

CORPORATE SOCIAL RESPONSIBILITY STARTS AT HOME: COMPARISONS OF METROPOLITAN AND RURAL SMEs IN WESTERN AUSTRALIA

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ABSTRACT

It has been recognised that the importance of exploring distinctive business and cultural contexts for the varying development of corporate social responsibility (CSR) around the world is of critical importance. This study aims to contribute to the relatively scarce knowledge of CSR for small and medium enterprises (SMEs), generally acknowledged to be the most diverse, the least known, and paradoxically, forming the largest number of businesses. The research also undertakes a comparative exploration of such CSR activities in metropolitan and rural locales. The qualitative study was undertaken with the support of the Fremantle and Narrogin Chambers of Commerce, and Business Enterprise Centres, and involved one on one interviews to explore the views of business owners as well as interviews with local government and chamber staff. The findings of the study are that all 40 small business owner/managers (mostly members of the local chamber of commerce) who participated in the study were active in their local community in Fremantle or Narrogin. They contributed to the community by volunteerism, donations, sponsorships, purchase of marketing/advertising opportunities, in-kind contributions of products or services, and, extending the traditional descriptions of CSR activities, by supporting skills development in youth and adults and by participation in local government and industry bodies. Their activities covered all aspects of the community – children, youth, aged, health, welfare, employment support, sport and recreation. While the businesses in a number of cases could not quantify their contribution to community organisations, for those who could, the estimates were \$90,000 per year for 11 of the Fremantle businesses, and \$113,000 per year by 16 of the businesses in Narrogin. There were differences in business behaviour in relation to community involvement in the two settings. These differences included that the metropolitan setting provides more options for involvement, including the choice of getting involved or not, whilst in the rural setting, options for involvement were more limited choice due to local community (and therefore customer) pressure in the town, as well as a strong belief by owner/managers that CSR should be focussed on locality based benefits. All businesses reported overwhelming requests for contributions by community organisations, and found this a difficult situation to manage. Social capital—the networks between community members including business owner/managers and their customers—was identified in the business/community relationships described in the study. The relevant local government bodies reported that small business involvement in the community was important, with the view in Narrogin that it was ‘essential’ for the town’s survival. The study found that small businesses are making a substantial contribution to the community around them; the contribution providing for social as well as economic benefits to both parties.

Keywords: Small business, corporate social responsibility, rural, metropolitan, case studies, entrepreneurship and small business in action

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INTRODUCTION

This study aims to contribute to the relatively scarce knowledge of corporate social responsibility (CSR) for small and medium enterprises (SMEs), generally acknowledged to be the most diverse, the least known, while forming the largest number, of businesses. The research also undertakes a comparative exploration of such CSR activities in metropolitan and rural locales.

With the growing international trend for businesses to focus on CSR activity (Birch 2001), the range of such activity reflects diverse legislative and cultural frameworks (Birch & Moon 2004). Australian activity in CSR generally, mirrors the growing activity at international level while also reflecting local legislative and cultural frameworks. The Australian federal government has encouraged CSR through its establishment of an initiative to encourage partnerships between entities in the business and the community sectors. Additionally, the Western Australian government has put in place initiatives designed to further such partnerships.

Researchers to date (Thompson & Smith 1991; Besser 1999; Leitmann & Arkles 2002; Partnerships WA 2003; Schaper & Savery 2003; United National Industrial Development Organisation 2000; Spence et al. 2004) have identified that the literature on CSR activities between the business and community sectors has concentrated on larger corporate entities and, generally, is anecdotal in content.

Recent research conducted in Western Australia (WA) (Partnerships WA 2003; WA Community Foundation 2006) identified that there is minimal research and literature on small business entities and their CSR activities within the community sector in the state. This is in contrast to the Australian Bureau of Statistics (ABS 2005) report that the small business sector comprised about 1.3 million non-agricultural businesses in Australia in June 2004, representing around 96% of all private sector businesses. This very high percentage of the business population suggests the small business impact on CSR in Australia could well be significant.

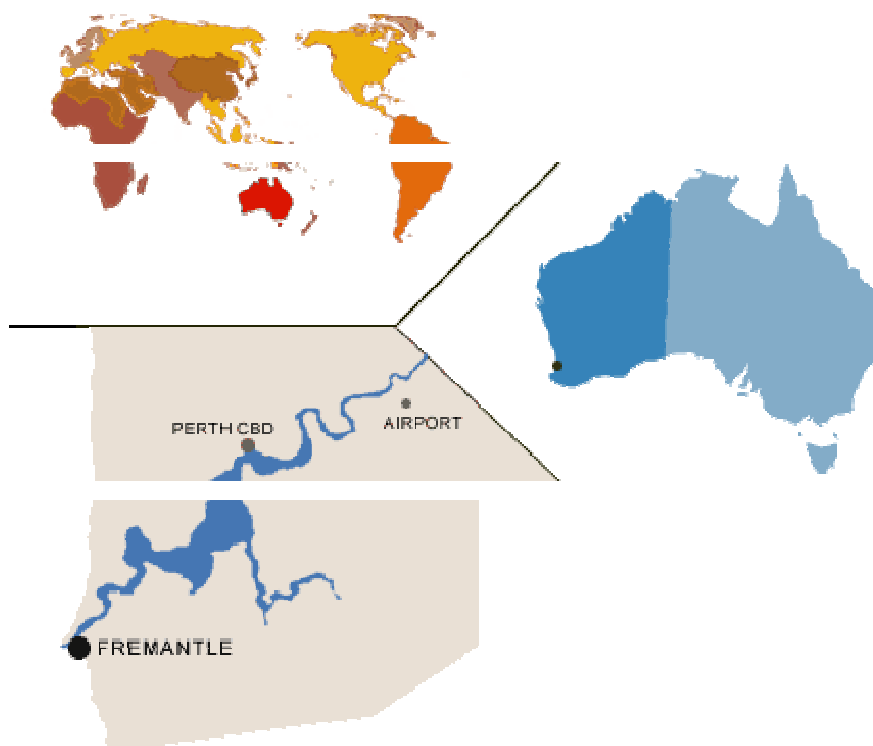
In Australia, as well as globally, the literature describes small businesses as a substantial part of the business sector, although it is an area of business activity that traditionally has been 'hidden'. However, recent research (Reid & Frederick 1989, Pyke et al. 1990, Davidson 1996, Handy 1999, Curran & Blackburn 2001; Lyon 2002, Schaper & Volery 2004, SBDC 2005), indicates that the area is becoming more recognized as an important element of business activity, not just due to the size of the sector or its economic and social impacts, but more particularly as a result of its entrepreneurial, diversity, gender and ageing characteristics. Unfortunately, the impact of small business on the social, as well as economic, aspects of community life, its 'corporate social responsibility', are not well known.

The qualitative research was conducted with small businesses in the Fremantle metropolitan and Narrogin regional centres. Local business enterprise centres and local chambers of commerce assisted the research by facilitating access to a diverse group of small businesses.

Fremantle is typified as an international port, the gateway for trade between WA and the rest of the world and with its diverse infrastructure established through decades of investment, it has become home to a number of economy driving industries including freight and logistics, fishing and maritime industries, tourism, retail and education, particularly in the West End

(Grzyb & Lomas 2002). Fremantle itself is a major centre in a region with thriving commercial, retail and tourism sectors, a focus on business development and has a significant multicultural population including Italian, Portuguese and Croatian (Grzyb, Lomas & Meaton 2002). According to ABS (2003), the City has a residential population of 26,185 and 2105 businesses ranging from annual turnover of zero to over \$1,000,000 per annum (ABS 2001). Small businesses are greater in number in the areas of retail trade, accommodation cafes and restaurants, finance and insurance and health and community services. The highest number of small businesses, 523 (ABS 2001) operate in the area of property and business services, an indication of Fremantle's role as a business centre for surrounding regional areas.

Figure 1
Fremantle - geographic position
Source: City of Fremantle, 2004



The Town of Narrogin is a rural centre for the Central South region of Western Australia. Situated in Western Australia's wheatbelt, it has significant agricultural industry, and is a transport centre. Over the years the town has accumulated significant public infrastructure - mainly in the health and education areas. This infrastructure serves as the base for the modern regional centre that Narrogin has become. Its position in relation to the rest of Western Australia can be seen in Figure 2 below.

The Town of Narrogin has a total population of over 4,400 people (ABS 2002c), and is facing the problems common to many Australian rural centres in that it is vulnerable to shifting demographics, economic trends and changing market conditions. Declining government services in the medical, police, transport, welfare, education, agriculture and the environment fields present serious issues for the future for the Town and its community (Town of Narrogin 2004; Saunders et al. 2003).

The small business sector in Narrogin totals 687 businesses ranging from annual turnover of zero to over \$1,000,000 per annum (ABS 2001). Small businesses are greater in number in the areas of agriculture, forestry and fishing, retail trade, and property and business services. The highest number of small businesses, 190 (ABS 2001) operate in the area of agriculture, forestry and fishing, an indication of Narrogin's position in Western Australia's Wheatbelt region, with the property and business service numbers reflecting Narrogin's role as a regional centre.

Despite efforts to make sure that it has control over its destiny, the fragility of the Narrogin social and economic structure is evidenced by the closure in 2006 of the Narrogin Business Enterprise Centre due to lack of government support, and cessation of operations of the Chamber of Commerce.

Figure 2
Narrogin—geographic position
Source: Town of Narrogin, 2004



RESEARCH METHODOLOGY

The current qualitative research began with an international literature review, and a hypothetical model was developed. The consistent findings from previous research was that there is some international research describing small business's CSR involvement with the community; however, for Australian locales, both relevant research and theory was limited.

The subsequent data collection process focussed on the elements of such relationships, as well as an exploration of the perceptions and understandings of participants in the two locales. The Fremantle and Narrogin business enterprise centres provided access to their members, a diverse range of whom were invited to participate in the study together with randomly selected businesses in the locality. Face to face unstructured interviews were undertaken with small business owner/managers who were invited to ascribe meaning to and interpret their actions throughout the research interactions designed to make them part of the knowledge creation process. With the knowledge from Curran and Blackburn (2001, p. 79) that small business owners are "often people with strong personalities used to being treated deferentially by employees and others. They often have very strong views on issues linked to running a small business. Interviewers need to be self-confident and well prepared to handle such determined, strong personalities", key prompts were developed during the pilot testing stage to provide boundaries and prompts for story telling by each of the 20 small business owner/managers in each of the Narrogin and Fremantle regions. Interviews were undertaken

in offices, informal staff lunch rooms, coffee shops, or in customer areas of retail premises. Data gathered was validated using triangulation with data gathered from interviews with senior officers from the local government and the local business enterprise centres.

The raw data was analysed after listening to the interview tapes and considering the interview transcripts. Key words were identified which covered each of the research questions (Table 1 below), and these were used in the text management system to search for phrases which described participants activities around each of these words. Once these had been compiled into separate documents detailing comments from all the data relating to each key word, a further check of the transcripts was made to ensure that there were no unique comments or features of small business community activity which had been overlooked.

Table 1
Analysis of research questions/and key search words

Research Questions	Key search words
Question 1. What are the perceptions of metropolitan and rural Western Australian small businesses about their involvement with the community?	Approach CSR Difference Female Franchise Government Lifestyle Male
Question 2. What is the range of CSR interaction by Fremantle and Narrogin small businesses?	Advertising Community Donate Marketing Organisations Sponsor
Question 3. How do these interactions work?	Clubs Family Involve Tsumani
Question 4. Why are they important?	Background Competition Contacts Expectations Network Value Why
Question 5. What is the result of these interactions?	Clients Consolidate Employees Influence Money sign Percent sign Profit

Subsequently, a new model was developed to describe the complexity of interactions between small business owners and their community. Also described were the unique features of rural and metropolitan settings, as well as other differentiating factors impacting on the interactions.

Research Participants

The age range of the 40 business owners/managers participating in the research was from 24 to nearly 70 years of age, while the gender of participants was equally balanced in Narrogin (10:10), and in Fremantle, there were 6 female and 14 male participants. In Fremantle three of the women were in partnership with their spouse, while the other three included two who were sole traders and one in partnership with another person not her spouse. The ten women in Narrogin included four who were sole traders, and six who were in partnership with their spouse.

In eight (40%) of the Fremantle businesses, the husband/wife team were actively involved in the business. In three (15%) of Fremantle cases, sons and daughters were involved, while one business (5%) was run by a third generation family member. There were nine (45%) businesses in Narrogin where family members were involved, including husband/wife, children, and their partners.

Table 2 illustrates the diverse group of businesses represented in the research. While there were a few similar businesses in both Narrogin and Fremantle, e.g., real estate and travel bureaux, overall there was a variety of industry groups represented from the retail, service and manufacturing sectors.

Table 2: Participants in the research—industry type

FREMANTLE		NARROGIN	
Accountancy Services	Professional/entrepreneur	Beauty clinic	Entrepreneur
Accountancy Services	Professional/entrepreneur	Computer service	sales, Entrepreneur
Architecture	Professional/entrepreneur	Florist	Business purchase
Building	Entrepreneur	Insurance Broking	Franchise
Fabric manufacturer	label Business purchase	Machinery dealership	Business purchase
Importing	Entrepreneur	Physiotherapy	Professional/entrepreneur
Medical services	Professional	Plumbing	Entrepreneur
Music writing/counselling	Entrepreneur	Real estate	Entrepreneur/Franchise
Pasta maker/inventor	Entrepreneur	Retail—bookshop	Entrepreneur
Pest control	Franchise	Retail—chemist	Business purchase

FREMANTLE		NARROGIN	
Printing	Franchise	Retail—fast food	Business purchase
Real estate	Entrepreneur	Retail and service— gas	Entrepreneur
Retail—food and cafe	Family business	Retail—sports	Business purchase
Retail—water heater	Entrepreneur/franchise	Retail—toys	Franchise
Software design	Entrepreneur	Solicitor	Business purchase
Software design	Entrepreneur	Transport contracting	Business purchase
Travel bureau	Entrepreneur	Travel bureau	Franchise
Uniform manufacture	Business purchase	Veterinary Service	Professional/ entrepreneur
Woodturning Supplies	Entrepreneur	Vehicle dealership	Business purchase
Woodworking	Entrepreneur	Video hire	Business purchase

Entrepreneurial businesses

Many businesses in the research could be described as entrepreneurial and new. In Fremantle, of the twenty participants, there were fourteen (70%) business owners/managers who had started their own business (including three who operate professional practices), and in Narrogin there were eight (40%), which included two professional practices. Female entrepreneurs totalled four (out of the total fourteen entrepreneurs) in Fremantle, while in Narrogin there were six female, out of the total of eight, entrepreneurs. In Fremantle two of the 14 entrepreneurs were in their twenties, most of them were of middle age, and three were seniors. In Narrogin there was one entrepreneur who was in his twenties, with the rest of middle age.

International literature—corporate social responsibility

For most of the twentieth century, not-for-profit organisations and governments have worked together in the developed world. Through welfare entitlements, governments (the state) have taken some direct responsibility for social support, while non-profit organisations, such as charities, hospitals and schools, have provided a range of other services using funding mainly derived from the public purse (McColl 1999).

However, from many perspectives business has become faster, more creative, better resourced and more influential than either the government or the non-profit sector (Gladwin, Krause & Kennelly 1995). Building on this development, the concept of ‘corporate’ social responsibility has become an international policy agenda for the new millennium. Table 3 briefly identifies the dynamic connection which occurs as governments and the business sector influence not-for profit providers in delivering services to community recipients.

Table 3: From the Donor to the Recipient

Sources of funding	=>	Non-profit service providers	=>	Recipients of services
(individuals, corporations, government, financial institutions)	=>	Health, education, social services, arts and culture, issues advocacy, the environment, sport and recreation, the aged.	=>	Individuals, families, communities.

Source: Adapted from Bradley, Jansen & Silverman (2003 p. 97)

Resulting from concerns about the increasing divide between richer and poorer countries and people in their communities, and seeking ways to ameliorate the dramatic increases in the 1990s, a number of United Nations Conferences have called for private enterprise to assume greater responsibility for human development (Gladwin, Krause & Kennelly 1995).

Continuous appeals were made to private enterprises, particularly the large multinational corporations, to become engaged substantially in efforts to eliminate destitution, reduce poverty, create labour-intensive employment, promote equal opportunity, empower women, advance human freedom, foster social integration, stabilise population and protect children, while at the same time regenerating natural capital.

At the same time, an increasing amount of economic research was being flavoured by the agenda of an 'economic sociology' (Granovetter 1992) which was based on classical sociological arguments around the degree to which socially oriented goals and structures were being embedded in communities because of economic goals and activities.

Gladwin, Krause & Kennelly (1995) believed that the call for business to be involved in community concerns had been resisted by and large, and often rejected, based on traditional notions regarding the proper allocation of roles between business and government.

These roles were espoused in Milton Friedman's (1970) classical economic model; the established argument being that "there is one and one only social responsibility of business—to use its resources and engage in activities designed to increase its profits as long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman 1970, cited in Spencer & Mills 2000 p. 51).

However, towards the end of the century, there was increasing impetus for a role-change agenda for business resulting from what Spencer and Mills (2000 p. 51) describe as the "neoclassical economic model of rational choice theory" espoused by Friedman. Arbouh (1999 p. 20) describes how Charles Handy continued the impetus; "the philosophical Rubicon Handy crossed was the simple, although blasphemous, concept that changing the corporation wasn't enough. He began questioning the very rationale of companies and institutions". Furthermore, Handy (1999) went on to think about and argue as to what corporations are really about. Handy's (1999) 'heretical' conclusion was that a company is not solely there to

make money for shareholders; thus, he believed this purpose was a necessary, but not sufficient, condition for a company's existence. Thus, the modern demands for attention to the bottom-line of profit making, but the extension of the idea to double, triple, quadruple and quintuple bottom lines.

Partnerships WA (2003) identified that CSR activities relate to the quadruple bottom-line and consist of five major areas:

- Sponsorships
- Donations including cash, pro-bono and in-kind work
- Cause related marketing
- Employee volunteer programs
- Partnerships

Such activities were noted as occurring in areas such as aged and disability services, indigenous employment, health, education, housing, environmental, and sport and recreation.

From a business perspective, Culbert (2000 p. 1) described the concept of CSR as "characterised by a holistic perspective of social accountability and corporate citizenship as it embraces such a wide range of issues (human rights, employee rights, environmental protection, community involvement, supplier relations) and therefore is the totality of the impact that a company has on society".

Despite the value of having a holistic perspective of CSR, in surveying 227 CEOs from some of Australia's largest companies, O'Flynn et al. (2002 p.26) reported that "corporate Australia still has some way to go in fulfilling its social responsibility and in providing equal opportunities to indigenous Australians". They also made the point that there is considerable goodwill that could pave the way for CSR initiatives, including new indigenous employment initiatives.

Lambert (2003 p. 60) takes the position that "corporate social responsibility is enlightened self interest and is based on a rational business case ... [and] ...there is growing evidence that a corporation's social investment can increase rather than damage its economic return, and that companies are capable of providing social benefits in ways not open to either individuals or governments". As evidence of this situation, Lambert (2003 p. 60) quotes the views of Porter and Kramer (2002) who have argued that in a world of open, knowledge based competition, "companies do not function in isolation from the society around them".

Culturally, the pattern of corporate giving is seen by Wood (1998) as analogous to the feudal concept of the benevolent aristocratic landowner, a concept not unique to the West. Wood (1998 p.18) found that "for an Asian company ... corporate philanthropy and citizenship are seen as part of the social contract with the community ... a company's profits are a reward of the community, but a reward held only in trust. Part of that reward must ultimately be ploughed back into the community".

Thus, in Australia, it is not surprising to see the development of specialist agencies which actively promote and support CSR roles in business; these include Deakin University's Corporate Citizenship Research Unit, Queensland's University of Technology's Centre of Philanthropic and Nonprofit Studies, Swinbourne University's Asia-Pacific Centre for Philanthropy and Social Investment, amongst many others.

Social Capital

With the promotion of CSR roles in business, there has been a concomitant increase in concern about social capital. James (2003 p. 3) reports that “social capital is fast becoming the ideology de jour in Australian politics, with the Federal Treasurer, Peter Costello, trying to use it to develop a more caring persona. Once the topic in Sydney cafes and Labor Party conferences, ‘social capital’ may soon attract attention in the economically dry corridors of Canberra's financial bureaucracy. The emphasis is not misapplied. After the September 11 World Trade Centre tragedy, the balance between politics, business and civil life profoundly changed”.

Similarly, Australia's Productivity Commission (2003 p. ix) reported social effects along with the economic effects of public policy, and in its “research consultations with government and non-government bodies identified that social capital as [sic] an important topic for formal investigation”. The Commission (2003 p. xiv) found that “it can be difficult for policy analysts to know whether a particular policy will provide beneficial increases in social capital ... there could be benefits in integrating social capital considerations into mainstream policy analysis ... It could also highlight opportunities to stimulate latent social capital through policy design, and to harness existing social capital where appropriate”.

Wallis and Dollery (2002 p. 80) report that Knack and Keefer (1997) found “evidence that social capital is a determinant of economic performance ... to estimate the impact of trust, civic norms and associational activity on growth rates using these social capital variables taken from the World Values Surveys (WVS) (Inglehart 1994) for a sample of 29 market economies”. The Knack and Keefer (1997) research indicated that trust and civic norms had significant positive relationships with growth rates, while associational activity less so; an issue worth examining among the current research participants.

The concept of community, whether in a small village, a city block or a large metropolis, is indicative of people held together by multiple, cross-cutting bonds (Strom 2001). Similarly, Cox (1995) sees strong positive linkages between social capital and successful, progressive communities.

Emerging entrepreneurial firms rely on network ties ‘embedded’ within social relationships which aggregate into three social components: personal relationship, dyadic interaction and social capital (Hite 2003); moreover, there are seven types of embeddedness: personal, competency, hollow, functional, isolated, latent, or full (Hite 2003). With increasing numbers of these social components, embeddedness increases and the social relationship becomes better positioned to have a greater influence on the economic behaviour of the business. Ultimately an overall pattern of embedded network ties is built on trust (Hite 2003; Uzzi 1996).

Whilst rural communities often are known for their high levels of cohesive community support, this can be reflected in a negative way. In reporting on research by Elliott-Schmidt and Strong (1997), Pohl (2002 p. 68) commented that “strong social rules exist which both limit people's behaviour and close off opportunities for support”. However, social support can be seen as a valuable tool to build social capital and, possibly, to improve the well being of both individuals and communities. The rural Australian ‘personality’ is part of a culture of self-reliance and independence. Attitudes that emphasise the need to maintain the ability to perform one's role, and stoicism toward adversity, are common in rural communities and are

explained as 'farming attitudes' that affect health status (Pohl 2002; Australian Institute of Health and Welfare 1998; Welch 2000). These researchers suggest that, regardless of involvement in the agricultural industry, attitudes such as self-reliance, independence and a reluctance to seek assistance are displayed by residents of rural communities.

RESULTS OF THE STUDY

The current study confirmed findings in the extant literature that CSR activities are becoming embedded in the behaviour and thinking in small businesses. While the business owner/managers who participated in the study had a diverse range of backgrounds, there were some common themes around their perceptions about their involvement with the community.

Bias in the results

Businesses with greater longevity were able to describe a wider range of community involvement and were somewhat more organised and with some pattern to their activities; however, it needs to be acknowledged that all business owners who participated in the study were able to describe some community involvement—whether a Generation Y's two-year-old entrepreneurial information technology business, a baby boomer's sea-change-driven retail shop, or a senior's twenty year old artisan business.

The identified levels of community involvement are higher than those of similar studies in Western Australia (Schaper & Savery 2003, Partnerships WA 2003, and WA Community Foundation 2006), which tends to confirm the validity of the suggested limitations of the current study due to primary membership of the local chamber of commerce. The pool of participants and their connection to the local business enterprise centres may provide a skewed highly positive result as compared to the general small business population; however, results reinforce the valuable role of business enterprise centres as promoting networks, and thus social capital, as part of their economic development role. The current study will be of interest to both government as well as chambers of commerce for this reason.

Range of small business CSR activity

The current study identified the features of small businesses and their CSR involvement within the communities of both Fremantle (port city) and Narrogin (rural centre). Participants of the 40 businesses in the research all described activities through which they support their community. These included volunteerism, donations/sponsorships, in-kind support (particularly from service type businesses like pest control or plumbers), and discounts; in addition, they provided skills development and a range of broader support such as industry development and local governance. Support tended to be for locally based initiatives in Narrogin, whereas in Fremantle, there was support for local, national and international initiatives.

All participants described voluntary activities with which they were involved. These included community service clubs, sports clubs, cultural clubs, business organisations, governance bodies (local government), social clubs, industry groups, educational organisations, heritage groups, action groups and environmental organisations.

Business involvement

Business people reported that their involvement was with a wide range of groups, and an interesting and topical area of support was activities related to the Indian Ocean tsunami in January 2005. During the interviews in Fremantle undertaken in January 2005, several

participants mentioned their contribution to tsunami appeals. One business had a tsunami collection tin on the front counter of the retail shop. Another commented on the dual result for the electronic media in showcasing tsunami contributions and initiatives, for the tsunami victims as well as the media businesses themselves.

I think it is beneficial for any company to be involved in the community. The tsunami was another important thing that is happening out there, obviously it is very large. It is a very immediate need and it's very topical you might say, because it has been raised around the place. I think the two or three things I have been asked to help with, from different people, I have said yes to all of them. Probably two of the three already know me, and so called on me to help, and the other one was a walk-in the door, 'Can you help?' So it's all a sort of network, and can-you-help.

One business owner/manager had printed a poster for some children who were fundraising; he was involved in the preparation of the calendar for which they were seeking other businesses to sponsor a month/a page. When completed, he would print the calendars to raise funds for an orphanage in Thailand that had been overcome by the tsunami. Another participant commented that he viewed the tsunami fundraising as similar to events in Australia, such as the bushfires in Adelaide, and to the many requests he received for sponsorship and donations. He also advised that his family had participated in a tsunami-fundraising event.

Reasons for community involvement

Consistent with the literature (Birch & Batten 2001), owner/managers identified that they were involved, in part, because of community expectations, changing social values and the need to build good community/stakeholder relations. This was mirrored in the findings of more recent research by the Western Australian Community Foundation (2006) which found that the key driver to community involvement by small business was 'to give back to the community'. A strong emotional commitment to the concept of philanthropy was common in the perceptions of owner/managers in both the current study as well as that of the WA Community Foundation (2006) and mirrors the findings of Dawson et al. (2002) regarding the ethical considerations of Australian micro-business operators.

There was evidence for this in Fremantle, and influenced owner/managers' behaviour accordingly, towards an ethical approach both within and outside the business, and support for 'community' activities which spanned local, national and international purposes.

We just do it for our own benefit or own piece of mind, or you know, we don't always do it purely for a business benefit, might just be to do the right thing.

The emotional commitment to philanthropy also was seen in Narrogin, however, in that more geographically-restricted locale, where business activity appeared to be more directly influenced by community perception, there was frequently a conscious effort by business people to remain on the good side of Narrogin citizens, or 'your name's mud', inferring that support for the community was directed primarily towards Narrogin-based initiatives. This echoes the findings of previous research of the 'dark' side of social capital, whereby, whilst rural communities are often known for their high levels of cohesive community support, they can be reflected in a negative way (Elliott-Schmidt & Strong 1997, Pohl 2002).

If you say no, that I've done a couple of times way back, your name's mud.

This concern was contrasted by several Narrogin owner/managers who were prepared to 'stand up and be counted' as they chose to make changes to their sponsorship/donations, in some part due to their perception of changing community needs. The latter examples where changes were made despite potentially negative perceptions by the community, tended to be businesses with a longer history in the town, those experiencing buoyant market conditions, and those where the owner/manager was a local community leader (of either gender).

Decision making

Decision making about community support/involvement was often ad-hoc and involving at least two aspects, being dependent on who/how/when the approach was made and how the business was going at the time. This concurs with the findings of the WA Community Foundation (2006), as also were the findings, in the current study, of tension between community support arrangements which had become longer term (consistent with an ad-hoc approach), and wanting to make changes to these, despite being concerned about possible negative external perceptions from the community from this change.

The small business view about business involvement in the community mirrored the diversity of views in the global and general business community—i.e., some considered that business should get on with business while others held the view that a business should be involved in its community. Paradoxically, while this dichotomy of opinion was verbalised by participants, their actions were different, as 100% of the businesses involved in the research were involved with community in one or more ways, demonstrating that, while participants demonstrated philosophical/values based on beliefs such as philanthropy, at the end of the day each business person made a contribution to the community—either through their business or personally.

The findings of this study, in relation to small business owner/manager decision making, mirror those of Birch and Littlewood (2004), who in their research findings for large corporates and CSR, described that, without CEO sign-off and vision, it is unlikely that corporate citizenship will be either embedded into core business, or have any staying power in that company.

Interconnections between business and personal lives of owner/managers

The boundaries between the business and personal lives of owner/managers in relation to community contribution ranged from clear-cut to quite blurred. However, the blurring was noticeable particularly in Narrogin, and for women. This was connected with discussions about social capital and an investment in the local community by individuals (for personal and family reasons) and by businesses (for their current and future customers).

To run a business in a country town, you have to be part of the community, you can't not

Consistent with the complex nature of inter-relationships, many of the participants described the conscious efforts that they make to find a comfortable balance between their business and community activities. There appear to be some variations between genders in this area. In a number of cases, participants identified that seeking such balance was difficult, with the participants reporting an imbalance between business and community leading to a poorer business income/profit. Each of these was a male participant, and from Fremantle.

Linkages with business success

In the current study, there were some positive links made by participants relating to community activity and business success. This was noticeable in both locales, particularly in the older businesses, where there were established relationships for up to three generations, and deeper involvement in diverse community processes including local leadership, across sporting, cultural and ethnic activities in the community. Frequently, although these were unquantifiable in the current study, the perceptions concur with the literature about social capital (Putnam 1993) and adapted to the Australian context by Cox (1995).

According to this structuralist approach, economic growth is based on high levels of social capital. For example, those communities with high levels of citizen participation in terms of neighbourliness and participation in voluntary organizations will exhibit increased economic growth. However, economically disadvantaged areas will exhibit low levels of participation by community members.

The Putnam (1993) and Cox (1995) model recognises the importance of social relationships, networks and mutual obligation in achieving economic sustainability, as do most participants in the research; however, in the current study, the perceptions of the business people do not offer sufficient evidence to be able to draw specific conclusions regarding economic growth/high levels of social capital. Even so, it was clear that the various businesses in both Fremantle and Narrogin were experiencing a diverse range of success and, as all the businesses had involvement in the community to a lesser or greater extent, business success could not be directly linked to businesses' community involvement.

*It is all promotion stuff. If they stand up at a meeting, or at the end of a weekend workshop and they are awarding prizes, and they say this on is proudly sponsored by **** Supplies, it is all PR for us, but I guess it is a case of giving donations where we are going to get mileage. I'm sure that is something that every business has to do. You have only got so much money you are prepared to give away. Donation should make a difference.*

Who gives what, to whom?

The perceptions of owner/managers are consistent with the findings of the Department of Family and Community Services (2005) report which found that those with greater financial capacity give more, and that those with less capacity give what they can, and with more recent research linking patterns of association (i.e., networks) by entrepreneurs to social capital (Liao & Welsch 2005) as part of a suite of social context interactions including social interactions, social ties, trusting relationships, and value systems that facilitate the actions of individuals located in particular social context (Nahapiet & Ghoshal 1998).

There is some evidence that the perceptions of owner/managers were consistent with the Lawton-Smith et al. (2005) model which hypothesises that the attraction of quality of individuals in a locality encourages other such quality individuals and, hence, positively influences the quality of the local network. While the findings of the current study can not represent all owner/managers in the two locales, the Lawton-Smith model could be identified in action in Narrogin to a greater extent than in Fremantle, due to the higher number of businesses exhibiting growth, despite general rural economic challenges. More recent intelligence from Narrogin has revealed that the locality is seen by migrants from South

Africa as being a good place to live and do business, further confirming the Lawton-Smith model.

Quantifying returns for businesses

In the current study, the perceptions of owner/managers about wanting to contribute to their community, compares well to the recent findings about philanthropy in Australia (Department of Family and Community Services 2005) which found there is a growing rate of giving and increasing generosity of giving in Australia.

However, while small businesses people felt that their social investment through community activity would have a positive impact on economic return through more positive perceptions by the client base, and increasing customer loyalty, businesses generally were unable to quantify the returns on investment of their community contribution.

So most of our promotion is word of mouth with our customers, because they will meet someone who can do XXX, and they will say, 'Look, you need to see P, he has got the gear that you need.' That type of promotion is invaluable.

Similarly, the quantification of business contribution to the community was quite clear and precise in some cases, in others it was subjective. There is no doubt that the estimated figures of community contributions of \$97,000 for 11 businesses in Fremantle and \$113,000 for 16 businesses in Narrogin would be larger in the situation that all businesses kept records of their community contributions. This factor tends to confirm the more informal operating arrangements of small businesses, where possibly quite significant expenditure for community involvement is simply not recorded. Recent research suggests that around 30% of such businesses are not keeping very extensive records (Kennedy & Tennant 2006).

It wouldn't increase, reduce, [business income], no I don't think it really makes a real lot of difference, I mean it's a little bit less money out of my pocket but I feel good about doing it too and it's also a bit of free advertising as well.

Community as customers

It was indicated by participants that, while business conditions might be tight and cash not readily available, there was a reliance on their local customer base; their belief that they should provide a 'return to the community' or contribute resources to the community to fulfil philanthropic values meant that they provided contributions to their local community by volunteerism, in-kind support, discounts, free services, access to business premises and equipment and other non cash contributions. Financial support/donations were the most common type of support, while in-kind support was more common for rural owner/managers. This finding concurs with those of the WA Community Foundation (2006) and Partnerships WA (2003).

You've got to prove your word and that's their interest, that they see that you are responsive. Business has a responsibility to be responsible.

Overwhelming requests for assistance

In both Fremantle and Narrogin, consistent with the literature (Partnerships WA 2003), business people felt overwhelmed with requests for assistance by community organisations. Businesses identified both upfront and subtle ways of choosing who they wanted to assist, and

their decision was influenced by close family or employee involvement, by past experience, as well as by need. However, there was a strong and consistent view that professional fundraisers were not supported by the small businesses involved in the research. The exception to this was the Narrogin Recreation Centre, which was reported to have received support from a number of the participants. Based on the participants' views, the fundraising strategy for this initiative, though well organised, may well have excluded professional fundraisers, and relied on community networks to identify and approach potential donors.

The retail businesses participating in the study, as the most visible arm of the small business sector, bore the brunt of the reported frequent requests for assistance from the community; manufacturing and service based businesses where there was relatively less easy physical access, also received many requests, but not to the same extent. There was a general concern by participants that there is a perception in the community that small business owner/managers are wealthy and making substantial profits, and financially are well able to provide to the community.

Mutual expectations

As identified by several researchers, (CCIWA 1995; CPA Australia 2003; Haugh & McKee 2004) the unique financial arrangements for small businesses frequently involve increased financial risks through the owner/manager's own home being security for business loans from lenders of small business finance. Home risk and other financial imposts on small business owners were felt by participants not to be generally known and/or considered by community members. This was not isolated to businesses of a particular age or the gender of the owner/manager, but was less noticeable for family businesses of more than one generation.

That's really what I was saying about our community. Groups might think that to support, they actually have to understand some needs and wants of businesses too, and I think a lot of them just think 'Well let's just go and get some money'.

Owner/managers indicated that where there were expectations on the part of business and community, there tended to be a context of mutuality to this expectation. The expectation of mutual obligation was noticeable particularly for businesses operating in the retail sector of Narrogin where there is strong competition from outlying metropolitan retail centres, there is less anonymity, and customers are also known as neighbours or friends. While there were business people in both locales who described a mutual obligation, they did not identify that these were considered 'partnerships'. There were instances, particularly in a Fremantle example, where sharing the good and bad times was seen as an important feature of a longer term community involvement.

I don't even remember who I sponsor a lot of the time. I just get out there and work and people ask me and I decide whether or not I think it is a worthwhile thing and if it isn't I ... if I've already committed enough, you know, because sometimes you have bad years. I remember one where I had a bad year and I couldn't front up with it, they still called me the major sponsor and allowed me to continue on. Yes, the committee voted to do that.

RECOMMENDATIONS FOR FURTHER RESEARCH

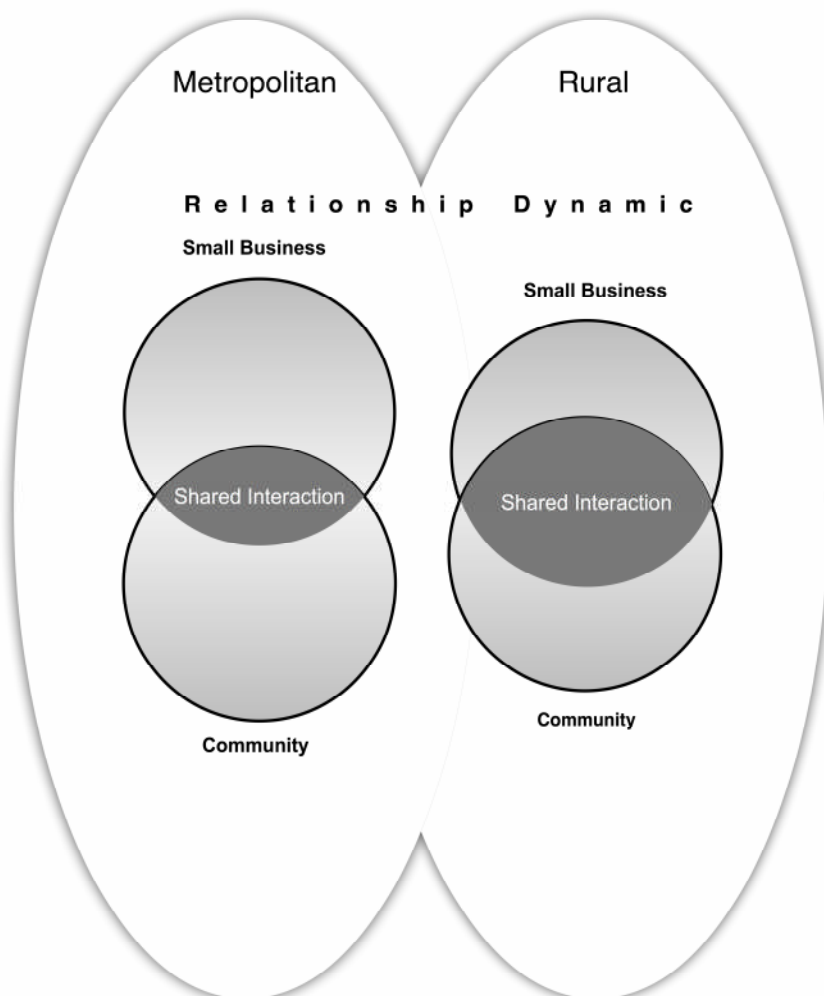
The findings of the current research are reflective of the complex human condition typified by social structures in communities, and there arise, inevitably, further questions from the information provided by participants and the subsequent analysis. This relatively small sample of small businesses has highlighted aspects of the SME CSR relationship. Further research is suggested to expand the knowledge in this area.

Governments, business peak bodies and community organisations intent on harnessing the resources of the small business sector would well find the current research useful, in assisting them to harness the opportunities available from the sector, as well as offering suggestions on how to modify/adapt their behaviour to improve their success rate for their efforts.

CONCLUSIONS

The recommended model developed from the results of the study (Figure 3) describes the relationships between SMEs and their community, and from which policy makers, business owner/managers, peak bodies and governments would have further interest. There are subtle differences between the interactions between metropolitan and rural settings, as can be seen in the model. Overall however, the study revealed a strong awareness of community and SME inter-dependencies, which reinforced the mutual obligation relationship between the two, in both metropolitan and rural settings. The study also revealed that previously unexplored areas of CSR – that of supporting skill development for local people, and participation in industry and local government, are activities undertaken in both metropolitan and rural locales.

Figure 3
Revised model



The inter-relationships described by the participants in Fremantle and Narrogin and depicted in the above model, broadly reflected a dynamic described by Mant (2001) as 'organic', i.e., one that is constantly changing, whether it be affected by local business conditions, competition, government policies or other impacts, or the more introspective community dynamics such as 'your name's mud' which can be experienced in a rural community. However, the significance of the inter-relationships also reflected the organic nature of communities and how the small businesses, the 'fleas' (Handy 1999) of the business sector compared to the corporate 'elephants', are well positioned to rapidly respond to these diverse, organic changes, and despite the volatile nature of small business and its survival, remain supportive of the community sector, whether it be in local, national and international settings.

The fundamental difference between these connections and those of the bigger business sector, which will have significant impact on the current practice of 'reward and recognition' through award programs by government and policy makers, is the diversity of the SME sector. This diversity can be typified by just one difference - where small business choose to remain locally involved despite a lack of self-promotion for doing good, and for one participant in this study, who in describing how he felt about recognition of his contribution (i.e., that he consciously avoided such recognition), used the analogy of the Grimm's fairy tale of the Elves and the Shoemaker i.e., that the assistance was provided until the source of such help was discovered and identified, at which time the help ceased.

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