

Factors that affect compliance with corporate social responsibility in small, micro and medium-sized enterprises in Sekhukhune District, Limpopo Province, South Africa

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Abstract: The study was conducted in order to assess and evaluate factors that affect the degree of compliance of 450 small, micro and medium-sized enterprises (SMMEs) that operate in the various regions of Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities in the Sekhukhune District of Limpopo Province. The dependent variable of study was a measure of the degree of adherence of owners and operators of SMMEs to basic guidelines and principles of Corporate Social Responsibility (CSR). A composite index developed by Flammer, Hong and Minor (2019) was used as a benchmark for assessing the degree of adherence to CRS guidelines and principles in SMMEs. The independent variables of study were 49 socioeconomic variables of study that are known to affect the degree to which SMMEs comply with basic guidelines and principles of Corporate Social Responsibility (CSR). Data was collected by using a structured, pretested and validated questionnaire of study. Data analyses were conducted by using methods such as frequency tables, cross-tab analyses, ordered logit analysis and structural equations modelling. The study entailed the analyses of the 4 dimensions or aspects of CSR defined by Palazzo, Voller, Foroudi and Siano (2019). These aspects are ethical, legal, economic and philanthropic. The study found that 37% of SMMEs adhered to CSR guidelines and principles sufficiently, whereas the remaining 63% of SMMEs did not do the same by the same standards. Based on odds ratios estimated from ordered logit analysis and structural equations modelling, compliance with CSR guidelines and principles was significantly influenced by 3 factors. Odds ratios estimated from ordered logit regression analysis showed that the ability of business operators to adhere to CSR guidelines and principles were significantly influenced by 3 factors. These factors were the perception held by business owners and operators about the importance of CSR principles, the degree of awareness about CSR principles and guidelines among business owners and operators, and honesty in the course of conducting business, in a decreasing order of strength.

Keywords: Sekhukhune district Municipalities, SMME, Corporate Social Responsibility, Ordered logit regression analysis

JEL classification: D2, O47, O49

Introduction and background to study

The aim of study was to determine socioeconomic factors that affect compliance with corporate social responsibility (CSR) principles and guidelines in small, micro and medium-sized enterprises (SMMEs) in Sekhukhune District Municipality, Limpopo Province. The study aims to investigate the amount of knowledge and perceptions among operators and owners of SMMEs about the potential benefits of corporate social responsibility in the management of SMMEs. The Sekhukhune district municipality is located in the far north, South Africa, the area covered by the district is around 13264 square-meters, majority of the areas covered by the district are rural. Locating Sekhukhune district municipality in South Africa using major cities, can be said, it is around 200km to the South, 180km from Polokwane to the north and Nelspruit been approximately 150km to the East.

Corporate social responsibility (CSR) is essential for alleviating poverty, unemployment and socioeconomic problems that affect the health and education sectors of the national economy in all developing countries including South Africa (Blowfield & Murray, 2014: 46-47). Charitoudi, Sariannidis and Giannarakis (2011: 20-27) view CSR as an imperative idea that must be understood by all SMMEs regardless of size and economic sector. The study aims to assess and gauge the degree to which SMMEs operating in Sekhukhune District Municipality of Limpopo Province understand the basic principles of corporate social responsibility (CSR) in Sekhukhune District Municipality of Limpopo Province. The study aims to measure, assess and evaluate perception about CSR. Very few studies have been conducted in Sekhukhune District Municipality in areas that are associated to corporate social

responsibility (CSR) among owners and operators of SMMEs. The study aims to make a significant offering to understanding by establishing a framework that could be used for enhancing the current state of knowledge and understanding about CSR among owners and operators of SMMEs.

Adherence to basic corporate social responsibility (CSR) principles is a key indicator of competitiveness in SMMEs (World Bank, 2019: 3-4). CSR has received approval and importance as a company instrument and also as a benefaction to social advancement (Adeyanju, 2012: 17-43). SMMEs that adhere to CSR principles significantly support to the generation of employment and poverty alleviation. Sekhukhune District Municipality is a rural area in which a large number of SMMEs operate. There is a need for promoting adherence to CSR principles among owners and operators of SMMEs in the local municipality (Ramasobana & Fatoki, 2014: 283-289). There are few studies that show the relationship between adherence to CSR principles and growth sustainability and viability in SMMEs. The study aims to close the void by performing an empirical study in the Sekhukhune District Municipality of Limpopo Province.

The study seeks to develop a framework that should be utilized for promoting the current degree of adherence of SMMEs operating in the Sekhukhune District Municipality of Limpopo Province to the basic concept of corporate social responsibility. Such a framework is vital for assisting SMMEs to conduct routine business in a responsible way to the benefits of local communities in the region.

Literature review

Basic principles of corporate social responsibility (CSR) are not adhered to by quite a number of SMMEs operating in South Africa and other sub-Saharan African countries because of insufficient awareness and education about the potential benefits of CSR principles (Kruger, 2015: 304-329). In this regard, it has become necessary for the South African Government to encourage awareness campaigns about the benefits of CSR in all quarters of the South African economy. SMMEs often fail to adhere to statutory laws and regulations that are based on CSR principles due to failure to enforce laws and guidelines that are based on CSR principles. SMMEs have nothing to fear because the current degree of implementation of statutory laws among SMMEs is quite low (Jamalil, Lund-Thomson & Jeppeson, 2015:5).

According to Crane and Matten (2016) and McGregor and Fontrodona (2011:80), there is no universal definition that is agreed upon on CSR regardless of the fact that CSR has been used as a business strategy for several decades. Some of the literatures relate CSR with business ethics like "philanthropy, diversity in the workplace, community, human rights, safety and environment" (Friesleben, 2011:54). However, the World Bank (2019:32) defines CSR as the progressing adherence by businesses to act ethically and make provision to economic development while the quality of life is being improved for employees, neighbouring communities or society as a whole and their families. Adeyanju (2012: 17-43) has shown that failure to commit to the fundamental principles of CSR stifles development and growth that needs to be sustained in the Nigerian banking and communications sectors. The author has pointed out that national governments must promote awareness campaigns about the potential benefits of CSR for national economies.

Carroli and Shabana (2010:89) have argued that the business social responsibility entails ethical, legal, economic and discretionary anticipation that community has of businesses at that particular time. It is through such economic responsibility that a company produces goods and renders services which will eventually lead to gain in the business. It is the duty and responsibility of every business to pursue its activities in line with the legal framework of the country in which it operates. The right to conduct business comes with duties and responsibilities to society. In this regard, businesses must comply with statutes, decrees, regulations, court rulings, administrative codes and executive enactments.

Businesses must conduct business by respecting the general environment and upholding the rule of law in terms of license requirements, respecting the rights of employees and customers, complying with environmental and sanitary regulations and the payment of tax to the State. Ethical business practice is quite important to developing communities such as the ones in Limpopo Province. Chazireni (2017: 134) has shown the need for promoting awareness about CSR values among SMMEs based on a study conducted in KwaZulu-Natal. Business ethics principles refer to personal integrity, honesty and willingness to respect the basic rights of the customer in the course of conducting business. Corporate Social Responsibility (CSR) enables operators and owners of SMMEs to

operate their businesses within the confines of the law without causing harm to the rest of society and the general environment. Members of the community observe decisions taken by business operators on a day-to-day basis. Based on their observation, local communities express their dissatisfaction and outrage by boycotting goods and services produced by companies that fail to exercise CSR-related principles and guidelines. Studies have shown that it is the duty of local municipalities to highlight the values of CSR principles by promoting awareness campaigns and education among business enterprises (Carroll & Shabana, 2010: 88-95; Hartman & Desjardins, 2011: 211).

Seletse and Ladzani (2012:11458) have shown that the effects of business activities on communities could cause harm to ordinary people and communities in a long run over unless businesses are encouraged to adhere to CSR principles. In this regard, Worku (2016) has shown that local municipalities have a duty to provide SMMEs with satisfactory municipal services. The study conducted by Santos (2011: 499) has shown that SMMEs must obey business ethics principles in order for local communities and the natural environment to be protected adequately from scrupulous business practice. McWilliams, Siegel and Wright (2016: 1-18) have shown that it is essential for local municipalities to hold SMMEs accountable to municipal bylaws and ethical business practice. The authors have suggested that there should be a delicate balance between the need to stay profitable and the need to respect the basic legal and environmental rights of local communities.

Vivier (2013: 68) has highlighted the need for awareness about the basic rights of local communities in the course of conducting business. The author has identified key indicators of adherence to CSR principles. Kruger (2015), Worku (2017) and Porter and Kramer (2011:2) have emphasised that CSR is vital for bridging the gap between business practice and societal concerns. The study conducted by Pedersen (2010: 155-166) has produced a framework that is suitable for South African SMMEs. The framework calls for awareness campaigns and the provision of incentives to SMMEs that respect the basic principles of CSR and business ethics. McWilliams, Siegel and Wright (2016: 1-18) and Pedersen (2010: 155-166) have argued that incentives must be provided to SMMEs that promote CSR principles and business ethics at local communities. As the extent of competition among SMMEs intensifies, there could be a lack of interest in adhering to CSR principles and business ethics. That is why the provision of incentives is vital for promoting CSR principles in developing communities (Beal, 2013:32; Virvilaite & Daubaraite, 2015; Worku, 2017).

Objective of study

The overall objective of study is to investigate knowledge and perceptions of small and medium enterprises on corporate social responsibility (CSR) in Sekhukhune District Municipality of Limpopo Province. The study aims to develop a framework that could be utilised for the promotion of CSR principles and business ethics among owners and operators of SMMEs that operate in the region. There is a shortage of such studies at the moment at the site of study. The study aims to cover the void by performing an empirical study by collecting data from SMMEs functioning in the region. The study has the following specific objectives:

- To assess the perceptions of owners and operators of SMMEs in Sekhukhune District Municipality of Limpopo Province about the potential benefits of adhering to the basic principles of corporate social responsibility (CSR) and business ethics;
- To investigate the challenges experienced by owners and operators of SMMEs in implementing CSR principles; and
- To identify and quantify factors that affect adherence to the basic principles of corporate social responsibility (CSR) among owners and operators of SMMEs;

Methods and materials of study

The design of study was descriptive and cross-sectional in nature (Norris, 2019). A pretested questionnaire of study was used for collecting data from eligible business enterprises operating in Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities. These four local municipalities are part of Sekhukhune District in Limpopo Province. Data was collected by using a pretested, structured and validated questionnaire of study. The Greater Sekhukhune District Municipality was established in the month of December 2000 (Greater Sekhukhune District Municipality, 2020).

The Sekhukhune land is well known for its abundant mineral resources in which 20 mining companies are in operation. The Sekhukhune district has diverse cultures, and languages. The major languages spoken in the region

includes Sepedi, Isindebele, Isiswati, English and Afrikaans (Greater Sekhukhune District Municipality, 2020). As part of the study, data was collected from a stratified random sample of size 450 SMMEs operating in Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities in the Sekhukhune District of Limpopo Province. Data was collected by using a structured, pre-tested and validated questionnaire of study. Data collection was done by paying personal visits to 450 SMMEs operating in the region. Data analysis was performed by using a combination of appropriate methods such as descriptive statistics, bivariate analyses and multivariate analyses.

The sample size of study was determined by using Raosoft (2021), which is online sample size calculation software by setting the level of significance of statistical test at 5%, the population size at 2, 000 and the percentage of SMMEs that comply with CSR principles as 50%. The calculation gave a figure of 378. This figure was further increased from 378 to 450 in order to obtain an adjusted sample size of study. Thus, the actual sample size of study was equal to 450 SMMEs operating in Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities. These four local municipalities are part of Sekhukhune District in Limpopo Province. From each eligible SMME, data was collected by using a structured questionnaire of study. A sample size of 450 is large enough for performing statistical tests that are based on the chi-square random variable (Norris, 2019).

A self-administered questionnaire of study was used for collecting data from 450 eligible respondents of study. The questionnaire of study was pretested, validated and standardised. The questionnaire of study consisted of 49 variables of study. These variables were related to the degree of awareness of business owners and operators about the potential benefits of adhering to the basic principles of corporate social responsibility (CSR), the perception held by business owners and operators about the benefits and value of CSR, type of business operation, duration of business operation, ownership status of business, age of business operator, level of education of business operator, type of customers, economic sector of business, number of employees employed by business, starting capital of business operation, and estimated turnover.

Content validity (Norris, 2019) was ensured by way of conducting a pilot study. A pilot study was conducted in the field to test the questionnaire of study. This was done by distributing the questionnaire of study to 21 owners and operators of SMMEs at the site of study (4 from Elias Motsoaledi + 6 from Ephraim Mogale + 3 from Fetakgomo-Tubatse + 8 from Makhuduthamaga Local Municipalities). Conducting the pilot study was found to be helpful for refining the questionnaire of study. The exercise led to minor corrections in the questionnaire of study.

Content validity was ensured by using face validity (Tracy, 2019) based on a pilot study. This was done by distributing the questionnaire of study to 21 owners and operators of SMMEs at the site of study (4 from Elias Motsoaledi + 6 from Ephraim Mogale + 3 from Fetakgomo-Tubatse + 8 from Makhuduthamaga Local Municipalities). Reliability was ensured by using the Cronbach Alpha test (Tracy, 2019). All estimated Cronbach Alpha coefficients were above 0.75. This finding indicated that the 49 variables in the questionnaire of study were all calibrated appropriately enough for measuring attributes of interest in the study being conducted.

The dependent variable of study is a measure of the degree of adherence of owners and operators of SMMEs to basic guidelines and principles of Corporate Social Responsibility (CSR). A composite index developed by Flammer, Hong and Minor (2019) was used as a benchmark for assessing the degree of adherence to CRS guidelines and principles in SMMEs. The independent variables of study are 49 socioeconomic variables of study that affect the degree to which SMMEs comply with basic guidelines and principles of Corporate Social Responsibility (CSR).

The dependent variable of study (Y) is a measure of the degree of adherence of owners and operators of SMMEs to basic guidelines and principles of Corporate Social Responsibility (CSR). A composite index developed by Flammer, Hong and Minor (2019) was used as a benchmark for assessing the degree of adherence to CRS guidelines and principles in SMMEs. The independent variables of study are 49 socioeconomic variables of study that affect the degree to which SMMEs comply with basic guidelines and principles of Corporate Social Responsibility (CSR).

Statistical data analyses were performed by using frequency tables, two-by-two crosstab tests of associations or Pearson's chi-square tests of associations (Norris, 2019) and ordered logit analysis (Hosmer & Lemeshow, 2013). The statistical package STATA version 16 (STATA Corporation, 2020) was used for performing data analyses. Pie charts and bar charts were also used for providing graphical depiction of results. Standard goodness-of-fit tests

(Bryman, 2015) were used for ensuring the reliability of fitted statistical models.

Results of data analyses

Table 1 shows that 165 of the 450 respondents in the study (36.67%) adhered sufficiently to the basic guidelines and principles of Corporate Social Responsibility (CSR) by the standards of Flammer, Hong and Minor (2019). The remaining 285 of the 450 respondents in the study (63.33%) did not adhere sufficiently to the basic guidelines and principles of Corporate Social Responsibility (CSR) by the standards of Flammer, Hong and Minor (2019).

Table 1: General profile of respondents of study (n=450)

Characteristics of respondents of study	Number (Percentage)
Degree of adherence of businesses to the basic guidelines and principles of CSR by the standards of Flammer, Hong and Minor (2019)	Adequate: 165 (36.67%) Inadequate: 285 (63.33%)

Table 2 shows the positions held by the respondents in the study in their business enterprises along with their durations of service as entrepreneurs. The table shows that about 26% of respondents were owners of businesses. About 59% of respondents were employed managers. About 2% of them were administrators. About 8% of them were shareholders. About 6% of them were relatives of business owners. The table shows that about 8% of businesses were in operation for 12 months or less at the time of study. About 14% of businesses were in operation for 13 to 36 months at the time of study. About 58% of businesses were in operation for 37 to 60 months at the time of study. About 13% of businesses were in operation for 61 to 120 months at the time of study. About 7% of businesses were in operation for 121 months or longer at the time of study.

Table 2: Position in business of respondents of study (n=450)

Characteristics of respondents of study	Number (Percentage)
Position of respondents in business	Owner: 115 (25.56%) Employed manger: 264 (58.67%) Administrator: 9 (2.00%) Shareholder: 36 (8.00%) Relative of owner: 26 (5.78%)
Duration of operation of business	12 months or less: 36 (8.00%) 13 to 36 months: 62 (13.78%) 37 to 60 months: 262 (58.22%) 61 to 120 months: 57 (12.67%) 121 months or longer: 33 (7.33%)

Table 3 shows the durations of service of respondents in their current positions. About 14% of respondents had served in their current positions for 13 to 36 months at the time of study. About 58% of respondents had served in their current positions for 37 to 60 months at the time of study. About 12% of them had served for 61 to 120 months at the time of study. About 7% of respondents had served in their current positions for 121 months or longer at the time of study.

The table shows that about 8% of respondents had served for 12 months or less as an entrepreneur in general at the time of study. About 14% of respondents had served for 13 to 36 months as an entrepreneur in general at the time of study. About 58% of respondents had served for 37 to 60 months as an entrepreneur in general at the time of study. About 14% of respondents had served for 61 to 120 months as an entrepreneur in general at the time of study. About 6% of respondents had served for 121 months or longer as an entrepreneur in general at the time of study.

Table 3: Duration of service of respondents in current position (n=450)

Characteristics of respondents of study	Number (Percentage)
Duration of service of respondents in current position	12 months or less: 42 (9.33%) 13 to 36 months: 64 (14.22%) 37 to 60 months: 258 (57.33%) 61 to 120 months: 56 (12.44%) 121 months or longer: 30 (6.67%)
Duration of service of respondents in business in general	12 months or less: 36 (8.00%) 13 to 36 months: 64 (14.22%) 37 to 60 months: 261 (58.00%) 61 to 120 months: 61 (13.56%) 121 months or longer: 28 (6.22%)

Table 4 shows the economic sectors of the 450 SMMEs that were selected for the study.

Table 4: Economic sectors of SMMEs (n=450)

Economic sectors of businesses	Number (Percentage)
Duration of service of respondents in current position	12 months or less: 42 (9.33%) 13 to 36 months: 64 (14.22%) 37 to 60 months: 258 (57.33%) 61 to 120 months: 56 (12.44%) 121 months or longer: 30 (6.67%)

Table 5 shows the types of customers of the 450 SMMEs that participated in the study. The table shows that individual customers accounted for about 61% of all customers. Local businesses accounted for about 17% of customers. Government Departments accounted for about 16% of customers. International businesses accounted for about 4% of customers. Other types of customers accounted for just under 3% of customers.

Table 5: Types of customers of SMMEs (n=450)

Variable of study	Number (Percentage)
Individual customers	276 (61.33%)
Local businesses	76 (16.89%)
Government Departments	70 (15.56%)
International businesses	16 (3.56%)
Others	12 (2.67%)

Table 6 shows the number of employees employed by the 450 SMMEs that were selected for the study. The table also shows the estimated annual average turnover generated by the SMMEs. The table shows that about 70% of businesses employed between 3 and 5 employees. About 19% of SMMEs employed 11 or more employees in their businesses. About 27% of businesses had an estimated annual turnover of R1, 000, 001 to R5, 000, 000. About 25% of businesses had an estimated annual turnover of R10, 000, 001 or more. About 22% of businesses had an estimated annual turnover of R500, 000 or less. About 14% of businesses had an estimated annual turnover of R500, 001 to R1, 000, 000. About 12% of businesses had an estimated annual turnover of R5, 000, 001 to R10, 000, 000.

Table 6: Number of employees and turnover of SMMEs (n=450)

Variable of study	Number (Percentage)
Number of employees of businesses	2 or fewer: 24 (5.33%) 3 to 5: 315 (70.00%) 6 to 10: 25 (5.56%) 11 or more: 86 (19.11%)
Estimated annual turnover of business in Rand	R500, 000 or less: 98 (21.78%) R500, 001 to R1, 000, 000: 63 (14.00%) R1, 000, 001 to R5, 000, 000: 123 (27.33%) R5, 000, 001 to R10, 000, 000: 53 (11.78%) R10, 000, 001 or more: 113 (25.11%)

Table 7 shows the degree to which the 450 respondents in the study are aware of the potential benefits of CSR guidelines and regulations to SMMEs. About 77% of respondents were aware of the potential benefits of CSR guidelines and regulations to SMMEs. The table shows that about 77% of respondents had some level of knowledge about the potential benefits of CSR guidelines and regulations to SMMEs. The table also shows that about 77% of respondents had a positive perception about adherence to CSR guidelines and principles.

Table 7: Degree of awareness about CSR (n=450)

Variable of study	Number (Percentage)
Degree of awareness about CSR	Good: 15 (3.33%) Above average: 80 (17.78%) Average: 255 (56.67%) Below average: 84 (18.67%) Poor: 16 (3.56%)
Level of knowledge about CSR	Good: 15 (3.33%) Above average: 85 (18.89%) Average: 254 (56.44%) Below average: 85 (18.89%) Poor: 16 (3.56%)
Perceived benefits of adherence to CSR guidelines and principles	Good: 15 (3.33%) Above average: 80 (17.78%) Average: 251 (55.78%) Below average: 85 (18.89%) Poor: 19 (4.22%)

Table 8 shows frequency counts and percentages about the perception held by respondents about the relative importance of honesty in the course of conducting business. About 76% of respondents agreed that honesty was important for conducting business with customers. About 36% of respondents believed that CSR is an important aspect of business operation.

Table 8: Perception about the relative importance of honesty (n=450)

Variable of study	Number (Percentage)
Perception held by respondents about the relative importance of honesty	Good: 15 (3.33%) Above average: 80 (17.78%) Average: 249 (55.33%) Below average: 85 (18.89%) Poor: 21 (4.67%)
Believing that CSR is an important aspect of business operation	Yes: 161 (35.78%) No: 289 (64.22%)

Table 9 shows frequency counts and percentages for various current aspects of participation in CSR initiatives. About 16% of respondents supported school going students financially so that they could further their studies. About 7% of respondents paid for community based projects. About 6% of respondents paid for staff training. About 3% of respondents paid for various activities of interest in their local communities.

Table 9: Current aspect of participation in CSR imitative (n=450)

Current aspect of participation in CSR initiative	Number (Percentage)
Staff training	27 (6.00%)
Funding of activities within the community	13 (2.89%)
Supporting school going students with funds to further their studies	72 (16.00%)
Community based projects	33 (7.33%)

Table 10 shows frequency counts and percentages for various aspects of participation in CSR initiatives on a regular basis. About 15% of respondents supported school going students financially so that they could further their studies on a regular basis. About 6% of respondents paid for community based projects on a regular basis. About 5% of respondents paid for staff training on a regular basis. About 2% of respondents paid for various activities of interest in their local communities.

Table 10: Aspect of participation in CSR imitative on a regular basis (n=450)

Aspect of participation in CSR initiative on a regular basis	Number (Percentage)
Staff training	23 (5.11%)
Funding of activities within the community	10 (2.22%)
Supporting school going students with funds to further their studies	67 (14.89%)
Community based projects	29 (6.44%)
None	321 (71.33%)

According to Palazzo, Vollero, Foroudi and Siano (2019: 341-355), CSR has 4 key dimensions or aspects. These aspects are ethical, legal, economic and philanthropic. Table 11 assesses the perception held by the 450 entrepreneurs who participated in the study about adhering to the ethical aspects of CSR in SMMEs. Responses obtained from respondents are measured by using a 5-point ordinal scale in which the number 1 denotes the lowest degree of agreement, whereas the number 5 denotes the highest degree of agreement with the statement provided. That is,

1. Strongly disagree (SD)
2. Disagree (D)
3. Not sure (NS)
4. Agree (A)
5. Strongly agree (SA)

Table 11 shows percentages for 8 key indicators of ethical aspects of CSR. The table shows that the majority of respondents were adequately compliant with the key ethical aspects of CSR in the course of conducting business.

Table 11: Assessment of adherence to the ethical aspects of CSR (n=450)

Perception about ethical aspects of CSR	SD	D	NS	A	SA
Adhering to the basic principles of corporate social responsibility amounts to fulfilling the needs of my customers, employees, and community needs.	7.33%	6.89%	57.56%	24.67%	3.56%

Corporate social responsibility involves compliance with environmental legislation.	12.89%	12.00%	38.44%	34.44%	2.22%
Corporate social responsibility is acting over and above what owners expect in order to serve the interest of society.	16.22%	10.44%	34.00%	36.00%	3.33%
Corporate social responsibility is acting over and above what society expect in order to serve the interest of society	19.11%	24.67%	38.44%	10.44%	7.33%
My colleagues do not understand the importance of business social responsibility activities.	23.11%	24.44%	35.11%	10.67%	6.67%
It is the culture of my business to invest in business social responsibility initiatives.	16.44%	17.56%	46.89%	14.00%	5.11%
My business takes part in environmental protection projects as a means of promoting business interests.	12.89%	25.78%	42.22%	12.44%	6.67%
My business engages with local communities in the course of implementing business social responsibility activities.	1.33%	7.56%	10.89%	55.78%	24.44%

Table 12 shows percentages for 11 key indicators of economic aspects of CSR. The table shows that the majority of respondents were adequately compliant with the key economic aspects of CSR in the course of conducting business.

Table 12: Assessment of adherence to the economic aspects of CSR (n=450)

Statement about economic aspects of CSR	SD	D	NS	A	SA
Taking part in socially responsible activities gives a competitive advantage to my business.	14.44%	24.89%	43.11%	10.67%	6.89%
Taking part in socially responsible activities has financial benefit to my business.	15.78%	18.00%	42.89%	17.78%	5.56%
Taking part in socially responsible activities enables local communities to use more of our goods and services.	7.33%	6.89%	57.56%	24.67%	3.56%
Taking part in socially responsible activities enables my business to attract new customers.	4.67%	7.56%	10.89%	56.67%	20.22%
Taking part in socially responsible activities enables my business to retain existing customers.	5.33%	7.56%	13.56%	56.00%	17.56%
Taking part in socially responsible activities helps my business to improve its brand image.	17.11%	10.89%	32.00%	36.44%	3.56%
Taking part in socially responsible activities contributes to job satisfaction among my employees.	22.89%	26.67%	34.22%	11.78%	4.44%
Taking part in socially responsible activities enables my employees to be more motivated at the workplace.	19.33%	26.44%	34.67%	12.67%	6.89%
My business incorporates business social responsibility initiatives in its operations.	19.11%	20.44%	42.89%	14.89%	2.67%
My business provides training to employees on business social responsibility activities.	18.67%	17.78%	42.22%	19.78%	1.56%
My business educates all its employees about the importance of business social responsibility.	7.33%	6.89%	57.56%	24.67%	3.56%

Table 13 shows percentages for 8 key indicators of the philanthropic aspects of CSR. The table shows that the majority of respondents were adequately compliant with the key philanthropic aspects of CSR in the course of conducting business.

Table 13: Assessment of adherence to the philanthropic aspects of CSR (n=450)

Statement about philanthropic aspects of CSR	SD	D	NS	A	SA
Corporate social responsibility is acting over and above what the law expects in order to serve the interest of society.	23.11%	24.89%	39.33%	10.67%	2.00%
Making voluntary donations to local community development projects is an aspect of corporate social responsibility.	18.22%	17.56%	47.33%	13.78%	3.11%
Philanthropy is an aspect of corporate social responsibility.	14.00%	24.89%	43.56%	10.67%	6.89%
Corporate social activities are the same as charity, voluntary initiatives, or both.	7.33%	6.89%	57.56%	24.67%	3.56%
My business has difficulties in implementing business social responsibility activities.	2.22%	7.56%	10.44%	55.78%	24.00%
My business is unable to carry out business social responsibility activities due to financial problems.	19.56%	24.89%	38.44%	12.44%	4.67%
My business makes financial contribution towards the construction of hospitals, clinics, schools or roads as part of its business social responsibility.	13.56%	11.56%	32.22%	39.78%	13.56%
My business provides financial assistance to needy students in the community as part of its business social responsibility.	17.78%	10.67%	32.22%	35.78%	3.56%

Table 14 shows percentages for 4 key indicators of the legal aspects of CSR. The table shows that the majority of respondents were adequately compliant with the key legal aspects of CSR in the course of conducting business.

Table 14: Assessment of adherence to the legal aspects of CSR (n=450)

Statement about the legal aspect of CSR	SD	D	NS	A	SA
Corporate social responsibility involves compliance with labour-related legislation.	0.89%	7.56%	11.33%	55.78%	24.44%
Corporate social responsibility is only applicable to very large national companies, and not to small businesses.	17.56%	17.78%	42.89%	17.78%	4.00%
My business is unable to carry out business social responsibility activities due to shortage of time.	17.78%	10.67%	32.22%	35.78%	3.56%
My business does not have enough employees to implement business social responsibility activities.	21.11%	24.89%	36.44%	10.44%	7.11%

Table 15 shows 11 significant crosstab associations obtained from data analysis by using the Pearson chi-square test of association.

Table 15: List of 11 significant two-by-two associations (n=450)

List of 11 variables significantly associated with adherence to CSR guidelines and principles in SMMEs	Observed square value	chi-	P-value
Perception about the importance of CSR principles (important)	433.0135		0.000
Awareness about CSR principles (awareness)	170.1326		0.000
Respect for honesty in conducting business (honesty)	167.5241		0.000
Knowledge about CSR principles (knowledge)	166.6856		0.000
Customer type (customertype)	156.8235		0.000
Willingness to adhere to CSR principles (aspect 1)	117.0323		0.000
Willingness to adhere to CSR principles regularly (aspect 2)	111.7489		0.000
Objective of adhering to CSR principles (objective)	98.3011		0.000
Respect for business ethics principles (ethics)	92.5463		0.000
Type of business operation (sector)	80.4939		0.001
Annual turnover of business (turnover)	9.7965		0.044

Table 16 shows odds ratios estimated from ordered logit regression analysis showed that the ability of business operators to adhere to CSR guidelines and principles were significantly influenced by 3 factors. These factors were the perception held by business owners and operators about the importance of CSR principles, the degree of awareness about CSR principles and guidelines among business owners and operators, and honesty in the course of conducting business.

Table 16: Estimates from ordered logit regression analysis (n=450)

Variable of study	Odds Ratio	P-value	95% confidence interval of odds ratio
Perception about the importance of CSR principles (important)	6.16	0.000	(4.24, 8.98)
Awareness about CSR principles (awareness)	5.97	0.000	(3.98, 8.74)
Respect for honesty in conducting business (honesty)	4.88	0.000	(2.49, 7.63)

Discussion of results

The study was conducted in order to assess and evaluate factors that affect the degree of compliance of 450 small, micro and medium-sized enterprises (SMMEs) that operate in the various regions of Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities in the Sekhukhune District of Limpopo Province. The dependent variable of study was a measure of the degree of adherence of owners and operators of

SMMEs to basic guidelines and principles of Corporate Social Responsibility (CSR). A composite index developed by Flammer, Hong and Minor (2019) was used as a benchmark for assessing the degree of adherence to CSR guidelines and principles in SMMEs. The independent variables of study were 49 socioeconomic variables of study that are known to affect the degree to which SMMEs comply with basic guidelines and principles of Corporate Social Responsibility (CSR). Data was collected by using a structured, pretested and validated questionnaire of study. Data analyses were conducted by using methods such as frequency tables, cross-tab analyses, ordered logit analysis and structural equations modelling. The study entailed the analyses of the 4 dimensions or aspects of CSR defined by Palazzo, Vollero, Foroudi and Siano (2019). These aspects are ethical, legal, economic and philanthropic.

The study found that 37% of SMMEs adhered to CSR guidelines and principles sufficiently, whereas the remaining 63% of SMMEs did not do the same by the same standards. Based on odds ratios estimated from ordered logit analysis and structural equations modelling, compliance with CSR guidelines and principles was significantly influenced by 3 factors. Odds ratios estimated from ordered logit regression analysis showed that the ability of business operators to adhere to CSR guidelines and principles were significantly influenced by 3 factors. These factors were the perception held by business owners and operators about the importance of CSR principles, the degree of awareness about CSR principles and guidelines among business owners and operators, and honesty in the course of conducting business, in a decreasing order of strength.

Recommendations of study

Based on findings obtained from the study, the following recommendations are made to owners and operators of SMMEs in the various regions of Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities in the Sekhukhune District of Limpopo Province. The recommendations are highly relevant and helpful for enhancing the current state of compliance with business ethics and CSR guidelines and principles in all SMMEs operating in the various regions of Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities in the Sekhukhune District of Limpopo Province.

It is recommended that owners and operators of SMMEs operating in the various regions of Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities in the Sekhukhune District of Limpopo Province should make the effort to attend at least one information session about CSR guidelines and business ethics. Highly valuable training and information sessions are offered to emerging SMMEs on a regular basis by SEDA and DTI in all regions of South Africa including Limpopo Province. The study has shown that such information and training sessions are poorly attended by owners and operators of SMMEs. This must stop so that SMMEs can have themselves educated appropriately about the potential benefits of CSR guidelines and business ethics.

The study has found that owners and operators of SMMEs in the various regions of Elias Motsoaledi, Ephraim Mogale, Fetakgomo-Tubatse and Makhuduthamaga Local Municipalities in the Sekhukhune District of Limpopo Province need to improve their marketing, networking, managerial, presentation and entrepreneurial skills in order to be able to forge partnerships with larger and better resourced business enterprises. Such partnerships lead to the transfer of highly valuable skills. The key to achieve this goal is to attend training programmes that are offered to emerging SMMEs by SEDA and DTI. Emerging SMMEs must benefit from training programmes that are offered by SEDA and DTI in order to build capacity and acquire skills that are essential for ensuring profitability and sustained growth. This recommendation is in agreement with a similar recommendation made by Abah (2016). Owners and operators of SMMEs must work with community leaders in order to protect and preserve the general environment, vulnerable segments of society and natural habitat. All SMMEs must abide by municipal bylaws on environmental sanitation, personal hygiene and proper waste collection and disposal. Enough waste disposal bins must be provided to customers. These waste bins must be emptied and cleaned up frequently in order to ensure proper hygiene and cleanliness. In this regard, the Limpopo Provincial Department of Health should provide health and sanitary education to all owners and operators of SMMEs by using dedicated health workers. This recommendation is consistent with a similar recommendation made by Akinin and Whillans (2020).

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