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Small Business Social Responsibility (SBSR): Leveraging the Concept Towards Profound
and Purposeful Societal Change

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**Small Business Social Responsibility (SBSR): Leveraging the Concept Towards
Profound and Purposeful Societal Change.**

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1. Introduction

This development paper focuses on intentionally leveraging purposeful and sustainable small business social responsibility (SBSR). Whilst the significance of small and medium-sized enterprises (SMEs) and their social contribution is progressively being recognised (Spence, 1999; Fuller & Tian, 2006; Jenkins, 2006, Soundararajan et al., 2018), engagement is still largely defined as ad hoc and philanthropic, with concerns regarding purpose, impact, and sustainability of initiatives (Davies, 2018). Consequently, there is an opportunity to leverage the SBSR concept further towards profound, positive, and disruptive societal change, as guided by the United Nations (UN) Sustainable Development Goals (SDGs) and Wellbeing of Future Generations Act (2015).

To maintain consistency with the current UK definition and to align with recent research (Soundararajan et al., 2018), SMEs will be defined in this work as any organisation that has fewer than 250 employees and a turnover of less than €50 million (FCDO, 2022). The research will broadly define SBSR as the “activities of smaller organizations that result in positive social change” (Soundararajan et al., 2018, p. 935). The SBSR acronym will also be adopted to remain sensitive to the distinct characteristics of SMEs (Spence, 2016), recognising that “small firms are not little big firms” (Tilley, 2000, p. 33) and addressing the definitional ambiguity evident in previous SBSR literature.

The remainder of the discussion paper is structured in two main sections as follows. In the first part of the paper the main arguments are presented for a renewed focus on SBSR, specifically the call for purposeful SBSR. In the second part of the paper, a proposed programme of study is identified, inclusive of potential research questions and an appropriate methodological framework. We welcome critique and observation from discussants on all aspects of the paper.

2. A Call for Purposeful Small Business Social Responsibility

Small Business Social Responsibility

According to the Department for Business, Energy and Industrial Strategy (2022) statistical release, there are just over 5.5 million small businesses in the UK, accounting for 99.2% of the business population. These figures alone emphasise the importance of SMEs in the UK, with similar findings recurring worldwide. Yet small businesses are “not a common starting point for business and society researchers” (Spence, 2014, p. 2), despite the potential scale of their economic and social contributions. As identified in Table 1, there are a number of SBSR characteristics that can be established from the literature and impact the perceived social impact of SMEs (Spence & Painter-Morland, 2010). SBSR can be broadly characterised as small-scale activities that are informal, ad hoc, based on intuition and often unrecognised as SBSR (Jenkins, 2004; Davies, 2018). This indicates an opportunity to disrupt the characterisation of SBSR, by leveraging efforts towards purposeful and sustainable SBSR.

Table 1: Table of Comparative Social Responsibility Characteristics (adapted from Jenkins, 2004 and Davies, 2018)

Table of CSR/SBSR Characteristics	
Large corporate firm (CSR)	SME (SBSR)
<i>Who</i>	<i>Who</i>
Responsible to diverse set of stakeholders	Responsible to fewer/different stakeholders
Perceived responsibility to society	Perceived responsibility to local community
Importance of shareholders	SMEs unlikely to have shareholders
<i>Why</i>	<i>Why</i>
Protection of brand image and reputation	Protection of customer business
Pressure from consumers	Pressure from business customers down the supply chain
Shareholder pressure	Pressure from financiers
The business case	Proven business case lacking
<i>How</i>	<i>How</i>
Based on corporate values	Based on owner-manager values
Formal strategic planning for CSR	Informally planned SBSR strategies
Emphasis on standards and measurement	Emphasis on intuition and ad hoc processes
Key involvement for CSR professionals	No dedicated personnel for SBSR engagement
Mitigation of risk	Avoidance of risk
<i>What</i>	<i>What</i>
Prominent campaigns (e.g cause related marketing)	Small scale activities (e.g. sponsorship of local sports team)
Publicity linked to CSR activities	Activities often unrecognised as SBSR

Formalisation of Small Business Social Responsibility

A distinguishing characteristic of SMEs is the informal nature of business operations (Jenkins, 2004; Murillo & Lozano, 2006; Spence, 1999; Spence, 2016; Wickert et al., 2016) that can both enhance and restrict an SME's engagement with SBSR. Whilst the lack of bureaucratic controls allows freedom to be intuitive and reactive in the inception of SBSR (Torugsa, O'Donohue & Hecker, 2013), SBSR engagement is often not strategised or budgeted for. This is primarily due to a lack of resources such as specialist staff and time (Fassin, 2008), but also because they do not recognise these activities as SBSR and simply define them as the right thing to do. This can be called silent or sunken SBSR (Jamali et al, 2009; Jenkins, 2004; Perrini, 2006).

Whilst Fassin (2008) applauds this embedded perspective of SBSR, arguing that it is not something “intended to be restricted to a specialist team” (p. 370), literature indicates the increasing pressure for SMEs to formalise and validate the impact of their social and environmental engagement (Jenkins, 2004; Murillo & Lozano, 2006; Soundararajan et al., 2018). This could be via outbound communication mechanisms and methods of social reporting. However, Russo and Perrini (2010) talk of the “ineffectiveness of formal tools” as they “require a large proportionate investment of time, finances, and energy from small firms” (p. 210), something considered by owner-managers as an administrative burden and “external imposition” (Murillo & Lozano, 2006, p. 238). It is clear therefore that the informal nature of SBSR and pressure to formalise such engagement presents both opportunities and challenges for leveraging purposeful SBSR.

Communication of Small Business Social Responsibility

Linked to the formalisation of SBSR is the external communication of initiatives. The silent or sunken SBSR described above shows lineage to what Wickert et al. (2016) considers a mismatch of symbolic and substantive corporate social responsibility (CSR), outlining a communication gap for SMEs whereby their emphasis is on implementation rather than communication. For SMEs, SBSR is often silently implemented with limited communication and low visibility (Nielsen & Thomsen, 2009). Jenkins (2006) did propose the use of small business CSR champions to promote CSR and increase engagement within SMEs. However, the above research shows that SMEs are already implementing SBSR, they are just not formalising or communicating it. Instead, SBSR is often validated through close stakeholders, who can visibly see the social engagement, rather than simply receiving communication about it.

Whilst the lack of communication and policy documents do not invalidate the social endeavours and contribution that SMEs have to society, the lack of communication and dissemination within SME networks and ecosystems could create challenges for leveraging purposeful and sustainable SBSR. Therefore, there is a need to “find tools differentiated from the more formalised and established ones used by large enterprises” (Murillo & Lozano, 2006, p. 228) to ensure that the valuable contribution of SMEs is disseminated to a wider audience.

Institutionalisation of Small Business Social Responsibility

Elements of CSR are increasingly being institutionalised within organisations, social systems and society. In Wales specifically, the introduction of The Wellbeing of Future Generations Act (2015) is a significant step in terms of legislating social responsibility for public bodies. Whilst the formal request for CSR processes could be beneficial to expose the true social value of SMEs, the attempts to standardise and restrict SMEs to prescribed CSR categories does not reflect the nature of their engagement. Encouragement of consistency and conformity does not allow for the contextual, resource-based approach to SBSR and positions it as a compliance exercise (Davies, 2018). This is a challenge for purposeful SBSR and there is a need to introduce an institutional lens of SBSR that frames the concept adequately for SMEs.

Alternatively, another challenge for identifying the true impact and social value of SBSR is the definitional ambiguity and lack of common framework for SMEs specifically (Baden & Harwood, 2013). A paradox has been identified here between the benefits of institutionalisation and development of a SBSR framework, and the desire to nurture the contextual nature of SMEs and their perceived ethically superior conceptualisation of SBSR (Davies, 2018). To bring the concept back to its moral foundations, perhaps the institutionalisation of CSR needs to be rooted at the micro level so that morality is embedded within corporate structures and habituated as a prioritised norm within the organisation (Baden, 2016), as aligned with sustainable business and circular model innovation (Geissdoerffer et al., 2018).

Reclaiming the Moral Foundations of Small Business Social Responsibility

In line with the suggestion above, there is broad acknowledgement of the need to reclaim the moral foundations of social responsibility (Brooks, 2010; Baden & Harwood, 2013; Baden, 2016; Nijhof & Jeurissen, 2010; Spence 2014, 2016) following recognition that the concept has been constricted by economically rational justification. Evidence does suggest that SBSR is usually constructed as an overtly moral or relational concept (Davies, 2018), providing a fruitful context to leverage a moral conception of CSR. By encouraging the dissemination of the SBSR conception and institutionalising at an individual and organisational level, this could make visible the true value of SMEs and their social impact, progressively recreating CSR as a moral concept and initiating a shift in the mindset of society. That being said, the above suggestions are ambitious and long-term, therefore attention still needs to turn to the more immediate impact of SBSR, with purposeful SBSR positioned as a way to initiate this transition.

Purposeful Small Business Social Responsibility

As Baden and Harwood (2013) argue, time is better spent looking at the social impact of CSR rather than financial. Whilst SMEs are engaging in SBSR and providing a significant and valuable social contribution, there is evidence to suggest that this could still be better directed to maximise purposeful and sustainable impact (Davies, 2018). Accordingly, it is suggested that the ad-hoc and philanthropic characterisation of SBSR should be challenged and SMEs made aware of the scope of SBSR and need for proactive and purposeful approaches that “actively support sustainable economic, social and environmental development” (Torugsa et al., 2013, p. 383).

Although SMEs are more likely to adopt scalable community-based approaches, it would be beneficial for them to “thoughtfully and intentionally consider what social problem(s) they can solve” to “leverage the power of their enterprise” (Roche & Jakub, 2017, p. 159). Whilst CSR for wealth creation is not advocated by SMEs, Windsor (2001) makes a notable point whereby “managers should understand that there are serious deviations between short run impacts of business activities and the long run alignment of business and social interests in wealth creation” (p. 250). Accordingly, this research proposes the need for purposeful SBSR. Purposeful SBSR is defined by the researchers as:

“Purposeful business activities in small and medium-sized enterprises that result in positive (and sustainable) social change”.

(Adapted from Soundararajan et al., 2018, p. 935)

3. The Proposed Programme of Research

In order to promote a movement towards purposeful SBSR and ultimately sustainable business model innovation, it is important to identify the current perceived impact of SBSR, the opportunities and challenges related to this, the promotion and support of such a movement and appropriate disciplines and theories to frame purposeful SBSR. Accordingly, some proposed research questions are as follows:

- What is the current perceived impact of SBSR?
- What are the opportunities and challenges of purposeful SBSR?
- How can purposeful and disruptive SBSR be promoted and supported?
- Which theories are appropriate to explain purposeful SBSR?
- How can extant theory be developed or enhanced to explain purposeful SBSR?
- How can purposeful SBSR initiate the remoralisation of CSR?

The proposed research would be social constructionist, positioned within the interpretivist paradigm (Burrell & Morgan, 1979). This is appropriate to acknowledge SBSR as related to a “wider cultural, economic and political context” (Alvesson & Deetz, 2000, p. 1) and to draw from the interpretive repertoires of owner-managers as central actors of SMEs (Jenkins, 2004). This perspective would be supported by a qualitative research strategy, responding to the claim that “only a qualitative approach responds to the differences within and between firms” (Holliday, 1995, p. 174).

The data collection method would consist of in-depth, semi-structured interviews with SME owner-managers, conforming to the current UK SME definition of fewer than 250 employees (FCDO, 2022). A thematic content analysis or thematic analysis (Braun & Clarke, 2006) is considered appropriate, with the aim to “inspect all empirical data for recurrent instances, such as words, themes or discourses” (Eriksson & Kovalainen, 2008, p. 187).

4. Potential Avenues of Exploration beyond SBSR

Whilst the above highlights a need for purposeful SBSR, it is acknowledged that this is just a starting point for disrupting societal norms and embedding a moral conception of social responsibility for greater impact. Key topics important for consideration alongside the SBSR specific discussion above include the following:

- Education of future business leaders (PRME), entrepreneurs and policy providers on social and environmental responsibilities
- The role of knowledge transfer within responsible networks and ecosystems
- Sustainable and circular business model innovation
- The social and environmental implications of technological advancements

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