

THE SOCIAL RESPONSIBILITY OF SMMEs: THE CASE FOR A FRAMEWORK AND MEASUREMENT INSTRUMENT FOR THE AFRICAN CONTEXT

DENNIS YAO DZANSI

ABSTRACT

To start with, “Corporate Social Responsibility” (CSR) appears a misnomer as it suggests a 'big business only' connotation. Rather, “Business Social Responsibility” (BSR) appears a better alternative because it accommodates all sizes of business. Despite progress in the business/society relationship, SMMEs on the African continent continue being neglected as far as BSR research is concerned. Unlike in the West, there are no frameworks, tools, and instruments to guide those interested in the SMME/BSR nexus in the African context. As it turns out, scholars, researchers, policy makers, and owner/managers interested in the SMME/BSR nexus in Africa have no choice but to rely on frameworks, tools, and metrics designed for European and American contexts. This is in spite of Visser's (2007) caution that the Euro-American frameworks are inappropriate for the African situation. This paper makes a case for the development of an African context specific SMME/BSR framework(s) and measurement instrument(s).

Key words: Business social responsibility, BSR, BSR framework, BSR measurement instrument, African context.

1. INTRODUCTION AND BACKGROUND

To start with, it is important to point out that the term 'Corporate Social Responsibility' (CSR) appears a misnomer because it carries a 'big business only' connotation at the exclusion of the smaller ones. This bias towards big business is somewhat understandable and may be explained by Perrini, Russo, and Tencati's (2007:285) observation that the social responsibility of business has always been regarded as exclusively big business territory. However, this should not be the case any more since small businesses too have long been known to have taken up the challenge of being socially responsible. In fact, there is increasing understanding now that smaller firms play significant (if not more) roles in the economic and social lives of most countries (Dzansi, 2004:54; Lepoutre & Heene, 2006:3). Thus, it is surprising that not much has been said about the inappropriateness of the term CSR. Rather, it keeps being widely referred to as 'Corporate Social Responsibility (CSR)'.

Of course, one understands that it was the misdeeds of the large businesses that first brought attention to the need for businesses to behave in a socially responsible manner. But isn't it time we realise the important contributions of small businesses towards society as they are also known to have been in the forefront of the BSR campaign for quite a while now? This paper argues that the alternative term, 'Business Social Responsibility (BSR)' is more appropriate because it shows no bias towards large or small business.

The World Business Council for Sustainable Development (WBCSD) since its inception in 1995 has identified the generation of economic wealth, environmental improvement, and social responsibility as the three pillars to sustainable development. According to WBCSD (2000), the last of the three legs - social responsibility is now a firmly entrenched international agenda item. This assertion is true to some extent. It is quite true that both developed and developing countries have enthusiastically embraced the idea of social responsibility. It is also a fact that research efforts to understand the BSR phenomenon has intensified as can be seen from the panoply of literature on the topic. Furthermore, unlike the past, smaller businesses now seem to enjoy greater attention.

However, the greater truth which is corroborated by experts such as Visser (2007) is that, compared to other regions, BSR research in the African context especially in respect to small businesses is very scant. Thus one cannot really say that social responsibility is now a firmly entrenched international agenda item. The dearth of BSR research in the African context creates a number of problems. A personal experience highlights the crux of this paper.

In 2001, when I decided to investigate the social responsibility performance of small businesses in a rural part of South Africa as the research project for the PhD Degree in Entrepreneurship, a major obstacle arose that nearly led to a change of the research topic and focus. The problem was that after a thorough literature search, neither a suitable framework nor measurement instrument could be found. The extant frameworks and instruments were either meant for big business or smaller businesses in the developed country context.

The temptation to use a Euro-American framework and instrument was or change the topic/focus was very appealing. However, upon much reflection, I came to the conclusion that none of the two was an option. Using the extant developed country frameworks and measurement instruments would do no justice to small businesses that operate in the African context. Secondly, I was only interested in the social responsibility of small businesses and nothing else. This realisation led to the development of an ad hoc framework and measurement instrument.

But the use of ad hoc instruments instead of 'best practices' always raise validity and reliability issues. To avoid this type of problem, more robust frameworks and measurement instruments for investigating the SMME/social responsibility nexus in the African context is required.

But what is Business Social Responsibility (BSR)? Why the sudden hype about BSR? Can small businesses especially those in Africa afford to be socially responsible? Do local African conditions influence BSR practices? More so, are Euro-American frameworks and metrics suitable for charting the BSR path for African small businesses? Obviously, the first question to answer is what is Business Social Responsibility (BSR)? Although a plethora of definitions exist for the concept, in a lay man's language, BSR can be described as how businesses irrespective of size conduct or should conduct their affairs in the communities in which they operate over and above legal requirements. In other words, a socially responsible business can be defined as one which conducts its affairs the community or communities in which it operates in an ethical manner over and above what the law stipulates (Dzansi, 2004:82).

This paper adopts Owen's (2006:11) definition which describes BSR as "... the voluntary actions that a business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of the wider society." This definition means that conformance to the minimum ethical standards as prescribed by law is not enough for a business to be classified as being socially responsible. Rather, it means a business has to do more than what the law prescribes. Thus for example, a firm that pays only the minimum wage cannot really be classified as being socially responsible. At best, such a business is only being ethical. On the other hand, a firm that pays more than the minimum wage deserves to be classified as being socially responsible - to its employees.

2. METHODOLOGY/DESIGN/APPROACH

The paper calls on the environmental (socio-cultural) dichotomies of the West and Africa to call for a social responsibility frame work and measurement instrument for small businesses that do not only take into consideration the special needs of small businesses but also captures the social and cultural realities of the African people. It relies on mostly normative assertions and limited empirical evidence from the literature to make its point. The paper adopts phenomenology as its research philosophy (epistemological position); a situation that requires the researcher to adopt an empathetic stance (Saunders, Lewis, & Thornhill, 2007:107).

This paper takes the position that it is only through the understanding of the African value system and accepting that it is this system that shapes small business social responsibility in Africa can appropriate BSR framework and measurement instrument be developed for small businesses in the African context. In other words, we need to conceptualise BSR for small businesses in Africa with an African small business lens.

3. THE GROWING IMPORTANCE OF BSR

BSR is not a new concept (Baskin, 2006:81). It has been a subject of considerable investigation and debate for years (Ibrahim & Angelidis, 1993:304) but has gained increased global attention in recent years (Jamali & Mirshak, 2006:243).

Many writers have tried to explain the sudden upsurge of interest in the topic but none seem to articulate it better than Miller and Katz (2002:44) who wrote: *“Organizations need to have a strategy to help build sustainable local and national communities in which to do business. Many organizations are stepping up to the challenge of becoming socially responsible, both as a strategic need-to be known in the community as a good place to work, thus becoming a magnet for talent-and to be differentiated in the market place”*.

Put differently, BSR has gained prominence in recent years because it is now seen as a business strategy (Philips, 2006:23). That is, businesses are getting more and more interested in being seen as socially responsible with the view of creating a positive image in their communities so that they can among other things attract and retain world class employees, and be perceived by customers, investors and suppliers as 'special'. Thus, from a strictly business point of view, BSR provides a strategic management tool for gaining and maintaining sustainable competitive advantage.

From the developing country point of view, the argument is somewhat different. It fair to say that the developing countries are attracted to BSR especially in small businesses because of the scale of social needs that still prevail in these regions, the failure of governments to provide for these needs (Philips, 2006:23), and the often assumed ability of small businesses in dealing with social problems relative to the larger businesses. Thus, it is not surprising at all that fostering BSR among small businesses has now become a top priority item in developing countries. Therefore be it in Europe, America, Asia, Australia, or Africa; whether among large or small businesses; either in the developed or developing countries; BSR has become an increasingly business imperative that can also bring about social transformation.

4. SMME/BSR RESEARCH IN AFRICA

With the increasing understanding that smaller firms play significant (if not more) roles in the economic and social lives of most countries (Dzansi, 2004:54; Lepoutre & Heene, 2006:3), attempts are beginning to study the concept focusing exclusively on small businesses. Sadly, the pace of research focusing on BSR in small businesses in the African context is disappointing.

But this should not be surprising because BSR research in general (whether in small or big business) in the African context is scant. Visser (2007:476) points out that only about 20% of all developing countries have had any BSR articles published on them with South Africa dominating and pockets coming from Mali, Zambia, Kenya, Nigeria, and Côte D'Ivoire (Visser, 2007: 478). In a more detailed analysis, Visser (2007) points out that only 12 out of Africa's 53 countries have any research published in core BSR journals with 57% focused on South Africa, and 16% on Nigeria. Even in the case of South Africa, Visser (2007:479) notes that most of these articles are not socially oriented.

In the developed countries such as Canada, UK, USA, to mention just a few, numerous empirical researches have been done on the small business/BSR interface. In other words, research efforts in the developed countries match their heightened interest in fostering BSR among small businesses. It is therefore unsurprising that tools and guidelines that assist small businesses in their pursuit of the BSR agenda are readily available in the developed world. Spain for example has what is called the "Catalan social responsibility framework for small businesses" which is easily downloadable. There is also the Canadian framework. The UK also has its own framework.

These research efforts invariably provide valuable and well informed policy inputs. The resultant policies therefore have a better chance of fostering acceptable levels of BSR practices in small businesses.

Unfortunately, the same cannot be said about the developing world as countries in the region do not appear to match their interest in fostering BSR among small businesses with empirical research, an observation corroborated by Visser (2007) and Frynas (2006:16) who also note that the extant BSR literature has until now focused on the developed world at the expense of the developing countries. In fact, except for South Africa and sometimes Nigeria, the literature search did not reveal much progress when compared to what is happening in the developed world. In other words, in spite of the apparent growing desire to encourage BSR practices in small businesses in the developing world, empirical research efforts are virtually non-existent.

An earlier work by the author titled “Social responsibility of small businesses in rural communities” (see Dzansi, 2004) is one of a few exceptions that have developed and empirically tested frameworks and measurement instruments for the African context. In that study, a framework was developed leading to the development of a measuring instrument that was used to evaluate the extent of small business awareness and performance of BSR in the Greater Taung Local Municipality, a rural part of South Africa. Even though a bold step, this work falls short in some respects because for one, it did not address policy issues. Secondly, the measurement instrument and the framework used are yet to be tested across countries and situations to determine their overall robustness (validity and reliability) for use in the rest of South Africa and African in general.

The problem is that, there are no frameworks to guide research and policy in terms of small business/BSR in the African context. The absence of frameworks and measurement instruments may have contributed to a dearth of empirical research on the BSR phenomenon as it relates to small businesses in the African context. Thus, the small business/BSR interface on the continent remains relatively unknown. In other words, there is a knowledge gap in the management literature in relation to the small business/BSR nexus as far as Africa is concerned. Without such knowledge, countries in the region cannot formulate appropriate policies thereby severely limiting the fostering of BSR in small businesses in Africa. Research efforts will also be fragmented and lack direction.

5. MAKING THE CASE

The author is well aware of the dangers imposed by the above problem and would like to argue that:

- Developing countries are where social crises are most felt (Visser, 2007) therefore; involving small businesses in social responsibility programmes in these regions is a must. This means having a framework to guide research that will assist in generating information for policy formulation.
- BSR is not the same everywhere across the globe therefore; unitary models, frameworks, and performance metrics are not possible (Visser, 2007). BSR differs from country to country; cultures affect how consumers expect businesses to behave; the interpretation of BSR therefore differs from country to country (Hopkins, no date). Moreover, the BSR agenda challenges of developing countries are different from those of the developed world (Visser, 2007).

In fact, Visser (2007) points out that existing frameworks produced by the developed country researches do not fully (if at all) take the African context into consideration. He argues that the European and American frameworks and metrics are unsuitable for the developing world and more specifically Africa where customs and beliefs dictate what activities businesses are likely to engage in. Consequently, there is need to conduct empirical research in developing country context in order to identify the challenges, frameworks, and metrics applicable to these areas.

- The fact that small businesses are generally known to be different in many ways from larger organizations means that BSR agenda challenges for small businesses will not be the same as those of larger corporations. Similarly, models, frameworks, and performance metrics meant for big business may not work for small businesses. Similar to the aforesaid, there is a need to conduct empirical research in developing country context in order to identify challenges, frameworks, and metrics applicable to these small businesses.
- While it is true that BSR conferences and awards are mushrooming in emerging markets around the world and some aspects of BSR are indeed “migrating from the West to the rest” as Mehra (2006:20) puts it, it does not necessarily mean that the BSR concept in its entirety is alien to Africa. Neither does it mean some kind of Western 'colonisation' of the BSR concept in Africa. Rather, the motivation for BSR and the BSR focus of African businesses especially the smaller ones would naturally differ from those of the developed world.
- Phillips (2006) provides compelling support for this argument. In the words of Phillips (2006:23), “Africa's collective approach to problem-solving and the impact of the extended-family system, reinforced by the strong 'village' community mentality and philosophy, are all indicative of an inherently socially responsible people”. Thus according to Phillips (2006:3), Africans have long been socially responsible with their own approach to social responsibility. Social responsibility can then be seen as a concept that derives from the African value system.
- Phillips (2006:23) believes that the Western exported form of social responsibility unlike the African conceptualisation is all about responding to the social needs of stakeholders than it being part of their value system. In other words, Western conceptualisation of BSR is not in sync with what the African value system determines to be important social responsibility activities of business.

No wonder, Phillips (2006) asked: what is important for Africa? To what extent are CSR practices influenced by the local context? In short all that Phillips (2006) appears to be saying is that the African way of thinking of BSR is values driven whereas the Western one is not.

- Appropriate policies to foster BSR in small businesses may never materialize in Africa unless empirical research to provide scientific information for policy makers is intensified. Moreover, the situation where Africa lags behind the developed world in terms of research into BSR in small businesses or does not pay much attention to small businesses related BSR research leads to a situation where Africa will ever remain a dumping ground for unsuitable BSR policies and procedures designed for the developed world.
- By working strategically with BSR, small businesses can actually enhance their competitiveness (Danish Commerce and Companies Agency, 2008). But to make African small businesses buy in, there is need for an empirical proof. This proof is still lacking in the African context mainly because of dearth of a sound framework and measurement instrument to guide research.

It is unfortunate that there seems to be a general lack of interest or apathy among researchers concerning the small business/BSR nexus in developing countries and Africa in particular. As observed earlier even in South Africa where there is some progress, the smaller businesses do not seem specifically catered for as the BSR codes and instruments do not discriminate between large and small businesses. The result is that:

- There are no frameworks to guide researchers and students interested in the small business/BSR nexus in the African context;
- There are also no instruments specifically designed to measure the BSR performance of small businesses in the African context;

Under the circumstance, students, researchers, owner/managers, and policy makers in Africa have no choice but to rely on frameworks, tools, and metrics designed for European and American contexts. But Visser (2007) warns that the Euro-American frameworks are inappropriate for the African situation for various reasons.

To surmise, the following can be said in favour of why an African context specific small business BSR framework and measurement framework is necessary:

- Given the special circumstances of small businesses that operate in the African context, there is a definite need to develop a social responsibility framework and measurement instrument specifically for addressing small business social responsibility in Africa.

- BSR research has so far focused on big businesses. Yet, research findings involving large businesses are not wholly transferable to small ones and many of the concerns underlying calls for BSR do not apply to small businesses simply because they operate under conditions that are different from large ones (Dzansi, 2004).

Thus, understanding big business/BSR nexus does not provide a guarantee for understanding the small business/BSR nexus. Therefore “It will be inaccurate to assume that BSR behaviours of small businesses would be comparable to those of large businesses” (Dzansi, 2004).

- According to UNIDO (2002), small businesses engage in social responsibility albeit silently. However, the same source acknowledges that the BSR performance of small businesses needs to be improved. Accordingly, UNIDO (2002) encourages empirical research into what small businesses are doing in terms of responsible business practices. A logical first step would be to develop sound frameworks and measurement instruments for such empirical investigations.
- BSR is not very well understood precisely because small business/BSR nexus in the African context remains largely unexplored. This has created a knowledge gap in the BSR literature. Addition to the small business BSR literature in the form of a framework and measurement instrument that focus on small businesses that operate in Africa should help fill the void hence lead to a fuller understanding of the BSR phenomenon.
- Small businesses in Africa need a sound framework to follow in their BSR pursuit. Similarly, researchers and students of the phenomenon within small businesses in Africa need frameworks (if not a unified framework) and sound instruments to pursue their investigations. If not, research activities will be fragmented causing more confusion in an already divided BSR community as alluded to by Zhang (2008:2) who points out that “the concept of CSR remains confusing”. Policy makers in Africa also need scientific input during policy formulation. This scientific input can only be generated by empirical research that is based on a sound framework and measurement instrument.
- Wixley and Effingham (2005) argue that a company's success or failure can only be judged against its strategic objectives. In fairness to smaller businesses that operate in the African context, one cannot really judge them fairly on their BSR performance using Western standards. There is need for measurement instruments and frameworks that capture the kinds of BSR activities that form their strategic objectives.

6. FINAL RECOMMENDATIONS

In light of the above, this paper advocates for a framework (or frameworks) as well as measurement instruments for studying and analyzing BSR in African small businesses.

Such a framework or frameworks must take into account contextual issues such as culture, operating environment, constraints, and most pressing social imperatives of Africa. In particular such a framework and measurement instrument must assist in:

- The identification of the social needs of the communities within which individual small businesses operate.
- Ensuring that social responsibility programs are made affordable to small businesses in Africa like their developed country counterparts.
- Identifying the most likely BSR focuses of small businesses that operate in the African context and communicated to small businesses.
- Finding ways of motivating small businesses in Africa to engage in BSR.
- Identification of the most important challenges facing small businesses that operates in African in practicing BSR in Africa.
- Determination of whether local African conditions influence BSR practices and if so identify what the conditions are.

7. SUMMARY

It is quite true that the existence of frameworks and measurement instruments will not automatically guarantee quality research on the small business/BSR nexus in Africa. However, it will be extremely difficult for:

- Researchers to produce quality research on the small business/BSR nexus in the African context;
- Policy makers in Africa to formulate appropriate small business/BSR policies and;
- Owner/managers to pursue their BSR agenda in Africa without some guidance in place to do so.

Agreed that there is a need for intensified research into the small business/BSR phenomenon in the African context, the development of relevant frameworks and measurement instruments is a (if not “the”) crucial first step. But these frameworks and measurement instruments should take into consideration local conditions.

8. BIBLIOGRAPHY

Baskin, J. 2006. Value, Values and Sustainability: Corporate Responsibility in Emerging Market Economies. Available online at: <http://www.cpi.cam.ac.uk>

Danish Commerce and Companies Agency. 2008. Corporate Social Responsibility. Available online at: <http://www.eogs.dk/sw26505.asp>.

Dzansi, D.Y. 2004. Social responsibility of SMMEs in rural communities. A PhD Thesis, University of Pretoria, South Africa, October 2004.

Frynas, G.J. 2006. Corporate Social Responsibility in Emerging Economies: Introduction. *Journal of Corporate Citizenship*. Vol.24. 16-19.

Hopkins, M. No date. Corporate Social Responsibility around the world. Available at <http://www.stthom.edu/cbes/corporate.html>.

Ibrahim, N.A. & Angelidis, J. A. 1993. A comparative analysis of perceptions of top executives and business students. *The Mid-Atlantic Journal of Business*. 29, (3), 303-314.

Jamali, D. & Mirshak, R. 2007. Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context. *Journal of Business Ethics*. 72:243-262.

Lepoutre, J. & Heene A. 2006. Investigating the Impact of Firm Size on Small Business Social Responsibility: A Critical Review. Ghent University Working Paper, June 2006. Available at <http://www.feb.ugent.be>.

Mehra, M. 2006. Corporate Social Responsibility in Emerging Economies. *Journal of Corporate Citizenship*. Vol.24. 20-22.

Miller, F.A & Katz, J.H. 2002. *The Inclusion Breakthrough: Unleashing the real power of diversity*. San Francisco: Berrett-Koehler publishers.

Perrini, F. Russo, A. & Tencati, A. 2007. CSR Strategies of SMMEs and Large Firms. Evidence from Italy. *Journal of Business Ethics*. Volume 74. 285-300.

Philips, F. 2006. Corporate Social Responsibility in an African Context. *The Journal of Corporate Social Responsibility in an African Context*. Vol. 24. 23-27.

Saunders, M. Lewis, P. Thornhill, A. 2007. *Research methods for business students*. 4th Ed. London: Pearson

UNIDO (United Nations International Development Organisation). 2002. Corporate Social Responsibility and Developing Country SMMEs. Available at: <http://www.unido.org/doc/330817.htmls>.

Visser, W. 2007. Corporate social Responsibility in developing Countries. In Crane, A. McWilliams, Matten, D. Moon, J. & Siegel, D. 2007. (Eds.). *The Oxford Handbook of Corporate social Responsibility*. 473-499. Oxford: Oxford University Press.

Wixley, T. Everingham, G. 2005. *Corporate Governance: A Practical Guide for Effective Implementation*. 2nd Ed. Claremont: Siber Ink.

World Business Council for Sustainable Development (WBCSD). 2000. *Corporate social responsibility: making good business sense*. Available at: <http://www.wbcsd.ch>

Zhang, F. 2008. Corporate Social Responsibility in Emerging Markets: The Role of Multinational Corporations. A paper presented for the launch of the UK Foreign Policy Centre project on "Corporate Social Responsibility in Emerging Markets" (2008) in association with Coca-Cola Great Britain. Available at: <http://www.fpc.org.uk>.