge of that involvement as a competitive advantage. Only one participant (#6) expressed no desire to communicate his businesses community involvement to the public: "I don't really care if anybody notices whether I do it or not. I do it because I love it."

A number of interviewees commented that their practices of community engagement impacted on the SMEs competitiveness in the labour market. Specifically, four interviewees stated that being known as a responsible business facilitated the firm's effectiveness in attracting and retaining employees. One participant (#1) identified the "values" of the firm as their "biggest business advantage," which directly impacted on recruiting and retaining "excellent" staff.

... he could have worked anywhere but chose to work here because of the values...it's enormous, people should latch onto this! ... There's a wonderful saying....He aha te mea nui? He tangata. He tangata. He tangata. What is the most important thing? It is people, it is people, it is people...we have this on our website...we ask what does this mean to our brand, what does it say? (#1)

For interviewee #4 being seen as a socially responsible business was important for attracting a certain 'type' of employee. He explained his community engagement practices attracted people – younger people in particular - who had similar views on the role of business in society. To this participant, younger people were "asking the question of business, they realise that [*their role in social responsibility*] is important."

Interviewee #10 described a situation where an employee left her firm and moved to Auckland. The employee has since stated that she would come back to Wellington and work for interviewee #10 despite a lower salary, because of the firm's values and philosophy.

As evident in section 4.4.1, having good employee relations was important to all the interviewees who employed staff. They realized that their employees were a key asset and therefore valued and respected them. Several interviewees (#1, #10, #2) placed importance on helping employees solve their personal and emotional problems (e.g. allowing time off without penalty). Such an approach had the concomitant effect of engendering employee loyalty and commitment, thereby creating long-term value for the firm. While some of the interviewees had carried this perspective for the whole of the business' existence, others re-orientated to this perspective later in their business development.

This study found certain firms involved employees in community related activities. This involvement was perceived by a range of interviewees (#3, #2, #1) to have a positive impact on the health and happiness of staff as well as providing new experiences and broadening horizons.

4.5 Summary

This chapter presented the findings of ten semi-structured interviews of which several themes emerged. There were lengthy and complex discussions from many participants about the perceptions of the relationships between business and society. The interviewees were supporters of a broad view of the role of business in society stressing that business is intimately integrated with society and therefore has responsibilities beyond profit-seeking. The abstract character of the concept 'community' meant practices were labelled 'community engagement' according to the owner-managers own discretion. Many participants practiced informal and *ad hoc* community engagement however there were plans from certain interviewees to think more strategically.

Findings suggest the belief system, values, morals and family are the basis of owner-manager engagement. However, participants did not act solely in an altruistic manner; business benefits such as employee-related, networking, marketing and PR benefits

were seen as having a major contribution, although this contribution was mostly intangible and long term.

CHAPTER FIVE: DISCUSSION, CONCLUSIONS & IMPLICATIONS

The previous chapter presented the research findings and identified themes that developed from the research questions. This chapter elaborates on the findings focusing on themes that are of relevance to the research questions while situating the findings within the context of scholarship in the field of BSR presented in the literature review (Chapter Two). Subsequently, conclusions are presented to the whole research effort, followed by implications and limitations of the research.

The researcher returns to the overall aim guiding this study: *to explore SME owner-managers' perceptions of community engagement*. This aim has been explored through three primary research questions:

1. What are their views on the relationship between business and community?
2. How are they (and their firms) actually involved in their communities?
3. What are the reasons for their community engagement?

The discussion within this chapter will occur in relation to each of the three research questions. Each research question will have its own subsection and each subsection will make reference to the appropriate subsections in Chapter Four, reinforcing the connection between the research findings and the discussion (Perry, 1998).

5.1 Views on the relationship between business and community

The first of three research questions was aimed at gaining an understanding of ten SME owner-managers' views of the relationship between business and community. A set of themes that emerged from responses to the first question are discussed as follows.

5.1.1 The elusory BSR discourse

Various terms relating to BSR were perceived as ambiguous to certain participants, which may reflect the lack of immediate or specified meanings for terms and their ramifications as discussed in section 2.1.1. This ambiguity was both problematic and

useful, allowing participants a free flow of ideas in some situations while causing confusion in others.

Ambiguity was apparent throughout the interview process, evident in the way the participants used a wide variety of terms, often interchangeably, to describe, elaborate and explain their perspectives (see section 4.3.1). Some of the terms were ‘corporate social responsibility’, ‘sustainability’, ‘corporate citizenship’ and ‘triple bottom line reporting’. This study identified a plurality of understandings and interpretations of these terms by the participants. Such diversity reflects discussion in the academic field.

Participants also questioned the specific applicability of the terminology in the SME sector. Further, participants often identified the discourse as unsuitable for engaging and/or supporting other SMEs to understand and manage their social impact. As exemplars, certain SME owner-managers in this study were explicitly addressing the problematic nature of the ambiguous and interchangeable use of BSR terminologies and the difficulties that this gave rise to. The preference then, was for understandable, everyday language to be used when in discussion on community engagement, rather than what was considered by many participants as “big business jargon”. The presence of such a finding is of no surprise when reflecting upon the SME literature reviewed for this study (see 2.4.2). Numerous SME commentators have deliberated over the applicability and functionality of BSR terminology (Besser, 1998; 1999; 2002). Thus, the findings in this research parallels work that has gone before.

Despite participants in this study struggling with understanding and conceptualising term such as ‘CSR’ and ‘sustainability’, in practice this ambiguity often gave owner-managers the flexibility to interpret and implement initiatives as they wished, rather than being confined by a particular term or a particular conceptual framework. This reflects the work of Burchell and Cook (2006) as discussed in section 2.1.1, who note that the definitional vagueness of the concepts in BSR is part of its appeal to a wide variety of groups.

Thus, it can be seen that although the multitude of meanings and terms generated by the BSR discourse in the academic sphere could actively work against its understanding and use in “real world” business practice, in actual fact this ambiguity is actively exploited. This can be seen in section 4.3, where, for example, the concept was extended beyond a

specifically local community focus to an emphasis on broader environmental issues.

Despite the issues raised by the ambiguities in the discourse, Wartick and Cochrane (1985 p.767) note BSR is “an extremely resilient concept” leading us to conclude that it perhaps owes its endurance and increasing popularity to the fact it is so accommodating.

5.1.2 More than making profit

Interviewees were unequivocal in their views that the role of business is more complex than simply the creation of jobs, wealth, goods and services. Rather, there was an expectation that businesses must accept some accountability for societal welfare, which is a perspective consistent with various supporters of BSR (see section 2.1). Given that the interviewees were selected for their insight into the community-business interface, this attitude was not surprising. However, the owner-managers’ descriptions of the intricacies of what this meant to them and for their business practice varied widely, reflecting a variety of perspectives on the social role of business in society.

Ideas that reflected Freeman’s (1984) stakeholder theory of the firm became evident early in the data collection process (expanded in section 5.2). That is, the consensus amongst interviewees was that businesses are social institutions responsible to a wider society and not to shareholders alone. Many participants believed that the responsibilities owner-managers have to stakeholders are as compelling as the responsibilities toward shareholders.

However, this perceptive did not ring true for all participants. For some, shareholders maintained precedence over stakeholders. Community engagement was seen by these interviewees to be an activity that required money and resources that businesses were at times not at liberty to spend. This perspective was most clearly articulated by an owner-manager of a larger SME, where there were a number of owners and greater formalised functions and policies. There was less freedom and autonomy in this context to pursue socially responsible business activities because of the formal management styles and structure. The research of Thompson and Smith (1991) reinforces this finding by noting that it is the smaller firms who are more likely to perform BSR due to having more freedom and less structural inhibitions.

All SME owner-managers discounted the size of their firm as being a hindrance for

community engagement. The prevailing opinion of participants was that size should not matter in relation to social responsibility. This perspective reflects the findings of Chrisman and Fry (1982) in their work that involved interviewing small firm owner-managers about their perspectives on the relative responsibilities of small vs. large businesses.

However, there was a discrepancy in the participants' attitudes over how much social responsibility SMEs should undertake in comparison to large firms. Half of the participants believed that SMEs should have proportionally equal responsibility to the community. This finding is similar to Spence et al's (2003) suggestion that some theorists regard BSR is a 'luxury good' that only more liquid businesses can afford, which then by necessity excludes many SMEs. For other interviewees, size *does* matter. These participants maintained that community engagement should be relative to the businesses size and resources i.e. big business should carry a greater share of community involvement than smaller firms. This in turn reflects Davis and Blomstrom's (1975) formulation of the 'Iron Law of Responsibility' which states that businesses with more assets should be expected to contribute more to the community (see section 2.2.2).

5.1.3 The social contract

The SME owner-managers did not exist in a world disconnected or above the rest of society, overcoming any perceived dichotomy between business and society (as discussed in 2.2.1). Many interviewees described an interdependence they perceived between the health of business and the health of the community (see section 4.2.2). Thriving businesses, by their nature, were seen to contribute to and encourage the growth of the wider community. The assumption was that a healthy society would create and maintain a demand for both existing and future businesses, and that through this relationship the needs of individuals and communities would be met and the aspirations of the community would grow. There was a real sense that businesses are part of society's fabric, a perspective heard in the work of Spence et al. (2003) who concluded that "business ethics [*do*] not operate in a vacuum disconnected from the rest of the world" (p.19). Wood (1991) maintained a similar viewpoint; asserting that society and business are interwoven. This study uncovered a much more integrated function for the businessperson in society than that previously described in the literature

by the opponents of BSR (see section 2.2.1) – one where the various roles one plays in life are not detached or divorced, but rather are intertwined and inevitably influence each other. Further, for many participants, there was a sense that businesses are merely collections of people, and that their responsibilities as businesspeople were no different to their responsibilities as citizens. These participants were describing a formulation of a ‘social contract’ that Cannon (1994) describes as existing between business and society (see section 2.1).

Further, there was an acknowledgement, from certain participants, that the societal expectation placed upon businesses was constantly changing. Certain participants believed businesses are under more pressure from contemporary society than they have been in the past. These views are consistent with the recent growth of the concept of ‘ethical consumerism’; placing pressure on businesses to ensure they act responsibly and taking action against unethical businesses.

5.1.4 The role of women

Some participants considered the role of female SME owner-managers to be important when considering the relationship of business and the wider community. This perhaps reflects the gender of the participants and gives rise to questions around the concepts of the gendering of leadership. However, the literature review revealed no research addressing the role of women or gender in the BSR debate. Research by Ede, Panigrahi, Stuart and Calcich (2000) found some differences between the sexes in the ethical outlooks of micro business owner-managers. However, their research centred on ‘ethics’ rather than BSR. Due to the paucity of research about the role of women in community engagement this topic raises more questions than answers, and will be returned as a suggestion for future research within section 5.5.3.

5.2 Community involvement

In addition to investigating participant’s attitudes, beliefs and assumptions (research question one), the researcher asked: How are owner-managers and/or their firms involved in their communities? This second research question not only identified the many different forms of community engagement but allowed exploration into how this behaviour was managed and organised.

5.2.1 A plurality of stakeholders

The findings in this study showed that community engagement was widely apparent and took a number of differing creative forms – helping dispel the myth that SMEs are too insignificant to think beyond supplying society with quality products and services (e.g. Van Auken & Ireland, 1982).

Community engagement was perceptible at many levels, such as the environment, employees, community groups, government and society in general. Many participants adopted novel approaches when engaging with the community. Practices like volunteering and employing staff with disabilities were routine to the owner-managers, but may appear unusual to the external public.

The participants described a very broad interpretation of constituencies that had a stake in the firm; however, responsibilities to suppliers and customers were seldom mentioned. For the ten SMEs owner-managers interviewed, the current picture is highly expansive and overtly challenges the narrow view of what constitutes a stakeholder (e.g. Clarkson, 1995).

Many participants discussed their own community engagement in comparison to the ways in which they perceived the engagement of other firms or owner-managers. Thus for example, some participants' understanding of the community engagement of others encompassed notions of environmental responsibility and therefore, of the environment as a major stakeholder. The explanation given by the participants for this environmental emphasis was due to the tangible, visible and measurable nature of ecological concerns. Participants believed that community responsibilities such as unemployment, helping the disabled and underprivileged, education and health, were thought of by the majority of business owners as very complex, and as far more difficult to engage with and articulate. Addressing environmental concerns were seen as an "easy" option for SMEs to take, as they were perceived as more quantifiable and easier to implement for the majority of SME owner-managers. By comparing their own participation with those they believed were taking a 'soft option', participants emphasised their own uniqueness and *avant garde* approach to the issue.

The interpretation of the concept of community by the interviewees somewhat challenges prevailing literatures in the field of BSR that concentrates more on

ideological concepts of a 'global community'. For example, BSR often refers to larger firms who frequently encompass multiple national societies, reflecting the geographical dispersion of operating units and/or staff. In this study there was significantly more discussion on the 'local' community in which the firms operated, reinforcing the idea that SMEs typically comprise a single operating unit within a largely local workforce.

To add to the complexity of the concept of community, participants shifted between discussing the term as a geographical concept and discussing it as an ideological concept. Thus, the participants fluctuated between interpreting the concept of community as the people and groups within and around their immediate location, and interpreting the concept of community in terms of greater cultural and societal entities.

5.2.2 Stakeholder engagement – SME style

In this study, the management of relationships between stakeholders and firms was often informal, personal and based on mutual trust. Personal relationships were important for garnering trust with stakeholders for the participants in this study – more important than any formal instruments such as 'codes of conduct' and 'social reports'. Thus, for example owner-managers lead by modelling influences rather than formally creating standards of behaviour for employees.

The participants in this study demonstrated both proactive engagement and reactive engagement, often simultaneously. However, the latter was more common. Reactive community engagement was frequently due to the increasing numbers of requests for support from the community that participants dealt with on a weekly basis. The research of Reeder (1978) also suggests that SME community engagement is typically reactive and *ad hoc*, with most SMEs responding to requests rather than proactively seeking opportunities.

The findings regarding the *ad hoc*, personal nature of SME-community engagement contrasts to much of the big business literature that emphasises more formal systems and certification as a way of demonstrating BSR and lean towards a depersonalised role for the manager. A key tenet of the stakeholder theory (Freeman, 1984) is that not only do all businesses have relationships with stakeholders, regardless of size, but that accurate 'management' can minimise the negative impacts on these relationships and maximise the positive. The impetus that underpins this formalised approach to creating

systems and systematic relationships with stakeholders is the result of the characteristics of large and not small firms. These differences, emphasised in the findings of this study, reinforce work by Jenkins (2004), who notes that “while the nature of stakeholder relationships for SMEs may not be drastically different [*from big businesses*] the *management* of such relationships is likely to be” (own italics) (p.44). Thus, once again, it is apparent that big business jargon and concepts cannot be simply applied to the SME context and remain meaningful.

From the data collected, it appeared that certain participants were in the initial stages of developing more strategic approaches to the management and planning of their community engagement. For these interviewees, *ad hoc* initiatives were seen as unsatisfactory. The desire to be more strategic mirrors the present day emphasis of BSR. Although this seems contradictory given the essential nature of SMEs relationships with the wider community, this desire to move towards more formalised procedures in maintaining community relationships in fact further reflects the need for a more encompassing understanding of this field. The complex continuum, on which BSR relationships exist, stretches from the formalised arrangements of large firms to the *ad hoc* and informal relationships of the smaller SMEs.

Within the group of strategically organised SME owner-managers, some positioned their community engagement practices as being exceptions to the rule or as an exception to what they perceived to be the ‘norm.’ They suggested that it is more common for SME owner-managers to consider the demands of time and money required by community engagement practices to be insurmountable obstacles. This matches findings of several studies within the SME literature that suggest SMEs lack the resources, time and experience to engage with socially responsible business practices (Van Auken & Ireland, 1982).

Offering a different perspective to the literature, certain participants in this study viewed constraints not as obstacles but more as challenges to overcome. These firms exemplified best practice in overcoming these problems by placing social responsibility at the core of day-to-day business decisions. In this light, the community engagement initiatives were a more natural way of doing things and less of an add-on for which they do not have time.

Many participants in this study expressed a desire to know about other firms' community engagement initiatives, seeing the lack of information around this area as a factor that inhibited the involvement of socially engaged practices. Useem and Kutner (1986, p.106) found that charitable giving was influenced by the actions of others. In their work on art sponsorship they note that "the most important single external source of influence on a firm's giving is...the giving of other firms." Due to lack of external communication on firms' values and ways of behaving, the participants in this study found themselves excluded from the potential influence this inter-business communication may have. Again, the lack of clarity with terminology in this field may have influenced the lack of communication.

In a number of cases, owner-manager preferences and/or personal contacts were highly significant factors in determining which community organisations were supported. Thompson, Smith and Hood (1993) found owner-manager values and preferences to be important factors when making decisions to contribute to particular organisations. They went so far as to suggest that "rather than economic gain which may result due to the visibility of contributions, it appears that the sample of small business gave for decidedly personal reasons" (p.49-50). This is a significant finding, as community organisations may benefit from framing approaches to cater more toward individual owner-managers and businesses when requesting support.

5.3 Reasons for their community engagement

In this study, the perceived motivations and benefits for community engagement were ambiguous and complex. These complex and varying motivational strands can be woven together in each individual case, all serving to reinforce the attitudes of the owner-manager towards BSR. In attempting to make sense of the data, the researcher loosely categorised the motivations into two groups: those that impact on the personal well-being of the owner-manager, and those that impact on the success of the business.

5.3.1 Role of the family, morals and religion

Findings from this research suggest that the belief system, values, background and moral orientation of the SME owner-manager form a central basis for their firm's community engagement.

The majority of owner-managers in this study acted as individual agents, bringing their personal morality into their business decisions and behaving with a freedom of discretion in a way that perhaps larger firms could not. This is reflected in the work of Thompson, Smith and Hood (1991) who propose that if a business is small, or not professionally managed, manager discretion may have considerable influence on the internal processes defining the business' social performance.

A constant theme in this study was the inseparable nature of the owner-managers' business and personal lives. For some interviewees more than others, their business lives were profoundly shaped by their own personal beliefs and specifically their prior philosophical and religious affinities. These interviewees specifically contextualised their community engagement in terms of these affinities, affinities that had a high priority in underpinning the notion of acting responsibly. Direct reference to religious influence on community engagement was not found in the literature and is worth commenting on especially in the context of the overtly secular nature of New Zealand's society.

In a few cases, these religious affinities were linked directly with the upbringing of the participant, reflecting the role of the family as an influence. The importance of family extended to the participant's children as well as their own childhood. Participants contextualised their own community engagement in terms of role modelling for their own children. Moore and Spence (2006) note the inconclusive nature of studies into the influence of the family on socially responsible business practices. Drawing on broader literature, there have been significant variations found between family firms and non-family firms (Lyman, 1991), yet this work focuses mostly on the role of the family firm as it plays out in different economies. Family firms represent the majority of firms in most developed countries (Lyman, 1991) forming a significant portion of the business population.

The majority of literature on large firms state that the key motive for community engagement is aligned with the 'business case'. However, the findings in this study identify the values and morals which guide behaviour (often termed the 'normative case' in the literature) as a factor that is absolutely fundamental in the SME context. BSR initiatives need to take into account the variability of SME managerial discretion and moral, religious and familial influences. So far the BSR debate has not embraced

the complexity of these issues. These firms were selected on the basis of their current community engagement, explaining in part the over-representation of the normative case. However, although this study does not constitute a representative sample of SMEs, this point undoubtedly carries weight when considering the choices made by various SMEs in their engagement with the community.

5.3.2 The business case: An enlightened self-interest?

Despite the fact that participants cited moral justifications as their primary motivation for community engagement, business related ideas closely followed. Participants thought that engagement with the community was motivated by or benefited from pragmatic business reasons, helping the business reach its economic objectives. In this sense, their community engagement was strategic.

However, the views of the owner-managers were mixed in regards to the bottom line impact. When discussing business benefits, ideas centred on the less tangible and often broad benefits of improving public relations, enhancing reputation and possible networking benefits, all which will be discussed in more detail in this section. Thus, it is fair to say that perceptions of business gain were often impressionistic, more aspirational than realistic. This is important to keep in mind when discussing these findings as it may help to explain apparent contradictions.

Some participants admitted that it is difficult to determine the exact value of community engagement, and accurately account for any direct and immediate economic benefits. This finding supports Worthington et al.'s (2006) review of two UK reports that claim that SME owner-managers were unconvinced of any bottom line benefits of engaging with BSR initiatives. However, most participants considered the value of community engagement to lie in possibilities for long term economic benefit.

All those participants with employees agreed that BSR had a positive impact on the attitudes and perceptions of their staff. In fact, looking after and attracting good employees constituted a motivational rationale for SMEs investing in community engagement, further reflecting similar motivations proposed in larger firm theory (see section 2.2.2). Many participants spoke of their engagement with the community as resulting in an increase in the health and happiness of their workforce. There was a

reoccurring theme throughout the discussions that the business gained a more satisfied and loyal workforce as a result of community engagement. Further potential benefits were identified as: increased employee morale and lower staff turnover (therefore, reduced recruitment costs), improved attractiveness to potential employees, and skill and knowledge development. Much of the examples of how their community engagement related to the treatment of staff mirrored those found in the broader SME literature (e.g. Holliday, 1995). For example, in their relationships with their employees, participants went above and beyond that which is outlined in employment regulation. Owner-managers were likely to have positive employee relations which they saw as having an effect on engendering employee devotion and commitment, therefore creating long-term value for the firm.

While the owner-manager tended to lead community initiatives, it was also important for the owner-manager to get 'buy-in' from the employees. This was achieved by creating relevance for the employees in the choice of community groups with which to engage, for example choosing to support schools that employees' children attended or allowing employees complete control over their choice of community engagement practices. This may relate to the less hierarchical nature of the small firm, as total employee involvement in community engagement initiatives could be easier to implement without the more formal structures of larger firms.

This argument, positing employee relations as an important factor in community engagement, is usually assumed to translate directly from large firms to the case of SMEs. It appears to be high on the priority list of motivations for the firms in this study; however the nature of these relationships would be intrinsically different to those of large firms due to the factors briefly outlined above, such as relative hierarchies.

In this study apparently contradictory findings emerged when examining the participant's attitudes towards publicity. As reflected in the findings of Jones (1997 cited in Lantos, 2001) some participants actively shunned the concept of publicity when phrased as 'PR', sceptically interpreting this as an insincere 'big business' practice. Despite the apparent hesitancy in self-promoting their businesses on the grounds of their community engagement, many participants used their community involvement credentials to some extent in their marketing. Furthermore, the fact that some of the 'big names' in BSR discussed by the participants were also in fact highly successful business

people (such as Anita Roddick from *The Body Shop*) may be understood to illustrate their tacit approval with strategic forms of socially responsible initiatives. Thus, it is suggested here that what participants were actively shunning was not PR *per se*, but rather the negative connotations that the term has collected through its association with cynical marketing techniques.

The opportunity to network and form formal and informal relationships as a result of community engagement was another benefit evident in this study. For some participants, networking was identified as an important mechanism for word-of-mouth marketing and therefore as a means for gaining new business. For others, fostering friendships was of high importance for encouraging community engagement. These findings suggest that many of the owner-managers in this study were highly social and embedded in their local communities. It was not clear whether this networking was motivated from a purely economic perspective, and if it was, to what extent. Rather, the owner-managers discussed their network building as originating in their feelings of responsibility to the community and to maintaining community networks. This was verbalised as the driving motivation, and through this community based networking came many positive impacts for the business. The complex and varied motivations behind the establishment of these networks were multifaceted, generating unintended benefits for the business and the community.

Analysis of data found that certain participants in this study identified the value of their community engagement activities in assisting with the key development of local knowledge and information through personal interaction. This information was key to building and maintaining the beneficial social networks discussed above. Community engagement was seen as a device for collective learning within the firm, provided important information for the individual owner-manager, and actively educating the wider public about the activities of the firm. Networking and friendship-building has been discussed in the literature under the umbrella term 'social capital' (see section 2.4.3). Habisch (2004) noted that investing in social capital can assist SMEs with the gathering of information, a process that is crucial for business success in the twenty-first century. This information sharing could be considered to be significantly more valuable to SMEs in comparison to big firms, when considering SMEs comparative lack of resources and their geographical and cultural location within a specific community.

These findings on the embedded nature of the SME correspond with those of the influential 1971 Bolton Committee of Inquiry of Small Firms discussed in section 2.4.3 (Great Britain Committee of Inquiry on Small Firms, 1971). However they contrast significantly and strongly negate the more recent findings of Curran et al. (2000) who attack the “somewhat nostalgic view” of the former and posit SMEs as alienated from the communities around them. In this context, applying the social capital lens has analytical appeal in understanding the interplay between social and business relationships.

The ‘business case’ has been presented as a standard set of criteria that apparently do and should motivate businesses to be engaged with BSR. This work is based on large business research and encompasses some components whose relevance to SMEs is debateable, such as risk management and customer pressure, and some components where the SME approach is understood differently. However, despite its apparent irrelevancy to their own practice and attitudes in approaching BSR, certain participants in this study adopted the business benefits rationale when convincing other firms to become involved in their communities. This corresponds with research by Besser (2002) who states, “given the economic rationality today, moral justifications for BSR are likely to be couched in terms of cost/benefit analysis and contributions to the bottom line” (p.48).

The commonly heard ‘win-win’ scenario (as discussed in the section 2.2.2) has been very fashionable in the literature and has been understood to pertain to firms of all sizes. However, this scenario ignores the many diverse characteristics of the SME sector, where it is often difficult to see direct financial benefits. In fact, some of the participants did not have an active interest in generating excess profit, instead choosing to view their business in terms of a lifestyle. Those in business policy need to take this into account.

The nature of the relationship between financial performance and social performance is a central component of the business case debate. Lantos (2001) goes so far as to say that true BSR only occurs if a firm profits from its ‘good works’. Essentially, this is what the ‘enlightened self interest’ argument posits – that there is a link between community responsibility and business performance. In this study it was found that while SMEs do receive certain benefits, this was less a financial benefit with solid gains and more a long term benefit in terms of creating intangible relationships and network building

opportunities. Thus community engagement became less about creating a 'win-win' scenario with immediate financial gains, and more about creating long term reputations and relationships - in the words of the participants themselves 'what goes around comes around'.

5.4 Conclusions

The overall aim of this study was *to explore SME owner-managers' perceptions of community engagement*. The researcher assumed that in order to explore how SME owner-managers understand and practice community involvement, the owner-managers have to verbalise this, in their own words. Owner-managers were thought to have the greatest influence on the business. Despite there being three key questions posited to respondents, a number of themes emerged during the interview process.

5.4.1 Conclusions about research questions

The main findings of this study are:

- a. respondents perceive business and society as inextricably linked
- b. types of community engagement are unique for each firm and cover an extensive range of stakeholders
- c. community engagement is fundamentally influenced by religion, family, and moral orientation of the owner-manager rather than by economic rationales
- d. clear business benefits are apparent from engagement with the community; however there is some difficulty finding direct evidence of tangible, economic business benefits.

Society and business were seen as being inextricably linked. Many participants believed interdependence existed between the health of the business and the health of the community. Such a perspective challenges a distinct separation of business and society that has been presumed by commentators in the field.

The term 'community' was perceived as a complex and ambiguous term which meant different things to different people. Indeed, the type and style of community engagement was unique for each firm, further reinforcing the heterogeneous and complex nature of the SME sector. For many owner-managers, the engagement was *ad*

hoc, although some participants were becoming, or desired to become, more involved in strategic, long-term engagement.

Descriptions of the different forms in which firms were involved in their communities highlighted the broad nature of this involvement. Although participants were highly interested in ecological concerns, there was a feeling that social issues may be left behind. Community engagement was also linked to internal stakeholders. For many, social initiatives seem to start in those activities that are more associated to the core business of the firm, or personal interests of the owner-manager.

Engaging with the community was seen to provide value to both the business and the community. However, the ‘business case’ (i.e. economic rewards) was not the foremost driver for engagement, as ‘the normative case’ (religious, moral, and family related factors) was the single most consistent explanation. Perceived benefits centred on less tangible and often less direct rewards inherent in marketing and PR, enhancing reputation, networking, and employee-related benefits.

Being a smaller firm was not perceived as a hindrance to community engagement – a promising finding, considering the plethora of SMEs in the New Zealand business population. However, this principle was modified to take business resources into account – those that have more were expected to give more. The role of women was also broached by female participants as important. Women were seen to have a role to play by offering an ‘emotive’ perspective in a male dominated business environment.

The language in the field of BSR was criticised as containing ‘big business jargon,’ and participants grappled with terminologies and their associated meanings. However, the ambiguity in the language was regarded by the respondents as both problematic and useful: problematic when making parallels with the current terms in the BSR discourse, as the participants felt they were too restrictive and did not apply to their own experiences; and useful as the ambiguity allowed for adaptation of the terms for disparate contexts.

5.4.2 Contributions

This study has contributed to the ‘body of knowledge’ by exploring community engagement from the perspective of SME owner-managers, a sector that has been

generally omitted from the burgeoning field of business-society relations. By focusing on the 'community' aspect of BSR, this study makes a contribution to the current literature, as previous research in this field has predominantly encompassed the community dimension as part of wider studies.

Contributions have been made to research-based scholarship, in an area where a gap was identified. This study has supplemented the theoretical debate into community engagement in business by focusing on SMEs, and has thereby contributed to an expansion of research based scholarship about BSR. This study has also, through employing a qualitative approach, added to the body of interpretivist studies of organisational phenomena. One could even surmise that quantitative approaches, previously used in small business ethics research, may be considered more meaningful when based on the carefully investigated small business perspective.

5.5 Implications

5.5.1 Implications for policy and practice

Findings for this study have implications for policy and practice. In regards to the motivations for engaging with community initiatives, the 'normative case' is frequently overlooked by economists and policy makers. A resistance (or rather reluctance) by these participants to fully 'buy into' the 'business case' may present challenging implications for those attempting to engage SMEs on the grounds of a bottom-line benefit. The diversity of motives needs to be taken into account if policy makers and support organisations are to influence and engage SMEs in BSR.

At the local level, the findings from this study have implications for SME owner-managers and community organisations. The value of this research is strongly related to praxis as managers and community organisations may find the insights from the owner-managers interviewed of value. For example, the participants in this study thought that learning from other businesses was useful and certain participants spoke highly of reward schemes. Owner-managers such as those interviewed in this study could provide SMEs with knowledge and expertise through the development of a BSR learning network. Further, community organisations would benefit from learning how to frame their approach with SME owner-managers – this study revealed many

participants were largely influenced by personal interests and values of the owner-manager.

5.5.2 Study limitations: Implications for future research

Limitations of the current study have implications for future research. In terms of choosing a small number of participants to interview, the researcher recognises that she sacrificed breadth of analysis for more intense concentration of a small number of interviews. Yet throughout the research the researcher has maintained that the findings here are not a representative of 'business' *per se*. Nevertheless, the study of a selection of SME owner-managers facilitates a valuable insight into how community engagement is understood and enacted in New Zealand – a place where SME and BSR and research hardly exists.

In addition, this study chose to focus on the SME owner-manager, as this was thought to be the person with the greatest influence on the business. Also, given that many of the firms in this study were very small and were all owner-managed, then it is not unreasonable to argue that the owner-managers' views reflected the firm itself. Despite this, it was not possible (or expected) in this study to examine how far the thoughts on community engagement had been diffused to other individuals in the firms, or to the degree to which the owner-manager represented a business *modus operandi*. Other members of the SME are often very important. It would be beneficial to focus future research on BSR as perceived by other members of SMEs.

5.5.3 Implications of findings for future research

Findings of this study also have implications for future research. While the research findings add to the slowly building body of knowledge in this area, further research is critically important to help us better understand the way SME owner-managers act in their businesses in relation to their community engagement. While answering the researchers' questions, the study has raised others.

A largely neglected area of research is the measurement of the impact of community engagement. In order for us to confidently conclude that businesses contribution to the community is beneficial, we need to know the extent to which the needs of the community are being met, and the extent of the community's involvement in the

initiatives. It would be fruitful to research the value that community engagement adds to the communities affected, by giving the community sector managers a voice. The participants in this study rarely spoke of their community engagement being mutually beneficial for both the business and the community organisations involved.

Research into the impact of the family at a societal level has been largely ignored. The role of the family was identified in this study as having a key influence on community engagement. Research efforts directed toward understanding the role family firms have in their communities would be valuable, considering the extent of economic importance these firms have.

The role of women was seen by a number of participants to be a theme which provides an opportunity for future research, as was the gendering of 'masculine' and 'feminine' leadership styles. Reflecting over the literature reviewed in this study, it is possible to conclude the majority of scholarship in this field is dominated by voices of men. A gender analysis may reveal interesting insights. Further, having another critical perspective on the issues within business and society could be essential for dealing with societal issues.

A key internal driver for community engagement was based on religious belief. Religious values underpinned actions which could prove stronger and deeper than more secular rationalisation. This is an important consideration for future research.

5.6 Thesis summary

Through perceptions, this study has been able to expose a side of capitalism that often remains anonymous. This research has shown that the meaning behind capitalism is not universal, it is diverse, and such diversity entails elements of social concern. We need to continue the debate around this topic. The future of community engagement lies with researchers at different levels – university, government, industry... Knowledge creation is the key. Not only do businesses have a responsibility to communities but business researchers have a responsibility to the study of organisations. This project has been a long journey...but one thing appears salient – practitioners appear value driven, suggesting personal ethics permeates organisational behaviour.

APPENDICES

APPENDIX A: Carroll's pyramid of CSR

APPENDIX B: Information sheet, consent form and sample interview questions

APPENDIX C: A portrait of community engagement

APPENDIX A: Carroll's pyramid of CSR

The Pyramid of Social Responsibility



Source: Carroll(1991)

APPENDIX B: Information sheet, consent form and sample interview questions



A Study of Business Social Responsibility among Wellington Small and Medium-sized Enterprises

INFORMATION SHEET

This project seeks to explore the practice of business social responsibility within Wellington small and medium-sized enterprises (SMEs).

The researcher will carry out the one-off interview at a time and place suitable for the interviewee. It is anticipated that the interviews will take approximately 45 minutes and will be tape recorded, providing approval is given. Your name will not be used to identify you, or attributed to any notes made about the discussions. A copy of the transcribed interview will be sent to you to ascertain whether the thoughts and comments were captured and recorded correctly. The tape recordings will be destroyed at the conclusion of this project.

The information from this study will be used towards my Masters studies. It will also be used to publish articles in academic and practitioner journals, and present conference papers. The researcher will provide you with a summary of the results of this study.

If you have any questions or comments about this study please contact either the researcher, or supervisor, by phone or e-mail.

Researcher: Angela Yates
(04) 943 0693
A.P.Yates@massey.ac.nz

Supervisor: Professor Claire Massey
Massey University Wellington
(04) 8015799
C.L.Massey@massey.ac.nz



A Study of Business Social Responsibility among Wellington Small and Medium-sized Enterprises

CONSENT FORM

I have read the information sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I understand I have the right to withdraw from the study at any time and to decline to answer a specific question.

I agree to provide information to the researcher on the understanding that my name will not be used without my consent (the information will be used only for this research and publications arising from this research project).

I agree/do not agree to the interview being audio-taped.

I also understand that I have the right to ask for the audio-tape to be turned off at any time during the interview.

I agree to participate in this study under the conditions set out in the Information Sheet.

Signed:

Name:

Date:

SAMPLE QUESTIONS ASKED:

PART A:

This section is structured to include straight forward demographic questions: (these are, so far, a set of demographics the literature suggests are important)

Business Demographics

No. of employees (full and part time)

Firm Age

Type of Business/Industry

PART B:

Section 1 – ‘This section includes questions relating to your perspective about the relationship between business and communities’

- Do you think businesses have a responsibility to their community? Could you elaborate? (themes: size, gender, changes over time)

Section 2 – ‘This section relates to involvement you and/or your firm has with the community’

- What does the community involvement you have undertaken look like? Could you provide examples?
- How are these routines initiated? Are these practices regular? Or *ad hoc*? Why is this so?

Section 3 – ‘This section addresses the major reasons (i.e. the benefits or rewards) for your community involvement’

- What are the major reasons for being involved with your community?
- Have you ever been rewarded? How was this so? Could you provide an example?
- Does being involved in your community have an affect on yourself (the owner-manager) personally?

Section 4 – ‘Additional questions’

Section 5 – ‘An opportunity is provided for you to make any further comments on issues that you feel need to be expressed’

APPENDIX C: A portrait of community engagement

- 1) Donating to schools, colleges and crèches
- 2) Donating to local charities/causes
- 3) Cause-related marketing
- 4) Supporting employee involvement with community causes
- 5) Supporting employer involvement with community causes
- 6) Employees have one day a week off (i.e. relax, learn a new skill, research and development)
- 7) Employees have half a day a week off (to support a community initiative)
- 8) Supporting local community centres through donating time, resources, money, skill development
- 9) Supporting local social clubs
- 10) Staff related issues (e.g. health and wellbeing)
- 11) Supporting business start-ups in the local community
- 12) Supporting youth programs
- 13) Sponsoring local sporting teams
- 14) Work experience placements
- 15) Engaging people traditionally excluded from the labour market (e.g. disabled, youth)
- 16) Environmental initiatives (e.g. recycling/reducing/refusing, monitoring environmental impact, purchasing 'green' products)
- 17) Sharing best practice on social, ethical or environmental performance against other firms
- 18) Support for overseas disadvantaged communities
- 19) International community-building media
- 20) Ethical purchasing (e.g. organic goods, fair trade)

REFERENCES

- Adams, G., & White, J. (1994). Dissertation researching public administration and cognant fields: An assessment of methods and quality. *Public Administration Review*, 54(6), 565-576.
- Agar, M. (1991). The right brain strikes again. In M. Fielding & R. Lee (Eds.), *Using computers in qualitative research*. Newbury Park, CA: Sage.
- Anshen, M. (1980). *Corporate strategies for social performance*. New York: Macmillian.
- Arlow, P., & Gannon, M. (1982). Social responsiveness, corporate structure and economic performance. *Academy of Management Review*, 7(2), 235-241.
- Ashby, M. (2005). *A business taking the social initiative: The Carter Holt Harvey Tasman case*. Unpublished Thesis, Massey University, Wellington, New Zealand.
- Besser, T. (1998). The significance of community to business social responsibility. *Rural Sociology*, 63(3), 412-431.
- Besser, T. (1999). Community involvement and the perception of success among small business operators in small towns. *Journal of Small Business Management*, 37(4), 16-29.
- Besser, T. (2002). *The conscience of capitalism: Business social responsibility to communities*. Westport, CT: Praeger.
- Besser, T., L., & Miller, N., J. (2001). Is the good corporation dead? The community social responsibility of small business operators. *Journal of Socio-economics*, 30(3), 199-280.
- Besser, T., L., & Miller, N., J. (2004). The risks of enlightened self-interest: Small businesses and support for community. *Business & Society*, 43(4), 398-425.
- Brown, D. J., & King, J. B. (1982). Small business ethics: Influences and perceptions. *Journal of Small Business Management*, 20(1), 11-13.
- Bryman, A., & Bell, E. (2003). *Business research methods*. Oxford, England: Oxford University Press.
- Buchholz, R. & Rosenthal, S.(2004). Stakeholder theory and public policy: How governments matter. *Journal of Business Ethics*, 51(2), 143-153.
- Burchell, J., & Cook, J. (2006). Confronting the "corporate citizen". *International Journal of Sociology and Social Policy*, 26(3/4), 121-137.
- Cameron, A., & Massey, C. (1999). *Small and medium-sized enterprises: A New Zealand perspective*. Auckland, New Zealand: Longman.

- Candy, P. (1989). Alternative paradigms in educational research. *Australian Educational Researcher*, 16(3), 1-11.
- Cannon, T. (1994). *Corporate responsibility: A textbook on business ethics, governance, environment: Roles and responsibility*. London: Pitman Publishers.
- Carroll, A. (1979). A three dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), 497-505.
- Carroll, A. (1991). The pyramid of corporate social responsibility. *Business Horizons*, 34(4), 39-49.
- Carroll, A. (1999). Corporate social responsibility. *Business & Society*, 38(3), 268-295.
- Cassell, C., & Symon, G. (2004). *Using interviews in qualitative research: Essential guide to qualitative methods in organisational research*. London: Sage Publications.
- Castka, P., Balzarova, M., Bamber, C., & Sharp, J. (2004). How can SMEs effectively implement the CSR agenda? A UK case study perspective. *Corporate Social Responsibility and Environmental Management*, 11(3), 140-149.
- Charmaz, K. (2002). Qualitative interviewing and grounded theory analysis. In J. Gubrium & J. Holstein (Eds.), *Handbook of interview research* (pp. 675-694). London: Sage.
- Chrisman, J., & Archer, R. (1984). Small business social responsibility: Some perceptions and insights. *American Journal of Small Business*, 9(2), 46-58.
- Chrisman, J., & Fry, F. (1982). Public versus business expectations: Two views on social responsibility for small firms. *Journal of Small Business Management*, 20(3), 17-24.
- Clarke, A. (1999). *Evaluation research: An introduction to principles, methods and practice*. London: Sage.
- Clarkson, M. (1995). A stakeholder framework for analysing and evaluating corporate social performance. *Academy of Management Review*, 20(1), 92-117.
- Cochran, P., & Wood, R. (1984). CSR and financial performance. *Academy of Management Journal*, 27(1), 42-56.
- Cohen, A. (1985). *The symbolic construction of community*. London: Tavistock.
- Collins, E., Corner, P., Kearins, K., & Lawrence, S. (2004). Getting serious about voluntary environmental programs. *University of Auckland Business Review*, 6(1), 57-65.
- Crane, A. (1999). Are you ethical? Please tick yes or no: On researching ethics in business organizations. *Journal of Business Ethics*, 20(3), 237-248.
- Creswell, J. (1994). *Research design: Qualitative & quantitative approaches*. CA: Sage.

- Creswell, J. (1998). *Qualitative inquiry and research design: Choosing among five traditions*. CA: Sage.
- Creswell, J. (2003). *Research design: Qualitative, quantitative, and mixed methods approaches* (2nd ed.). CA: Sage.
- Crotty, M. (1998). *The foundations of social research: Meaning and perspective in the research process*. Australia: Allen & Unwin.
- Curran, J., & Blackburn, A. (1994). *Small firms and local economic networks: The death of the local economy?* London: Paul Chapman.
- Curran, J., & Blackburn, A. (2001). *Researching the small enterprise*. London: Sage.
- Curran, J., Rutherford, R., & Smith, S. (2000). Is there a local business community? Explaining the non-participation of small business in local economic development. *Local Economy*, 15(2), 128-143.
- Davis, K. (1973). The case for and against business assumption of social responsibilities. *Academy of Management Journal*, 16(2), 312-322.
- Davis, K., & Blomstrom, R. (1975). *Business and society : Environment and responsibility* (3rd ed.). New York: Mc Graw Hill.
- De Bruin, A., & Lewis, K. (2005). Green entrepreneurship in New Zealand: A micro enterprise focus. In M. Schaper (Ed.), *Making Ecopreneurs: Developing Sustainable Entrepreneurship* (pp. 61-71). Aldershot, Hampshire: Ashgate.
- De Bruin, A., & Moore, C. (2003). *Ethics and values of SMEs: Issues and research directions*. Paper presented at the 48th world conference of the international council for small business, Belfast, Northern Ireland.
- Dentchev, N. A. (2004). Corporate social performance as a business strategy. *Journal of Business Ethics*, 55(4), 395-410.
- Denzin, N., & Lincoln, Y. (1994). *Handbook of qualitative research*. Thousand Oaks, Newbury Park, CA: Sage.
- Denzin, N., & Lincoln, Y. (Eds.). (2000). *The handbook of qualitative research*. Thousand Oaks, CA: Sag.
- Devins, D., & Gold, J. (2002). Social constructionism: A theoretical framework to underpin support for the development of managers in SMEs? *Journal of Small Business and Enterprise Development*, 9(2), 111-119.
- Donaldson, T., & Preston, L. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1), 63-91.
- Easterby-Smith, M., Thorpe, R., & Lowe, A. (1997). *Management research: An introduction*. London: Sage Publications.

- Ede, F. O., Panigrahi, B., Stuart, J., & Calcich, S. (2000). Ethics in small minority business. *Journal of Business Ethics*, 26(2), 133-146.
- Etherington, K. (2007). Ethical research in reflexive relationships. *Qualitative Inquiry*, 13(5), 599-611.
- Eweje, G., & Bentley, T. (2006). *CSR and staff retention in New Zealand companies: A literature review*. Retrieved 10 November from <http://mib.massey.ac.nz/site/masseyintl/files/Working%20Papers/working%20paper%206%20-%20gabriel.pdf>
- Fischer, W., & Groeneveld, L. (1976). Social responsibility and small business. *Journal of Small Business Management*, 14(1), 18-26.
- Fombrun, C., Gadberg, N., & Barnett, M. (2000). Opportunity platforms and safety nets: Corporate citizenship and reputational risk. *Business and Society Review*, 105(1), 85-106.
- Frederick, W. (1994). From CSR1 to CSR2: The maturing of business and society thought. *Business & Society*, 33(2), 150-164.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston, MA: Harper Collins.
- Friedman, M. (1962). *Capitalism and freedom*. Chicago: University of Chicago press.
- Frooman, J. (1999). Stakeholder influence strategies. *Academy of Management Review*, 24(2), 191-205.
- Fuller, T., & Tian, Y. (2006). Social and symbolic capital and responsible entrepreneurship: An empirical investigation of SME narratives. *Journal of Business Ethics*, 67(3), 287-304.
- Gomolka, E. G. (1978). The social responsibility of minority-owned small business companies. *American Journal of Small Business*, 11(4), 1-12.
- Googins, B., & Rochlin, S. (2000). Creating the partnership society: Understanding the rhetoric and reality of cross sector partnerships. *Business and Society Review*, 105(1), 127-144.
- Graafland, J., van de Ven, B., & Stoffele, N. (2003). Strategies and instruments for organising CSR by small and large business in the Netherlands. *Journal of Business Ethics*, 47(4), 45-60.
- Grayson, D., & Hodges, A. (2001). *Everybody's business: Managing risks and opportunities in today's global society*. London: Penguin Books.
- Great Britain Committee of Inquiry on Small Firms. (1971). J.E. Bolton (Chairman). *Small firms: Report of the Committee of Inquiry on Small Firms*. London: HMSO.
- Guba, E. & Lincoln, Y. (1989). *Fourth generation evaluation*. CA: Sage.

- Habisch, A. (2004). Social responsibility, social capital and SMEs. In L. Spence, A. Habisch & R. Schmidpeter (Eds.), *Responsibility and social capital: The world of small and medium sized enterprises* (pp. 25-34). New York: Palgrave MacMillian.
- Harrison, J. & St John, C. (1994). *Strategic management of organisations and stakeholders*. Minneapolis: West Publishing Company.
- Haverkamp, B., & Young, R. (2007). Paradigms, purpose, and the role of the literature: Formulating a rationale for qualitative investigations. *The Counselling Psychologist* 35(2), 265-294.
- Hill, J., & McGowan, P. (1999). Small business and enterprise development: Questions about research methodology. *International Journal of Entrepreneurial Behaviour and Research*, 5(1), 5-18.
- Hill, J., & Wright, L. (2001). A qualitative research agenda for small to medium-sized enterprises. *Marketing Intelligence & Planning*, 19(6), 432-443.
- Hillary, R. (2000). *Small and medium-sized enterprises and the environment - business imperatives*. Sheffield, UK: Greenleaf Publishing Ltd.
- Hitchens, D., Thankappan, S., Trainor, M., Clausen, J., & De Marchi, B. (2005). Environmental performance, competitiveness and management of small businesses in Europe. *Journal of Economic & Social Geography*, 96(5), 541-557.
- Holliday, R. (1995). *Investigating small firms: Nice work?* London: Routledge.
- Hopkins, M. (2004, May). *Corporate social responsibility: An issues paper*. Retrieved November 8, 2006, from <http://srn.com/abstract=908181>
- Humberman, M., & Miles, M. (2002). *The qualitative researcher's companion*. Thousand Oaks, CA: Sage.
- Janesick, V. (2000). Choreography of qualitative research design: Minuets, improvisations, and crystallization. In N. Denzin & Y. Lincoln (Eds.), *Handbook of qualitative research* (pp. 379-399). Thousand Oaks, CA: Sage Publications.
- Jenkins, H. (2004). A critique of conventional CSR theory: An SME perspective. *Journal of General Management*, 29(4), 37-57.
- Jenkins, H. (2006). Small business champions for corporate social responsibility. *Journal of Business Ethics*, 67(2), 241-256.
- Jones, T. (1980). Corporate social responsibility revisited, redefined. *California Management Review*, 22(2), 59-67.
- Jones, T. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review*, 20(2), 404-437.

- Kelsey, J. (1999). *Reclaiming the future: New Zealand and the global economy*. Wellington, New Zealand : Bridget Williams Books.
- Kerr, R. (1998, May 20) *Business as a vocation*. Retrieved 10 September 2007 from <http://www.nzbr.org.nz/documents/speeches/speeches-98/business-as-a-vocation.pdf>
- Knight, P. (2002). *Small-scale research: Pragmatic inquiry in social science and the caring professions*. CA: Sage.
- Knox, P. (1995). *Urban social geography: An introduction* (3rd ed.). Essex, UK: Longman Group Limited.
- Knuckey, S., Johnston, H., Campbell-Hunt, C., Carlaw, K., Corbett, L., & Massey, C. (2002). *Firm foundations: A study of business and performance in New Zealand*. Wellington, New Zealand: Ministry of Economic Development.
- Krueger, R. (1994). *Focus groups: A practical guide for applied research* (2 ed.). London: Sage Publications.
- Kvale, S. (1996). *Interviews: An introduction to qualitative research interviewing*. California: Sage.
- Lantos, G. (2001). The boundaries of strategic corporate social responsibility *Journal of Strategic Marketing*, 18(7), 595-630.
- Lee, L. (2006). *Business community partnerships in New Zealand: Understanding experiences of 'partnerships'*. Unpublished doctoral thesis, Deakin University, Melbourne, Australia.
- Lee, L., & Higgins, C. (2001). Corporate Volunteering: Ad-hoc intervention or route to dialogue and partnership? *Journal of Corporate Citizenship*, 1(4), 79-90.
- Levitt, T. (1958). The dangers of social responsibility. *Harvard Business Review*, 36(5), 41-50.
- Lewis, K., & de Bruin, A. (2006). Emerging issues for SMEs. In C. Massey (Ed.), *Entrepreneurship & small business management in New Zealand*. Auckland, New Zealand: Pearson.
- Liedtka, J. (1992). Exploring ethical issues using personal interviews. *Business Ethics Quarterly*, 2(2), 161-181.
- Lincoln, Y., & Guba, E. (1985). *Naturalistic inquiry*. CA: Sage.
- Lockett, A., Moon, J., & Visser, W. (2006). Corporate social responsibility in management research: Focus, nature, salience and sources of influence. *Journal of Management Studies*, 43(1), 115-136.
- Longenecker, J., McKinney, J., & Moore, C. (1989). Ethics in small business. *Journal of Small Business Management*, 27(1), 27-63.

- Love, T. (2006). *Corporate philanthropy: Developing a foundation for empirical investigation*. Unpublished Thesis, Massey University, Palmerston North, New Zealand.
- Luthans, F., Hodgetts, R., & Thompson, K. (1987). *Social issues in business*. New York: Macmillian Publishing Company.
- Lyman, A. (1991). Customer service: Does family ownership make a difference? *Family Business Review*, 4(3), 303-324.
- Mahoney, J. (1994). Stakeholder responsibilities: Turning the ethical tables. *Business Ethics: A European Review*, 3(4), 212-218.
- Maslow, A. (1943). A theory of human motivation. *Psychological Review*, 50(4), 370-396.
- Miles, M., & Humberman, M. (1994). *Qualitative data analysis*. CA: Sage.
- Milne, M., Owen, D., & Tilt, C. (2001). Corporate environmental reporting: Are New Zealand companies being left behind? *University of Auckland Business Review*, 3(2), 24-36.
- Milton-Smith, J. (1997). Business ethics in Australia and New Zealand. *Journal of Business Ethics*, 16(14), 1485-1498.
- Moore, G., & Spence, L. (2006). Editorial: Responsibility and small business. *Journal of Business Ethics*, 67(3), 219-226.
- O'Donnell, A., & Cummins, D. (1999). The use of qualitative methods to research networking in SMEs. *Qualitative Market Research: An International Journal*, 2(2), 82-91.
- Palmer, J., & Andrews, L. (1997). Team-work to green small and medium-size enterprise? *Team Performance Management*, 3(3), 193-205.
- Parke, L., & Eilbert, H. (1975). Social responsibility: The underlying factors. *Business Horizons*, 18(4), 5-10.
- Patton, M. Q. (2002). *Qualitative research and evaluation methods* (3rd ed.). CA: Sage.
- Perry, C. (1998). A structured approach to presenting theses: Notes for students and their supervisors. *Australasian Marketing Journal*, 6(1), 63-86.
- Porter, M., & Kramer, M. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, 80(12), 56-68.
- Preston, L., & Post, J. (1975). *Private management and public policy*. Englewoods Cliffs, NJ : Prentice Hall.
- Roper, J. (2004). Corporate responsibility in New Zealand. *Journal of Corporate Citizenship*, 14, 22-25.

- Schaper, M. (2000). Small firms and environmental management. *International Small Business Journal*, 20(3), 235-248.
- Schurink, E. (1998). The methodology of unstructured face to face interviewing. In A. De Vos (Ed.), *Research at grassroots. A primer for the caring profession*. Pretoria, South Africa: Van Schaik Publishers.
- Schwandt, T. (1994). Constructivist, interpretivist approaches to human inquiry. In N. Denzin & Y. Lincoln (Eds.), *Handbook of qualitative research* (pp. 118-137). Thousand Oaks, C.A: Sage.
- Sethi, S. (1996). Moving from a socially responsible to a socially accountable corporation. In J. Houck & O. Williams (Eds.), *Is the good corporation dead? Social responsibility in a global economy*. Lanham, MD: Rowman & Littlefield Publishers, Inc.
- Smith, A (1771/1981). *An inquiry into the nature and causes of the wealth of nations*. Indianapolis, IN : Liberty Press.
- Smith, N., & Miner, J. (1983). Type of entrepreneur, type of firm, and managerial motivation - implications for organisational life-cycle theory. *Strategic Management Journal*, 4(4), 325-340.
- Solyomossy, E., & Masters, J. (2002). Ethics through an entrepreneurial lens: Theory and observation. *Journal of Business Ethics*, 38(3), 277-241.
- Spence, L. (1999). Does size matter? The state of the art in small business ethics. *Business Ethics: A European Review*, 8(3), 163-174.
- Spence, L., & Rutherford, R. (2001). Social responsibility, profit maximisation and the small firm owner-manager. *Journal of Small Business and Enterprise Development*, 8(2), 126-139.
- Spence, L., & Rutherford, R. (2003). Small business and empirical perspectives in business ethics: Editorial. *Journal of Business Ethics*, 47(1), 1-5.
- Spence, L., & Schmidpeter, R. (2003). SMEs, social capital and the common good. *Journal of Business Ethics*, 45(2), 93-108.
- Spence, L., Schmidpeter, R., & Habisch, A. (2003). Assessing social capital: Small and medium sized enterprises in Germany and the UK. *Journal of Business Ethics*, 47(1), 17-19.
- Stainback, S., & Stainback, W. (1988). *Understanding and conducting qualitative research*. Dubuque, IA: The Council for Exceptional Children.
- Storey, D. (1994). *Understanding the small business sector*. London: Routledge.
- Strauss, A., & Corbin, J. (1990). *Basics of qualitative research*. Newbury Park, CA: Sage.
- Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Techniques and*

Procedures for developing grounded theory. CA: Sage.

- Teal, E., & Carroll, A. (1999). Moral reasoning skills: Are entrepreneurs different? *Journal of Business Ethics*, 19(3), 229-240.
- Thomas, D. (2003). A general inductive approach for qualitative data analysis. School of population health, Auckland University, Auckland, New Zealand.
- Thompson, J., & Smith, H. (1991). Social responsibility and small business: Suggestions for research. *Journal of Small Business Management*, 29(1), 30-44.
- Thompson, J., Smith, H., & Hood, J. (1993). Charitable contributions by small businesses. *Journal of Small Business Management*, 31(3), 35-51.
- Tilley, F. (1999). The gap between the environmental attitudes and the environmental behaviour of small firms. *Business Strategy and the Environment*, 8(4), 288-248.
- Tilley, F. (2000). Small firm environmental ethics: How deep do they go? *Business Ethics: A European Review*, 9(1), 31-41.
- Tregida, H., & Milne, M. (2006). From sustainable management to sustainable development: A longitudinal analysis of external communication by a leading environmental reporter. *Business Strategy and the Environment*, 15(3), 219-241.
- Tse, A., & Au, A. (1997). Are New Zealand business students more unethical than non-business students? *Journal of Business Ethics*, 16(4), 445-450.
- Useen, M., & Kutner, S. (1986). Corporate contributions to culture and the arts: The organization of giving and the influence of the chief executive officer and of other firms on company contributions in Massachusetts. In P. DiMaggio (Ed.), *Nonprofit enterprise in the arts: Studies in mission and constraint* (pp. 93-112). New York: Oxford University Press.
- Van Auken, P. M., & Ireland, D. R. (1982). Plain talk about small business social responsibility. *Journal of Small Business Management*, 20(1), 1-3.
- Van Glaserfeld, E. (1990). An exposition of constructivism: Why some like it radical. In R. Davis, C. Maher & N. N (Eds.), *Constructivist views on the teaching and learning of mathematics* Reston, Virginia: National Council of Teachers of Mathematics.
- Vives, A. (2006). Social and environmental responsibility in small and medium enterprises in Latin America. *Journal of Corporate Citizenship*, Spring(21), 39-50.
- Von Tunzelmann, A., & Cullwick, D. (1996). *Social responsibility and the company: A new perspective on governance and the community*. Wellington, New Zealand: Institute of Policy Studies.
- Vygotsky, L. (1987). *Thought and language*. Cambridge, MA : MIT Press.
- Walker, R. (2003). *The rhetoric of business social responsibility in New Zealand*.

Unpublished doctoral thesis, Massey University, Palmerston North, New Zealand.

- Wartick, S., & Cochran, P. (1985). The evolution of the corporate social performance model. *Academy of Management Review*, 10(4), 758-769.
- Wicks, A. (1996). Overcoming the separation thesis: The need for a reconsideration of business and society research. *Business & Society*, 35(1), 89-118.
- Wiensfeld, E. (1996). The concept of 'We': A community social psychology myth? *The Journal of Community Psychology*, 24(4), 337-346.
- Williamson, D., & Lynch-Wood, G. (2001). A new paradigm for SME environmental practice. *The TQM Magazine*, 13(6), 424-432.
- Wilson, E. (1980). Social responsibility of business: What are the small business perspectives? *Journal of Small Business Management*, 18(3), 17-24.
- Windsor, D. (2001). The future of corporate social responsibility. *The International Journal of Organizational Analysis*, 9(3), 225-256.
- Wood, D. (1991). Corporate social performance revisited. *Academy of Management Review*, 16(4), 691-718.
- Worthington, I., Ram, M., & Jones, T. (2006). Exploring corporate social responsibility in the U.K Asian small business community. *Journal of Business Ethics*, 67(3), 201-217.
- Wright, P., & Ferris, S. (1997). Agency conflict and corporate strategy: The effect of divestment on corporate *Strategic Management Journal*, 18(1), 77-83.
- Zenisek, T. (1979). Corporate social responsibility: A conceptualization based on organizational literature. *Academy of Management Review*, 4(3), 359-368.