BUSINESS SOCIAL RESPONSIBILITY (BSR) AND SMALL AND MEDIUM ENTERPRISES (SMES) RELATIONS: EVIDENCE FROM NIGERIAN PERSPECTIVES

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ABSTRACT

Traditionally, in literature the idea of Business social responsibility (BSR) has been focused attention on larger business, previous studies have been suggestion for research on the relationship between BSR and small and medium enterprises(SMEs), the studies to date has been limited and there is considerable amount of research needed particularly in developing nation like Nigeria. In view of this the paper aims at highlighting the nature of BSR-SMEs relation in Nigeria with hope to contribute in literature and improving in the near future.

Keywords: Business Social Responsibility (BSR), Small and Medium Enterprises (SMEs), Nigeria.

INTRODUCTION

The studies concerning the BSR has received a exacting consideration in the last decade (Moore & Spence, 2006; Perrini, 2006; Russo & Perrini, 2010), some researchers arguing that it has focused and gain its legitimacy on the larger firms case, the undertaking of the BSR being considered as their prerogative, the smaller firms, micro-enterprises included, receiving less attention (Perrini et al., 2007, Russo & Perrini, 2010). But, due to the importance of SMEs, according to the arguments presented earlier, there is a need for further in-depth research regarding the relationship between SMEs and BSR (Russo & Perrini, 2010; Russo, & Tencati, 2009), the organizational culture, difficulties and perceptions of BSR within SMEs (Murillo & Lozano, 2006), as well as the active and sustained commitment of SMEs in order to implement an BSR agenda (Moore & Spence, 2006; Perrini, 2006).

The increasing importance of the SMEs sector has lead to the highlighting of their social and environmental impact, as illustrated by the increase of the number of initiatives designed to engage SMEs on BSR agenda (Perrini, 2006). According to Murillo and Lozano (2006), in the last few years, the public attention and the governmental actions in order to promote the BSR have been pointed particularly toward SMEs, but these lack a deep understanding of what means the BSR language and practices, although Van Auken and Ireland (1982) have been stated, more than a decade ago, that social responsibility applies also to small enterprises but not to the same extent as in case of those considered large. The actions of business social responsibility in small and medium enterprises has irritated a copious of
research in countries like Frances (Cochet & Chi Vo, 2012; Taddei & Delecolle, 2012), Spain (Aragón-Correa, Hurtado-Torea, Sanjay, & Garcia-Morales, 2008), UK (Jenkins, 2004, 2006; Tilley, 2002) Italy (Perrini, 2006; Perrini, Russo, & Tencatili, 2007); Canada (Fenwick, 2010); Lebanon (Jamali, Zanhour, & Ksefashian, 2009); and Malaysia (Ahmad & Ramayah, 2012; Zulkifli & Amran, 2006), the initiative that firms have some responsibility to society beyond that of making profit for the shareholders has been a topic of discussion globally (Gorondutse & Hilman, 2012).

Within this dynamic context, researchers are still working to improve the knowledge base supporting the link between theory and practice in BSR. In recent years, theory has evolved suggesting what factors at large might influence SRBs, but knowledge gaps still exist affecting the best responsible administrative actions. Consequently, managers do not have all of the instruments necessary to implement responsible business policy, and this dilemma is still further once it comes to distinctive between big companies and small and medium-size enterprises (SMEs). In particular, much work remains to develop better ethical tools and to connect new theories to small firm practice (Russo & Perrini, 2010).

In this context we attempt to distinguish clearly between the various theoretical approaches that have been applied to the relationship between BSR and, respectively, large business and SMEs. Therefore, we suggest that stakeholder theory is more appropriate for large corporations as well as in the BSR-SMEs relationship will be better understood. We have organized this paper as follows. First, we discuss the theoretical evolution of BSR to clarify the relationship between stakeholder theories. We then shift our focus to the specific literature on BSR and SMEs that suggests the relevance of the relations. Finally, we suggest discussion and research questions for future research.

LITERATURE REVIEW

BSR Today

The idea of BSR evolve from two corresponding development. The initial one comprises the hard work of strategy makers and organizations to extend the idea of SRB and BSR practices at every level, by way of many initiatives, official definitions and so on (Russo & Tencatili, 2009; Tencati, Perrini, & Pogustz, 2004). The second pathway consists of the academic assistance, evolved from an initial, unclear understanding of the association between companies and social-environmental contexts into a precise recognition of set of laws of behaviour and managing tools. What is referred to as the current input to this topic developed when both scholarly and administrative literature begin to give social duties to company (Clark, 1939; Kreps, 1940). The initial present input to the BSR difficult came in the 1950s, when Bowen (1953) provided the first BSR definition as the obligations of businessmen to pursue those strategies, to build those decisions, or to go after those lines of action which are desirable in terms of the objectives and values of our society.

However, the focal point was on big companies regarded as by an increasingly wide the variety of actions. The community was suitable cautious that company power was increasing much too speedily. The BSR idea evolved in spite of unavoidable uncertainty (Freeman,
1984; Friedman, 1962, 1970). All the way through this era, the majority of the previous researches try to define distinct characteristics and set of laws of BSR (Friedman, 1970; Manne & Wallich, 1972). In the face of a great deal difference of opinion, all of them have the same opinion that in a social context responsible businesses have to act willingly to play the game to BSR paradigms, beyond legal prescriptions (Davis, 1960; Davis, 1973). Some of the theories (Ackerman, 1975; Preston & Post, 1975) centred on the symbiotic association between business and their social environment: society interacts with business at large, lending it legitimacy and status. As a consequence, revealing and scanning of and reaction to the societal demands that achieve social authority, better societal recognition and status (Fassin, 2009; Garriga & Mele, 2004) this became necessary, despite concurrently business were endorsed to support their long-term economic operations and creation of value.

At some point in the 1970s examination of the association between BSR and corporate social performance became necessary (Carroll, 1979; Lee, 2008) and several scholars, particularly Drucker (1984), painted the positive relationships between social responsibility and business opportunities in terms of market advantages, output, human competency and enhancement of the reasonable context i.e. the value of the business environment where companies operate. In the 1980s the importance of stakeholder management increased those groups who can affect or are affected by the achievement of an organization’s intention (Carroll, 1989; Freeman, 1984, ) are the fulcrum of the stakeholder theory, an understanding of the significance that those who claim links to the company become ‘accountable players’. Despite there are several interpretations of the stakeholder theory, the linked way of thinking involves both to explain and to guide the structure and operation of the established corporation (Carroll, 1999; Donaldson & Preston, 1995).

But ethical theorists claim that SRB means more than simply avoiding growing stakeholder pressures; they maintain that it involves the goal to achieve a better or “good” society. Frederick (1986) writes that corporate social rectitude is the need to introduce moral values and ethical codes to maintain SRB. Similarly, it became indispensable to measure responsible action for purposes of responsibility. The postulation of this kind of studies is that the BSR paradigm is not only the final result of a procedure, not including also a course of action itself, to include in all decision making, and this needs to be appraise and calculated (Jones, 1980). So, the instrumental and managerial stakeholder theory (Carroll, 1999; Clarkson, 1995; Donaldson & Preston, 1995; McWilliams & Siegel, 2001) along with the social contract theory, and then the integrative social contract theory (ISCT) (Donaldson & Dunfee, 1994; Russo & Perrini, 2010) acquired significance. According to Donaldson & Dunfee (1999), all organizations, everywhere located, and no matter what their character, must be aware of the welfare of stakeholders whenever failing to do so may violate and it then becomes the commitment of all.

During the 1990s, the perspective based on TBL (Elkington, 1997; Norman and MacDonald, 2004) was applied to the dimension of BSR, jointly with a stakeholder-based method. Today BSR is focused on a stakeholder model, which differs according to the business context of orientation, however is vigorously correlated to the diverse classes of stakeholders (Carroll, 1999; Dunfee, 1991; Hasnas, 1998). Combining financially viable opulence, societal
consistency and environmental safeguard, BSR link to the business in general purpose of long-term value creation; defined in terms of the responsiveness of businesses to stakeholders’ legal, ethical, social and environmental opportunity, BSR is one result of these progresses (Fassin, 2009; Raynard & Forstater, 2002). Stakeholders have acquired significance to the business.

Similarly, Previous studies are concerned on what Phillips (2003) refer stakeholder legitimacy. He argues actually for two sorts of legitimacy: first, certain stakeholders are of crucial importance to the organization and are therefore, at the least, legitimate (derivatively), but second, this legitimacy derives from the moral obligation owed to other (normative) stakeholders. Corroborating this, other recent research focuses more on explaining stakeholder distinctiveness, particularly concerning the societal in which they operate (Dunham, Freeman, & Liedeka, 2006; Fassin, 2009). This hypothetical perspective on economic, social and environmental business considerations have to be well thought-out constantly through the actions and thinking of the EU and other strategy makers, general public and organizations on BSR and consistence development. But both the academic and practical approaches to BSR still focus on large companies, whose variety of action is increasingly widening, leaving behind the small firms particularly SMEs and specifically in development nation like Nigeria.

2.1 Previous Research on BSR-SMEs Relation

The important present literature on the information gap that exists in the BSR – SMEs associations is still far from essential and generally established model to observe such relationships as well as long as a responsible viewpoint on the management of SMEs. Although it is believe that BSR is not a privilege of large firms alone, there is a lack of compromise on the managerial tools and benefits that SMEs should imitate from BSR. (Russo & Perrini, 2010).

There are many issues underlying BSR. Some of them take risks, and may subsequently decrease this method to a public-relations exercise (Moore & Manning, 2009; Taddeir & Dele’colle, 2012). As a result some mangers, fearing that the secure expansion of their returns might be endangered, will reduce their participation to a mainly advertise form. However, studies have shown a correlation between a ability for modernization and commitment to the BSR issue (Bos-Brouwers, 2010; Spence, Worthington, & Jones, 2007; Taddeir & Dele’colle, 2012;), Practices such as cross checking (particularly technologic monitoring) and economic brainpower meeting, employed to get information and discover new trends, encourage a greater assessment of BSR practices. BSR is an issue that almost all SMEs now put into concern. At the very slightest, even if no activities are planned, the indications are increasing, whatever the segment, the magnitude of firm, the region, or the mature of the business (Russo & Tencati, 2009; Worthington & Jones, 2006).

SMEs are progressively more concern on BSR issues, particularly the main firms and those with considerable partnership ties, predominantly to major companies. At a time when public relatives are playing an ever more vital role, an SME's reflection is not something to be abandoned. Moreover, it represents a instrument that an SME can hold to produce new
challenges for itself. It stimulates the look for new sources of profit and make the creation of possible modernize factors, the goal being to recognize new markets and to develop the Firm’s effectiveness and organization (Moore & Manning, 2009; Russo & Perrini, 2010; Russo & Tencati, 2009; Taddeir & Dele’colle, 2012).

This must then be articulated as an increase in economical advantage, and the definition of a policy that incorporates BSR practices. The dimension of SMEs is one of the main factors for determining the level of commitment to a BSR method. This commitment is usually relative to size, because of the better resources assumed to be accessible. Business Social Responsibility and Sustainable Development (SD) are ideas which may also be partially by the position of a firm as well as its customs and history, which are responsible to act on attitudes and behaviours. The influence of the surroundings and the region may be important (Berger-Douce & Current, 2009; Taddeir & Dele’colle, 2012).

However, according to a study conducted by Labelle and Saint-Pierre (2010), and different to a rather older study by Berger-Douce (2008) the narrow area does not seem to play a vital role for SMEs in a BSR method. Furthermore, SMEs that have interdependent relationships are likely to be more responsive to BSR practices. Cultural differences, difficulty, variations in set of laws, working circumstances, and the issue of human rights are supplementary items that may support a commitment to a BSR method (Blomback & Wigren, 2009).

The present considerate of it at rest fails to support most SMEs to particularly put into action sustainable management (Murillo & Lozano, 2006; Roberts et al., 2006). As previous research literature on BSR or business ethics focus on specific features of large firms, BSR in SMEs to date has been inadequate (Cochet & Chi vo, 2012; Spence, Schmidpeter, Habisch, 2003). Therefore, this paper attempt to look at BSR – SMEs relationship in this context of Nigeria, outside the the USA and Europe markets. This has been neglected in previous research.

There are several researches conducted on the concept, business social responsibility (BSR) particularly in Nigeria. Numerous researches have been conducted in the past which addressed various issues in corporate social responsibility. The work of Ameashi et al., (2006), examined the existence of BSR among Nigerian companies. Similarly, the work of Helg (2007) was focused on providing an explanation on the improved version of CSR which was named Nigerian version of BSR. In another approach, Pedersen and Huniche (2006) revisited Carrols BSR pyramid of economic, legal, ethical and philanthropic responsibilities.

Within the Nigerian perspective, the work of Hassan (2007) examined the relationship between BSR and the financial performance of firms in the Nigerian food and beverages industry, while the work of Ibrahim, (2009) Look at the impact of BSR on the value of firms in the Nigeria banking industry, Okpara (2010) investigate BSR on some multinational companies, David, (2012) examine the conduct of social responsibility in telecommunication and banking. Despite the above studies the findings of these researches are varied. And mostly the concentrated on Multinational companies.

Similarly, despite all these effort by many researches on BSR in Nigeria are mainly focuses on multinational companies and large companies (Abiodun, 2012; Adegbite & Chizu, 2011;
Amaeshi, Adi, Ogbechie, & Amao, 2006; David, 2012; Okoro, 2012; Opara, 2010) little is known about indigenous companies such SMEs as regard to BSR which is the main issue that this paper review and intent to contribute in the few existing literature.

CONCLUSION

Nigeria has undergone sequence of constructive trends with a numeral of national innovations concerning corporate governance, ethical issues and environmental initiatives. Evidently numerous corporations have adopted rather emaciated advance, connecting their expenses on social issues in responses to require as the way to go in appreciating societal needs. This paper depicted the status of BSR-SMEs relation in Nigeria; it is a conceptual literature review. The paper contributes to the breathing literature on BSR on SMEs principally Nigeria. For that reason, more research is required to be conducted on BSR-SMEs relation in order to contribute on the improvement of BSR and also to contribute SMEs literature particularly in an emerging nation like Nigeria.

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