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Reconciling Business Social Responsibility Goals, Activities and Practices in Hospitality SMMES in an Emerging Economy

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Abstract

Despite the prominence of business social responsibility (BSR) studies in advanced economies and their gradual maturation in emerging economies, no systematic attempt has been made to reconcile BSR goals, activities and entrenched practices that support them. In emerging economies where BSR is gaining currency but remains vaguely understood, the pernicious effect of small, micro and medium enterprises' (SMMEs) casual approach to BSR is sheer reductionism that narrows down BSR goals, activities and practices exclusively to philanthropy. This ideological illusion often precludes SMMEs from leveraging their competitive advantage due to their negation of paramount ethical, legal, and economic considerations. Drawing on quantitative approach, a survey was conducted on 92 owner/managers of hospitality SMMEs in the Free State province, South Africa to explore the relationship between BSR goals, activities and practices. Evidence suggests that hospitality SMMEs' goals are crystallised in conformity to laws and regulations and in what society conceives as legitimate norms. While their BSR activities are concentrated predominantly in philanthropy, they also extend to other economic and social

concerns like giving discounts to long term customers, combating crime in local communities, maintaining employee satisfaction and conducting business ethically. When BSR goals and activities are reconciled, BSR economic activities and BSR-based economic growth will be positively affected as these variables are significantly correlated to the latter. The other BSR goals and activities are not significantly correlated with the BSR practices. Recommendations for leveraging economic dimensions of BSR should be considered to improve SMME competitiveness.

Introduction and problem statement

Business social responsibility (BSR), which entails “economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time” (Carroll & Buchholtz 2003:36 cited in Asemah, Okpanachi and Olumuji, 2013), has been a staple discourse of SMMEs in the developed North (Fisher, Geenen, Jurcevic, McClintock & Davis, 2008; Jenkins, 2009; Fitjar, 2010; Gellert & de Graaf, 2012; Lamberti & Noci, 2012; Wickert, Scherer & Spence, 2016). Nonetheless, the findings from such contexts cannot be assumed to be transposable to developing countries where survivalist orientation and necessity-driven entrepreneurship dominate SMMEs in the underdeveloped South. As literature suggests, developing countries’ SMMEs are different from business entities encountered in advanced economies as they comprise informal enterprises and smaller micro-firms created out of necessity and exhibit different orientations to basic social and environmental functions to those of the developed North (De Kok et al., 2013; Demuijnck & Ngnodjom, 2013; Jamali, Lund-Thomsen, & Jeppesen, 2017).

The BSR studies conducted in the developed North foregrounded inter alia, the development of a corporate social responsibility (CSR) model for small and medium-sized enterprises founded on particular business opportunities (Jenkins, 2009), the operationalisation of CSR among small firms devoid of large competitors (Fitjar, 2010), and aging workforce management (AWM) as a component of CSR (Gellert and Jan de Graaf, 2012). Other studies have focused on the intersection between CSR and corporate strategy in medium-sized companies (Lamberti & Noci, 2012), the typologies of CSR adopted by Swedish companies (Le, Herold and Yu, 2015) and the extent to which a strategic orientation matters in the CSR-performance relationship (Nejati, Quazi, Amran & Ahmad, 2016). Given their orientation towards CSR, which has

resonance with large corporations rather than business social responsibility which targets small firms, none of these studies grapple with the interface between BSR goals, BSR activities and BSR practices incisively. More so, none of them emphasise hospitality SMMEs, where the environmental dimension of BSR has taken root in recent years. The exceptions that have covered the tourism sector (see Mahony & Jurgens van Zyl, 2002; Roberts & Tribe, 2005; Meyer, 2007; Schéou & Amandine Southon, 2013) did not focus on BSR per se but rather economic and environmental sustainability, pro-poor developmental strategies and local economic development issues.

Apart from the profound visibility of SMME's BSR initiatives in developed countries' literature and their emergent nature in developing economies, there is academic confusion about the constitution and breadth of SMME's BSR activities (see Ashley & Gareth Haysom, 2006; Betancourt 2016; Dzansi, 2016; Jamali, Lund-Thomsen & Jeppesen, 2017). For instance, SMMEs may not necessarily conceive the gamut of their social responsibility activities as constituting BSR per se (see Dzansi, 2004; Moeti, 2016; Jamali et al., 2017). Perhaps this explains the vague and troubled interpretations of BSR with reference to SMMEs in emerging economies. Fitjar (2010) bemoans the prevalence of elusive explanations of small businesses' CSR activities in existing literature, which tends to erroneously assume the ever-presence of large competitors. In the same vein, given the uniqueness of medium-sized companies' approach to CSR, Lamberti and Noci (2012) have reiterated the need for more robust research into BSR of SMMEs.

The lack of robust research on SMMEs' BSR activities manifests at two levels namely, (1) limited knowledge of the different patterns of BSR engagement with respect to BSR talk i.e. impression management and the creation of symbolic images and documentation) and BSR walk (substantive implementation of BSR policies, structures and procedures) (2) limited knowledge of the influence of firm size on BSR engagement (Wickert, Scherer & Spence, 2016). Given the incalculable gulf that exists between BSR impressionist gestures and the entrenchment of the actual practices, grasping the nexus among intended BSR intentions (i.e. social responsibility goals), the actual implementation (i.e., BSR activities) and the institutionalisation of such activities (i.e. BSR practices) cannot be taken for granted, hence this study.

Research questions

Despite the growing research into BSR in developing countries, the role of SMMEs in BSR in the developing world has received less attention (Jamali, Lund-Thomsen, & Jeppesen, 2017) in particular small tourism firms in emerging economies (Roberts & Tribe, 2005, Moeti, 2016). Of importance is the limited research into the interface of BSR goals, activities and practices (Moeti, 2016). In view of the aforementioned lack of systematic research into an integrated approach to BSR that reconciles BSR goals, activities and entrenched practices, the current research address the following research questions:

1. What types of BSR goals and activities do hospitality SMME owner/managers and employees in the Free State engage in?
2. What is the relationship between BSR goals, activities, and practices of the hospitality SMMEs in the Free State?

Such an investigation is consistent with Jamali et al.'s (2017) imploration for researchers to pay more attention to understanding their specificities and contributions to BSR. The inclusion of employees in this study arose from the concern that much literature on SMMEs' BSR activities tends to overemphasise the perspectives of owner/managers to the exclusion of employees (e.g. supervisors, team leaders), who despite their invaluable knowledge of BSR, remain under-represented in such literature.

Problem background

Corporate rivalry between large and small players

Opportunities for the proper alignment of BSR goals, activities and practices are often missed due to the corporate rivalry between large corporations and small firms. In a study that examined the drivers and constraints of corporate social responsibility (CSR) in the Norwegian graduate uniform industry, Fitjar (2010) warned that CSR activities of SMMEs were not sufficiently explained by the existing literature on CSR in small, micro and medium-sized enterprises, which assumes the presence of large competitors. The competitive mentality between large corporations and SMMEs in pursuit of BSR may have the unintended consequences of creating complex differentiation in the BSR services provided by these entities, leading to the fragmentation of BSR activities.

Hamann, Smith, Tashman and Marshall (2017) argue that competition pressures play little role in motivating SMME entrepreneurs in the wine industry to embrace BSR. To the contrary, individual norms and values of these entrepreneurs and their networking capabilities seem to explain their voluntary incorporation of environmental concerns into their business practices (Hamann et al., 2017; Jamali et al., 2017).

Tourism SMMEs such as tour operators and inbound leisure travel providers in Africa are confronted with challenges that undermine their capacity to deliver quality BSR services equivalent to those of large corporations. In a study that examined incoming tour operators and their capacity to advance tourism development in Gabon, Cloquet (2013) identified underdeveloped infrastructure (i.e. roads, electricity, and water) leading to poor accessibility of most local destinations, lack of skilled manpower; financial constraints and poor quality wildlife sightings in the rainforest as main barriers to effective delivery of BSR in the country's tourism sector. This perhaps explains the variations and lower quality of BSR activities of small firms compared with those of large corporations.

Invisibility and exclusion of small players

Given the fact that tourism entrepreneurship development is often tied to the nature and location of the tourism project, the size and source of investment, the policy intentions accompanying the investment and the level of support available to entrepreneurs (Kirsten & Rogerson, 2002), it is not surprising that the large tourist operators (i.e. hotels, large sanctuaries and game reserves) continue to dominate the South African tourism sector, leading to the marginalisation of small firms. The skewed structural configurations of power and foreign monopoly capital continue to dominate the establishment, operation and sustenance of tourism economies (see Britton, 1983; Kirsten & Rogerson, 2002; 2007). This foreign dominance has contributed to the continued invisibility of small tourism SMMEs, especially those that are owned by South African nationals.

In relation to the tourism industry in South Africa, a three-tier structure persists, comprising predominantly mainstream global corporations, large businesses and predominantly small businesses. The large corporations continue to dominate South Africa's major travel and tour agencies, transportation, hotels, casinos and conference centres (Rogerson, 2007; Moeti, 2016). The middle tier is dominated by

established, predominantly white-owned SMMEs which operate a range of businesses ranging from travel and touring companies, restaurants, small hotels, self-catering resorts, game farms, bed and breakfasts or backpacking hostel (Rogerson, 2007; Mthente Research and Consulting Services, 2012). The third tier is dominated by emerging, black-owned formal tourism enterprises (Rogerson, 2007, Mthente Research and Consulting Services, 2012). The invisibility of the third tier is attributed to its emergent nature, (i.e. it is dominated by late entrants to the tourism sector), its domination by small firms riddled by financial and managerial constraints and preoccupied with survival rather than growth. The BSR activities of the third tier, which comprises small players such as lodges, bed and breakfast establishments and restaurants, are eclipsed by large players, which have financial resources, national presence and visibility.

Vague understanding of the constitution of BSR

While the transformation objectives of the tourism industry target the increased participation of previously disadvantaged individuals in mainstream tourism and their increased ownership of tourism businesses (Department of Environmental Affairs and Tourism, 2000, Streek, 2000; Mahony & Van Zyl, 2002), the emergent nature of these businesses imply that they may not fully comprehend their BSR imperatives. As such, it is unsurprising that these emerging businesses implement BSR activities on an ad hoc basis and without any systematic structure. As Moeti (2016) observes, despite small South African hospitality SMMEs' engagement in multiple BSR activities, these activities are often conducted in an ad hoc, uncoordinated manner and are not infused into the core mandate of these businesses. The informal approach to BSR of SMMEs does not use the language of CSR or formalised management tools (Baumann-Pauly, Wickert, Spence, & Scherer, 2013; Jamali et al., 2017).

The small business culture that persists in emergent tourism, which is increasingly being perceived as a constraining influence on tourism growth in developing economies (Shaw & Williams, 1998; Nieman, Visser & Van Wyk, 2008) contributes to SMMEs' ambivalence about BSR. In fact, the bulk of what South African hospitality SMMEs do could be located within the ambit of philanthropy even though few activities may be differentially located in social, ethical and environmental dimensions of BSR. The South African economy is characterised by

racially differentiated enclaves comprising adequately resourced and high quality infrastructure in the first economy, and a poor and struggling second economy that has inadequate and unsatisfactory infrastructure and resources (Global Africa Network, 2006:11). In view of the duality of the South African economy, tourism SMMEs' vague appreciation of BSR including their limited participation in BSR activities can be attributed to their limited resource base, location in less accessible geographical areas (e.g. outside cities, peri-urban and rural areas) and marginalised cleavages in terms of development.

Literature review

Business social responsibility (BSR): A fluid concept

BSR is often used interchangeably with terms such as corporate citizenship, corporate social responsibility, philanthropy and corporate responsibility (Ashley & Haysom, 2006; Lenssen and Van Wassenhove, 2012; Betancourt, 2016). Carroll (1979) conceives BSR to encompass the economic, legal, ethical and discretionary expectations that society has of organisations at a given point of time. While firms of all types and sizes are increasingly encouraged to become socially responsible, ecologically sustainable and economically competitive (Orlitzky et al., 2011), what constitutes BSR remains highly contentious. BSR is conceived to capture a firm's commitment to operate in an economically sustainable manner while at the same time recognising the interests of its other stakeholders (customers, employees, business partners, local communities, and society at large) over and above what the law prescribes (Dzansi & Pretorius, 2009). While this definition insinuates a stakeholder approach to business management over and above the profit making mantra of the business, this definition ignores several considerations. These include (i) the other disciplinary areas covered by BSR-the social, environmental, and sometimes the political (ii) fails to adequately capture the breadth of coverage of BSR (such as BSR's integration with the internal policies of the company and addressing broad developmental needs of communities).

For some authors, BSR captures the capability and openness of the business to respond to development priorities, and its willingness to engage an active civil society and the state in a manner that positively directs, regulates and complements their business efforts (Blowfield

2007; Miles & Jones 2009; Betancourt, 2016). While this erudite approach emphasises the developmental perspective on BSR, it is only one unique variant of BSR, which can be contrasted with the social activist and minimalist perspectives. For instance, Locke (2003) and Ashley and Haysom (2006) capture four typologies of BSR namely, minimalist, philanthropic, encompassing and social activist approaches, which encapsulate the various dimensions and different foci that BSR may pursue. There is a general perception that the philanthropic approach tends to dominate the hospitality SMMEs' approaches for various reasons: it coheres well with their resource limitations, it may not distract them from their core business of the pursuit for profit and serves as an add-on to mainstream tourism businesses (Ashley & Haysom, 2006).

While the terms business social responsibility and corporate social responsibility have been used interchangeably, some authors attempt to differentiate them by arguing that the former is an entrenched practice of small businesses while the latter relates to larger organisations (see Dzansi, 2004, 2016; Dzansi & Pretorius, 2009). This differentiation may be fictitious as the boundary between these two terms remains blurred as some studies continue to use the term CSR with reference to the social responsibilities of small business especially in the developed world (see Fisher et al., 2008; Jenkins, 2009; Fitjar, 2010; Gellert & Frank Jan de Graaf, 2012; Lamberti & Noci, 2012; Le Herold & Yu, 2015). This creates an erroneous assumption that BSR does not exist or that when small businesses engage in BSR, they are merely replicating and mimicking the practices of large businesses (CSR).

BSR goals

Given the large footprint of SMMEs that engage in BSR in developing countries, the motivations for engagement in BSR cannot be taken for granted. These motivations include advancing environmental management (Hamann, et al., 2017), improving the competitiveness of these organisations through more engaged stakeholders (Madueño, Jorgea, Conesab & Martínez-Martínez, 2015), advancing national socio-economic development (Memon, Wei, Robson & Khattak, 2014) and developing a broader pro-poor growth strategy (Ashley & Mitchell, 2006; Rogerson, 2006).

From a community perspective, sustainable and responsible tourism is conceived as a platform for entrenching the localisation of control of access to resources, a buffer which indigenous people employ to resist external sociocultural control and to rebut predatory tourism models (Pereiro, 2016). Given the acuteness of poverty, inequality, and social deprivation that grips the South African citizens, the pursuit of BSR cannot be insulated from developmental and social change considerations that remain at the core of challenging the “doing good” and minimalist approaches to BSR. For instance, the [hospitality SMMEs’ adoption of] BSR needs to challenge the persistence of the first and second economies and complexities of integrating these two very different economic systems in South Africa (Manuel, 2004; Ashley & Gareth Haysom, 2006).

From an employee perspective, BSR can be constructed as a mechanism for enhancing pro-employee relations in organisational settings (Gellert & Jan de Graaf, 2012). Gellert and Jan de Graaf (2012) examined the implications of implementing BSR activities among SMMEs’ ageing workforce. Their study revealed that ageing workforce management is strongly associated with BSR policies of these organisations. It can be inferred that, in developed economies, the implementation of BSR is often conceived as one of these organisations’ ways of building stronger relations with their workforce. However, the same argument cannot be advanced for developing country SMMEs’ implementation of BSR activities. For instance, the implementation of BSR practices has not retarded employee exploitation on widely dispersed SMME wine farms in South Africa, notwithstanding the relatively advanced labour and environmental laws in the country (Jamal et al., 2017). This means that the use of BSR as a mechanism for building organisations’ relations with their employees, is context-dependent and therefore, cannot be generalised across countries.

BSR activities

The manifold of operational activities which are conceived as SMMEs’ BSR activities range from promoting environmental protection (Cruz, Boehe & Ogasavara, 2015); encouraging sustainable sourcing and manufacturing (Lenssen & Van Wassenhove, 2012); managing business stakeholders for improved firm competitiveness (Madueño, Jorgea, Conesa & Martínez-Martínez, 2015), advancement of socio-economic

development (Kapelus 2008) and empowering local communities to control and manage local resources. However, what is ultimately interpreted as a bundle of BSR activities is not without contestation as it depends on the context of application and the BSR typology the firm considers. For instance, while SMMEs' BSR activities may be preoccupied with attracting better employees, reducing potential risks arising from safety issues and negative environmental footprint, and gaining acceptance among local society (Wirth, Kulczyk, Hausner & Koński, 2016) this position is contested. Other literature conceive BSR activities as the integration of future development concerns into SMMEs' business models through providing resources, open access systems and capital to entrepreneurs and communities to support technology and knowledge transfers (Lenssen & Van Wassenhove, 2017).

For some tourist SMMEs, BSR may take the form of generating community tourism projects, which are set up in rural areas to deal directly with tourists (Novelli & Gebhardt, 2007; Sche'oua & Southon, 2013). BSR activities also foreground ethical sourcing of raw materials and curtailing workers' rights violations at firm levels (Lund-Thomsen & Lindgreen, 2014). In developed countries, the focus on CSR (the preferred term in that context) has broadened to emphasise environmental sustainability through addressing complex issues of environmental strategies, green innovation and carbon strategies (see Carroll Graduate School of Management 2011; Memon et al., 2014). Suffice to say that, the choice and combinations of BSR activities depend on the business' strategy, needs and expectations, community needs and interests and the broader national discourses on sustainable development in particular contexts.

BSR practices

When practical activities are consistently integrated into the culture of the organisation and are implemented consciously and continually, they become entrenched as business practices. For instance, supporting community projects through gifts and donations has become the norm of tourism sector SMMEs (Ashley & Haysom, 2006). Meyer (2006) highlights the reciprocal exchanges that may unfold through a philanthropic approach to BSR - hotels can easily donate used items such as their operational equipment to communities the same way tourists may donate to hotels when they discern an immediate need (Meyer,

2006). Pro-poor tourism SMMEs may also increase community sense of ownership of their businesses through employing locals, implementing profit sharing schemes and collaborating with local communities on environmental conservation programmes. However, Jamali et al. (2017) warns that developing countries SMMEs' spontaneous engagement in CSR has accentuated the socially and environmentally risk-prone nature of such enterprises. As such, although the perceived benefits of BSR practices of SMMEs which include, customers' preference for products and services from responsible and honest companies, investors' interest in such companies and the capacity of responsible companies to attract better employees, are widely acknowledged (Hilson, 2012; Wirth, et al., 2016), these economic benefits are yet to be sufficiently tested in emerging economies, a void this study partly addressed.

Methodology

The research adopted a quantitative approach involving a survey design. Survey designs emphasise the gathering of data at a point in time with the intention of describing the nature of existing conditions or determining the relations that exist between specific events (Cohen, Manion & Morrison, 2010: 205). Since the study was preoccupied with both understanding the BSR goals and activities which hospitality SMME owner/managers and employees in the Free State engage in including the relationship among BSR goals, activities and practices of the hospitality SMMEs, a survey best suited this investigation.

The population and sampling techniques

Although the exact number of hospitality businesses in the Free State region is difficult to establish due to lack of precise documentation, the Tourism Grading Council of South Africa (TGCSA) (2016) estimates suggest that there are 150 hospitality businesses in Free State. These comprise 30 hotels, 56 guest houses, 8 lodges, 12 bed and breakfast and 44 self-catering outlets. However, since hotels are normally larger establishments which cannot be categorised under SMMEs, they were excluded from the study. As such, a census was conducted on the 120 remaining hospitality and accommodation SMMEs.

A structured questionnaire comprising closed, Lickert-based questions was employed to collect data from the 120 SMME

owner/managers and employees. The questionnaire was administered to the respondents by the researcher with the assistance of two research assistants. Questionnaires are generally considered quick and inexpensive ways of collecting data from large groups of respondents (Gillham, 2007; Cohen et al., 2010). Since the Free State comprises geographically distributed cities, towns and small towns, the research team travelled across the regions to administer the survey to respondents. The questionnaires were administered at times convenient to respondents but some questionnaires were dropped by the research team and picked up upon their completion by respondents.

Data analysis

All the questionnaires were cross-checked for completeness and errors. Thereafter, the data was captured into Microsoft Excel and exported to Statistical Package for the Social Sciences (SPSS) for detailed analysis. Demographic and business profile data were summarised and presented in frequency tables and through per centage analysis. The variable relationships data was analysed through correlation analysis.

Reliability

The questionnaire' sub-constructs are illustrated in Table 1. Questionnaire items measured on a five point Likert scale were used in the calculation of construct reliability. The Cronbach's alpha was used to verify if the questionnaire items and the constructs they fell under could be relied upon to address the objectives of the study.

Table 1: Questionnaire reliability statistics

Construct	N	Number of questionnaire items	Cronbach's Alpha	Comment
[B1] General Understanding Of Business Social responsibility (Goals)	90	2	0.369	Low internal consistency
[B1] General understanding of Business Social Responsibility (activities)	89	4	0.696	Moderate internal consistency
[B2] Economic Component Of Business Social Responsibility (Profitability Goals)	90	2	0.306	Low internal consistency
[B2] Economic Component Of Business Social Responsibility (Activities)	89	2	0.679	Moderate internal consistency
[B2] Economic Component Of Business Social Responsibility (Growth)	89	6	0.814	High internal consistency
[B3] Legal component of business social responsibility	91	4	0.827	High internal consistency
[B4] Ethical component of Business Social Responsibility goals	90	4	0.689	Moderate internal consistency
[B4] Ethical component of Business Social Responsibility (activities)	91	7	0.878	High internal consistency
[B5] Philanthropic Component Of Business Social Responsibility	91	3	0.525	High internal consistency
[D] Business Social Responsibility Activities	90	4	0.697	Moderate internal consistency
[E] Sustainability of Business Social Responsibility	92	2	0.423	Low internal consistency
[E] Sustainability of Economic BSR	91	2	0.462	Low internal consistency
[E] Sustainability of Environmental BSR	91	4	0.870	High internal consistency
All Likert scale questions	75	61	0.764	High internal consistency

Cronbach's alpha value that is less than 0.700 is indicative of low internal consistency/reliability. Although some constructs displayed low reliability, the overall score of the questionnaire is 0.764, which means

that the instrument is reliable as the score is above 0.700. All components of BSR had acceptable reliability: legal component (Cronbach's Alpha=0.827), ethical component (Cronbach's Alpha=0.878) and philanthropic component (Cronbach's alpha=0.525). Profitability activities tested low for internal consistency and therefore, did not test for validity.

Exploratory factor analysis was carried out on the items evaluating each of the three variables, namely the legal, ethical and philanthropic components of BSR. The Kaiser–Meyer–Olkin (KMO) values are greater than the minimum acceptable limit of 0.5 (Field, 2009). This confirms the sampling adequacy for the analysis. Also, the result of $p < 0.001$ for Bartlett's test of sphericity demonstrates that the relationships between items were suitably large enough for exploratory factor analysis.

Table 2: Results of the KMO Statistic tests

Dimension	KMO Statistic	Bartlett's <i>p</i> -value	Cumulative % of variance explained
Legal Component of Business Social Responsibility	0.576	0.000	42.578%
Ethical components of BSR	0.681	0.000	43.821%
Philanthropic Component of Business Social Responsibility	0.339	0.000	53.813%

For a sample size of 92 units, a factor loading value of above 0.5 reveals a relationship between variable (factor) items. The validity results for each of the variables, and the consequent factor analyses are reported in Table 3. The configuration of items that grouped on the same components suggested that the original questionnaire constructs should be maintained.

Table 3: Factor loadings for legal, ethical and philanthropic components of BSR

	Component
	1
Legal Component of Business Social Responsibility	
Business seeks to adhere to standards set in the law	0.388
Goal of the business is to strive towards honesty in all its operations	0.623
Goal of the business is to show maximum integrity to all stakeholders	0.721
The business seeks to show transparency in all its dealings	0.807
Ethical component of Business Social Responsibility	
Business fully discloses the formal breakdown of all services	0.809
Business does not input hidden costs it charges to customers	0.778
The business discloses in advance the full cost of services offered to clients	0.804
Business always informs the customers about the standard and quality of service	0.832
The business regularly makes charitable donations	0.612
The business gives first preference employment opportunity to local community members	0.332
Business actively participates in community improvement events	0.399
Philanthropic Component of Business Social Responsibility	

The business regularly makes charitable donations	0.333
The business gives first preference employment opportunity to local community members	0.775
Business actively participates in community improvement events	0.933

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Response rate

Of a total of 120 questionnaires distributed to owner/managers and employees of hospitality SMMEs in the Free State, only 92 were correctly completed and returned, generating a response rate of 76.6%. Since Bryman and Bell (2011) highlight that a response rate below 50% is considered unacceptable, a 76.6% response rate is deemed adequate for data analysis.

Demographics

The demographic information pertains to gender, race, age, highest level of education, religious denomination and nationality of hospitality SMME owner/managers and employees.

Table 4. Demographic characteristics of respondents

Demographic Variables	Category	Frequency	Per centage
Gender	Male	38	41.3%
	Female	54	58.7%
Race	Black	38	41.3%
	White	48	52.2%
	Coloured	6	6.5%
Age	18-35 years	49	53.3%
	36-45 years	32	34.8%
	46-55 years	9	9.8%
	56-65 years	2	2.2%
Highest Level of Education	Grade 10-12	22	24.7%
	Post Grade 12	57	64.0%
	Post Graduate	10	11.2%
Respondent Type	Owner	1	1.1%
	Manager	15	16.3%
	Owner/manager	24	26.1%
	Employee	52	56.5%
Religious Denomination	Christian	91	100.0%
Nationality	South African Citizen	85	93.4%
	South African Permanent Resident	5	5.5%
	Non South African	1	1.1%

About 53.3% of the respondents fell within the 18-35 years age group, followed by 34.8% that fell in the 36-45 age group. These demographics illustrate that most respondents constituted the economically active population. The study was dominated by female respondents, who constitute 58.7% of the sample, compared to male respondents, who comprised 41.3% of the same sample. There was a moderate balance between white and black respondents. White respondents were the majority (52.2%) followed closely by black participants who constituted 41.3% of the participants.

Business Profile

The profile of the business demonstrates that the most represented type of business was lodges (30.4%), followed by guest houses (28.3%) and bed and breakfast (B&Bs) (27.2%). Thus, most of the hospitality SMMEs

in the Free State are lodges, guest houses and B&Bs - perhaps a clear indication of the relatively low start-up and working capital needs of such small businesses. There is a moderate balance between businesses that are aged between four and six (41.3%) and those aged seven to ten (44.6%). This means that majority of the hospitality businesses in the Free State have survived their first three years of existence.

Table 5: Business profile

Business profile	Category	Frequency	Per centage
Q8. Type of Business	Hotels	8	8.7%
	Guest houses	26	28.3%
	B&Bs	25	27.2%
	Lodges	28	30.4%
	Self-catering	5	5.4%
Q9. Number of Employees	1-5	28	30.4%
	6-10	60	65.2%
	11-20	4	4.3%
Q10. Age of Business	1-3 years	10	10.9%
	4-6 years	38	41.3%
	7-10 years	41	44.6%
	11-15 years	3	3.3%
Q11. Form of Business	Sole proprietorship	12	13.0%
	Close corporation	2	2.2%
	Pty Ltd	62	67.4%
	Partnership	16	17.4%
Q12. Gross turnover per annum	Up to R500 000	5	5.5%
	More than R 500 000 but less than R 2 million	47	51.6%
	More than R2 million but less than R4 million	37	40.7%
	More than 4 million	1	1.1%
	Other	1	1.1%

The most represented form of business in the study was private companies, which constituted 67.4% of the sample, followed by the sole proprietor (13%) or partnerships (17%), which were in the minority. A

majority of the businesses (65.2%) had between 6-10 employees, which shows that the hospitality SMMEs in the Free State have a small workforce.

Presentation and discussion

The presentation and discussion covers the BSR goals, different nomenclature of BSR activities and their relationships with BSR practices.

Profitability Goals

The profitability dimension of BSR goals comprised the business' persistent pursuit of profits and its commitment to the pursuit of operational efficiency.

Table 6: Profitability Goals

[B2] Economic Component Of Business Social Responsibility (Profitability Goals)		Frequency Distribution						Descriptives		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean	Std Dev	
Q21. The business seeks to maintain a consistently profitable position.	Count %	0 0.0%	0 0.0%	2 2.2%	31 33.7%	59 64.1%	97.8%	4.62	0.53	0.768
Q22. The business seeks to maintain a high level of operational efficiency.	Count %	1 1.1%	0 0.0%	0 0.0%	15 16.3%	76 82.6%	98.9%	4.79	0.55	0.768
Cronbach's Alpha								0.306		
% of total variation accounted for by latent factor								59.05%		

Profitable position

As shown in Table 4, the majority of the respondents (97.8%) believe that businesses should seek to maintain a consistently profitable position. The finding signify an apparent recognition of the importance of a healthy balance sheet to the success of hospitality SMMEs in the Free State.

Operational efficiency

About 98.9% of the respondents agreed that businesses should seek to maintain a high level of operational efficiency. This demonstrates the importance of optimising the use of resources in resource-constrained contexts.

Profitability Activities

The Cronbach's alpha value of 0.454 shows that there is less than adequate internal consistency in the three items which comprise the construct BSR economic activities. This means that the three questions are not sufficient to measure the profitability activities of BSR. However, when questionnaire item 25 (Giving discounts to long term customers) is omitted from the construct, the internal constancy improves considerably to 0.696, which is very close to 0.700.

Table 7. BSR Economic activities

[B2] Economic Component Of Business Social Responsibility (Activities)		Frequency Distribution						Descriptives		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std Dev	
Q23. Give away products that have stayed long on the shelves to the local community.	Count	3	1	17	53	17	76.9%	3.88	0.84	0.855
	%	3.3%	1.1%	18.7%	58.2%	18.7%				
Q24. Collusion with other locally-owned businesses.	Count	2	6	37	30	13	48.9%	3.52	0.91	0.884
	%	2.3%	6.8%	42.0%	34.1%	14.8%				
Q25. Giving discounts to long term customers.	Count	0	0	1	15	75	98.9%	4.81	0.42	-0.135
	%	0.0%	0.0%	1.1%	16.5%	82.4%				
		Cronbach's Alpha						0.454		
		Cronbach's Alpha when Q25 is omitted						0.679		
		% of total variation accounted for by latent factor						51.05%		

Giving away products that have over-stayed on shelves

About 76.9% of respondents believe that giving away products that have stayed long on the shelves to the local community constitutes a BSR activity. It can be interpreted that the hospitality SMMEs in the Free State prefer to give those products to the local community instead of throwing them away. Since some of these SMMEs operate in underprivileged communities, such acts of goodwill can contribute to supporting these communities' livelihoods.

Collusion with other companies

Table 5 illustrates that collusion with other locally-owned businesses is widely practiced as evidenced by the percentage (48.9%) of respondents agreeing or strongly agreeing. Nevertheless, judging from the remainder (51.1%), it can be inferred that hospitality SMMEs in the Free State believe in making some independent business decisions rather than colluding with other businesses.

Economic Growth

The study also examined the extent of growth of hospitality SMMEs in the Free State. As a result, the business’s economic components of BSR, such as growth in terms of number of employees, number of customers, market size and return on investment, were examined in Table 8.

Table 8. BSR Economic Growth

[B2] ECONOMIC COMPONENT OF BUSINESS SOCIAL RESPONSIBILITY (GROWTH)		Frequency Distribution					Descriptives		Latent Factor (Principal component) Coefficient	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean		Std Dev
Q26. Business has shown significant growth in the past 2-5 years.	Count %	0 0.0%	0 0.0%	3 3.3%	43 47.3%	45 49.5%	96.7%	4.46	0.56	0.586
Q27. The number of employees has increased in the past 2-5 years.	Count %	0 0.0%	3 3.3%	20 22.0%	43 47.3%	25 27.5%	74.7%	3.99	0.80	0.693
Q28. The number of customers has increased in the past 2-5 years.	Count %	0 0.0%	0 0.0%	4 4.3%	41 44.6%	47 51.1%	95.7%	4.47	0.58	0.836
Q29. Size of my market has increased in the last 2-5 years.	Count %	0 0.0%	0 0.0%	6 6.5%	45 48.9%	41 44.6%	93.5%	4.38	0.61	0.849
Q30. My stock size has increased in the last 2-5 years.	Count %	0 0.0%	0 0.0%	8 8.7%	52 56.5%	32 34.8%	91.3%	4.26	0.61	0.839
Q31. My return on investment has increased from 0.50% to 20% in last 2-5 years.	Count %	0 0.0%	2 2.2%	31 34.1%	39 42.9%	19 20.9%	63.7%	3.82	0.78	0.567
		Cronbach's Alpha					0.814			
		% of total variation accounted for by latent factor					54.47%			

Growth of the business

Table 8 illustrates that a majority (96.7%) of the respondents reported that their businesses experienced significant growth in the previous 2-5

years. In addition, 95.7% of the participants affirmed increases in customers. The growth of tourism SMMEs in Bloemfontein in these respects may be attributed to creative customer retention strategies such as giving discounts to long-term loyal customers.

Increase in market and stock size

About 93.5% of the respondents claimed that their businesses increased their market size, while 91.3% of them claimed that their businesses had increased their stock size. The increase in the market and stock size is probably a consequence of the growth in the number of customers.

Legal Component of Business Social Responsibility

The study also explored businesses' involvement in the legal goals of BSR. The construct of legal component of BSR has a high internal consistency, hence it is reliable (Cronbach's Alpha=0.827). Therefore, the results generated from the construct items can be relied on for consistency and reliability.

Table 9. Legal Component of BSR

[B3] LEGAL COMPONENT OF BUSINESS SOCIAL RESPONSIBILITY		Frequency Distribution						Descriptives		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std Dev	
Q32. Business seeks legal counsel on legal issues it struggles with.	Count %	0 0.0%	0 0.0%	4 4.4%	27 29.7%	60 65.9%	95.6%	4.62	0.57	0.783
Q33. Business strives to have a lawyer that ensures that proper channels are followed.	Count %	0 0.0%	0 0.0%	6 6.6%	34 37.4%	51 56.0%	93.4%	4.49	0.62	0.783
Q34. The business goal is to publish the annual reports as required by law.	Count %	0 0.0%	0 0.0%	5 5.5%	36 39.6%	50 54.9%	94.5%	4.49	0.60	0.861
Q35. Business seeks to adhere to standards set in the law.	Count %	0 0.0%	0 0.0%	6 6.6%	35 38.5%	50 54.9%	93.4%	4.48	0.62	0.820
Cronbach's Alpha								0.827		
% of total variation accounted for by latent factor								66.02%		

Seeking counsel on legal matters

A total of 93.4% of the respondents claimed that their businesses should strive to have a lawyer that ensures that proper channels are followed in the pursuit of BSR. The commitment of the hospitality SMMEs in the Free State to use legal counsel on BSR matters is indicative of their willingness to remain on the right side of the law on BSR matters. That said, the result on SMMEs' pursuit of legal counsel is a critical but questionable issue as SMMEs generally struggle with complex legal issues such tax compliance and business reporting.

Publishing annual reports

About 94.5% of the respondents believed that businesses should publish their annual reports as required by law, while 93.4% of them agreed that they must adhere to the standards set by the law. This shows that the majority of the hospitality SMMEs in the Free State have the desire to adhere to the laws and regulations that guide their businesses.

Ethical Components of Business Social Responsibility

The ethical component of BSR comprises ethical goals and ethical activities. The subsequent sections present the results on ethical goals and ethical activities.

Ethical Goals of BSR

Table 10. Ethical Goals of BSR

[B4] ETHICAL COMPONENT OF BUSINESS SOCIAL RESPONSIBILITY GOALS		Frequency Distribution						Descriptives		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std Dev	
Q36. Goal of the business is to strive towards honesty in all its operations.	Count	0	0	0	21	70				
	%	0.0%	0.0%	0.0%	23.1%	76.9%	100.0%	4.77	0.42	0.711
Q37. Goal of the business is to show maximum integrity to all stakeholders.	Count	0	0	0	26	66				
	%	0.0%	0.0%	0.0%	28.3%	71.7%	100.0%	4.72	0.45	0.583
Q38. The business seeks to show transparency in all its dealings	Count	0	0	1	13	77				
	%	0.0%	0.0%	1.1%	14.3%	84.6%	98.9%	4.84	0.40	0.801
Q39. Business goal is to promote a good name of its trade.	Count	0	0	0	10	81				
	%	0.0%	0.0%	0.0%	11.0%	89.0%	100.0%	4.89	0.31	0.812
		Cronbach's Alpha						0.689		
		% of total variation accounted for by latent factor						53.69%		

Honesty

Table 10 illustrates that all the respondents (100%) in the study believed that businesses should strive towards honesty in all their operations. Honest dealings optimise the integrity of businesses to all stakeholders and promote the good name of the trade.

Promoting the business' image

All respondents (100%) were of the view that they were promoting the good name of their businesses. This shows that hospitality SMMEs in the Free State are aware of the importance of developing a good reputation with the local communities that they operate in.

Transparency

A majority (98.9%) of respondents professed that that their businesses should show transparency in all their dealings. This implies that hospitality SMMEs in the Free State understand the need to be open and transparent in their engagements with their local community and the customers at large. Transparency may impact positively on the reputation of firms and build trust between the business and its stakeholders.

Ethical Activities of BSR

The construct of ethical activities of BSR has high internal consistency (Cronbach's Alpha=0.878). The computation of ethical activities component of BSR will comprise all seven items as they have high factor coefficients, indicating high accuracy and dependability.

Table 11: Ethical activities of BSR

[B4] ETHICAL COMPONENT OF BUSINESS SOCIAL RESPONSIBILITY (ACTIVITIES)		Frequency Distribution					Descriptive		Latent Factor (Principal component) Coefficient	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/ Strongly Agree	Mean		Std Dev
Q40. The business charges fair prices for its services.	Count	0	0	1	20	70				
	%	0.0%	0.0%	1.1%	22.0%	76.9%	98.9%	4.76	0.46	0.665
Q41. The business discloses its ethical rules or standards for stakeholders.	Count	0	2	4	19	66				
	%	0.0%	2.2%	4.4%	20.9%	72.5%	93.4%	4.64	0.68	0.723
Q42. The business does not poach hardworking or loyal employees from its competitors.	Count	0	1	4	23	63				
	%	0.0%	1.1%	4.4%	25.3%	69.2%	94.5%	4.63	0.63	0.796
Q43. The business fully discloses the formal breakdown of all its services.	Count	0	0	4	25	62				
	%	0.0%	0.0%	4.4%	27.5%	68.1%	95.6%	4.64	0.57	0.869
Q44. The business does not input hidden costs in its charges to customers.	Count	0	0	1	19	71				
	%		0.0%	1.1%	20.7%	77.2%	97.8%	4.77	0.45	0.743
Q45. The business discloses, in advance, the full cost of services offered to clients.	Count	0	0	3	31	57				
	%	0.0%	0.0%	3.3%	34.1%	62.6%	96.7%	4.59	0.56	0.774

Q46. The business always informs the customers about the standard and quality of service.	Count	0	0	1	24	66				
	%	0.0%	0.0%	1.1%	26.4%	72.5%	98.9%	4.71	0.48	0.779
	Cronbach's Alpha							0.878		
	% of total variation accounted for by latent factor							58.73%		

Prices and hidden costs

Table 11 shows that the majority of the respondents (98.9%) understand that their businesses are expected to charge fair prices for their services. About 97.8% of the respondents agreed/strongly agreed that businesses should not add hidden costs to the prices that they charge their customers. It can be inferred that hospitality SMMEs in the Free State understand the importance of informed disclosure about products or services as a way of achieving better customer service.

Quality of the service and disclosure of full costs

About 98.9% of the respondents believed that their businesses should always inform customers about the standard and quality of service, while 96.7 % of the respondents also claimed that those businesses should disclose the full cost of services offered to clients. A large number of hospitality SMMEs in the Free State are, therefore, aware of their ethical responsibilities towards customers and the significance of doing what is morally right in their operations.

Poaching workers and disclosing the formal breakdown of services

About 94.5% of the respondents believed that businesses are not supposed to poach hardworking or loyal employees from their competitors. Similarly, 95.6% of the respondents stated that businesses should disclose fully the formal breakdown of all their services.

Philanthropic component of BSR

The results on philanthropic component of BSR are presented in line with philanthropic activities only. The construct of the philanthropic component of BSR has moderate internal consistency (Cronbach's alpha=0.525). This means a moderate chance that the same questions can be asked again using the same instrument and yield the same results.

Table 12: The philanthropic component of BSR

[B5] The Philanthropic Component Of Business Social Responsibility		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std Dev	
Q47. The business regularly makes charitable donations.	Count %	0 0.0%	0 0.0%	17 19.1%	59 66.3%	13 14.6%	80.9%	3.96	0.58	0.380
Q48. The business gives first preference employment opportunity to the local community.	Count %	0 0.0%	2 2.2%	34 38.2%	30 33.7%	23 25.8%	59.6%	3.83	0.84	0.775
Q49. The business actively participates in community improvement events.	Count %	1 1.1%	0 0.0%	8 9.0%	50 56.2%	30 33.7%	89.9%	4.21	0.70	0.933
Cronbach's Alpha										0.525
% of total variation accounted for by latent factor										53.81%

Community improvement

Table 12 shows that 89.9% of the respondents are of the view that their businesses actively participate in community improvement events. It can be interpreted that hospitality SMMEs in the Free State conceive themselves as an integral component of the local communities they serve and hence their pre-occupation with contributing to community improvements.

The relationship between BSR goals and activities and BSR practices

It is expected that BSR practices should be driven by BSR goals and activities. This section uses correlation analysis to investigate the relationships among goals, activities and practices.

Table 13: The relationship between BSR goals and BSR practices

Pearson's Correlations			BSR goals and activities									BSR Practices
			General BSR Goals	General BSR Activities	BSR Economic/profitability Goals	BSR Economic Activities	BSR Economic Growth	BSR Legal Component	BSR Ethical Goals	BSR Ethical Activities	BSR Philanthropic component	
BSR goals and activities	General BSR Goals	Corr p-value N	-									
	General BSR Activities	Corr p-value N	0.092 0.384 92	-								
	BSR Economic/profitability Goals	Corr p-value N	0.100 0.341 92	-0.480**	-							
	BSR Economic Activities	Corr p-value N	-0.003 0.979 87	0.534**	-0.350**	-						
	BSR Economic Growth	Corr p-value N	0.147 0.169 89	0.281**	-0.110 0.306 89	0.308**	0.004	-				
	BSR Legal Component	Corr p-value N	-0.037 0.726 91	0.023 0.826 91	-0.145 0.170 91	0.286**	0.206 .007 87	0.053	-			
	BSR Ethical Goals	Corr p-value N	-0.182 0.086 90	-0.025 0.812 90	-0.077 0.470 90	-0.338**	-0.124 0.253 87	-0.168 0.117 89	-			
	BSR Ethical Activities	Corr p-value N	-0.174 0.099 91	0.245* 0.019 91	-0.138 0.190 91	0.002 0.989 86	0.094 0.382 88	0.070 0.509 90	0.442** 0.000 90	-		
	BSR Philanthropic component	Corr p-value N	0.164 0.125 89	0.562** 0.000 89	-0.319** 0.002 89	0.630** 0.000 85	0.418** 0.000 87	0.220* 0.038 89	-0.360** 0.001 88	0.093 0.385 89	-	
	BSR Practices	Corr p-value N	Corr p-value N	0.234* 0.026 91	-0.173 0.100 91	0.427** 0.000 86	0.215* 0.044 88	0.005 0.963 90	-0.206 0.052 90	-0.044 0.678 91	0.555** 0.000 89	-

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Economic activities, economic growth and BSR practices

The results indicate that BSR economic activities (correlation=0.427, p-value=0.000), and BSR economic growth (correlation=0.215, p-value=0.044) are significant drivers of BSR practices as they are significantly correlated to the latter. The other BSR goals and activities are not significantly correlated with the BSR practices. Hospitality SMMEs in the Free State thus engage more in BSR practices because they are seeking the economic benefit of such engagements, which include profits and growth of the business.

Philanthropic activities and BSR goals

The results reveal further that the philanthropic BSR component (correlation=0.555, p-value=0.000) and general BSR activities (correlation=0.234, p-value=0.026) are significant drivers of BSR practices. This shows that the Free State hospitality SMMEs' engagement in BSR activities is also driven by goodwill and humanitarian concerns.

Discussion

Profitability dimensions of BSR

As already highlighted in the presentation section, the profitability dimension of BSR comprises businesses' persistent pursuit of profits and their commitment to the pursuit of operational efficiency. The South African hospitality SMMEs' pre-occupation with maintaining a strong financial bottom line in their pursuit of BSR initiatives is buttressed by Dzansi's (2016) study on the economic dimension of BSR. His study highlighted that a majority (70%) of the SMMEs reported some growth in sales and increases in growth profit. This demonstrates that while SMMEs are concerned about extending their influence in the community through engagement in BSR, augmenting their financial bottom line remains their overriding objective.

The tourism and hospitality SMMEs' drive towards efficiency optimisation is incongruent with Ashley and Haysom's (2006) position that the pursuit of operational efficiency by pro-poor tourism SMMEs could be circumstantial. They argue that production at reduced cost may propel the rethinking of the status quo and lead to discovery of new

suppliers while in some cases, SMMEs may experience high costs in management time. It can be inferred that hospitality SMME owner/managers in the Free State highly regard operational efficiency as integral to the profitability of their businesses.

BSR economic activities

The findings revealed that giving discounts to long-term customers and giving away products that stayed long on shelves to the community were the most dominant BSR economic activities of Free State hospitality SMMEs. When giving discounts to long-term customers and giving away over-stayed products are jointly considered, they demonstrate that hospitality SMMEs are employing these activities as business strategies for pursuing economic objectives. This buttresses the claim that philanthropy is often a strategic imperative (Lantos 2002) aimed at gaining visibility, customer loyalty and increased interdependence between SMMEs and the community. Therefore, it is critical to differentiate philanthropic donations from adapted business practice by considering the nature of the action and how it is done (Ashley & Haysom, 2006).

Subsequent to the issues discussed above, the growth potential of hospitality businesses was determined by a consideration of the number of employees, number of customers, market size and return on investment of such businesses. The logical assumption is that if the businesses manage to satisfy their customers' needs, they would keep these customers impressed consistently and create loyalty among these customers. This finding resonates with the instrumental perspective of implementing BSR, in which SMMEs' pursuit of BSR is conceived as integral to profit maximisation and business growth (Madueño, et al., 2016). Therefore, sustainability initiatives are considered to be fundamental to augmenting financial returns (Rodríguez, Gallego & Pérez, 2014).

Legal component of BSR

The legal aspects of BSR consider the extent to which hospitality SMMEs seek legal counsel on business matters, publish annual reports as required by law, and abide by business standards as required by law and seek a lawyer to support their business operations. The businesses'

dedication to legal aspects of BSR especially seeking counsel on legal matters affirms claims from literature that SMMEs should comply with the law over and above their environmental sensitivity and economic soundness (Ghillyer 2008:59; Dzansi & Okyere, 2015: 472).

The findings on the publication of annual reports somewhat contradict evidence from literature, which suggests that for resource-poor SMMEs with limited knowledge of BSR, the operationalisation of formalised BSR practices such as the generation of annual sustainability reports may be counterproductive (Lund-Thomsen, Jamali, & Vives, 2014). However, it should be emphasised that what the SMMEs expressed in the current study was an aspiration on the desirability of annual sustainability reporting rather than their actual engagement in it. As such, the findings contradict the claim that although SMMEs may display traits which make them amenable to BSR, they may still be constrained in relation to external BSR reporting and communication (Baumann-Pauly et al. 2013).

Ethical Components of BSR

The most represented dimension of this BSR covered honesty, transparency and promoting the good name of the institution. The high affirmation of the advancement of honesty means that hospitality SMMEs in the Free State understand their ethical obligation to engage in good and ethical dealings that are above board. This finding buttresses Carroll's (2013) consideration of ethical responsibilities as commitments that a company puts on itself because its owners believe it is the right thing to do rather than because they have an obligation to do so. Painter-Morland and Dobie (2009:8-9) whose study examined ethics and sustainability in Sub-Saharan SMMEs reported that most SMMEs constructed ethical conduct from the perspective of societal expectations of moral conduct, conformity to rules and proper accounting standards-which are collectively underpinned by honesty, consistency, commitment, fairness and transparency.

The promotion of the good name of the business resonates with finding from literature. Painter-Morland and Dobie's (2009) study on ethical sustainability among Sub-Saharan SMMEs emphasised developing strong reputation and nurturing long-term relations with clients as integral to developing a viable ethical culture. In the same vein, the popularity of transparency among hospitality owner/managers cohere

with Szabó's (2014) claim that strict adherence to corporate governance principles such as transparency, fairness, responsibility and accountability is fundamental to the sustainability of small firms in Turkey. To make a case for his study on the influence of BSR on brand image and business performance, Zeka (2013) emphasises the centrality of transparency and disclosure in the operations of enterprises through BSR.

Ethical Activities of BSR

Although seven items were considered under ethical activities, the most dominant ones related to fair pricing, desisting from imputing hidden costs on products and the businesses' disclosure of the quality of products and services they provided. The importance of ethical pricing is affirmed by Jokinen's (2011) research into European and Australian jewellery consumers' perceptions of ethical issues in jewellery manufacturing and how these perceptions shape their purchasing behaviour. The study revealed the importance of ethical pricing, trust and jewellery design as integral to promoting ethical consumerism by customers.

The findings on the full disclosure of the service range and the full cost of services signify the multi-pronged strategies that SMMEs employ to improve their competitiveness and survival. This finding buttresses Bowen, Morara and Mureithi's (2009) study on the challenges of Kenyan SMMEs, which points to the central place of a combination of strategies such as fair pricing, quality product/service improvements, product diversification and discounts in overcoming challenges such as competition among SMMEs and from large firms, lack of access to credit and cheap imports. The formal breakdown of the quality of products and services mirrors literature's emphasis on the need for SMME customer relations to emphasise honest advertising, product safety, reliable and durable products, fair pricing, courtesy and customer after-care (Gillis & Spring, 2001; Dzansi & Pretorius, 2009). Desisting from poaching employees could be a consequence of SMMEs' sensitivity to the growth in ethical consumerism worldwide, in which ethical consumers are mostly interested in ethically produced products (Globescan, 2007, Rambe & Ndofirepi, 2016).

Relationship between BSR goals, activities and practices

The results indicate that BSR economic activities (correlation=0.427, p-value=0.000), and BSR economic growth (correlation=0.215, p-value=0.044) are significant drivers of BSR practices as they are significantly correlated to the latter. These findings are also comparable to those on the BSR philanthropic activities' relationship with BSR practices (Correlation=0.555, p-value=0.000). The other BSR goals and activities are not significantly correlated with the BSR practices.

Study implications and recommendations

The results indicate that BSR economic activities (e.g. giving discounts to long term customers and giving away products that stayed long on shelves to the community) and BSR economic growth are positively related to the entrenchment of BSR practices as they are significantly correlated, while other BSR goals and activities are not significantly correlated with the BSR practices. The hospitality SMMEs should, therefore, emphasise economic dimensions of BSR, even though they cannot afford to ignore other dimensions of BSR.

In the same vein, philanthropic BSR component and general BSR activities are significantly related to BSR practices for Free State hospitality SMMEs. This implies that when the implementation of philanthropic aspects (i.e. promoting goodwill and humanitarian concerns in communities) of BSR is synchronised and integrated with other BSR activities, the overall architecture of BSR practices is positively affected. Perhaps, an integrated business strategy that involves a proper ranking and prioritising of BSR dimensions is critical to advancing those dimensions that are critical to business success while not undermining other dimensions that are secondary, even though they contribute to firm success.

While hospitality SMMEs expressed the desirability of publishing annual reports, there was no hard evidence to suggest that they actually published these reports. Future studies need to investigate the extent to which they publish these reports, as one of the legal components of BSR. Although hospitality SMMEs had fair pricing, desisting from imputing hidden costs on products and the disclosure of the quality of products and services as the dominant ethical considerations, other ethical dimensions of BSR were not as popular. The reasons for variations in

levels of popularity of BSR ethical dimensions will need more rigorous scrutiny in future studies if the business ethics are to flourish in SMMEs.

BSR economic and BSR philanthropic goals and activities are positively and significantly related to BSR practices while the BSR legal and ethical dimensions have comparatively lower associations with BSR practices. This somewhat selective approach points to the emergent nature of BSR among hospitality SMMEs. Since the legal and ethical dimensions of BSR activities are just as important as the economic and philanthropic dimensions, future studies should adopt a more concerted approach to address the underrepresentation of these BSR dimensions to ensure the maturity of BSR practice implementation among hospitality SMMEs.

Conclusion

The study sought to interrogate the interface between the implementation of BSR goals, activities and practices among Free State hospitality SMMEs. BSR economic and BSR philanthropic goals and activities were significantly and positively related to BSR practices while BSR legal and ethical goals and activities were not significantly related to BSR practices. The philanthropic dimensions seemed to be integral to the realisation of BSR economic activities and practices as they potentially increased the business visibility, credibility, presence and good will of hospitality SMMEs towards their community. The least represented dimensions of BSR were of an ethical and legal character, pointing to the emergent nature of BSR among Free State hospitality SMMEs.

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