

UNIVERSITY OF KWAZULU-NATAL

**Responsible and sustainable business practices: An empirical study
of KwaZulu-Natal-based small and medium enterprises**

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**A dissertation submitted in fulfilment of the requirements for the degree of
Master of Commerce**

**School of Management, IT and Governance
College of Law and Management Studies**

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2021

DECLARATION

I, **Andile Dlamini** declare that:

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Student signature

Date: 01 March 2022

ACKNOWLEDGEMENTS

I like to thank God. This journey would not have been a success without His guidance. His divine and incomparable power has guided me in my academic journey ever since.

This project would not have been a success without the support and guidance of my supervisor, Dr Vangeli Wiseman Gamede, I cannot thank him enough.

I like to sincerely thank the National Research Foundation (NRF) for providing me with financial support for this research.

I also like to thank the Durban Chamber of Commerce and Industry (DCCI) for their assistance, as well as all the SMEs that contributed to the success of this study.

~With God everything is possible~

ACRONYMS

ACCA	Association of Chartered Certified Accountants
BASA	The Banking Association of South Africa
BSR	Business Social Responsibility
CBD	Central Business District
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DCCI	Durban Chamber of Commerce and Industry
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
HSSREC	Humanities and Social Sciences Research Ethics Committee
KZN	KwaZulu-Natal
LEAD	Leadership for Environment and Development
NAICS	North American Industry Classification System
NDRC	National Development and Reform Commission
NGOs	Non-governmental organisations
OECD	The Organisation for Economic Co-operation and Development
SACC	South African Competition Commission
SEDA	Small Enterprise Development Agency
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
TBL	Triple Bottom Line
UN	United Nations
UNBC	United Nations Brundtland Commission
UNIDO	United Nations Industrial Development Organisation

ABSTRACT

Historically, responsible and sustainable business practices have been mostly associated with large companies, not only in developing countries, but all around the world. However, since the joint sitting of the Rio de Janeiro Earth Summit in 1992, embracing sustainable development has become paramount for all businesses regardless of their size. South Africa is one of the most prominent countries in Africa. In the past decades, it has undergone massive social and economic developments (increased large-scale trade, infrastructure developments, increase in industrialisation, technological advancements, etc.). Consequently, these developments have highly accelerated the severity of social and environmental deteriorations in the country. South African businesses now face unprecedented challenges such as climate change, environment degradation, scarcity of resources, etc. These challenges force businesses to implement more responsible business practices to support the current rapid pace of economic growth. In most developing countries, there is limited concrete evidence on the adoption of sustainable and responsible business practices, particularly in the small business sector. Previous studies have poorly highlighted the role of SMEs in social and environmental responsibility. This study sheds light on the dynamics of SMEs with regard to social and environmental engagement through viable business practices. This study has, among other key objectives, discussed the barriers that deter SMEs from becoming responsible enterprises and examined the key drivers behind SMEs' engagement in responsible social and environmental undertakings.

The Stakeholder theoretical framework has been the key guide for this study. A non-systematic literature review was conducted, where insights were drawn from a wide range of available secondary sources such as journal articles, books chapters, peer-reviewed publications research papers and online articles. Quantitative primary data were collected by means of a self-administered survey instrument. A total sample size of 333 SMEs within the Durban Metropolitan area of KwaZulu-Natal, South Africa were examined. Furthermore, a convenience sampling method was used to select participants with additional assistance from the Durban Chamber of Commerce and Industry (DCCI). The study, however, yielded a 52% overall response rate. The acquired data were captured and analysed using the Statistical Package for the Social Sciences (SPSS). The data were then further construed by the researcher using a series of descriptive statistical methods.

The empirical findings of the study revealed that 40.2% of SMEs in Durban, KwaZulu-Natal are aware and understand the social and environmental issues surrounding their business. However, 45.4% of SMEs in the area still have a limited understanding of responsible and sustainable business practices. Even though some of the SMEs surveyed provided no concrete evidence that they are responsible businesses. The data sourced shows that 82.8% of SMEs in the area believe that they are responsible businesses and that that they engage in activities that enhance the social and environmental wellbeing of their surroundings. The study ascertained some of the challenges that SMEs face with regard to adopting responsible and sustainable business practices in the area. These challenges were, among others, are limited resources, time constraints, lack of knowledge of such business practices.

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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1. Introduction

Responsible and sustainable practices have mostly been associated with large companies, not just in developing countries, but all around the world. However, since the joint sitting of the Rio de Janeiro Earth Summit in 1992, sustainable development has become paramount for all businesses. The small business sector in South Africa has proven to be very substantial in the economic development of the country and because of that, stakeholders have gazed a spotlight upon Small and Medium Enterprises (SMEs) in relation to the engagement in sustainable principles and practices (Chazireni, 2017). According to News24 (2018), South Africa is regarded as one of the most prominent countries in Africa in terms of trade, infrastructure, technology, etc. The country over the recent years has undergone social, technological and economic developments. Consequently, these developments have accelerated the severity of social and environmental deterioration that the country is facing, these include negative effects of global warming, decrease in agricultural yields, decrease in ocean life, increase in destructive natural disasters etc. Chazireni (2017:15) asserts, “South African businesses are now facing unprecedented challenges to implementing more sustainable practices to support their current pace of economic growth.”

Given that SMEs in South Africa are a heterogeneous group, with inherent characteristics, the subject matter of responsibility should be carefully studied in order to come with suitable solutions that will be all-inclusive, making sure no businesses are left in limbo on what is expected of them. This study aimed at shedding light on the dynamics of SMEs with regard to their active responsible and sustainable business practices engagement in South Africa. It is aimed at, firstly, providing a detailed account on how South African SMEs perceive as well as engage in responsible and sustainable practices. Secondly, it aimed at presenting a detailed discussion of the barriers that deter SMEs from engaging in responsible business practices. Thirdly, it aimed at examining the key drivers behind SMEs engagement in sustainable social and environmental endeavours. Lastly, make suggestions on how to improve the adoption of responsible and sustainable business practices in the small business sector.

1.1. Background of the study

In most developing African countries, SMEs generally have a great potential of playing a huge role in sustainable and responsible business conduct. SMEs are capable of combining their efforts in curbing social and environmental problems, and their cooperation can lead to a rapid realisation of sustainable economic development. SMEs constitute about 90% of South Africa's formal commercial enterprises. SMEs commercial activities are an important contributing factor and the basis of both economic growth and development of the country (OECD, 2016). According to the Leadership for Environment and Development (LEAD, 2013), SMEs are responsible for a large share of environmental and social issues such as pollution, greenhouse effects, environmental degradation, resource depletion, employee sickness, and increased production accidents, to name a few.

Since the beginning of the First Industrial Revolution, people have created more problems than those we solve. This is because commercial activities of businesses have given birth to a variety of negative consequences on the societies and the natural environment (Jorge, Madueño, Lechuga & Martinez, 2016). Global research by Saha and Dahiya (2016) revealed that business activities have a devastating and everlasting effect on the natural environment. Saha and Dahiya (2016) further emphasises that a change to sustainable business practices is not only essential but is extremely imperative moving forward. As much as they are considered 'small businesses' but nowadays, it has become increasingly difficult to dismiss the importance of SMEs in the war against devastating social and environmental ills.

Nowadays, social responsibility in many organisations, especially in the small business sector, has gained significant traction from scholars over the years, and it has become the main research agenda (Schrempf-Stirling, Palazzo & Phillips, 2016; Moratis, 2018). Ensuring business activities are responsible and sustainable is quite a common practice. Most businesses all around the globe, more especially in developing regions, have recognise the need and urgency of addressing social and environmental matters (Chazireni, 2017). The South African small business sector amalgamated with various large enterprises can play a crucial role in pushing for a rapid realisation of sustainable development (Chazireni, 2017). According to the European Commission (2007), major policies highlight that SMEs have an obligation to take part in the shift towards the implementation of radical responsible and sustainable business models. According to Szczepańska-Woszczyzna and Lis (2015), this revolutionary shift should be inclusive of changes in ways of business production, resource consumption, and waste

management. However, according to Hlatywayo (2015), this transition is possible through stakeholders-business cooperation, which includes the investment in viable business models, human resources, as well as sustainable social and environmental capital.

According to Laarsch and Conaway (2016), businesses regardless of sector, scale, or geographic location have moved from traditional ways of profit generation. Businesses are increasingly engaging in responsible and sustainable business practices as they come to understand how sustainability issues are affecting their operations. Issues such as market disturbances, civil unrest, natural resource constraints, among other issues, can have a devastating and material impact on the sustainability of any business. According to Baumann-Pauly, Wickert, Spence and Scherer (2013), the increased social, economic and environmental challenges in the world need businesses, whether big or small to engage in providing sustainable resolutions for these issues. The joint initiatives between societies and businesses have yielded fruitful results, driving humankind into a more sustainable future. One of the most central issues that have been dealt with in this study is that, as much as SMEs are somewhat accountable for these social and environmental issues, however, the overall focus is disproportionately skewed, living accountability only on large enterprises. This study focusses on SMEs perspectives, adoption and the implementation of responsible and sustainable business practices in the Durban metropolitan area, KwaZulu-Natal.

1.2. Definition of key terms

In this section the key terms are defined. This is to ensure that the reader fully comprehend the key terms that were used in this study.

1.2.1. Responsible and sustainable business

Responsible businesses are businesses that are committed to becoming good neighbours. These businesses engage in processes of involving tools for managing social, environmental and economic capital and impact throughout its activities and functions. These businesses have adopted responsible and sustainable business practices which are business practices that focus on businesses being both responsible as well as keeping the business sustainable (Laarch & Conaway, 2016).

1.2.2. Responsible management

Responsible and sustainable management is a revolution, which is a movement of businesses, individuals and societies towards creating the capacity for socio-economic and environmental

long-term quality of life improvement. This is done through the adoption of responsible business practices that ensures that the triple bottom line is met (Laarch & Conaway, 2016).

1.2.3. Sustainability

Sustainability is associated with ability of an organisation to operate successfully for a long period. However, in the context of social and environmental responsibility, sustainability refers to the capability of a business to remain profitable while making sure that the natural environment is not impacted in a negative way. This is to ensure that the short term business goals do not affect future business objectives (Crane, Matten and Spencer, 2008).

1.2.4. Sustainable development

According to Chazireni (2017), sustainable development refers maintaining steady growth without disadvantaging or creating other significant economic problems for future generations. This entails the balance between the rate of growth of a business and all the facets of the business

1.2.5. Stakeholders

According to Freeman, Harrison, Wicks, Parmar and De Colle (2010), stakeholders are referred to those individuals, groups or organisations in society that are directly or indirectly affected by the business operations. Stakeholders also have a certain degree of influence on the business operation. These include customers, suppliers, local communities, employees, investors, financial institutions, amongst others.

1.3. Statement of the problem

Most developing countries have very limited concrete information on sustainable and responsible business practices in the small business sector (Chazireni, 2017). Studies not only in South Africa but around the world have for a long time poorly highlighted the role of SMEs in respect of engaging in social and environmental responsibility (Jorge *et al.*, 2016). Delchet-Cochet and Vo (2012) pointed out that, even though there is information on SMEs engagement in social and environmental responsibility, however, more research needs to be done on the subject. SMEs commitment in responsible behaviour should not be undermined. This is because the role of businesses in sustainable economic growth, advancement of society, and the preservation of the environment is crucial. Most importantly in developing countries, where they rely mostly on non-renewable resources.

The small business sector is responsible for nearly half of all environmental and societal problems, however, they do not account for them (Jorge *et al.*, 2016). The problem that this study sought to interrogate is the seeming passivity of SMEs in matters of sustainability and social responsibility.

Studies show that small businesses lack awareness of some of the crucial problems that are faced by society and the natural environment (Delchet-Cochet and Vo, 2012; Jorge *et al.*, 2016; Chazireni, 2017). That is why, this study seeks to bring light on the challenges faced by SMEs in the implementation of responsible and sustainable business practices. This study aims to investigate business owners/managers as well as entrepreneurs in understanding the complex issues that businesses need to ethically address to achieve sustainable business development. Additionally, this study reflects on SMEs implementation of responsible and sustainable business practices in the Durban metropolitan area, KwaZulu-Natal, South Africa.

1.4. Significance of the study

This study aspires to expand and contribute significantly to the body of knowledge with regards to social and environmental responsibility in the small business sector. Contemporary knowledge is needed in the area of responsible and sustainable business development in the small business sector and by using the stakeholder theory this study is a catalyst for change. Driving SMEs towards a positive attitude of embracing sustainable business development. The field of sustainability and social responsibility is an important research area among SMEs in South Africa. Ensuring responsible and sustainable behaviour in businesses of all sizes plays a substantial role in giving a sense of direction for small businesses to succeed in managing relationships with their stakeholders (shareholders, employees, customers, etc. community) (Vistra, 2019).

This study is dissimilar to other studies as it is not traditionally targeting large corporations but have examined SMEs, which are the biggest contributors to economic, societal, and economic development. This study attempted to investigate the following: how do SMEs in South Africa perceive responsible and sustainable business practices? What are the barriers that dissuade SMEs from adopting responsible business practices? Furthermore, discover what encourages ventures in the small business sector to become responsible enterprises? The overall purpose of this study was to address such questions as above by investigating sustainable and responsible business practices in the Durban Metropolitan area, KwaZulu-Natal, South Africa.

1.5. Research questions

- What are the perceptions of SMEs regarding the role they need to play in the adoption of responsible and sustainable business practices in the KwaZulu-Natal?
- What are the advantages of incorporating responsible and sustainable business practices in SMEs in KwaZulu-Natal?
- What challenges do SMEs in KwaZulu-Natal face with regard to the adoption of responsible and sustainable business practices?
- Do SMEs in KwaZulu-Natal, South Africa have policies in place to aid the implementation of responsible and sustainable business practices?

1.6. Research objectives

Aim of the study:

The principal aim of this study is to explore the responsible and sustainable business practices in SMEs.

The core objectives of this study are:

- To investigate the perceptions of SMEs regarding the role they need to play in the adoption of responsible and sustainable business practices in KwaZulu-Natal.
- To understand, the advantages of incorporating responsible and sustainable business practices in SMEs in KwaZulu-Natal.
- To identify the challenges that are faced by SMEs in KwaZulu-Natal with regards to the adoption of responsible and sustainable business practices.
- To investigate whether SMEs in South Africa have policies in place to aid the implementation of responsible and sustainable business practices.

1.7. Research methodology

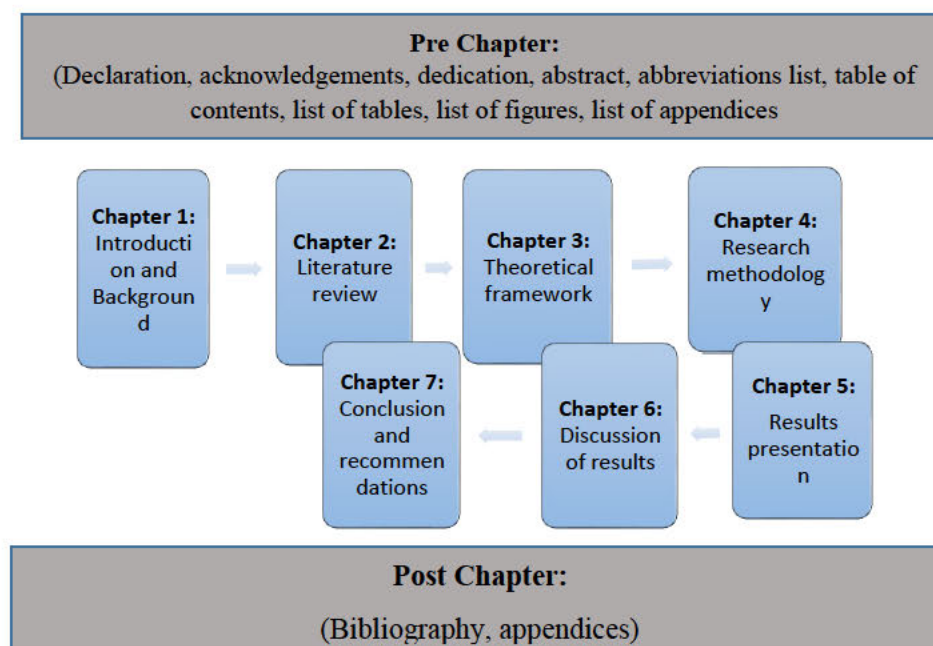
This study made use of a non-probability sampling, where respondents in the study are selected on the basis of their availability and according to the investigator's discretion (Sakaram & Bougie, 2016). The non-probability sampling technique used was the convenient sampling technique. This technique consists of data collection from respondents that are conveniently available for the study, this technique is also known as 'grab' or 'opportunity' sampling (Statshowto, 2019). The researcher amalgamated both primary and secondary data. Secondary data in this study has been served as building blocks in the literature examination, which is

moderately fundamental in a well-constructed study. In addition, primary data were collected using a structured questionnaire survey that was personally administered and hand-delivered by the researcher to SMEs owners, managers and business representatives in the Durban metropolitan area, which is one of the largest cities in KwaZulu-Natal, South Africa.

The study is cross-sectional and descriptive in nature, which makes use of numerical data in attempt to understand a phenomenon, as well as to help the researcher to deliver necessary answers to the overall study's research questions (Bhattacharjee, 2012). This study encompasses the collection of quantitative data. The reliability and validity of the data were tested with the intention to establish whether the data collected during the survey would answer the necessary research questions in the study and to further ensure consistency in the results, which was measured using the Cronbach Alpha (coefficient). The Cronbach Alpha is mostly used as a typical assessment of statistical consistency (Sekaran & Bougie, 2016). After the data were collected, the researcher made use of the Statistical Package for the Social Sciences (SPSS), to statistically capture the gathered data. The data were then interpreted and analysed by the researcher using a series of descriptive statistical methods (frequency analysis, bar charts, and frequency tables).

1.8. Synopsis of chapters

Figure 1. 1: Synopsis of chapters



Chapter one: Introduction and background

This chapter is the introductory chapter of the study, a detailed background of the study is outlined and the main problem statement is presented. The rationale, as well as the anticipated contribution of the study, are discussed. The study's main research questions and the objectives that the researcher is anticipating to achieve in the study are presented. This chapter, in essence, aimed at giving the reader an understanding of how and why this study has been undertaken, as well as to understand the main themes that are addressed.

Chapter two: Literature review

This chapter is an amalgamation of literature on the topic of responsible and sustainable business practices. The researcher has unpacked literature in a non-systematic manner, where literature has been taken from a variety of secondary research sources, such as, peer-reviewed journals, published research articles, books, government gazettes, etc. This is a review of previous research on the topic and is aimed at giving the reader a general idea of the researched subject. The literature review chapter has focused on SMEs and their significance in the South African economy as well the concept of responsible and sustainable business practices and all aspects relating to the topic in detail.

Chapter three: Theoretical framework

This chapter has unpacked the theoretical framework that guides this study, which is the stakeholder theory. According to Dine, McGaghie, Bordage and Shea (2015), every research paper must be guided by a theoretical framework. A theoretical framework is important as it will be representing the researcher's synthesis of the literature and help the reader have a better grasp of this study. In this chapter, the framework on which the study is based will be presented to the reader in detail and paired with the overall staple of the study.

Chapter four: Research methodology

In this chapter, the researcher has unpacked the research methodology that is being used in this study. A research methodology is a typical framework on how the study is going to be conducted, it explains processes such as what, when, and how data is collected for the study. This chapter incorporates subsections namely: research strategy, demarcated study area, the target population, sample size as well as strategy, data quality control, data examination, and research ethical guide, etc. Furthermore, it has presented how the data collected in the study were disseminated into interpretable information that the researcher will analyse

Chapter Five: Presentation of research findings

This chapter has concentrated on the research findings that have been attained by the researcher throughout the study. The data collected are unpacked, interpreted, and analysed in the undertaking to realise the study's core objectives. Chapter three is all about presenting the blueprint of the whole research, nonetheless in this chapter the researcher has executed this plan. The data that were collected by the researcher were analytically presented to the reader. This was achieved with the aid of the SPSS research software the data was unpacked using descriptive statistics.

Chapter Six: Discussion of research findings

In this chapter, a clear picture has been drawn on the research findings that have been presented in chapter four. The main focus of this segment is answering the study's research questions using the information that has been gathered and analysed. The core objectives of this study were, firstly, to investigate the perceptions of SMEs regarding the role they need to play in the adoption of responsible and sustainable business practices in KwaZulu-Natal. Secondly, to understand, the advantages of incorporating responsible and sustainable business practices in SMEs in KwaZulu-Natal. Thirdly, to identify the challenges that are faced by SMEs in KwaZulu-Natal with regards to the adoption of responsible and sustainable business practices. Lastly, to investigate whether SMEs in South Africa have policies in place to aid the implementation of responsible and sustainable business practices. These objectives will then be harmonised with the gathered information in aim to get the desired outcome.

Chapter Seven: Conclusion and recommendations

This chapter is the conclusion and recommendations section, where the researcher gives a presentation of the final compilation of recommendations. The final recommendations focus on SMEs, the government, the society, and other relevant stakeholders.

1.9. Chapter summary

This chapter was a presentation of the rationale and background of the study, it outlined the research problems as well as the research objectives that the researcher concentrated on. A comprehensive outline of the study has been presented making it easier for the reader to be able to comprehend the study going forward and recognise the research problem that is being interrogated by the researcher. This chapter aimed, in essence, to give the reader an understanding of how and why this study has been undertaken as well as to what issues have

been addressed. The following chapter will be unpacking relevant literature on the topic. This will be ideal in construction a solid literature foundation for this study.

CHAPTER TWO

LITERATURE REVIEW

2. Introduction

According to Sekaran and Bougie (2016), a review of literature is a detailed description of previous research findings and theoretical perspectives that deal with a similar research problem. Chazireni (2017) asserts that there are two types of literature that exist in business research, namely: the conceptual literature which focuses on concepts and theories, and empirical literature which examines studies that are related to the variables of the study conducted. Vistra (2019) further argues that it is both essential and wise to conduct a thorough review of literature, as it helps enlighten the reader on essential information that has been previously explored by researchers in the same field.

A literature review is a complete scrutiny of information relevant to the research topic investigated. This chapter will serve the purpose of presenting a body of knowledge information on the topic. The function of a literature review is to present and engage what others have done in similar studies. This is ideal in constructing a comprehensive knowledge foundation that is connected to this study (Vistra, 2019). According to Blankenship (2010), a literature review can assist the researcher and the reader in, firstly, identifying factual information that is related to the study, secondly, aiding the development of research questions. Lastly, making sense of the research problem and justifying the study.

This chapter unpacked the different data that was extracted from multiple secondary sources, namely: journals articles, archives, conference proceedings, research papers, online databases, and book chapters. Hence, it attempted to articulate the concept of responsibility and sustainability (social and environmental responsibility) in connection with SMEs in South Africa. Further, making sense of key concepts, and also, establishing literature examinations by making use of recent as well as relevant key discussions, arguments, and debates.

This study, firstly, looked at SMEs in South Africa. Secondly, examined corporate social responsibility (CSR), and introduce the concept of business social responsibility (BSR). Thirdly, presented literature on responsible and sustainable business practices, as well as to explicate the significance of such practices. Lastly, discussed factors driving sustainability, as well as benefits and challenges of adopting such business practices.

2.1. Overview of SMEs in South Africa

According to Arbaug, Camp and Cox (2008), SMEs are fresh business endeavours that are responsible for bringing up novel and innovative ideas as well as bringing resources together to take advantage of the vast opportunities that exist in the marketplace. This is beneficial as in the long-run SMEs are able to build societal and economic wealth. A solid body of knowledge surrounding SMEs exists, however, there is no universally established definition of such enterprises. Globally, there is no universally recognised definition of SMEs. The way in which SMEs are defined varies across different countries and different systems around the world (Banking Association of South Africa, 2019). Academics in different countries have established different efforts to unambiguously define these enterprises in their geographic extents.

In South Africa, the South African National Small Business Act no. 102 of (1996) is used as the benchmark in the national classification of SMEs. The National Small Business Act stipulates that any business with less than 200 registered employees is categorised under SMEs. The National Small Business Act of South Africa clusters SMEs into three groupings, namely: micro, small and medium-sized businesses (BASA, 2019). The system classifies SMEs according to their sector of operation in accordance with the Standard Industrial Classification. Small businesses are diverse entities, and they often vary from sector to sector in terms of size, workforce, turnover, and asset value. The categories of SMEs in South Africa are the overall number of registered employees (waged), the overall annual income, and the overall gross asset value excluding fixed property, which make up the South African SMEs classification system (Table 2.1). (Government Gazette, 2003; BASA, 2019).

Table 2. 1: South African SMEs classification system

Sector (Standard Industrial Classification)	Scope*	Overall number of waged employees ≤	Overall annual revenue ≤	Gross overall asset value (exclusive of fixed property) ≤
Farming (Agricultural)	Medium	100	R 4.00 m	R 4.00 m
	Small	50	R 2.00 m	R 2.00 m
Mining	Medium	200	R30.00 m	R18.00 m

	Small	50	R 7.50 m	R 4.50 m
Manufacturing	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
Energy and Water	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
Construction	Medium	200	R20.00 m	R 4.00 m
	Small	50	R 5.00 m	R 1.00 m
Retail and repair services	Medium	100	R30.00 m	R 5.00 m
	Small	50	R15.00 m	R 2.50 m
Wholesale	Medium	100	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
Food and Housing	Medium	100	R10.00 m	R 2.00 m
	Small	50	R 5.00 m	R 1.00 m
Transport and Communication	Medium	100	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
Financial Services	Medium	100	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
Societal Services	Medium	100	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m

**Micro and very small enterprises category was omitted in table (see appendix E for full table).*

Source: Government Gazette of the Republic of South Africa (2003).

2.2. Substantial role of SMEs in Southern Africa

Over the years, the World Bank has acknowledged the increasing role that SMEs play in growing the global economy as well as growing their individual country's local economy (World Bank, 2011). The South African small business sector has made a significant contribution to the economic growth and development of the country. "The country's local SMEs have remained resolute in improving economic growth, creating jobs, improving quality of life and stabilising the social and political structure of the economy" (Hlatywayo, 2015:26). The Organisation for Economic Co-operation and Development (OECD, 2016) reported that SMEs in South Africa contribute more than 70% in private sector employment as well as more than 60% in general employment in the country.

The South African Competition Commission (2012) further asserts that more than 90% of formal businesses in South Africa are SMEs. The small business sector contributes significantly to the country's Gross Domestic Product (GDP) and for that reason, SMEs are recognised as one of the prominent pillars of economic development. The Global Entrepreneurship Monitor (2012) further cements this claim, as they point out that as an organisation, they have observed a very close relationship between the SMEs' success and the increasing economic growth rate. SMEs are more capable of forging and maintaining good relationships with society because they are more personalised compared to large companies. According to Zeka (2013:25), "SMEs are friendly organisations and have a more intimate relationship with their surroundings."

SMEs are also able to forge good affiliations with their surrounding communities through their ability to offer specialised and personalised services. The relationship between small business and their surrounding stakeholders differs from the one of large enterprises (Zeka, 2013). "SMEs' relationships with customers are often based on personal knowledge of the needs of the customers, whereas relationships with employees are more family-like, with greater openness and social integration" (Polasek, 2010: 49). Moreover, most SMEs train and employ members of the communities where they are positioned, thereby equipping them with necessary skills they can use to further develop their surroundings as well as giving them a chance to be able to support themselves, financially (Hlatywayo, 2015).

Despite all the positive contributions that SMEs make to the country's economic growth and development, concerns have been raised by scholars on SMEs' level of engagement in eradicating social and environmental concerns (Ntinga, 2019). According to Burns (2016), the pressure over the years has mounted for businesses (regardless of their size or sector) to adopt a more socially and environmentally responsible role in society, i.e. engage in socially and environmentally beneficial initiatives. These entities' lack of engagement in responsible business behaviour is raising red flags, as responsibility and sustainability in businesses have been of paramount importance. This is more worrisome is SMEs as they tend to ignore the serious implication of business operations on societies and the natural environment (Ntinga, 2019). Businesses need to be accountable for their actions and take responsibility for the issues that society and the environment are facing as a result of irresponsible business operations.

2.3. Social and environmental responsibility

Social and environmental responsibility consists of business practices such as transparency, accountability, ethical conduct, and respect of stakeholders as well as the environment (Mezinska, Lapina & Mazais, 2015). Social responsibility focuses on the task of making improvements in society by means of addressing the challenges that are a result of businesses' social impacts. Organisations need to be responsible and be held accountable for their negative impacts on society and the environment (Laasch & Conaway, 2016). Mezinska *et al.* (2015) argue that businesses are rooted in their surrounding communities, making them socially accepted, which is very important for long term sustainability. Businesses should work hand in hand with communities. This assists in gradually improving businesses relationships with the society, concurrently tackling indispensable social and environmental issues.

Environmental responsibility is the onus of all businesses to avoid commercial practices that will have a negative effect on the natural environment (Mezinska *et al.*, 2015). Environmental responsibility involves practices that gaze upon issues pertaining to the natural environment. Businesses have a huge responsibility in terms of preserving the state of the natural environment and this is possible through the responsible use of energy, waste lessening, impact monitoring, verification of suppliers' responsibility, recycling, taking advantage of by-products, and environmental management. These practices are embedded in the company's day-to-day operations. According to Cassells and Lewis (2011), companies all over the world are responding to the immense pressure of stakeholders to assess their negative impact on the natural environment. Environmentally responsible business behaviour entails businesses not only concentrating on monetary gains, but also ensuring that their commercial activities do not affect the environment as well as society.

Social and environmental responsibility in SMEs has been a major issue as it is mainly categorised and adopted by large enterprises as means of enhancing business performance. According to Hlatywayo (2015), socially responsible enterprises create an important symbiosis between businesses, the environment, and society through responsible behaviour. This leads to the achievement of sustainable development. The active engagement of all businesses, regardless of their sizes, is very crucial (Laasch & Conaway, 2016). The preconceived notion that social and environmental responsibility is for large enterprises with larger revenues needs to be erased. Social and environmental responsibility does not need to be one-sided, it is time

that SMEs need to be wholly integrated with the fight against unsustainable as well as irresponsible business practices that will endanger the livelihood of future generations.

2.3.1. Corporate Social Responsibility and the birth of Business Social

Responsibility

The concept of Corporate Social Responsibility (CSR) is a widely debated spectacle, and over the years many scholars around the world have generated different perspectives on the matter. According to Williamson, Stampe-Knippel and Weber (2014), CSR is the act of voluntarily acknowledging stakeholders in and around the business. “CSR involves working in partnership with local communities, practising socially sensitive investment, developing relationships with employees, customers and their families and involvement in activities for environmental conservation and sustainability” (Hlatywayo, 2015:18). This also includes, businesses incorporating social and environmental concerns in their commercial operations as well as engaging in responsible and sustainable behaviours. According to Burns (2016), the persistent moral behaviour of businesses backs up the CSR drive to ensure environmental sustainability and the improvement of life for our society.

Over the years the formal businesses sector has received a lot of pressure from stakeholders (customers, policymakers, workers, social reformers, environmentalists, social activists, etc.) to take a more socially and environmentally responsible role in society. According to Burns (2016), stakeholders want every business to reduce or even eliminate their negative impact on societies, as well the environment, and adopt sustainable business practices. Businesses are urged to adopt ‘corporate citizenship’ initiatives by investing in their surrounding communities (charity work, donations, etc.). CSR is generally associated with giving back to society, handling employees fairly, reducing negative environmental and societal impact (Burns, 2016). Common CSR activities, among others, include:

- Aid programmes (soup kitchens, bursaries, and donations).
- Hosting infectious diseases awareness campaigns (HIV, Aids, tuberculosis, STDs, STIs, etc.)
- Providing career development and training to employees.
- Recycling initiatives and environmental awareness campaigns.

According to Burns (2016), businesses ought to alter their 'profit only' business behaviour and find viable means to address social as well as environmental issues. Businesses need to do away with causing deliberate carbon footprint, the waste of non-renewable resources, unfair labour practices, which are some of the irresponsible business practices that most businesses (especially in the small business sector) are involved in. Policymakers in most developing countries have no strict compliance policy in place for businesses and some of these environmental and social issues that arise from business activities are swept under the carpet as monetary gains are perceived as of paramount importance (Urban & Naidoo, 2012). Many businesses in the small business sector have no regard for what is happening in and around their businesses, and CSR is something that they perceive as unimportant (Ntinga, 2019).

Evidence has shown that it is not enough for enterprises to only thrive in economic endeavours, businesses should also consider social and environmental facets as well (Burns, 2016). This places a huge burden on businesses to ensure that their operations are responsible and ensure sustainability, not only for the business but for all stakeholders involved. Not only businesses, but other relevant stakeholders such as the government and society at large, need to make adjustments in the ultimate goal of creating a more sustainable future. Hence, enterprises should be at the forefront in the identification as well as the resolution of social and environmental concerns (Laasch & Conaway, 2016).

According to the United Nations Industrial Development Organisation (2002), businesses operating in a responsible manner and engaging in social and environmental sustainability initiatives have a stronger chance of stimulating continuing success, compared to the contrary. In the Volatile, Uncertain, Complicated and Ambiguous (VUCA) environment that businesses operate in, they need to constantly adapt to changes that might affect the business. Therefore, becoming virtuous businesses and doing what is right, preserving the environment, transparently serving society, and taking care of the workforce is proven to help businesses remain competitive in this day and age (Laasch & Conaway, 2016).

The circumstantial issues that act as determinants of the state of CSR practices in developing regions are responsible for preventing the application of sustainability practices that adhere to global standards. There is a significant difference between developed and developing countries, and the business environment in both these regions vary (Sharma, 2019). Developing regions, such as Southern Africa, face a lot of challenges such as poor legal frameworks, lack of investor protection laws, political and economic uncertainty as well as underdeveloped capital markets.

This results in businesses neglecting or being discouraged to engage in CSR practices (Majumdar, Alam, Coghill & Samaratunge, 2008).

According to Roe, Nelson and Sandbrook (2009), the government in developing regions of the world often put all their efforts into the promotion of Foreign Direct Investment (FDI). With limited resources, these governments are overwhelmed and end up losing focus on other matters, such as promoting CSR practices among businesses. Responsible practices among SMEs in developed countries are much more common and advanced, contrary to those of developing countries. In addition, social responsibility practices in such countries have expanded and also included issues such as human rights, workforce standards, and advanced ecological matters (Majumdar *et al.*, 2010).

In South Africa, social and environmental responsibility has increasingly become an important and diverse subject matter, more especially for smaller enterprises (Ntinga, 2019). Traditionally, CSR was a concept that was associated with large enterprises. However, with the increasing stakeholder pressure, SMEs are now pressured to also fully engage in fighting social and environmental problems for the betterment of humanity. Scholars have come up with a way to have an inclusive approach, that will involve every business, regardless of sector and size. This inclusive approach includes SMEs in the fight against social and environmental issues that we face, and revolutionise the small business sector. The term Business Social Responsibility was born, with an imperative to eliminate the false conviction that only large businesses are solely responsible for societal and environmental problems (Hlatywayo, 2015).

2.3.2. Business Social Responsibility

According to literature, the term Business Social Responsibility (BSR) is the same as Corporate Social Responsibility. However, the use of the word “corporate” gave the impression that social and environmental responsibility is for large businesses (Dzansi & Pretorius, 2009; Ntinga, 2019). The omission of “corporate” and replacing it with the term “business”, has since then eliminated the misperception that being responsible and practising sustainability as a business is only for large enterprises. Even though the concepts of BSR and CSR may be seen and referred to contrarily, they ultimately entail similar notions (Ntinga, 2019). Business social responsibility is the businesses’ universal pledge to operate in a socially, environmentally, and economically justifiable manner. According to Posseti (2012), businesses are social institutions operating symbiotically with relevant players in the value chain, not just as solitary commercial entities.

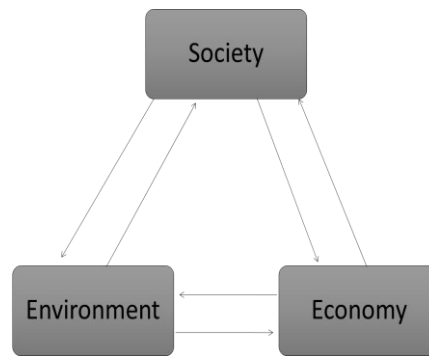
The notion of social and environmental responsibility is a process that takes the ethical treatment of both external and internal stakeholders of the organisation very seriously. The recognition of relevant stakeholders is very important in a socially and environmentally responsible enterprise. In this day and age, every business ought to rationalise its existence by means of making relevant efforts to contribute socially, environmentally, and economically (Posseti, 2012). The South African legislation (Companies Act no. 71 of 2008) inequitably does not necessarily emphasise the importance of SMEs engagement in social and environmental initiatives. This is one of the major factors that contribute to the high level of non-compliance in SMEs (Majumdar *et al.*, 2010). The King Reports, as well as other various global sustainability guiding principles, encourage businesses to acknowledge their surroundings and take note of the negative impact that is caused by their day-to-day commercial activities, through the adoption of the triple-bottom-line approach (Government Gazette, 2018).

2.4. The Triple-Bottom-Line (TBL)

Most businesses prior to the worldwide acknowledgement of the importance of adopting responsible and sustainable approaches to business were reckless and not held accountable for all the negative effects that arise due to their business operations (Posseti, 2012). The society and the environment problems were inconsequential. Businesses did not concern themselves with the negative impact of their commercial operations on societies and the natural environment, they were exclusively all about making profit (Laasch & Conaway, 2016).

However, nowadays, businesses are pressured by every stakeholder to engage in more than just economic endeavours, but in addition, adopt the triple bottom line business approach (Figure 2.1). The triple bottom line approach is a three-tier approach that is mainly about the business focus on the social, environmental, and economic domains. Scholars have also labelled it as the three Ps (people, planet, and profit respectively). Though the main objective of every enterprise is to realise monetary gains, however, in this era, the survival of businesses depends on a lot more than that. Businesses need to ensure that their stakeholders are unanimously happy with the enterprise, as no business can subsist in isolation (Ntinga, 2019).

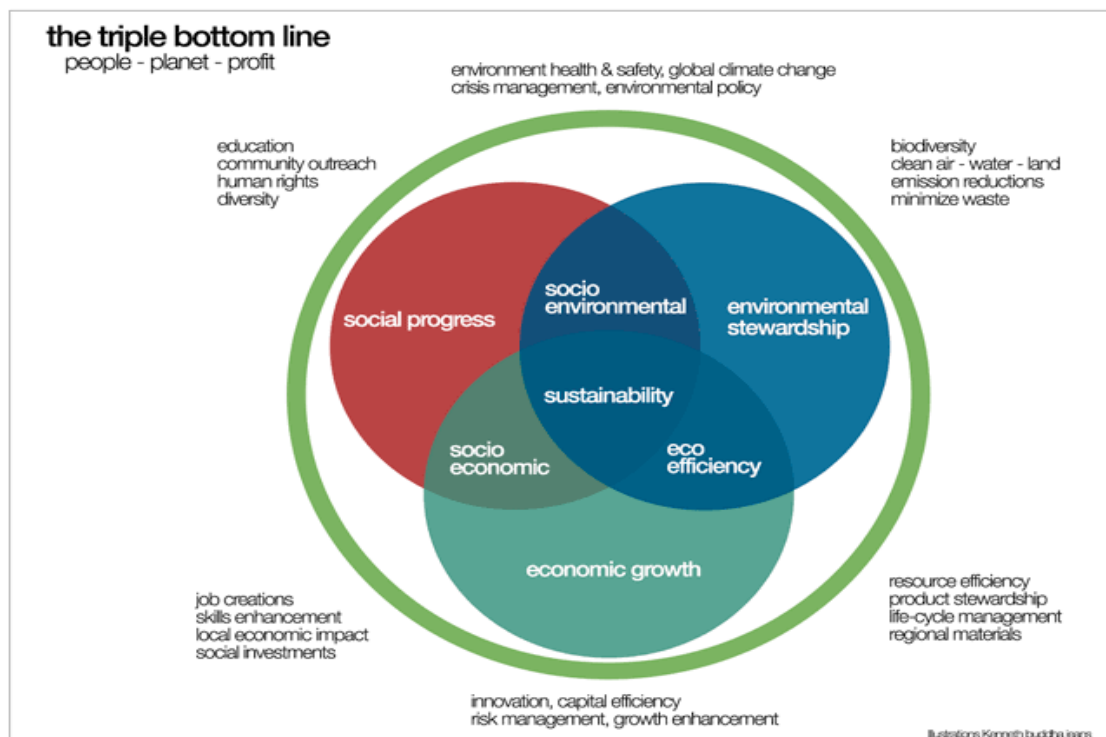
Figure 2. 1: The triple bottom-line (TBL) approach



Source: Laasch & Conaway (2016:37).

The tripartite concept of social, economic, and environmental sustainability has become prominent in every organisation and is commonly epitomised by three overlapping circles with the term sustainability in the middle (figure 2.2). The concept is a framework that is used as a mechanism to evaluate the success of the organisation in terms of its social, environmental, and economic interactions (Goel, 2010).

Figure 2. 2: The triple bottom-line (detailed)



Source: Buddhe (2021:01).

2.4.1. Aspects of the triple bottom line approach

The Triple Bottom Line (TBL) is at times denoted as a more practical framework of sustainability. This is because, with the introduction of the TBL in organisations, a more balanced focus on businesses social, economic, and environmental value is achieved (Alhaddi, 2015). The TBL framework comprises three key aspects, namely: social, economic, and environmental sustainability.

2.4.1.1. Social responsibility

In the construct of the TBL, the social sphere refers to the implementation of practices that will add value to society (giving back to the community). Social responsibility is the active involvement of businesses in the community. This integration goes far beyond taking care of business employees but includes taking care of community issues as well. “Social sustainability happens when formal and informal processes, systems, structures, and relationships, actively support the capacity of current and future generations to create healthy and liveable communities” Bhengu, 2020: 19). Additionally, according to Eizenberg and Jabareen (2017), socially sustainable societies are equitable, diverse, allied, self-governing, and provide a good quality of life.

According to Fourie, Eben, John and Derick (2012), the social aspect of business sustainability also involves how the product or the production processes affect the wellbeing of the society. Fourie *et al.*, (2012), further proclaim that businesses cannot exist in a vacuum and therefore the society is the most important stakeholder for any business. “There is strong evidence that the nature of the social contract between business and society is changing, due to the interconnectedness of the world coupled with raised expectations from stakeholders” (Fourie *et al.*, 2012:44). It is evident that the involvement of the community in the business operations is very much important, for example, making sure that the business operations do not affect or harm the surrounding communities, employing people from the community, concurrently responding to challenges that the community is facing as well as contributing to the societies general development.

The notion of social responsibility contests enterprises to make responsible judgements with regard to societal needs, both in local and global communities (Alhaddi, 2015). This society-business relation is not just about financial responsibility, it is about building a symbiotic engagement between all stakeholders who have a direct and indirect effect on the business. Social responsibility is a good foundation of responsible and sustainable business. Social

responsibility is sanctioned by the South African government, encouraging businesses to put more effort in the fight against societal ills. Businesses investing in communities assist them in overcoming these issues. This is not just something that is done because of certain regulations or frameworks, but ethically and morally it is the right thing to do. This is because most communities surrounding the business have to suffer certain consequences that are a result of businesses' commercial activities (Bhengu, 2020).

Every business needs to consider societal needs in order to survive and be successful in the market, as well as to ensure its continued existence. This entails businesses ensuring that their production processes are modelled in such a way that embraces the understanding of the needs of the masses. This helps make a positive impact on communities as well as to ensure that the business remains competitive. The inclusivity connects business with society and encourages the business to incorporate society in the company's strategies (Wheelen & Hunger, 2010). "Social Responsibility in South Africa has become more and more strategic, giving rise to more professional practices" (Bhengu, 2020: 17). Gradually, companies in South Africa are aligning their social responsibility and environmental sustainability practices with their core business functions. Businesses nowadays have an ethical responsibility towards their employees and society at large. Taking care of both its employees and the community is paramount in building sustainable relations that will lead to the long-term sustainability of the business (Wheelen & Hunger, 2010).

2.4.1.2. Economic sustainability

According to Reddy and Thomson (2014), as cited by (Bhengu, 2020), the economic aspect of the TBL framework refers to the businesses' activities in the economic system. Akotia (2014: 9) asserts, "it relates to the ability of the economy to survive and evolve into the future to support the needs of future generations." Economic sustainability is the economic value that the organisation provides for sustainable economic development (Alhaddi, 2015). According to Bhengu (2020: 57), "the economic pillar of sustainability focuses on the economic framework that should be embedded in the foundation of any business". Meaning that the character of every business ought to ensure that it reacts to market uncertainty, economic challenges, etcetera, and further make strategic economic projections that will benefit the business in the long run. Economic sustainability is present at various levels, however, at the business level economic sustainability is the focus on the economic performance of the

organisation, this entails fortifying sustainable economic gains (Dharmasasmita, Elarndsson, Willats & Brown, 2017).

An organisation's positive economic performance is very important in the fight for relevance in the market. The term economic sustainability represents the strategies that make use of available resources as much as possible and to the organisation's best advantage. This further entails promoting the efficient and responsible use of such resources, to provide long-term financial gain (Wheelen & Hunger, 2010). The continued existence of the business for a prolonged period of time is the main agenda in economic sustainability (Tatum, 2018). The pillar of economic sustainability in the TBL focuses on sustaining business resources for a prolonged period of time. This also involves making sure that the factors of production in the business are constantly taken care of. This results in the creation of a stimulus that will result in the business performing at its optimum level (Wheelen & Hunger, 2010).

There are indicators that are in place to measure the economic sustainability of a business, for example, the monetary gains generated in a particular timeframe. According to Tatum (2018), businesses exist to make a profit and the success of any business depends on the business ability to generate financial value (return on investment). Therefore, ensuring continued financial gain is paramount in a sustainable business, hence, the business lifecycle is determined by its ability to endure multiple market challenges and remain on top. Businesses cannot warrant sustainability if they fail to settle their debts, maintain their production processes, and most importantly recompense their shareholders. Hence, the economic pillar of sustainable business is critical in ensuring that the business remains competitive in the market for a longer period of time (Bhengu, 2020).

Economic sustainability often involves two aspects. These are proper risk management and decent strategic planning. Any business must have an effective risk management plan. The timeous identification of risk issues that may disrupt the sustainability of the business is crucial (Hopkin, 2018). Another important aspect of economic sustainability is strategic planning, as businesses without a proper strategic plan are bound to fail. The strategic plan of any sustainable business comprises a well-established mission statement, vision, and long-term business objectives that will ensure a clear direction of where their business is going. Customers are more attracted to a business when it has a clear business vision set, hence, inculcating confidence in all business stakeholders (Bhengu, 2020).

2.4.1.3. Environmental sustainability

Environmental sustainability refers to the businesses' engagement in practices that preserve the natural (environmental) resources for the current as well as future generations (Arowoshegbe & Emmanuel, 2016). This entails enterprises avoiding commercial practices that will compromise the natural environment (Emas, 2015). Furthermore, it includes businesses using natural resources efficiently, reducing carbon footprint as well as reducing commercial waste (Goel, 2010). A study by Goel (2010) discovered that during unfavourable economic conditions, businesses embracing responsible practices towards the environment and the general society stand better chances of survival compared to the contrary.

According to Cohen and Winn (2007), throughout the years, commercial activities have heavily contributed towards environmental degradation. This results in the rise of environmental problems such as greenhouse effects, carbon emissions, unprecedented amounts of waste, pollution, agricultural concerns, deforestation, ocean acidification, etc. For this reason, a global consensus was arrived at and suggestions for a sustainable future were made. The main suggestion was that businesses should be accountable for all environmental issues and aid in their eradication. These changes implemented carefully to ensure global sustainability, for the current population and future generations (Mezinska *et al.*, 2015).

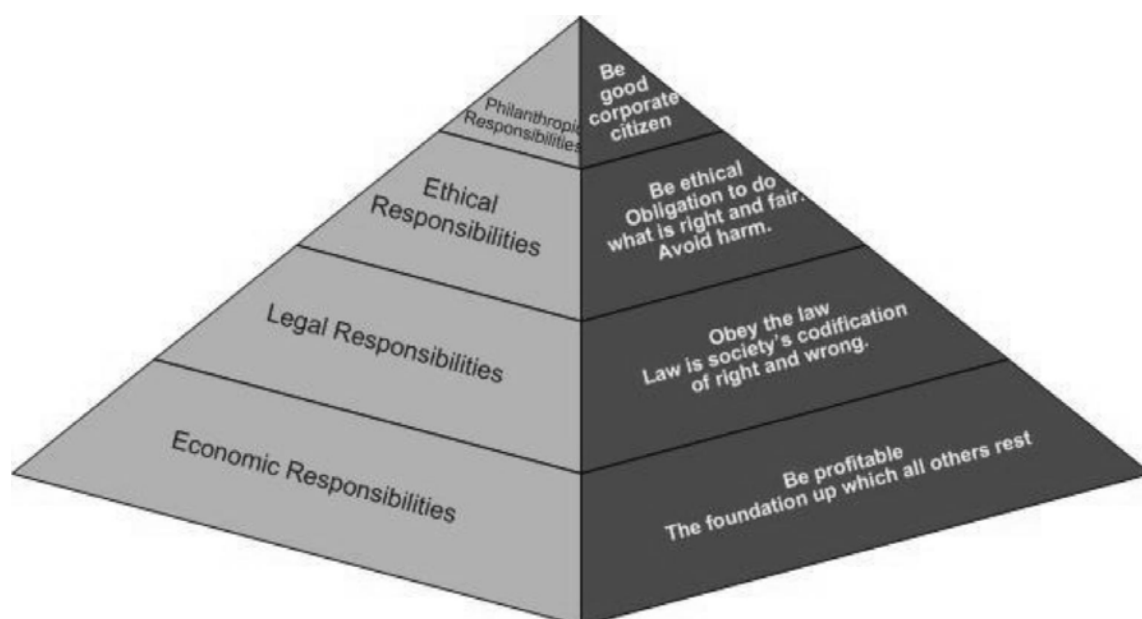
In this day and age, the onus is upon SMEs to find equitable ways to strike a balance between responsible business practices and their economic intents. According to Ramlal (2020), businesses now should aim at being green and economically prosperous. It has also been noted that businesses of the 21st century have adopted to champion the initiative of becoming more responsible and sustainable. The businesses' main objectives have shifted from focusing on only maximising profits but have incorporated the focus on society as well as important environmental issues. This is because of the increase in awareness, businesses have long started to restructure their business models to adopt a more responsible role in society in order to combat the social, environmental, and economic issues. The adoption of responsible and sustainable commercial practices is not only a trend but also an obligation, for most present-day businesspersons (Ramlal, 2020).

2.4.1.4. Ethical responsibility

Ethical responsibility refers to actions that are considered acceptable by members of the community even though they are not written down as laws (Carroll and Shabana, 2010). Ethical responsibility means that businesses should refrain activities that are considered immoral or

unethical in society (Carroll, 1991). The normative expectations of most societies hold that laws are essential but not sufficient. In addition to what is required by laws and regulations, society expects businesses to operate and conduct their dealings in an ethical fashion (Carroll, 2016). Carroll (2016:3) argued that “taking on ethical responsibilities implies that organisations will embrace activities, norms, standards and practices that even though they are not codified into law, are expected, nonetheless.” Ethical responsibility of businesses refers to respecting morals of society and maintaining their corporate integrity. Sometimes, it is difficult to determine ethical expectations as some ethical issues are defined by the culture of a certain society. This makes it difficult to regulate what is ethical from one society to the other. Even so, businesses are expected to look for what is acceptable to society and as stipulated by government ethical codes (Hlatywayo, 2017). The Carroll’s CSR pyramid illustrates the hierarchy of business responsibilities in figure 2.3 below:

[Figure 2.3: Carroll's CSR pyramid](#)



Source: Carroll (2016); Chazireni (2017:22).

According to Carroll (2016), ethical responsibilities encompasses activities, standards, policies, and practices that are expected or prohibited by society even though they are not codified into law. The goal of these expectations is that businesses will be responsible for and responsive to the full range of norms, standards, values, principles, and expectations that reflect and honour what consumers, employees, owners and the community regard as consistent with

respect to the protection of stakeholders' moral rights (Carroll, 2016). According to Carroll (2016), the following are primary expectations from ethically responsible businesses:

- Performing in a manner consistent with expectations of societal norms.
- Recognising and respecting new or evolving ethical/moral norms adopted by society.
- Preventing ethical norms from being compromised in order to achieve business goals.

Every business operating within a society should comply with the laws governing that society. Carroll (2016:3) stated that “society has not only sanctioned businesses as economic entities, but it has also established the minimal ground rules under which businesses are expected to operate and function. These ground rules include laws and regulations and in effect reflect society's view of “codified ethics” in that they articulate fundamental notions of fair business practices as established by lawmakers at federal, state and local levels.” Businesses are expected and required to comply with these laws and regulations as a condition of operating (Zulu, 2020).

2.5. Responsible and sustainable business engagements

In spite of all the contributions that South African SMEs make towards sustainable economic growth and development (Indemudia, 2014), though, it is not enough as most of these enterprises neglect the ever-increasing responsibility to contribute to the alleviation of social and environmental concerns. This is because the subject of responsibility and sustainability in South African small businesses has been a complexity over the years and it has become a controversial topic for both scholars and stakeholders in the small business sector.

Even though numerous large enterprises are already engaged, as well as developing advanced initiatives that address social and environmental ills. But then again, even in this present day, the idea of integrating responsible and sustainable practices in businesses operations is still being regarded as something that applies to large enterprises. The concept of responsibility in business endeavours is still very unfamiliar to most enterprises in the small business sector. Even those who have knowledge of it do not want to fully accept the reality of it or even understand what it means to incorporate such practices in their operations (Laasch & Conaway, 2016). Table 2.2 below presents some of the responsible and sustainable business practices that most enterprises employ:

Table 2. 2: Responsible and sustainable business practices

Responsible and sustainable business:	Provide goods, services, and livelihoods on a commercial basis to people living at the base of the economic pyramid. They also help disadvantaged communities to overcome issues such as limited access to basic needs and necessary facilities for human development.
	Use commercially viable business models that benefit low-income communities by including them in the business's value chain on the demand side as clients and consumers and/or on the supply side as producers, entrepreneurs or employees, in a sustainable manner.
	Build bridges between them and disadvantaged communities for reciprocal benefit. Business benefits go beyond immediate profits and higher incomes. They continue to include driving innovation, building markets, and strengthening sustainable value chains. The benefits for the poor and disadvantaged include access to essential goods and services, higher productivity, more sustainable earnings, and greater empowerment.
	Are not exactly as corporate philanthropy or corporate social responsibility businesses, which have inherent limitations of scope, impact, and budget. Rather, they search for sustainable business models that do well by doing good, and which are part of the business's core business activities. For example, including consumer benefits, top and bottom-line growth, improved health and well-being of the workforce, reduced environmental impacts, and enhanced livelihoods

Source: The United Nations Conference on Trade and Development (2019:03).

According to Hlatywayo (2015), there are factors that contribute to the low engagement and appreciation of sustainability practices among SMEs in developing countries, for example, lack of resources, the issue of competing priorities of owner/managers (profit and growth prioritised over environment and human capital), business systems not up to managing the task, organisational culture not open to new ideas and innovation, lack of government support, little acknowledgement of the sustainability issues and not being able to form partnerships with civil society to address ethical, social and environmental issues.

It is evident that short-term survival and day-to-day operational approach is the most common way of business in South African SMEs (Chazireni, 2017). Long-term planning and goal setting are sometimes not of paramount importance, and as a result, little or no time and resources are directed to long-term concerns such as coming up with strategies to overcome social and environmental concerns. “Realising the importance of SMEs in contributing to sustainability, pioneering researchers have called for more attention to be paid to this large and diverse group. In response to the clear recommendations for filling this significant research gap, some studies were eventually carried out” (Ntinga, 2019:35). The current literature on business responsibility and sustainability has been constituted over the years, however, the majority of business research is highly focused on large businesses. Nguyen (2016), argues that large businesses are much more responsible because they possess the needed resources and capabilities of implementing these practices.

However, in the past couple of years, there has been an emergent focus by policymakers as well as scholars on SMEs’ responsibility towards society, the environment, and global sustainability (Carbone, Moatti, & Vinzi, 2012). According to Laasch and Conaway (2016), studies of social and environmental sustainability have been conducted on SMEs in developed regions of the world. Thus resulting in the rising need for such studies in the world’s developing countries such as South Africa. Furthermore, such inquiries have brought about an increased pressure on SMEs to be considerate of the wider impact of their commercial activities.

Idemudia (2014), ascertains that with the studies that have been conducted, it is conclusively evident that in terms of dealing with social and environmental issues, SMEs are more reactive than proactive. Responsible business practices that ensure sustainability are not just about an organisation’s responsibility to support the environment. The benefits of responsible business practices extend well beyond what most businesses think (SunPower Business Broadcast, 2018). Painter-Morland, Demuijnck, and Ornati (2017:23) enunciated that, “notable efforts to embody an ethical perspective within business practices are seen in recent attempts to rethink business models and to develop hybrid organisations such as social enterprises, and collaborations that are more likely to balance economic, social and environmental needs”. The main objective of pushing SMEs to engage in responsible and sustainable business practices is to channel businesses into focusing on responsible, sustainable as well as ethical business models that are considerate of the society and the environment.

Over the years, researchers have put a huge emphasis on the fact that the ‘principles of sustainability in businesses are an integral part of the value creation process. Consolidating morality and entrepreneurial values is crucial in the course of establishing a sound relationship with stakeholders (Kurowska-Pysz & Gregor, 2014; Jabłonski, 2015). Szczepańska-Woszczyna and Kurowska-Pysz (2016:58) emphasise, “the identification of instruments facilitating a sustainable business model in businesses represents a huge potential for the transfer towards a sustainable economy”. In the acceleration of sustainable development, the significance of a mutually dependent relationship between businesses and the society is accentuated. Subsequently, businesses develop ways to improve their affiliations with the actors in the value chain, these include customers, the government, non-governmental organisations (NGOs) and scholars. Small businesses’ joint success in the implementation of responsible and sustainable practices is dependent on the value of its stakeholder interactions.

Most businesses play a crucial role in society by providing specific values to communities, and not just operating to generate profit. The mission statement of most businesses present how they intend to play a role in uplifting their surrounding communities. Szczepańska-Woszczyna and Kurowska-Pysz, (2016:58-59), asserts that, “It is a peculiar declaration of an organisation’s identity as well as both for its employees and stakeholders outside the organisation. Businesses are responsible for its effective enforcement by means of operating activities. Therefore, it is essential to translate the selected values into a set of competencies characterising a given company (e.g. creativity, responsibility, flexibility, customer orientation) as well as to inspire employees to follow these values.”

South African SMEs are showing major interest in the adoption of responsible and sustainable business practices. If successfully adopted this will not only benefit businesses and stakeholders but the natural environment as well. Evidence has since been ambiguous in whether these businesses are or are not engaging in such practices. This is an indication that research in the subject matter is lacking. Prior studies seem to focus little on SMEs’ adoption as well as the implementation of responsible business practices (Jabłonski, 2015; Emas, 2015; Chazireni, 2017). The general absence of research on responsible and sustainable management practices by SMEs increases important questions of whether SMEs in South Africa are embracing social and environmental issues. The need for the adoption and implementation of responsible business practices by SMEs has over the years increased (Jabłonski, 2015). This is a result of the growing demand by stakeholders that are conscious of the preservation of the environment and assisting in maintaining the well-being of the society. SME’s joint

engagement will result in the small business sector actively contributing to sustainable development, not only locally but also globally. This will concurrently, contribute positively to the global sustainable development initiative (Laasch & Conaway, 2016).

2.6. **The classification of responsible business practices**

The concept of responsibility in business is synonymous with giving back to society and taking care of their surrounding environment, as well as realising their monetary objectives (Chaziremi, 2017). Then again, there is a multiplicity of responsible and sustainable approaches and practices that exist in the business environment. These practices include acts of citizenship by the organisation which covers social, environmental, and economic domains (Laasch & Conaway, 2016). This section explores the three broader categories, namely: society-oriented activities, market-oriented activities, and environment-oriented business activities.

Table 2. 3: Overview of society, market, environment-oriented responsible and sustainable business activities

Category	Description of activities
Society-orientated responsible business activities	These activities are basically about cementing a strong relationship between businesses and the society that they operate in. They involve social and/or labour market assimilation at the community level and the development of important communal infrastructure.
Market-orientated responsible business activities	These activities are related to the business fighting for competitive advantage, they entail activities that improve the quality of its products, ethical business practices, and responsible production.
Environment-orientated responsible business activities	These activities include businesses designing responsible and sustainable business models that will be on par with sustainability policies. These models aim at championing environmentally friendly products, ethical production processes, reduction of waste, eliminating pollution, and the efficient use of natural resources.

Source: Turyakira, Venter & Smith (2012:06).

2.6.1. Society-oriented responsible business activities

Society-oriented business activities can be categorised as those activities that support social and cultural community endeavours. Such activities include, but are not limited to, businesses supporting community health and wellness programmes, offering financial as well as non-financial educational assistance, sports activities, cultural celebrations, and assisting low-income groups with secure job opportunities (Turyakira, *et al.*, 2012). Society-oriented initiatives cement the relationship between communities and the business. The communities are part of the business and have an impact on the long-term survival of the business. A society-business relationship is based on the active collaboration of both business and community in addressing societal concerns, this may include dealing with issues such as human rights issues, offering job security to members of the community, and actively contributing to the general well-being of the community.

In order to continuously sustain the business-community relationship, the business should be a good neighbour. According to Polasek (2010: 140), “to become a good neighbour, a business can engage in such varied initiatives as providing financial and material support for local activities and projects and making the time and the professional knowledge of its employees available to the local community sporting, cultural and health/welfare activities are the most common community activities in developing countries.” It is evident that in most developing regions, especially African countries, businesses engage mostly in supporting health, sports, and cultural initiatives, as these are seen as the basic initiatives that any business can take part in. However, the list of social initiatives that businesses can engage in are endless, these can stretch further to financial, material donations, free business consulting, sharing know-how, building alliances with smaller local enterprises to deliver a symbiotic livelihood for the community, partnering with local educational institutions, authorities and various social organisations, etc. (Polasek, 2010).

There are a variety of gains that are a result of a successful relationship between businesses and the community. These benefits include the improvement of the business image and reputation, easier access to local resources, increase in the level of loyal employees as well as consumers, reduction in security costs (lower crime and vandalism), and many added novel prospects for the business (Brookes, Altinay & Ringham, 2014). According to (Polasek, 2010), most businesses contribute greatly to their surrounding communities, specifically by providing employment opportunities, funding community organisations, etc. This is because any business

success depends on the stability, health, and prosperity of local communities. The way society depicts businesses is quite a very important factor contributing to businesses long term survival. Society should not only see the business as a producer or an employer, but they should also see it as an important pillar of the community.

SMEs are of great benefit in curbing societal poverty and reducing the ever-rising unemployment rate in the country. This is with regards to the struggling economically active population between the ages of 18-35 years (Macwele, 2014). According to Chikwendu, Mutambara and Indermun (2015), SMEs help create a variety of employment and income opportunities for many disadvantaged societies. They not only donate part of their revenues, but also continuously strive to provide basic goods and services to the communities at reasonable prices. SMEs do not only contribute by creating employment and reducing income inequality, but they contribute to society through numerous significant roles. SMEs aid communities by identifying problems and providing solutions to the issues for the betterment of the community, for example, bringing supermarkets closer to the community to help the elderly avoid taking long trips out of town to make groceries.

2.6.2. Market-oriented responsible business activities

Market-oriented business activities are categorised by the relationship the businesses have with their immediate stakeholders (suppliers, customers, and competitors). These activities include concerns such as ethical business processes, responsible advertising, fair product pricing, etc. According to Polasek (2010), market-oriented activities have changed over the years, socially responsible businesses are now required to be fully transparent as well as to attain positive relations with their customers, suppliers, investors, and other business allies. He further argues that the capability of businesses to push forward and succeed in the long run depends on their ability to craft lasting and high-quality sales systems for their offerings.

Most market-oriented business practices are mainly focused on the marketplace and the customers of the organisation. The provision of correct and accurate information on goods and services, guaranteeing that the business follows proper moral standards (King code), fairly dealing with customers, suppliers and partners' dissatisfactions, sensible payment of liabilities, partnering with local businesses on social responsibility projects, and maintain respectable marketing (advertising standards). Precise market-orientated undertakings include overall moral commercial practices, responsible client relationships, responsibility for the manufactured goods, discourse with and inclusion of the customers of the enterprise in

important decisions on the work processes and products of the business, and use of product-cataloguing systems (Ali, Rehman, Yilmaz & Nazir, 2010).

Businesses engaging in market-related responsible activities have a lot to gain, as there is a list of endless benefits from such engagement. These said benefits include an upsurge in customer loyalty, remaining competitive in the market, becoming a socially recognised supplier and business ally, enriched business supply chain performance as well as an improved enterprise reputation (Ali *et al.*, 2010). According to the European Commission (2007), these above-mentioned responsible business initiatives have a positive influence on the fiscal performance of the business. However, this is not the only major reason why businesses are now integrating sustainable business practices in their business operations, nowadays, customers are savvy about such issues and they demand more ethical behaviour from every business.

Responsible and sustainable businesses gain, attract, and retain more customers than businesses that are still using traditional non-sustainable ways of doing business. This in turn guarantees a sustained long-term survival of the business. Ali *et al.*, (2010: 2), argue that, “businesses with sound market-orientated business activities develop a positive social identity and enjoy increased customer loyalty. Market-orientated CSR activities are also often associated with better financial performance of the business.”

2.6.3. Environment-oriented responsible business activities

The United Nations Conference on Trade and Development (2019) published a report, and it put much emphasis on businesses to make sure that proper measures are in place for sustaining the environment that businesses operate in, as well as preserving the planet’s natural ecology. Environment-oriented business activities are categorised as measures that businesses incorporate in their strategy in order to reduce the negative impacts of business operations on the natural environment. This also entails that businesses must develop and adopt more responsible and sustainable ways of production. Some of the major concerns that are related to businesses with regards to the environment of the issues of unsustainable resource consumption as well as the improper handling of pollution and waste (Rainey, 2010).

According to Polasek (2010), there are a variety of new opportunities for businesses that invest in minimising undesirable environmental effects. For example, an enterprise that is active in taking care of the natural environment stands a good chance of having prosperous relations with large enterprises and the public sector (tendering), as well as an improved chance of attracting environmentally conscious customers (environmentalist, etc.) Examples of

environment-oriented activities, include environmentally friendly manufacturing, environmentally-friendly practices of distribution and transportation, using recycled materials, energy and water-saving practices, waste reduction practices, protection of natural resources, compliance with policies and regulations, provision of accurate environmental information on products, services and activities, etc. Environmental-oriented business activities also put the business at an advantage of minimised business expenditure as a result of the efficient and effective use of energy and resources. Most businesses engage in responsible activities in order to improve their image and gain a good reputation, which is a good way of achieving long-term competitive advantage (Polasek, 2010).

It has been established that environment-orientated activities yield a positive outlook on the reputation of a business (Viviers, 2009). “It is also acknowledged that a positive relationship exists between embracing environment-orientated business activities and increased profitability. It has been empirically demonstrated that there is a positive relationship between environmental practices, customer loyalty, and performance of the business” (Viviers, 2009: 18). According to Viviers (2009), the reduction of costs, reduced resource use, opportunities for innovation, customer retention, brand loyalty as well positive employee morale are all related to the adoption of responsible environmental practices, which in turn leads to competitiveness and improved financial gains. This is because improvements in customer consummation leads to higher returns and reduce future costs due to improved customer loyalty.

2.7. Dynamics of sustainable businesses and business development

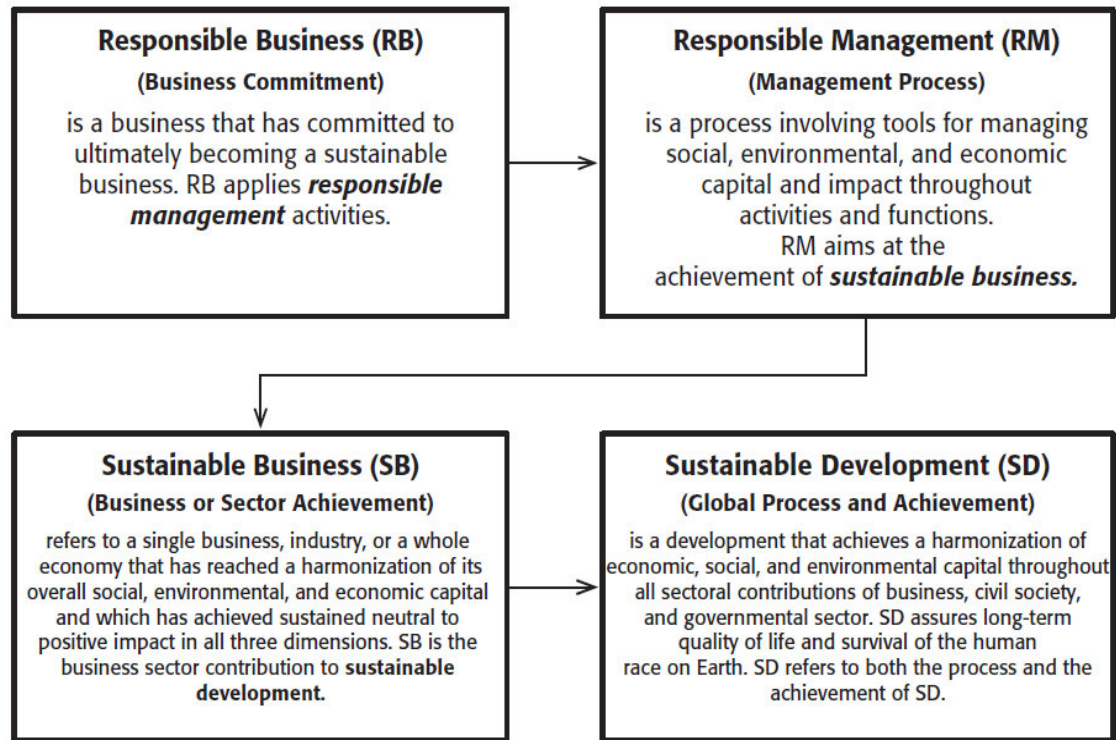
According to the United Nations Brundtland Commission (UNBC), sustainable development is an inclusive development that advocates satisfying the social, environmental, and social needs of the present-day generation without compromising the needs of future generations (Lacy *et al.*, 2010). The notion of sustainable business development entails businesses taking into account social and environmental concerns that are both related to the business and also its stakeholders. Sustainable business development is an application of sustainability doctrines to existing business operations. In this context, businesses do not need only to focus on monetary gain only but also focus on sustainable development of the business while concurrently, managing its operational activities (Ciasullo & Troisi, 2013).

According to Rainey (2010:59), “responsible businesses that embrace sustainability are an annexation of social, environmental, and economic trepidations in long and short-term strategic business decisions”. Rainey (2010) further asserts that responsible enterprises are to:

- develop a strategic long-term economic value,
- understand the negative impact that their commercial activities have on society as well as the environment, and work actively to lessen such effects,
- take good care of their workforce, customers, and the community in order to represent societal change, and
- fathom that these three aspects (economy, society, and the environment) are interconnected.

Sustainability is not a novel concept in corporate settings, it has been around for years. However, it is not fully explored in the small business sector. Traditionally, the idea of sustainability is generally understood as resilience however, recently, “sustainability is referred to as the company’s ability to continuously learn, adapt and develop, revitalise, reconstruct, and reorient to maintain a lasting and distinctive position in the market by offering buyers above-average value today and in the future (consistent with the paradigm of innovative growth) through organic variation constituting business models, and arising from the creation of new opportunities, objectives, and responses to them, while balancing the interests of different groups” (Rainey, 2010:60). As such, the sustainable business movement is a constituent of a broader drive towards achieving greater social and environmental responsibility, as well as a symbiotic effort to achieve sustainability. Although there are several perspectives of defining sustainability, the essence is related to the organic development of the business in a dynamic equilibrium with its external business environment and the natural environment (Rainey, 2010).

Figure 2.4: Flow diagram illuminating how the concepts of responsible and sustainable business, responsible management and sustainable development interact



Source: Laasch & Conaway (2016:36).

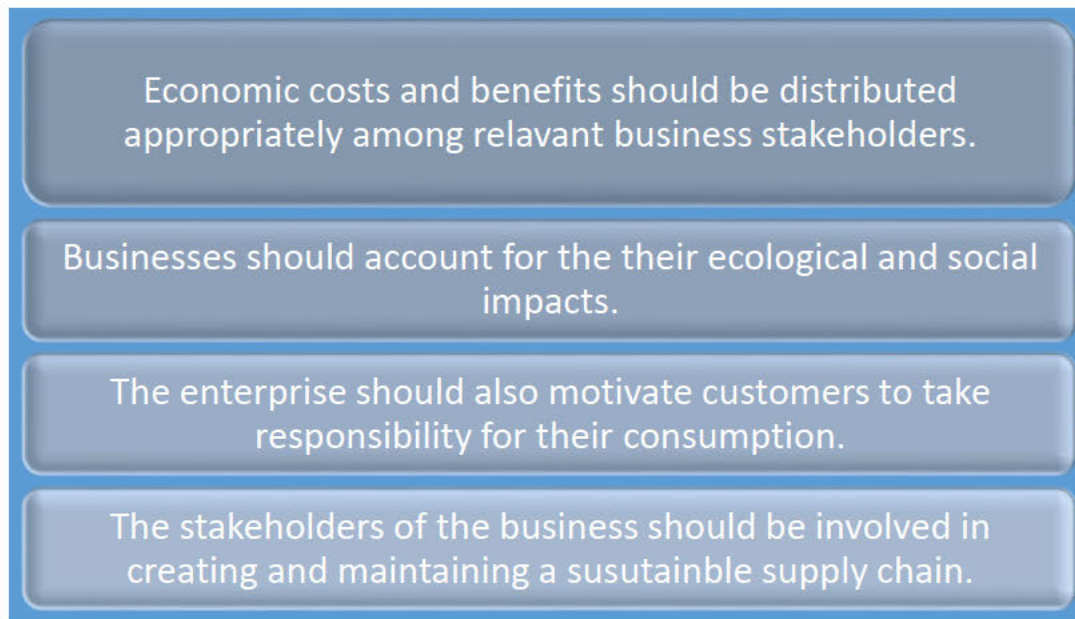
Figure 2.4 above represents the flow leading to the achievement of sustainable development. According to Laasch and Conaway (2016), responsible businesses take up a commitment, a pledge of becoming a sustainable business that accentuates the application of responsible business/management practices. Responsible businesses are in a process of involving tools for managing social, environmental, and economic aspects as part of their core functions and managing any negative impacts that arise. These endeavours undertaken lead responsible businesses to become sustainable and become what is known as sustainable businesses. Once the business has achieved the status of being called a sustainable business, it then becomes part of a larger movement that includes, other businesses, markets, industries, economies. All these actors are in a symbiotic relationship contributing to the harmonisation of the overall social, environmental, and economic capital. Then at this level of harmonisation, it is known as sustainable development, which is an all-inclusive development that achieves synchronisation of social, environmental, and economic capital throughout all spheres of the world (Laasch & Conaway, 2016).

2.8. The adoption of responsible and sustainable business models

Studies attempting to describe the conception and practice of sustainable business models have been growing considerably over the years. Capturing and creating value using traditional business models has been challenged as numerous sustainable and more innovative models have been developed across various sectors of business. Conversely, Gyula (2016: 62) asserts that “research describing the theoretical foundations of the field is scarce, and many questions remain.” Important social and environmental issues require new and innovative ways from all parties, current business practices are not sufficient to deal with such problems.

Radical transformation is necessary for practices such as pollution deterrence programmes, efficient waste management, environmental management systems, etc. Gyula (2016:62) asserts “advocates of sustainable development realised long ago the potential benefits of a number of new, innovative business models, for example, solutions offered by the sharing economy, industrial symbiosis, product-service systems, and social enterprises. But then again, a systematic analysis of their environmental and social performances is still lacking”. Sustainable business models in the modern business sphere can be very useful in providing a structure to early detect disruptive change in businesses operations and develop long-term value, as well as to provide opportunities for new forms of business governance (Schaltegger, Hansen & Lüdeke-Freund, 2016). According to Boons and Ludeke-Freund (2013), sustainable business models as market devices are increasingly becoming important in assisting businesses in dealing with hurdles that are a result of pre-historical mishaps and irresponsible business behaviour. Boons and Ludeke-Freund (2013) advocate for normative requirements that businesses ought to meet for them to successfully embrace and contribute to sustainable development. Some of these normative prerequisites are listed in figure 2.5 below:

Figure 2.5: Normative requirements for sustainable businesses



Sources: Boons & Ludeke-Freund (2013); Gyula (2016: 63).

According to Boons and Ludeke-Freund (2013), there are a number of diverse sustainability business models that can bring aid to societies and the ecological environment. These business models are clustered into business models that result in reducing the negative impact on the environment, business models that benefit social advancement, business models that cater for the low-income communities, business models that support innovative financing as well as business models that embrace the overall enterprise responsibility and sustainability. Depicted below in table 2.4 below are the five categories and business models in each cluster:

Table 2. 4: Five categories of sustainable business models

Cluster	Business model
1. Business models that result in reducing negative impact on the environment	<ul style="list-style-type: none"> ▪ Closed-Loop Production, ▪ the replacement of physical infrastructure with virtual services, ▪ produce on demand, ▪ re-materialization (using waste as raw material, creation of new products).
2. Business models that benefit social advancement:	<ul style="list-style-type: none"> ▪ using the profits earned from the sale of a product/ service to donate a similar product/service to those in need, ▪ cooperative ownership, ▪ inclusive sourcing (supporting the suppliers of products and services).
3. Business models that cater for the low income communities:	<ul style="list-style-type: none"> ▪ building new markets in innovative and socially responsible ways, ▪ differential pricing (charging more for those who can afford it to subsidize those who cannot), ▪ microfinancing to low income borrowers, ▪ microfranchising (to help the poor to start their own businesses).
4. Business models that support innovative financing:	<ul style="list-style-type: none"> • crowdfunding, • offering a free product and charging for premium services (freemium), • innovative product financing (leasing or renting instead of buying), • employing performance-based contracting, • subscription model.
5. Business models that embrace the overall enterprise responsibility and sustainability:	<ul style="list-style-type: none"> • alternative marketplace using a new type of transaction, • changing customer behaviour to reduce consumption, • product as a service, • shared resource/product.

Source: Boons & Ludeke-Freund (2013:47).

2.8.1. The significance and benefits of adopting responsible and sustainable business models

The world that we live in is faced with increasing social and ecological challenges, and this is a result of years of industrialised production. This has contributed so much in weakening the planet's ability to absorb the side effects of industrial production as well as to replenish its natural resources (Palazzo and Wentland, 2011). According to Igbinakhase (2017:181), "this leads corporations all over the world to start gravitating towards globally acknowledged business standards and in today's corporate environment responsible and sustainable management practices are becoming the standard as part of business practices." As the global business sector is changing, businesses are now changing and becoming increasingly competitive.

According to Alshehhi, Nobanee, and Khare (2018), pushing every to business to adopt a more sustainable approach, in the ultimate goal of ensuring a successful and sustainable future. Dyllick and Muff (2015) further proclaim that a true sustainable business shifts its perspective from seeking to minimise its negative impacts to understanding how it can create a significant positive impact in critical and relevant areas for society and the planet. A Business that is responsible pays close attention to the external environment within which it operates, and then asks itself what can be done to help overcome grave challenges that demand the resources and competencies the business has at its disposal. According to Machiba (2012), there are social environmental, and economic benefits of adopting sustainability-oriented business models. In table 2.5 below direct benefits such as reduced carbon footprints, greener markets as well as more efficient and effective use of resources, etc.

Table 2. 5: The sustainability benefits of various business models

Business model types	Core value propositions	Direct benefits		
		Economic	Social	Environmental
Green value-added products	Products with better performance	Savings and better performance for customers Profit for focal company and its suppliers	Green image	
Waste regeneration systems	Revenue from waste valorisation, alternative products	Revenue from waste valorisation, alternative products	Green image/ bio brand	Minimisation of the impact of waste
Renewable energy-based systems	Cheaper & cleaner energy	Cheaper energy for customers Profit for focal company	Green image	Minimisation of the reliance on fossil fuels
Efficiency optimisation by ICT	Economic savings due to more efficient management of resources	Profit for focal company		
Functional sales	More efficient services	Savings for customers	Convenience	
Innovative financing	Resource savings	Profit for focal company	Convenience	
Sustainable mobility systems	Flexibility, savings for customers	Savings for customers Profit for focal company	Flexibility	
Industrial symbiosis	Resource savings, higher efficiencies	Resource savings	Learning	Waste and emission reductions
Eco-cities	Improved quality of life, convenience	Green image	Improved quality of life	Improved environment

Source: Gyula (2016: 65).

The need for responsible and sustainable organisations is quite immense because the world is facing these challenges as a result of traditional mainstream corporate management practices. Most large companies contribute greatly to the development of the country's sustainability, however, according to Kuhlman and Farrington (2010), some businesses are still contributing to social and environmental problems. Nguyen (2016:18) states that "pursuing responsible and sustainable management makes firms more competitive and resilient. It allows firms to

purposefully and efficiently make use of their financial resources, labour capacity and raw materials”. More importantly, businesses have a lot to gain by adopting responsible management practices, as this advances their financial gain through societal recognition. Sustainability practices are very important in aiding the decision-making process in terms of responding to social and environmental concerns. This includes the ability to monitor all business operations and being able to exclude those operations that result in negative connotations to society and the environment (Nguyen, 2016).

2.9. Value of environmental sustainability

In a world that is suffering from a lot of environmental ills, such as global warming, greenhouse effects, soil degradation, resource depletion, and so on, preserving and taking care of the environment is quite an important thing to do. According to the Association of Chartered Certified Accountants (2012:1), “the importance of environmental sustainability is being recognised by mainstream business practices in many sectors. Challenges relating to resource depletion and the production of greenhouse gases are attracting increasing attention owing not least to regulatory, supply chain, reputational and consumer pressure”. Even though there is evidence of some mindfulness and good environmental practice in some SMEs, this segment of the business community remains notoriously difficult to influence. Given that the huge number of private enterprises are small and medium-sized and that they are responsible for well over half the environmental issues, we cannot afford to neglect their practices (ACCA, 2012).

In the past, the notion of sustainability was very limited in scope. It was solely focused on environmental sustainability, paying no regard to the other pillars of the TBL. Since the beginning of the 21st century brought upon an increase in the realisation that the environment is important, and it does not mean a burden on businesses but also a source of competitive advantage (Petts, Herd, Gerrard & Horne, 1999). Environmental responsibility in SMEs as well as businesses in general means ensuring that their business strategies are based on developing and using technological equipment that does not harm the environment and society. The overall means of production must not endanger the environment, but promote sustainability, for example, the process of re-materialisation of raw materials (using waste as raw material to create new products). Environmental sustainability from businesses is only eminent if businesses refrain from harming the natural environment in the name of financial gain or

economic development. In essence, the environment is precious, and it needs to be taken care of, not just for the current generation but for future generations as well (Mkhize, 2010).

In this day and age, businesses have a regulatory obligation of engaging in business practices that protects society and the environment. This should be done while ensuring that the lifespan of the business is prolonged. According to Freemantle (2008), people have been, over the years, sacrificing their natural environment for personal gain. Consequences have long ago impacted the daily lives of many people in the world. For example, issues such as pollution, climate change, global warming, excessive waste, natural resource depletion, deforestation, shrinkage of agricultural yields, etc. (Mkhize, 2010). These issues will be further discussed in-depth below and clearly outline how do these issues affect businesses small, medium and large, as well as the society, and the economy.

According to Roe, Kevin and Sandbrook (2009: 04) “in the year 2020, the population of Southern Africa will double, entailing a growing need for land and agricultural products which must be satisfied by exploiting the natural resources in the best way possible” That is why businesses are encouraged to engage in responsible natural resource consumption. Responsible consumption is categorised by the selection of sustainable production alternatives by businesses. This entails the application of moral and ethical approaches to the entire business operations. Making sure that resources are used efficiently and effectively by adopting renewable energy sources and moving away from traditional unsustainable (resource depleting) forms of doing business. This further requires that businesses not only solve the problem internally but also go about convincing consumers to make necessary lifestyle changes that will promote sustainability (Painter-Morland, *et al.*, 2018).

2.10. Factors driving responsibility and sustainability in SMEs

In this day and age, businesses have a moral obligation to attend to issues pertaining society and the environment. Every industry, sector, and enterprise is now advocating for a more sustainable future. Sustainability has been an increasing topic of debate in the small business sector. SMEs are enterprises that deal with continuous changes in customer needs, so from a sustainability point of view, it is quite important that SMEs continuously improve the way they conduct business (Okuboyejo, 2013).

Businesses have an ever-growing obligation to develop responsible and sustainable means of improving production, logistics, supplier relations, and productivity in all aspects of the business (Okuboyejo, 2013). Okuboyejo (2013:18) further ascertains that, “SMEs have

relatively informal organisational structures and are often managed by owners, as a result personal choices and attitudes could greatly affect socially responsible behaviour”.

Motivations for positive business behaviour of most businesses are a result of the motives and ethical values of the owner (Parisi & Maraghini, 2010). “This factor has been the subject of most environmental sustainability and small business studies in the last decade. Studies have argued that the values and attitudes of owner/managers are highly influential factors in determining whether SMEs embrace environmental good practice” (Cordano, Marshall & Silverman, 2010:66). While corporate responsibility has substantial benefits in communities, it is also beneficial for business owners (Turyakira, Venter & Smith, 2012).

However, most sustainability studies have presented substantial evidence over the years that legislation and regulatory compliance is an important aspect that influences businesses to give up their traditional ways of business and engage in socially and environmentally friendly practices (Kehbila, Ertel & Brent, 2009). However, Wilson, Williams and Kemp (2012) have discovered that the impact of environmental legislation on SMEs is exaggerated, meaning that businesses engage in such activities to meet the bare minimum standards. This raises questions about whether businesses engage in responsible and sustainable activities voluntarily, or it is just something that needs to get over and done with (Dief & Font, 2010).

The stakeholders of any business play a vital role in its success or failure. Therefore, enterprises should take their stakeholders very seriously and keep their relationships as healthy as possible. In terms of sustainability, businesses get a substantial amount of pressure from their stakeholders (customers, supply chain, regulatory agencies, special interest groups, etc.). Stakeholders are the pillars of the organisation, and pressure that arises from them has been said to be a huge driver of responsible behaviour from many enterprises (Kehbila *et al.*, 2009). Murillo and Lozano (2006) further cement this argument by establishing that, responsible practices in SMEs are not just a matter of the owner/manager's moral principles, but also result from pressure from stakeholders, particularly customers. As, it has been evident that consumers are the key stakeholders driving the adoption of environmental management systems within SMEs, and have influence far beyond any other stakeholder.

2.11. Benefits of SMEs engaging in responsible and sustainable business

behaviour

The increase in consumer consciousness of business responsibility towards the society and environment has also led to the increase in consumers supporting businesses that bring value to their communities. According to a study by Turyakira *et al.* (2012), most customers polled across different countries said they were willing to pay a higher price for goods sold by socially responsible businesses. Businesses benefit from partnering with communities, which is the most important thing that customers value. For example, an outdoor sports and recreation store that donates a percentage of its revenue to wildlife and forest preservation is not only remaining true to its brand, but it is helping solve a global issue that is likely a priority for its consumer base. There are benefits associated with businesses becoming socially and environmentally responsible tend to. Below is a detailed discussion of some of these benefits:

2.11.1. Favourable financial returns and increased competitiveness

Every business's main objective is to generate revenue and to ensure shareholders realise the return on their investment. It is undeniable that the business focus on social and environmental endeavours can come at a cost, however, studies have shown that these initiatives can also be favourable on a business' bottom line. Additionally, the business' own responsible choices can also lead to its sustainability. For example, if a company switches from paper reporting to a fully digital reporting system, thus reducing the use of paper which is made up of scarce resources (trees) and which is costly to the business. This results in businesses reducing their negative impact on the environment (reduction of the use of scarce natural resources), concurrently achieving reduced administrative costs (Turyakira *et al.*, 2012).

At times, businesses corporate responsibility and sustainability efforts can guarantee their future survival. For example, farming and fishing firms that rely on natural resources can adopt more sustainable practices that would not destroy the land or exhaust the aquatic life population. This change is not only good for the environment but is also a valued investment that sets the groundwork for the business to successfully operate for years to come. This proves that businesses can benefit from doing good, more specifically, if businesses embrace the broader viewpoint of serving all business stakeholders, not just only shareholders (Turyakira *et al.*, 2012).

Smerecnik and Andersen (2011) state that according to recent studies, it has been identified that financial and economic gains are the main drivers of environmental sustainability in SMEs. Parry (2012) at the same time argues that this remains a vague argument as it is unclear that financial benefits are the real drivers of responsible and sustainable practices adoption. This is because environmental sustainability enthusiastic entrepreneurs have considerably little interest in economic success as they show a high level of concern for the natural environment. According to Mandl and Dorr (2007), the competitive advantage which is derived from engaging in responsible and sustainable initiatives leads businesses to higher levels of competitiveness which concurrently leads to an increase in market share, sales volumes as well as an increase in total revenue.

2.11.2. Improved business reputation

Good business reputation generally rises when customers and businesses work together to address social and environmental issues. For example, companies such as TOMS Shoes that donate a product to needy communities for every product that is purchased by customers (Lindstrom, 2018). This symbiotic relationship between a customer purchase and a charitable donation results in greater motivation for customers to bond with the brand, develop loyalty and spend their money knowing that they are contributing to something good. A good business reputation is beneficial and plays an important role in the enterprise's success. A good business reputation can ensure businesses long-term survival, financial stability, and acceptance in the community (Lindstrom, 2018). "Today, businesses increasingly measure their assets in terms of intangibles, such as knowledge, brand visibility, and customer loyalty. It is not what a business makes or does anymore, but how it is perceived, that matters" (Money and Gardiner, 2005: 2).

Well-known businesses which are reputable, trustworthy, reliable, and responsible can gain enhanced competitiveness in the small business sector, hence it is evident that business reputation is a significant measure of business success (Hlatywayo, 2015). It is also one of the most important strategic and valuable assets a business can have in its arsenal. According to Shamma and Hassan (2009), academics and business people have over the years come to an agreement that a good business reputation is the ultimate corporate asset that most businesses make every effort to attain. Business reputation is however very hard to quantify. According to the Fortune Magazine (2019), businesses can broadly measure their reputation using key

indicators such as the business: financial standing, management quality, quality of products, social and environmental responsibility.

Managers and most business owners perceive a progressive connection between the performance of a business and its public image. Furthermore, Omar, Williams and Lingelbach (2009) asserts that a good business reputation is an indicator of a good relationship between the business and its stakeholders, specifically its customers. According to Weber (2008), theoretical and empirical studies have established a positive correlation between social responsibility and enterprise competitiveness. According to a study in the United Kingdom (UK), SMEs that are engaging in responsible and sustainable business behaviour have seen a significant enhancement in their business reputation, brand image and an increased market share (Turyakira *et al.*, 2012: 108). “Empirical findings highlight vision and leadership, emotional appeal, and social and environmental responsibility as the important elements that businesses need to focus on as their reputation progresses. These elements are at the highest level of business reputation and represent an important source of long-term sustainability and competitive advantage” (Shamma & Hassan, 2009: 16).

Studies indicate that high-performance businesses have a better chance of sustaining their performance over a long period, as they have a better reputation. These research findings complement prevailing studies on an established strong relationship between business reputation and financial performance (Turyakira *et al.*, 2012). According to Turyakira *et al.*, (2012:109), “enhancement of the reputation of a business, in turn, makes it easier for it to sustain superior performance. The findings demonstrate empirically that a good business reputation is an important strategic asset that contributes to the sustainability of profits of that business. Hence, a good business reputation is an intangible asset that businesses use to create a competitive advantage, by distinguishing themselves from others”.

2.11.3. Customer retention and market share growth

According to Turyakira *et al.* (2012), the most important element in sustaining a business is developing customer loyalty. The markets are a volatile and competitive environment, and most businesses survive these volatilities by retaining current enterprise customers. However, this will be highly impossible for businesses that do not have favourable customer appeal. That is why it is very important for businesses to sustain a positive relationship with their customers. For businesses to treat their customers fairly and show concern for their needs results in customers being loyal to the organisation and thus maintaining as well as gradually growing

the organisation's market share. Businesses that are sustainable and responsible possess the power of generating positive publicity. Most businesses get recognition and receive accolades for their citizenship. This is in addition to the positive media coverage and press. On the contrary, irresponsible businesses who refuse to adopt responsible behaviour and be accountable for their corporate actions, have trouble regenerating their brand image in the public (Turyakira *et al.*, 2012).

According to (Turyakira *et al.*, 2012) customer loyalty is practically defined as the ability of businesses to form and retain long-term relations with the enterprise' stakeholders who are deeply are committed to repurchasing a desired product or service consistently in the future, regardless of the situational influences that may arise. When businesses put the effort into building this long-term relationship with customers, it enhances the businesses' competitiveness in the market. This is a result of a snowball effect; loyal customers are likely to recommend a business to others if they believe that that business is good and cares about its customers, as well as the environment (Turyakira *et al.*, 2012).

A strong correlation exists between high customer loyalty and customer satisfaction, which means businesses tend to gain more loyal customers if their business operations are in-line with customer demands. Lee and Shin, (2010: 195) established "the measures of customer loyalty as intent to repurchase, resistance to switching to the product of a competitor that is superior to the product of the preferred vendor and willingness to recommend the product of the preferred vendor to friends and associates". This means that when a customer has the intent to acquire a product or service and recommends that particular product or service to others, that customer is very likely to stay with the business for a long period.

An empirical study by Brimpong (2008: 60) further cements this as it revealed that customers' loyalty towards the business is measured by the customer's willingness to repurchase a particular product or service and additionally, recommend the business to close friends. The retention of customers is the main thing that most business owners commend in the highly competitive business environment that most enterprises compete in. Businesses realise that the cost of finding new customers is more than the cost of retaining existing customers, and this has led to businesses focusing more on customer retention for their business success (Turyakira *et al.*, 2012).

2.11.4. Talent attraction and employee retention

Businesses ability to treat employees fairly and in a responsible manner is important in the attraction and retention of new talent. The development of working conditions, improved work-life balance, employee diversity, equal opportunities, employee training and development, employer-employee relationship and unbiased remuneration are all aspects of responsible businesses that tend to attract the best employees in the market (Aydin & Ceylan, 2008: 2).

Aydin and Ceylan, (2008) define employee contentment as the amalgamation of affective reactions to the distinct perceptions of what an employee wants to get, equated with what the employee actually receives. In that case, businesses should put effort into fulfilling the expectations of employees to realise employee satisfaction. A survey by Sirota Survey Intelligence (2007: 1) established “employees who are satisfied with the commitment of their business to social and environmental responsibilities are likely to be more positive, more engaged and more productive than those working for less responsible employers.” The attitude of employees in businesses that have strong social and environmental responsibility policies are more positive. Additionally, the psychological and emotional state of employees can affect the employee’s productivity and satisfaction. That is why it is important for businesses to develop a conducive working environment with positivity.

According to Turyakira *et al.*, (2012) employees work more willingly if their desires are fulfilled in the workplace and if they have a sense of purpose by working for an organisation that is responsible in the eyes of its stakeholders. This contributes greatly to the organisation’s ability to attract and retain good talent in the employee market, aiding in the improvement of key areas such as competitiveness, sense of direction, and integrity. Correspondingly, a research study by Tsai, Yu and Fu (2005) of the logistics industry in Taiwan, sanctions the positive connection between employee satisfaction and the competitive advantage of SMEs. SMEs can use paybacks to employees to increase the efficiency of employees, and, in turn, achieve a competitive advantage. Therefore, investment in benefits to employees offered by SMEs signifies not only costs but also profits.

Customers are not the only people that are attracted to the business when it commits to sustainability. Talented industry professionals with extensive experience and skills are also drawn to the organisation based on its core values. These talented individuals seek out businesses with values that are aligned with theirs before considering working with that particular business (Turyakira *et al.*, 2012). Furthermore, if a business is known to be

concerned about social and environmental issues, it has a better chance of attracting new talent and retaining it as well. Some businesses even give the opportunity for employees to make decisions on which responsible initiative that the business should engage in. This gives the company employees the direct satisfaction of having the ability to have a say in what is going on, in and around the business. A better sense of investment in the business is achieved as well. Another major way corporate responsibility leads to greater employee satisfaction is during team or company-wide service outings. These opportunities allow employees to take a break from the office and hone different skill sets (Turyakira *et al.*, 2012).

2.12. Perceived challenges faced by SMEs in the adoption of responsible and sustainable business practices

SMEs are generally less accountable for their social and environmental impact compared to larger companies. Research by Merritt (1998) and Karvonen (2000), positively, maintains that SMEs' owners/managers are conscious of social and environmental issues. However, these positive perceptions are not always converted into actual business strategies that will benefit society and preserve the natural environment (Chazireni, 2017). Revell and Rutherford (2003) outline that SMEs traditionally feel they have little or no obligation to solve environmental and social problems. These arise from the following notions:

- “Small businesses ecological footprint is negligible”
- “That the government should take the leading role in social support and environmental management”

According to Linh Chi Vo (2011), many SMEs are more compliance-driven in terms of environmental issues. Empirical research has backed up this claim, suggesting that the key motivating reason for adopting sustainable practices is because of governmental legislation. However, (De Gobbi, 2011), argued that the key motivator was the potential to save money and remain competitive, rather than the legislative compliance as most SMEs seemed to be ‘vulnerable compliant’. In addition, supply chain pressure is proposed as another dominant factor behind the implementation of environmental management among SMEs (Yu and Bell, 2007).

In their defense, small businesses outline financial constraints as well as lack of time and qualified employees as the main reasons for the slow implementation of sustainable practices

(Vasilenko & Arbačiauskas, 2012). Even though, SMEs are the biggest contributors to the economy as well as the country's GDP. Linh Chi Vo (2011:01) argued that SMEs' unique characteristics make it far from applicable for them to employ such theories and practices of large corporations.

According to Bradford and Fraser (2008), many SMEs have difficulties in aligning their businesses activities with the triple bottom line. Most environmental and social efforts that SMEs may arise from the owner's discretion (De Gobbi, 2011). SMEs are more reactive than proactive in terms of addressing social and environmental issues. According to Hobbs (2000), in the case of many small businesses, compliance itself comes at a cost and voluntary practices not resulting in any direct business benefit may be ignored. It is emphasised by Hill, Jones and Schilling (2014) that the principles of sustainability are an indispensable part of the process of value creation. Moreover, centralising and combining ethical values and entrepreneurial values is a challenge (Hill *et al.*, 2014). SMEs' interaction with society is quite crucial in the sustainability and development of businesses.

According to Hlatywayo (2015), there are numerous challenges that affect SMEs and most businesses in realising their potential and possible contribution to a responsible and sustainable future. The issue with social and economic sustainability cannot be disregarded as a concept that works independently. It needs to work in accordance with the business's main goals, vision, mission, and values to provide managers and stakeholders with guidance on how they should act (Ntuli, 2019). There are several challenges that businesses might face when becoming responsible entities. These challenges are discussed in table 2.7 below:

Table 2. 6: Challenges SMEs face when becoming responsible businesses

Challenge	Explanation
Lack of understanding	<p>The lack of understanding in business managers also plays a crucial role in businesses becoming responsible. This is because SMEs' owners and managers largely influence organisational outcomes. This influence is interceded by managers' strategic choices that arise from cognitive biases as well as personal values and beliefs.</p> <p>Leadership is one of the key factors that enable sustainability. Own values of the managers are a key determinant of their activities and decisions taken related to the sustainable development of a company.</p> <p>It is evident that stimulation of employee awareness and development positively affects sustainable business development in SMEs.</p>
Financial constraints	<p>Financial obstacles followed by a lack of time and qualified personnel have been identified as the most significant in the development and implementation of sustainable social and economic initiatives.</p>
Integration issues	<p>SMEs have difficulties integrating the environmental aspects into their activities and environmental efforts made by SMEs are a matter of the owner's choice. It seems that SMEs tend to be more reactive than proactive in the environmental field. Above added costs and low awareness on the part of an owner, poor management skills and the lack of capacity to turn environmental improvements into business opportunities as well as the lack of skills to implement environmental improvements. Managers are especially responsible for integrating sustainability into a company's strategy.</p>

Conflicts of interest	An irreconcilable situation such as conflicts of interest occurs when one of the company authorities has other financial interests that might affect his basic leadership or conflict with the company's set goals. For example, a board member of a solar company that owns a large amount of stock oil has a conflict of interest because, the board represents the advancement of clean energy, therefore the board has a personal financial stake in the oil industry's success. This causes conflict because of superiority in ownership of shares. When conflicts of interest occur, it degrades the trust of stakeholders and the public and makes the company exposed to litigation.
Governance standards	The state of CSR practices of developing countries is not adequately described by existing global models. The macro-environmental conditions, country-specific CSR policies, and contextual determinants influence their CSR practices. This is principal because of developing countries' ineffective use of the regulatory framework, a lack of government initiatives, etc., which deter small companies from incorporating global better practice models. In developing countries, most corporations view philanthropic engagement as their major CSR activity and are mostly engaged in profit maximisation. Other domains are largely ignored.

Sources: Vasilenko & Arbačiauskas (2012:58-59); Nulkar (2014:488); Szczepańska-Woszczyzna & Kurowska-Pysz (2016:61).

2.13. Business ethics and frameworks underpinning business responsibility and sustainability

Ethics in business focus on what is right and what is wrong. It focuses on the right and wrong decisions in a management or business context (Turykira *et al.*, 2012). Additionally, ethics in businesses are used to broadly understand, legitimise and conceptualise the moral status of business policies, programmes, and strategic plans. "Business ethics supports a concise reflection of what the business is doing, what it should or should not do and therefore builds the foundation for any subsequent business activity, from mainstream management to the

implementation of responsible business policies” (Crane & Matten, 2010:46). The issue is sometimes the concepts of ethics and morality are often used interchangeably, which is mistaken.

Morality and ethics are components that concurrently affect reasoning and decision-making. “Ethics provides the tools for determining right from wrong in an ethical dilemma. Ethics is based on philosophical decision-making schemes, whilst morality is the application of these schemes to concrete situations” (Turykira *et al.*, 2012:118). “Although ethics in general deals with what is good or right in human interaction, business ethics focus on what is good and right in economic activity. In other words, it focuses on morally evaluating economic practices and activities” (Rossouw, Prozesky, Van Heerden & Van Zyl, 2008: 6). Business ethics is a set of conventional rules, principles, or standards of morality that guides conduct in particular situations and also in specific business activities and operations. According to Turykira *et al.* (2012), ethics in the business context is the ability for businesses to pay special consideration to moral judgements, practices, and commitments in strategic business decisions. The integration of values such as trust, honesty, transparency, and fairness into its strategic policies as well as decisions is all part of the businesses’ process of realising business ethics.

Business sustainability is represented by three overlapping spheres which put an emphasis on the fact that the environment is as important as the society and the society is also as important as the economy. Without a healthy environment, no business can survive and without society (employees and customers) the business is nothing and without profit, the business will not be able to survive also. To ensure this relationship is maintained, a regulatory framework that is constantly enforced is imperative. This is necessary to ensure a degree of compliance for business and also ensure that no business is left behind in the process (Bhengu, 2020).

Sustainability is a result of a balance between the three pillars namely: the environment, society, and the economy. This means that it is not entirely up to large businesses only to ensure that the three pillars of the TBL are balanced. This is a seed that needs to grow from the depths of the business sector from small to medium-sized businesses and up to large enterprises. Furthermore, the public sector and all relevant stakeholders also have the same obligation to maintain the strong balance of the pillars to ensure sustainability. Strategies at the business level need to be devised in order to ensure that the means of production that are used do not affect society and the environment. One of the major environmental challenges is climate change. This is a global issue and it is imperative that everyone needs to take part in addressing

it. There have been a number of initiatives that were developed in order to successfully derive solutions (Wheelen & Hunger, 2010).

This is the time for businesses to create and adopt business models that address environmental and social issues (Wheelen & Hunger, 2010). Since businesses in their entirety have the obligation of preserving the environment as most of the issues the world face is because of commercial activities (Bhengu, 2020). Proper strategies should be devised to combat local, regional as well as global social and environmental challenges. Responsible management is imperative in every business, regardless of its size or how insignificant their contributions are. “In 2011, South Africa hosted the United Nations Climate Change Conference that was known as COP 17, in which its main mandate was to deliberate on shaping environmental sustainability and in terms of holding countries accountable with regard to environmental regulations and ensuring that big corporations begin to devise scientific strategies that will eliminate environmental ills” (Bhengu, 2020: 22).

In South Africa, the National Environmental Management Act of (1998) and the National Water Act of (1998) are the keystones of guaranteeing that businesses preserve the environment. Additionally, many companies have adopted the International Standard Organisation (ISO) 14000, which inspires businesses to progress environmental management practices. However, these are not sufficient more especially for SMEs which have reported a rather low engagement rate, as these practices are said to be focused and enforced by large companies mainly. Government has an immense role to play in regulating the degradation of the natural environment by businesses (Bhengu, 2020).

The notion of businesses taking responsibility for their actions has been something that was ignored in the previous decades. The beginning of the 21st century brought upon an increase in the realisation that social responsibility and environmental sustainability are imperative. Even though traditionally this was most common in large businesses, this time SMEs were not excluded. This is because SMEs should also be accountable as they contribute their fair share in societal and environmental problems. Despite all the positive contributions that SMEs make to the country’s economic growth and development, concerns have been raised by scholars on SMEs’ level of engagement in eradicating social and environmental concerns. According to Burns (2016), the pressure over the years has mounted for businesses (regardless of their size or sector) to adopt a more socially and environmentally responsible role in society, i.e. engage in socially and environmentally beneficial initiatives. Radical transformation is necessary for

practices such as pollution deterrence programmes, efficient waste management, environmental management systems. In a world that is suffering from a lot of environmental ills, such as global warming, greenhouse effects, soil degradation, resource depletion, and so on, preserving and taking care of the environment is quite an important thing to do. Even though there is evidence of some mindfulness and good environmental practice in some SMEs, the small business sector remains notoriously difficult to influence. Given that the huge number of private enterprises are small and medium-sized and that they are responsible for well over half the environmental issues, we cannot afford to neglect their practices.

The study was inspired by the gap in the body of knowledge with regard to SMEs' responsible engagements. Furthermore, a limited concrete understanding of SMEs' contribution to addressing social and environmental issues is a problem that the researcher aimed at addressing by embarking on this study. The principal aim of this study is to explore the responsible and sustainable business practices in SMEs, more especially in metropolitan areas in developing countries, such as South Africa. This is ideal as SMEs in developing countries are different from those of developed countries. The lack of accountability of SMEs in developing regions may be because of their scope and magnitude. These were the assumptions that sparked a study aimed at understanding the perceptions of SMEs with regard to responsible and sustainable business practices in developing regions, as well as to understanding what are the challenges and opportunities that this brings. The literature presented that it is important for businesses that are responsible to have certain policies and guidelines in maintaining their sustainability standards, however, it is not clearly stated how these policies are implemented by small businesses as they are generally created with larger enterprises in mind. This gap also inspired the study to explore the policies and guidelines that SMEs follow, and to assess whether they engage in responsible acts as compliance or there are certain reasons behind.

2.14. Chapter summary

This section was a review of literature unpacking secondary data pacing through the concept of responsibility and sustainability (social and environmental responsibility) in connection with SMEs in South Africa. Further, making sense of key concepts, and also, establishing literature examinations by making use of recent as well as relevant key discussions, arguments, and debates. This chapter looked at SMEs in South Africa and around the world, examined corporate social responsibility, and introduced the concept of business social responsibility. Presented literature on responsible and sustainable business practices, as well as explicated the

significance of such practices in detail. Furthermore, it presented literature on factors driving sustainability, benefits as well as challenges of adopting responsible and sustainable business practices. The next chapter will focus on the theoretical framework underpinning this study.

CHAPTER THREE

THEORETICAL FRAMEWORK

3. Introduction

The previous chapter mainly presented a review of empirical literature on responsible and sustainable business practices in SMEs. The researcher used, amongst others, secondary sources such as journals, research articles, books and conference papers. This chapter will be presenting the theoretical framework which underpins this study. This chapter is will focus on the discussion of the stakeholder theory, stakeholder analysis, and the relevant approaches of the stakeholder theory.

3.1. Theoretical framework

In unpretentious terms, a theoretical framework is a map that will be used by the researcher to conduct the investigation. It also gives out how the researcher understands how pieces of the entire study fit together to give a synthesis of what is being investigated (Dine *et al.*, 2015). According to Creswell and Creswell (2017:48), a theoretical framework epitomises the investigator's synthesis of the literature on how to explain a phenomenon. A theoretical framework is also useful when it comes to charting out the actions required in the course of a study.

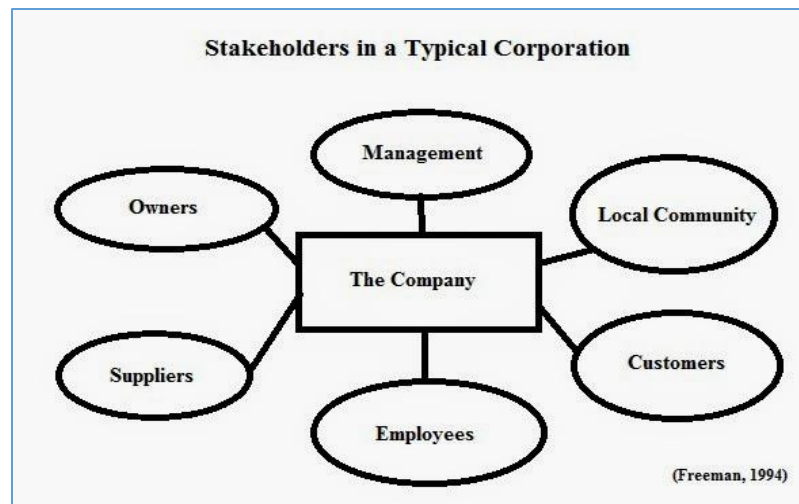
3.1.1. Stakeholder theory

The theory underpinning this study is the stakeholder theory by Edward Freeman. The theory was first developed in 1984 in the book called Stakeholder theory of Organisational Management and Business Ethics (Chazireni, 2017). In the theory, the author asserts that the basic principle of the theory is to form an understanding of in what way businesses work. The basic premise of the theory is that in order to warrant the success of a business, that particular business needs to achieve value creation for its stakeholders (Hlatywayo,2015).

Business stakeholders are all employees, customers, community, suppliers, financiers as well as all the parties affected by the success or failure of the business. Furthermore, the theory points out that the stakeholder theory cannot be executed in isolation, the theory is all-inclusive and aligns the business interests with its stakeholders. All in all, a business should show interest in social, environmental responsibility, ethical behaviour, and moral decision-making. This will benefit the company and at the same time satisfy the interests of the stakeholders. This

theory is intended to close the gap of how stakeholders should be treated in light of the King report and other corporate governance practices (Hlatywayo, 2015).

Figure 3. 1: Stakeholder theory



Source: Laasch & Conaway (2016:38).

This study is in line with the stakeholder theory as it aimed at examining all the relevant stakeholders that surround the small business sector. According to Stone (2014), stakeholders are a group of people that contribute to the value creation in an enterprise and are the enterprise's potential beneficiaries. Stakeholders include the firm's shareholders, creditors (including banks), employees, the community, environment; regulatory authorities, government, and so on. "These Stakeholders often gain substantially when the firm does well and suffer economic losses when the firm does poorly" Chazireni (2017:102).

3.2. Different approaches of the stakeholder theory

The stakeholder theory does not consider an organisation as a single entity, however, it views it as belonging to a much bigger social body. This means that firms have a fiduciary responsibility to ensure that the people, as well as the environmental surroundings, are not affected negatively by its business operations (Bhasin, 2018). This study will explore the three aspects of the stakeholder theory, namely: the descriptive, Instrumental and the normative approaches.

Table 3. 1: Approaches of the stakeholder theory

Descriptive approach	Focuses on the actions and features of the organisation, for example, the management processes.
Instrumental approach	Focuses on identifying links between the organisation and the stakeholder groups for achieving sustainable business development.
Normative approach	This approach focuses on the ethical framework that guides the functioning and decision-making of the organisation.

Source: Bhasin (2018:116).

Freeman *et al.* (2010), argues that stakeholders, more especially those who form part of the value chain, should be the main consideration in the decision-making of the business. According to the theory, there are many guiding doctrines in the value maximisation of stakeholders. Freeman *et al.* (2010) argue that stakeholders value maximisation focuses on two main questions:

1. Why does the firm exist?
2. To whom is management responsible for?

Freeman *et al.* (2010:5) further assert that “stakeholder value makes salient the idea that a strategy that transcends financial returns is not only relevant, but also critical to what it means to be a great business.” The stakeholder theory is against businesses acting in ways that are irresponsible in the face of stakeholders, as this limits businesses’ sustainability over time.

One of the main objectives of the theory is to maximise value by considering stakeholders in decision-making, as well as to constantly prioritise decisions that will advantage all shareholders.

There has been a debate over the years on whether or not the environment can be taken as one of the business stakeholders. The arguments of Driscoll and Starik (2004) suggested that indeed it should be. They further argue that even though it is not a value-chain stakeholder per se, however, its value to the organisation is quite immense and this forces businesses to acknowledge its significance. Contrary to prior models, the stakeholder theory broadens the notion of value maximisation’s scope. This places a challenge on businesses to develop a model of purpose that is fitting to the business.

This is because the notion of purpose in business has no generic model that fits every organisation, all businesses need to develop one that fits their operations and moral objectives (Bhasin, 2018). The stakeholder theory came and highlighted that businesses should not avoid the question of purpose. Sustainability thinking gives businesses the ability to take on a purpose while, concurrently, creating ample room for organisations to incorporate responsible and sustainable practices as part of their overall organisational tenacity.

The negative side of the theory is that its concentration on a broader view of purpose makes it almost difficult to develop a notion that ensures the business is sustainable. The emphasis is more on the process versus the outcomes, the focus on the stakeholder's interests and association is the main driver of value, this means that businesses need to make the process a priority alongside the business objectives. This is part of the shift that Freeman wanted to achieve, entailing businesses going past the focus on financial gains as the main objective of business thinking. Additionally, steering businesses to a future of understanding and engaging with stakeholders to create value for all (Chazireni, 2017). Any organisation should have strong processes and an action plan to engage with its key stakeholders, as businesses without these aspects tend to find it difficult to convince the public that it is stakeholder-oriented. Freeman *et al.*, (2010) argue that firms exist as vessels that create value for their stakeholders.

The stakeholder theory, unlike the Triple Bottom Line (TBL) approach, has no precise categories of value measurement. The value is rather emergent and is shaped by the main stakeholders. Both stakeholder theory and TBL are stakeholder-oriented, and both emerged from business-stakeholder interactions. These interactions are imperative for business-stakeholder relationships. The good news for those interested in sustainability is that, like the TBL, stakeholder theory legitimises a more complex picture of businesses, incorporating considerations of ethics and relationships with an array of stakeholders (Chazireni, 2017). To this degree, a wider perspective of value is supposed to develop a more active focus on sustainability as part of what businesses do on a daily basis. Furthermore, the focus on the significance of the notion of stakeholders as having legitimacy and that their needs have fundamental value on the organisation. Thus, not only are leaders encouraged to attend to stakeholders and advance their interests, but also to develop the capacity and habit of attending to stakeholders and being able to see things from their point of view (Hlatywayo, 2015).

This trait is vital for both stakeholders and businesses as this shapes the mindset to focus on innovative ways to avoid moral conflicts, concurrently, achieving win-win solutions that are

inclusive of every related party. The basic principle of the stakeholder theory is to align stakeholders' needs with the businesses' objectives, whilst creating value, making it more of a moral and ethical concept. According to Chazireni (2017:28), "regardless of a manager's success in enacting it, the stakeholder theory lends itself to the kind of mindset a manager would need to cultivate moral and ethical imagination". As an overall valuation, stakeholder theory draws a significantly different idea than that of the TBL. Similarly, both the Stakeholder theory and the TBL focuses on the business' relationships with its stakeholders. Also, they find a way to push the idea of purpose and value, also developing room for sustainability to become the main consideration and integral part of the business operations.

3.3. Stakeholder analysis

In the stakeholder theory, businesses have the duty to address the ever-changing stakeholder needs. In order for this to be possible, businesses need to understand these needs of stakeholders through the process known as the "stakeholder analysis". This process entails businesses recognising the main (primary) stakeholders. The primary business stakeholders are those stakeholders with a direct relationship with the organisation, and they have the power to directly affect the business activities, vice versa. The main business stakeholders are employees, shareholders, customers, and creditors (Wheelen & Hunger, 2010).

These particular stakeholders play a significant role in the sustainability of businesses, and it is paramount that they are always kept satisfied at all times, whilst concurrently, allowing them the platform to voice their concerns on the business processes, operations, and systems (Hlatywayo, 2015). Additionally, it is also important that these stakeholders are correctly identified, as Wheelen and Hunger (2010) assert that a business that appreciates and values its primary stakeholders has a better chance of long-term success compared to the contrary. Then, when the primary stakeholders are identified, the next step is to also identify the business' secondary stakeholders. Secondary stakeholders have an indirect influence on businesses, and they are also affected by the business operations. These stakeholders include the local community, associations, government, competitors, non-governmental organisations, among others (Wheelen & Hunger, 2010).

Secondary stakeholders are not like primary stakeholders, which are critical to the business. Secondary stakeholders are important when the business is analysing what is happening around

the organisation. For example, the organisation can use the local community to determine whether they are still relevant in comparison to their competitors. Furthermore, the business needs to estimate and measure the effect that each stakeholder (primary and secondary) has on the business, in order to carefully plan their ongoing strategic direction. Both primary and secondary stakeholders are significant in the success of the business, that is why it is important to consider the need of both stakeholders in strategic decisions (Hlatywayo, 2015).

Businesses cannot operate in isolation without stakeholders. The stakeholders play a crucial role in being watchdogs of businesses' operations and policies. That is why the stakeholders' opinions are very important in any business' sustainability (Khumalo, 2019). For example, a business' strategic move may be adopted as it is seen as a more profitable alternative, but turns out to be the worst decision in terms of the effect that it will have on the organisation's stakeholders. Stakeholders have an obligation to ensure that businesses abide by the government code of practice, and they should ensure policies that promote responsibility and sustainability are in place. Businesses have a huge role in ensuring overall sustainability, and that is why the businesses need to ensure that their business operations do not negatively affect stakeholders. Businesses should engage all pillars of sustainability and not compromise the natural environment and societal values for financial gain. They have a big role to play in ensuring business sustainability and warranting that there are systems, processes, and policies that will ensure that products and services meet the required standards (Bhengu, 2020).

This study is focused on answering the four research objectives which are, firstly, to investigate the perceptions of SMEs regarding the role they need to play in the adoption of responsible and sustainable business practices in KwaZulu-Natal. Secondly, to better understand, what are the advantages of incorporating responsible and sustainable business practices in SMEs in KwaZulu-Natal. Thirdly, to identify the challenges that are faced by SMEs in KwaZulu-Natal with regards to the adoption of responsible and sustainable business practices. Lastly, to investigate whether SMEs in South Africa have policies in place to aid the implementation of responsible and sustainable business practices.

3.4. Chapter summary

This chapter was unpacking the theoretical framework underpinning this study. Firstly, the definition of stakeholders was presented and the type of stakeholders that businesses have. Secondly, the categories of stakeholders were discussed in detail. Thirdly, the relationship

between stakeholders, businesses, and sustainability was outlined, and lastly, the role businesses need to play in ensuring overall sustainability was deliberated. The following chapter will be focusing on the research methodology, which will highlight the research methods and techniques used throughout this study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4. Introduction

The previous chapter focused on the theoretical framework that guided this study. This chapter focuses on the research methodology, which is important in the general execution of the study. The research methodology is a typical framework on how the any study is conducted, it explains processes such as what, when, and how the study is going to be executed (Sekaran & Bougie, 2016). This chapter guides the reader through the methodology that was used. This includes aspects such as the research philosophy, design, study site, target population, sample size, sampling strategy, data collection methods, questionnaire design, data quality control and analysis as well as ethical considerations and limitations of the study.

4.1. Research methodology

According to Apuke (2017), a research methodology is described as the holistic steps a researcher employs in embarking on a research work. This section outlines the methodology that was used, allowing the reader to understand the study's complete plan of execution that was followed, from the beginning to the end. The significance of the research methodology in any study is to elucidate the methodology structure in which the research is carried out (Sekaran & Bougie, 2016).

4.2. Research philosophy

The research philosophy embraced in this study to investigate the research phenomenon was the positivist approach. Positivism is ideal as it allows independence of the researcher from the research. Additionally, the application positivist position in this study helps to ensure the validity of the research findings by focusing on only facts. The positivist position allows the researcher to assume the role of an objective analyst, making detached interpretations of the information gathered from the participants in an apparently value-free manner (Chikwendu, 2019).

The positivist approach to research originates from the natural sciences and it is more concerned with testing hypotheses developed from existing theories through the measurement of observable social realities. The positivist epistemology is one of objectivism which is linked to quantitative research (Scotland, 2012). According to Chikwendu (2019), positivists are more concerned with the discovery of absolute knowledge about an objective reality. The positivists

assume that the researcher and the phenomenon being investigated are independent entities. Saunders and Rojon (2014) also express a similar opinion that, “the positivist paradigm relates to the philosophical stance of the natural scientist, which involves working with an observable social reality to produce law-like generalisations. In support of this view, Denscombe (2010:69) asserts that, “the positivists assume that an objective reality exists outside the researcher’s experiences with its own cause-and-effect relationships.”

4.3. Research design

According to Sekaran and Bougie (2016), a research design comprises the process of data collection, measurement, and analysis in order to answer specific questions or solve problems. Research design is also said to be a plan for data collection, measurement, and analysis, generated to answer research questions. A research design is a comprehensive description of how the study will be conducted. This includes how and where the data is collected, which tools were utilised, and the methods of interpretation that were employed in order to achieve the objectives of the investigation (Sekaran & Bougie, 2016). According to Sekaran and Bougie (2016), there are three categories of research in business studies. These are namely: causal, exploratory, and descriptive research. In Table 4.1 below the three types of research are presented and briefly explained:

[Table 4. 1: Causal, exploratory and descriptive research design](#)

Causal research	Exploratory research	Descriptive research
<p>This type of research examines casual relationships between variables. For example, a variable Y is affected by factor X It further establishes the cause-effect relationship and usually is undertaken through statistical analysis.</p> <p>Causal research provides evidence regarding causal relationships by means of concomitant variation, time,</p>	<p>Exploratory research focuses on “why” questions. It is used when one is seeking insights into the general nature of a problem, the possible decision alternatives and relevant variables that need to be considered.</p>	<p>Descriptive research concentrates on “what is going on”. It also includes surveys and fact-finding enquiries of different kinds and describing the situation as it is. Moreover, it is concerned with determining the rate of recurrence in which something occurs, or the relationship between constructs. Descriptive research describes segments</p>

and the order in which variables occur.		as well as characteristics and estimates the proportion of people who behave in a certain way. Make specific predictions.
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Sources: De Vaus (2011:1-2); Aaker, Kumar, Leone & Day (2013:65).

This study is a cross-sectional, descriptive study. The descriptive research design was utilised, as it is ideal for determining the frequency in which something occurs or the relationship between variables. This type of design has helped highlight the research problem as well as to give clear and accurate statistical analysis, which is important in achieving the research objectives. Descriptive research is used commonly in business, as it includes taking statistical data to answer research objectives (Bhattacharjee, 2012). A descriptive research design uses numerical data to provide final answers to the research questions (Hair, Money, Samouel & Page, 2007). This method is ideal for this type of study, as it has a fairly large sample size. The main reason is that it is proven that numerical (quantitative) data is easier to gather and analyse in large quantities (Bhattacharjee, 2012).

4.4. Research methods

According to Apuke (2017), research methods in social sciences are split into two main categories, namely: quantitative and qualitative methods. Table 4.2 below briefly explains the difference between qualitative and quantitative research methods:

Table 4. 2: Qualitative vs quantitative research

Criteria	Qualitative Research	Quantitative Research
Group Studied	Smaller & not randomly selected	Larger & randomly selected
Variables	Study of the whole, not variables	Specific variables studied
Form of Data Collected	Qualitative data such as open-ended responses interviews, participant observations, field notes, & reflections	Quantitative data based on precise measurements using structured & validated data collection instruments.
Type of Data Analysis	Identify patterns, features, themes	Identify statistical relationships.
Objectivity and Subjectivity	Subjectivity is expected	Objectivity is critical
Role of Researcher	Researcher & their biases may be known to participants in the study, & participant characteristics may be known to the researcher	Researcher & their biases are not known to participants in the study, & participant characteristics are deliberately hidden from the researcher (double blind studies)
Results	Particular or specialized findings that is less generalisable.	Generalisable findings that can be applied to other populations.
Scientific Method	Exploratory or bottom-up: the researcher generates a new hypothesis and theory from the data collected.	Confirmatory or top-down: the researcher tests the hypothesis and theory with the data.
View of Human Behavior	Dynamic, situational, social, & personal. Regular & predictable.	Most Common Research Objectives Explore, discover, & construct. Describe, explain, & predict.
Focus	Wide-angle lens; examines the breadth & depth of phenomena.	Narrow-angle lens; tests a specific hypothesis.
Nature of Observation	Study behavior in a natural environment.	Study behavior under controlled conditions; isolate causal effects.

Source: Zulu (2020:77-78).

In this study, a quantitative research method was employed to realise the research objectives. According to the Fraser Health Authority (2011), quantitative research is research based on traditional scientific research which generates numerical data and usually seeks to establish causal relationships (or association) between two or more variables, using statistical methods to test the strength and significance of the relationships. Quantitative research focuses on testing hypotheses about social truths, this takes account using statistics and mathematical estimates to realise the desired outcomes, as well as to comprehend and solve specific concerns (Bechhofer & Paterson 2012). Sakaran and Bougie (2016) specify that quantitative research is the most appropriate approach when describing and understanding complex features in research that involves a variety of variables. This type of study approach was adopted by the researcher as it is ideal for getting a clear understanding of the situation in which the respondents act, and their actions being influenced by the situations they are in (Khumalo, 2019).

4.5. Target population

According to Creswell (2014), a target population is defined as the total number of subjects that meet the research criteria and usually have varying characteristics. Wegner (2012) asserts that a target population is the aggregate of all elements from which a sample is selected. In this study, the target population consists of SMEs within the Durban metropolitan district of KwaZulu-Natal. This consist of SME owners, managers and business representatives that responded on behalf of their employers. According to a sample obtained from the Durban Chamber of Commerce and Industry (DCCI, 2020), there was an estimate of 2 520 member SMEs in the Durban metropolitan area in the year 2020. The sample size was calculated using this acquired data.

4.6. Study site

The study was conducted in the Durban metropolitan district of KwaZulu-Natal, South Africa. The reason the researcher chose this study site is that this area is one of the biggest cities in KwaZulu-Natal and it has a large concentration of SMEs in its territory. This area proven to be an ideal place for the study as it allowed easy access to a variety of SMEs. The data collected in this area is in some way has been a representation of the entire KwaZulu-Natal SMEs population, as it is the centre of business activity in the province.

Figure 4. 1: Map of the Durban Metropolitan area



Source: AfriGIS (2021).

4.7. Sampling strategies

According to Sekaran and Bougie (2016), sampling is the technique used to calculate sample size in a given population in order to accurately represent that particular population. According to Ntuli (2019) sampling is important in research as it makes the work more accurate and precise. There are two types of sampling, namely: probability and non-probability sampling. Ntuli (2019) further asserts that in probability sampling each sample has an equal probability of being selected. It is a randomised selection where any candidate can be selected and they all have the same chances of being picked for a study. On the contrary, non-probability sampling is not a randomised selection process where every candidate has an equal chance of selection. Non-probability sampling is appropriate in qualitative research. Sekaran and Bougie (2013) asserts that non-probability sampling is a technique that is based on a subjective or non-statistical approach to selecting a sample.

The study employed non-probability sampling techniques because when using non-probability sampling techniques, participants are typically selected based on the researcher's personal judgement (opinion) and accessibility. This is ideal for a study with limited resources and time. Non-probability sampling is most useful because such a procedure satisfactorily meets the sampling objective (Eftekharian & Razmkhah, 2017). Non-probability sampling strategy has several techniques, namely: purposive sampling, convenience sampling, and snowball

sampling. This study employed the convenience sampling technique, which will be further discussed below:

4.7.1. Convenience sampling

The convenience sampling technique was the suitable sampling technique for this study. This is because as it is non-probability and respondents are normally selected based on their availability or by the personal ruling of the researcher. It further allowed the researcher to make use of respondents that are easy to contact or reach and taking into consideration the large sample size of this study, this technique proved to be beneficial.

4.8. Sample size

The data acquired from the head of the Small Businesses Development Department at the Durban Chamber of Commerce and Industry (DCCI), revealed that there was an estimate of 2 520 member SMEs in the Durban metropolitan area (DCCI, 2020). The sample size was then calculated at a 95 percent (%) confidence level, with a 5% margin of error. With the aid of an online sample size calculator, the sample size that was generated was of a total of 333 (Surveysystem, 2020). Meaning the study was going to be investigating a sample size 333 SME owners and managers.

4.9. Data collection methods

In order to achieve the desired research objectives, both primary and secondary data were utilised. The assembled secondary data contributed towards the formation of the background and literature examination of the study, which is crucial in constructing a comprehensive and well-written literature inquiry. Primary data was then collected using a structured questionnaire survey that was personally developed and administered by the researcher. Communication via email and telephone was made by the researcher prior to dropping off the questionnaires. Thereafter, the researcher then personally collected the completed questionnaires from SMEs' in the Durban Metropolitan area. This enabled the researcher to distribute a larger number of questionnaires.

4.10. Questionnaire design

The survey instrument (questionnaire) was designed with the aim of extracting relevant information that is required by the researcher for the study. All questions that are in the questionnaire are of utmost importance to the success of this study. The questionnaire was used

as a research instrument for the purpose of gathering information from the respondents. According to O'Brien, Remenyi and Keaney (2003), a questionnaire is an accurate method of collecting data from a large sample within a short period of time. Questionnaires are cost-effective, they are convenient and cheap.

The questionnaire structure was taken into consideration. According to Sekaran & Bougie (2013), early questions in a survey can influence responses to later questions, sequencing is important. Therefore, it is advisable to ask general questions early and specific ones later. The first questions on a questionnaire are referred to as opening questions, designed for gaining a respondent's attention and stimulating interest in the topic. The second group, referred to as research topic questions, that include question designed to provide information on the topic being researched (Khoase, 2011). The questionnaire consisted of three sections which are briefly discussed below:

4.10.1. Questionnaire outline

Section A: Demographic information

This section of the questionnaire focused on the primary demographic characteristics of the respondents. The respondent's (owner, manager, representative) age, gender, population group, and specific position held in the business, are the basis of the first section.

Section B: Business profile

This focus of this section was mainly on the extraction and understanding of important basic information about the SMEs. Since this study is with regards to SMEs, this section was essential in understanding the overall nature of the businesses for further analysis. This section included questions that assisted the researcher understand aspects of the business. These were the number of employees, number of years the business has been in operation, and the sector that the business is operating under.

Section C: Perceptions of responsible business practices

In this section, the sample was surveyed on their perspectives of responsible and sustainable business practices. This was an attempt to ascertain the understandings of the SMEs in the Durban metropolitan area about embracing responsible business practices that will benefit societies, the environment and the business as well.

Section D: Social and environmental engagement

This section of the questionnaire was to extract information on the responsible programmes and initiatives that these businesses engage in. These initiatives are categorised into two categories which are named: social and environmental practices. This was an attempt to understand what social and environmental activities do SMEs engage in.

Section E: Responsibility and sustainability policies/guidelines

This section focused on the policies that businesses have in place that ensure that they are or remain responsible enterprises throughout their operations. This is to find out what guidelines are being followed by organisations in order to embrace responsible business practices and ensure overall sustainability.

Section F: Sustainability reporting

This section focused on the dynamics of sustainability reporting. As much as sustainability reporting is mostly common in large enterprises, however, SMEs also need to engage in such reporting practices. This section is to decipher if SMEs in the Durban metropolitan area do report on their responsible initiative and if so, how?

Section G: Challenges faced by small businesses

This section was about getting to understand the challenges that businesses engaging in responsible practices face. Hence, one of the main objectives of this study is to gather the necessary data on the challenges that SMEs face when engaging in responsible business practices.

4.10.2. Scale of measurement

A Five Point Likert-scale type questionnaire was used in the questionnaire. The choice of the Likert-scale was informed by the large sample size. This assisted in ensuring that the survey is understandable and easy to complete. The response choice scoring weights were: Strongly disagree = 1; Disagree = 2; Agree Neutral = 3; Agree = 4; and Strongly agree = 5. The rationale for considering a five-point Likert-scale is to allow the participants a wider range of selections to express themselves within the survey questions. This assisted the participants in recording answers correctly and easily without any difficulties.

4.11. Data quality control

Data quality control procedures are relatively important for, detecting missing mandatory information in the study, identifying errors made during the transfer, reformatting, spotting duplicates, and possibly detecting outliers (Sekaran & Bougie, 2016). In this study, quantitative data, was collected from the sample (SMEs). The reliability and validity (consistency) of the data were taken into consideration to ensure that the data is reliable and consistent.

4.11.1. Reliability and validity

Consistency and stable measurement are crucial in research, serving the important purpose of minimising errors and avoiding biases when conducting the study (Sekaran & Bougie, 2016). Reliability and validity were tested for the purpose of establishing whether consistency is achieved. Furthermore, Cronbach's alpha (coefficient) was used as a standard test to measure consistency. Validity is the evidence that the technique and or process used by the researcher achieves the purpose (measuring the concept). Validity can be both internal and external, as data may not be easy to generalise (Sekaran & Bougie, 2016). A pilot study was conducted to assess the accuracy and consistency of the responses beforehand. The pilot study that was carried out is discussed in depth in the section below.

4.11.2. Pilot study

A pilot test is a rehearsal of the final research project that ensures that the procedures will allow the collection of data needed for the study (Saunders & Rojon, 2014). The pilot study was conducted to assist the researcher in; firstly, identifying problems that may relate to the clarity of the questions asked. Secondly, to be able to look at the quality, consistency, and accuracy of the possible answers in the main study, lastly, to critique whether the data collected can be able to be analysed in a meaningful way (Sekaran & Bougie, 2013). According to Gumbo (2014), a pilot study is conducted to test whether the study is worth pursuing and what changes need to be made. For the pilot study, the researcher personally administered the questionnaire to five local SME owners and managers in the Durban metropolitan area, selected at the researcher's discretion. After the pilot study, no major changes were made to the questionnaire thereafter, as the respondents fully understood the questions that were included in the research instrument. This was beneficial as it gave the researcher positive feedback to continue the study with the existing research questionnaire. The pilot study data was not included in the final data analysis as it was inconsistent with the overall research objectives.

4.12. Data analysis

When data is collected for a particular study, researcher must consider how will the data collected be analysed (Hair *et al.*, 2016). A critical analysis and interpretation of the data gathered were carefully conducted with the aim of achieving the outlined research objectives. The Statistical Package for the Social Sciences (SPSS) was used to capture and analyse the data that was collected from the respondents. Descriptive statistics (Frequency analysis, bar charts, and frequency tables) was used to make sense of the data collected using the relevant information that was gathered by the researcher. Furthermore, the data was then used to draw relevant conclusions and achieve the objectives of the study.

4.13. Ethical considerations

In this study, the researcher made sure that the respondents and the data obtained were fully protected. The researcher was considerate of the respondent's personal data, so strict measures were employed to ensure the respondents' anonymity and discretion. To ensure this no names or personal and or private information were required in the survey. The respondents were also notified of the nature and purpose of the research beforehand. According to Hair *et al.*, (2007:83) "the researcher needs to be considerate of the respondent." The researcher ensured that the study is not, in any way, harmful to the respondents and this was ensured by not asking for personal or private information as well as not using words or concepts that may contain sensitive information.

Furthermore, the researcher made sure that the survey instrument used basic concepts and limited the number of questions. Furthermore, before participating in the study all participants were required to sign a consent form, which was an explicit indication that the participants fully and voluntarily agree to participate in the study. No data was collected before an official gatekeepers' letter from the DCCI and an approval letter (ethical clearance) from the University of KwaZulu-Natal Humanities and Social Sciences Research Ethics Committee (HSSREC) were received.

4.14. Chapter summary

This chapter unpacked the research methodology that was used in this study. It has been discussed that research methodology is a typical framework on how the study is going to be conducted, it explains processes such as what, when, and how the study is going to be executed. This chapter incorporated subsections namely: research strategy, demarcated study area, the

target population, sample size as well as strategy, data quality control, data measurement/analysis, and research ethical consideration. Furthermore, it presented how the data collected in the study was disseminated into interpretable information. The next chapter focused on unpacking and analysing the data collected in the study.

CHAPTER 5

PRESENTATION OF RESEARCH FINDINGS AND ANALYSIS

5. Introduction

The previous chapter outlined the methodology that was used for this study. It outlined the blueprint of the entire study and how it was executed. From the type of study conducted, data collection method to ethical considerations and limitations. This chapter is a presentation of the data collected. The aim was to answer the study research questions and achieve its objectives. The collected data was entered in the SPSS software for further comprehensive analysis. This chapter presents the research findings in the form of detailed graphs, charts, and tables. The gathered data was presented starting firstly, with the study's overall response rate, secondly, the demographical profiles of the participants, and lastly the perspectives (advantages and challenges) of SMEs towards responsible and sustainable business practices.

5.1. Research instrument reliability analysis (Cronbach's Alpha coefficient)

In quantitative research, Cronbach's Alpha is a reliability coefficient that is calculated from a correlation of variables. "Cronbach Alpha Coefficient is a reliability test which measures the internal consistency of a multi-item measurement scale" (Zulu, 2020: 90). The Cronbach Alpha is based on the average correlation of variables within a particular test, if the variables are standardised. However, it is also based on the average covariance among the variables if the variables are not standardised. The Cronbach alpha ranges from 0 to 1, and it is established that a value of 0.7 or above is a value that can lead to a conclusion that the same results will be achieved throughout the study, even with a larger sample size (Hlatywayo, 2015).

Table 5. 1: Reliability assessment: Case summary:

<i>Cases</i>	N	%
Valid	25	14.4
Excluded*	149	85.6
Total	174	100.0

*List wise deletion based on all variables in the procedure.

The Cronbach's alpha reliability test is usually conducted to evaluate the reliability of the survey instrument as well as internal consistency for the study (Taber, 2017). The Cronbach alpha in this study was calculated as part of the reliability test. This was an attempt to assess the consistency of the results and whether the same results can be generalised if the sample were to be increased. This was calculated using the SPSS software which adequately determined the reliability (Cronbach alpha scores) of the research instrument. The Cronbach alpha score of the instrument was 0.032 which is below 0.7, meaning that there is inconsistency in the constructs used in the survey instrument. The results indicate that there is a lack of internal consistency in the research instrument used. The researcher concluded that the number of questions and composition of the survey instrument might have contributed to this figure.

Table 5. 2: The Cronbach Alpha scores for the research instrument

Sections*	Number of items	Cronbach alpha
Section A to G	21	0.032

*String variables and some other items were omitted from the overall reliability assessment as they would have disrupted the outcome.

5.2. Survey overall response rate

This study focused on the Durban metropolitan area of KwaZulu-Natal, South Africa. This area is one of the largest cities in South Africa, and it has a large number of SMEs that operate under its jurisdiction. As a result, this made it quite difficult to probe the entire SMEs population in the area. Moreover, the researcher faced time and financial constraints that negatively impacted the study. Due to these limitations, the overall response rate was affected. The total number of questionnaires that were printed and administered to SMEs owners and managers in the Durban area was 333. However, those that were returned were a total of 196 and those that were usable for the study were a total of 174 (22 returned questionnaire were unusable). This makes a 52% response rate. The 174 responses were made up of a total of 51 SMEs owners, 58 respondents were SMEs managers, and 56 were neither the owner nor manager, however, they participated in the study representing the business that they were employed in. These representatives that agreed to take part in the survey on behalf of the owner/manager held the following positions:

- Executive assistant

- Managing director
- Personal Assistant
- Executive director
- Co-director
- Accountant
- Bookkeeper
- Management Assistant

A total of 9 (5.2%) respondents did not specify their position. However, these respondents continued to participate in the rest of the questions. Table 5.3 below clearly highlights the nature and the total number of respondents that participated in the study:

Table 5. 3: Study overall response rate

Response rate		
Respondent type	Response (n)	Percentage (%)
Owner	51	23.9%
Manager	58	33.3%
Other position	56	32.2%
Did not specify position	9	5.2%
Total	174	100%

5.3. Demographic summary of the population

In any study, it is quite important to know the demographic characteristics of the participants as this becomes important in the overall authenticity of the study (Johnson & Christensen, 2019). The demographic profile of respondents is made up of the respondents' age, racial group, gender, etc. According to Mpofu and Hlatywayo (2015), the demographic nature of the sample in any study is very important as it gives the researcher as well as the reader a clear

understanding of the variables that might have an impact on the overall outcome of the study. Table 5.4 below is a summary of the demographic profile of the respondents.

Table 5. 4: Demographic summary of the sample

Demographic	Frequency(n)	Percentage (%)	Missing(n)
Gender:			
Male	77	44.3%	7 (4%)
Female	90	51.7%	
Age groups:			
20-39 years	44	25.3%	33 (19%)
40-59 years	82	47.1%	
60+ years	15	8.6%	
Race:			
Black (African	33	19%	8 (4.6%)
White	53	30.5%	
Indian	59	33.9%	
Asian	6	3.4%	
Other	15	8.6%	

5.4. Section A: Demographic information

The research instrument that was used in this study was made up of a total of seven main sections, which consisted of a number of questions in each section. The presentation of the data collected from the sample was prepared in the order of the seven sections (question by question). Starting from section A which outlines the demographics and position of the respondents to section G which investigates the perceived challenges faced by SMEs with regards to sustainability and responsibility in SMEs. This section focused on the comprehensive demographic information of the respondents. The demographic information includes the position, gender, age, and racial profile of the respondents.

5.4.1. Position

The initial objective was to focus on SMEs owners and managers in the Durban metropolitan area. However, due to their unavailability in some cases, other business representatives in

various positions were able to respond on their behalf. The respondents that were SMEs owners were a total of 51 (30.9%) and 58 (35.2%) of the respondents were managers. A total of 56 (33.9%) respondents were neither owner nor manager but took part in the survey representing their employers.

Table 5. 5: Respondents position in the business

		Frequency	Percent	Valid Percent	Cumulative %
Valid	Owner	51	29.3%	30.9%	30.9%
	Manager	58	33.3%	35.2%	66.1%
	Other	56	32.2%	33.9%	100%
	Total	165	94.8%	100.0%	
Missing	System	9	5.2%		
Total		174	100%		

5.4.2. Gender

The recent eThekweni metropolitan area report that was published in 2015 reported a total of 51% females and 49% males in the area (eThekweni IDP, 2014). This indicates that in area there are slightly more female residents than male residents. In terms of the probed sample, the gender profile was, 90 (51.7%) female and 77 (46.1%) male respondents. These results indicate that the majority of business owners in the area are female.

Table 5. 6: Respondents' gender

		Frequency	Percent	Valid Percent	Cumulative %
Valid	Male	77	44.3%	46.1%	46.1%
	Female	90	51.7%	53.9%	100%
	Total	167	96%	100%	
Missing	System	7	4%		
Total		174	100%		

5.4.3. Age group

In the Durban area, an estimated 66% of the population is under the age of 35 years, and the economically active age group (from 15 to 59 years) constitutes 67% of the population. The population dependency ratio is 48 / 100 (eThekweni Spatial Development Framework, 2013). The data collected indicated that the majority of the respondents were between the ages of 40 and 59 years, which was followed by the ages of 20-39 years, and the ages of 60 and above. The data reported that a total of 82 (47.1%) respondents were between the ages of 40 and 59 years. Then, a total of 44 (25.3%) respondents were between the ages of 20 and 39 years. The least number of respondents were at the age of 60 years and above, with a total of 15 (8.6%) respondents in this age group. 33 (19%) respondents did not specify their age in the survey.

Table 5. 7: Respondents age groups

		Frequency	Percent	Valid Percent	Cumulative %
Valid	20 - 39 years	44	25.3%	31.2%	31.2%
	40 - 59 years	82	47.1%	58.2%	89.4%
	60+ years	15	8.6%	10.6%	100%
	Total	141	81%	100%	
Missing	System	33	19%		
Total		174	100%		

5.4.4. Racial profile

According to the eThekweni Spatial Development Framework (2014), inhabitants in Durban are mostly African (71%), followed by Indians (19%), Whites (8%) and Coloureds (2%). The sample was made up of a total of 59 (33.9%) Indian respondents. Followed by 53 (30.5%) White respondents. Black (African) respondents were a total of 33 (19%) and 6 (3.4%) respondents indicated that they were of Asian origin. 15 (8.6%) respondents indicated 'other', but then again failed to further specify their racial background. A total of 8 (4.6%) respondents did not respond.

Table 5. 8: Respondents' racial profile

		Frequency	Percent	Valid Percent	Cumulative %
Valid	Black (African)	33	19%	19.9%	19.9%
	White	53	30.5%	31.9%	51.8%

	Indian	59	33.9%	35.5%	87.3%
	Asian	6	3.4%	3.6%	91%
	Other	15	8.6%	9%	100%
	Total	166	95.4%	100%	
Missing	System	8	4.6		
Total		174	100.0		

5.5. Section B: Business information

The previous section focused on the demographic information of the respondents. These were namely: the position, gender, age groups, and racial profile of the respondents. This was explored to understand the demographic setting of the SMEs in Durban metropolitan area. This section focused on understanding the basic business information of SMEs in the targeted area. This information includes the number of employees that the businesses have, the number of years in operation and the sector in which the business is operating.

5.5.1. Number of employees

The respondents were required to indicate the number of employees that they have in their businesses. There were four categories; 0 and 50 employees, 51 to 100 employees, 101-150 employees, and 151+ employees. A total of 61 (35.1%) respondents surveyed indicated that they had 51 to 100 employees in their businesses. Followed by 47 (27%) respondents that indicated that they have between 0 and 50 employees. A total of 33 (17.2%) respondents indicated that they have 101 to 150 employees. 14 (8%) respondents indicated that they have more than 150 employees in their establishment. 22 (12.6%) respondents did not respond.

Table 5. 9: Number of employees

		Frequency	Percent	Valid Percent	Cumulative %
Valid	0 - 50 employees	47	27%	30.9%	30.9%
	51 - 100 employees	61	35.1%	40.1%	71.1%
	101 - 150 employees	30	17.2%	19.7%	90.8%
	151+ employees	14	8%	9.2%	100%
	Total	152	87.4%	100%	
Missing	System	22	12.6%		
Total		174	100%		

5.5.2. Number of years in operation

The data from the sample about the number of years the business has been in operation were gathered. 56 (32.2%) respondents indicated that their businesses have been in operation for between 6 and 10 years. 51 (29.3%) respondents indicated that they are still budding businesses with 0 to 5 years operating. 51 (29.3%) respondents indicated that they have been in operation for between 11 and 20 years. Then only 3 (1.7%) respondents indicated that they have been in operation for more than 20 years. 13 (7.5%) did not respond.

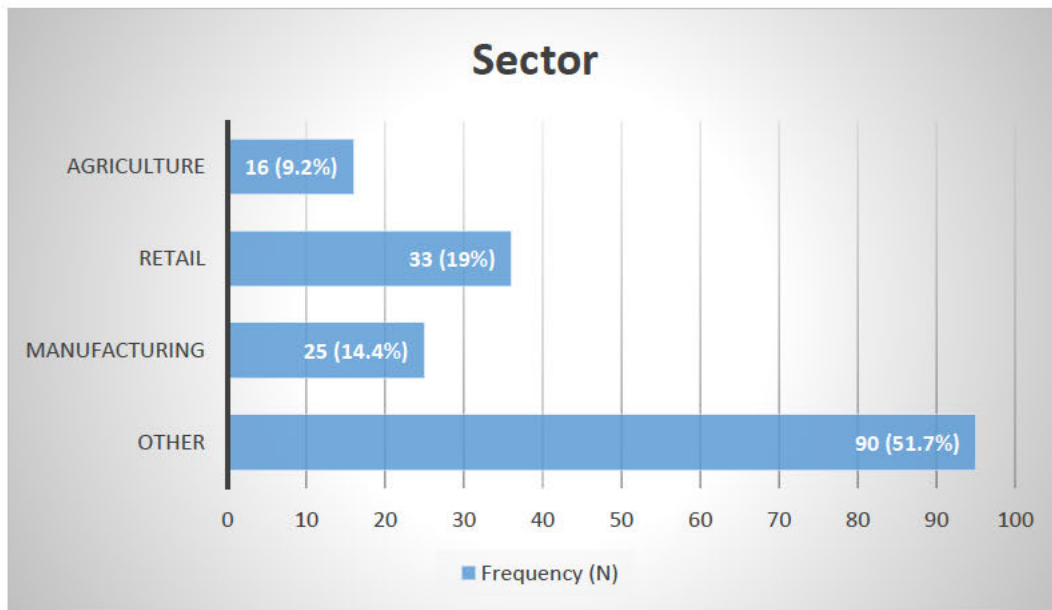
Table 5. 10: Number of years in operation

		Frequency	Percent	Valid Percent	Cumulative %
Valid	0 - 5 years	51	29.3%	31.7%	31.7%
	6 - 10 years	56	32.2%	34.8%	66.5%
	11 - 20 years	51	29.3%	31.7%	98.1%
	20+ years	3	1.7%	1.9%	100%
	Total	161	92.5%	100%	
Missing	System	13	7.5%		
Total		174	100%		

5.5.3. Sector of operation

The respondents were further investigated on the sector they were categorised. Sectors that were on the questionnaire were agriculture, retail and manufacturing. 33 (19%) respondents indicated that their businesses belonged to retail. 25 (14.4%) respondents indicated that their businesses are in the manufacturing sector, and 16 (9.2%) respondents indicated that their businesses are in the agricultural sector.

Figure 5. 1: Sector of operation



A total of 90 (51.7%) respondents indicated ‘other’ which means their businesses fitted to sectors that were not on the list of sectors included in the survey. The respondents specified their businesses sector of operation and these sectors are presented in table 5.11 below:

Table 5. 11: Other sectors of operation

• Automotive and metal production	• Property and real estate
• Construction Services	• Sanitation
• Financial services	• Utilities
• Accommodation and Catering	• Information Technology services
• Media services	• Transportation

5.6. **Section C: Perceptions of responsible business practices**

This section provides an insight into the perceptions of SMEs owners/managers in the Durban metropolitan area on responsible and sustainable business practices. The previous section focused on the business information, this included the number of employees, sector, and the number of years in operation. The respondents were required to indicate whether they strongly agree, agree, disagree, or strongly disagree with the statements provided.

5.6.1. Understanding of responsible and sustainable business practices

The respondents were requested to indicate whether they understand responsible and sustainable business practices. A total of 65 (37.4%) respondents indicated ‘yes’ and 71 (40.8%) respondents indicated ‘no’, they do not understand such practices. 28 (16.1%) indicated were not sure. 10 (5.7%) respondents did not respond.

Table 5. 12: Understanding responsible and sustainable business practices

Do you understand Responsible and sustainable business practices?					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	Yes	65	37.4%	39.6%	39.6%
	No	71	40.8%	43.3%	82.9%
	Not sure	28	16.1%	17.1%	100%
	Total	164	94.3%	100%	
Missing	System	10	5.7%		
Total		174	100%		

5.6.2. Perceptions of SMEs on the subject of responsible business practices

In this section, the sample was further surveyed on their perspectives of responsible and sustainable business practices. The first statement was, “**I recognise the importance of operating a business in a responsible and sustainable way.**” 53 (30.5%) respondents indicated that they agree/strongly agree, which means they recognise the importance of operating a business in a responsible and sustainable way. 6 (3.4%) indicated that they disagree/strongly disagree. 5 (2.9%) respondents were neutral.

The second statement was, “**I believe social and environmental responsibility initiatives are a cost burden to my or any other small business.**” 26 (14.9%) respondents indicated that they agree/strongly agree, signifying that they do believe social and environmental responsibility initiatives are a cost burden to small business (SMEs). 31 (17.8%) respondents indicated that they disagree/strongly disagree, meaning they do not believe so. 2 (1.1%) respondents were neutral on the statement.

The third statement was, “**I consider my business to be socially and environmentally responsible.**” In this statement, 51 (29.3%) respondents indicated that they agree/strongly

agree. 2 (1.1%) respondents indicated that they disagree/strongly disagree, entailing that they do not consider their business to be socially and environmentally responsible. 3 (1.7%) respondents were neutral.

The fourth statement was, **“I think social responsibility can be adopted by small businesses.”** A total of 48 (27.6%) respondents indicated that they agree/strongly agree that social responsibility can be adopted by small businesses. 5 (2.9%) respondents indicated that they disagree/strongly disagree with the statement. 3 (1.7%) respondents were neutral.

The fifth and last statement was, **“I think there should be policies in place for every small business to implement social and environmental responsibility.”** In this statement, 42 (24.1%) respondents indicated that they agree/strongly agree with this statement. Only 8 (4.6%) respondents indicated that they disagree/strongly disagree with the idea of SMEs having policies in place to aid in the implementation of social and environmental responsible practices. 6 (3.4%) respondents were neutral. The responses attained of SMEs perceptions on the subject of responsibility and sustainability were tabulated in table 5.13 below:

Table 5. 13: Perspectives on business responsibility and sustainability

Perspectives on business responsibility and sustainability						
Frequencies (%)						
Statement:	Disagree/Strongly Disagree	Neutral	Agree/Strongly Agree	Missing	Mean	Std. deviation
I recognise the importance of operating a business in a responsible and sustainable way.	6 (3.4%)	5 (2.9%)	53 (30.5%)	110	4.2344	0.95522
I believe social and environmental responsibility initiatives are a cost burden to my/or any other small business.	31 (17.8%)	2 (1.1%)	26 (14.9%)	115	2.9322	1.43676

I consider my business to be socially and environmentally responsible.	2 (1.1%)	3 (1.7%)	51 (29.3%)	118	4.4464	0.76085
I think social responsibility can be adopted by small businesses.	5 (2.9%)	3 (1.7%)	48 (27.6%)	118	4.0000	1.04447
I think there should be a policy in place in every small business to implement social and environmental responsibility.	8 (4.6%)	6 (3.4%)	42 (24.1%)	118	4.2143	0.84669

5.7. Section D: Social and environmental engagement

The sample was investigated on whether they understand social and environmental business practices. Out of 174 responses obtained, 70 (40.2%) respondents indicated yes, they do understand social and environmental practices that are implemented by SMEs. 56 (32.2%) respondents indicated that no, they do not understand social and environmental engagements. 48 (27.6%) respondents indicated that they were not sure. These responses are presented in table 5.14 below:

[Table 5. 14: Understanding social and environmental responsibility practices](#)

Do you understand Social and Environmental Responsibility?					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	Yes	70	40.2	40.2	40.2
	No	56	32.2	32.2	72.4
	Not sure	48	27.6	100.0	100.0
Total		174	100.0		

5.7.1. Perceptions on social and environmental responsibility

In this section, the aim was to explore the respondents' perspectives on matters of social and environmental responsibility. The first statement was, **“we as a business contribute to pollution.”** The majority of respondents with a total of 135 (77.6%) respondents indicated that they disagree/strongly disagree, they (their businesses) do not contribute to any pollution. A total of 20 (11.4%) respondents indicated that they agree/strongly agree and that they do contribute to pollution. 19 (10.9%) respondents were neutral.

The second statement was, **“we as a business recycle waste.”** In this statement, most respondents indicated that they agree/strongly agree with this statement, with a total of 138 (79.3%) respondents indicating that their businesses do recycle waste. 13 (7.5%) respondents indicated that they disagree/strongly disagree. 23 (13.2%) respondents were neutral.

The third statement was, **“we as a business, sell products that do not contain detrimental (harmful) substances.”** 159 (95.8%) respondents indicated that they agree/strongly agree. No respondent indicated that they disagree/strongly disagree with the statement, which leads to the assumption that businesses that were investigated do not sell products that do not contain detrimental (harmful) substances. 2 (1.1%) respondents were neutral.

The fourth statement was, **“we as a business are environmentally friendly (e.g. ensure the careful use of resources).”** In this statement, 144 (82.8%) respondents indicated that they agree/strongly agree with this statement. There were no respondents that indicated that they disagree/strongly disagree with the statement. 19 (10.9%) of the respondents were neutral.

The fifth statement was, **“we as a business ensures ethical standards are adhered to e.g. managing taxes, payment of minimum wage, etc.”** In this statement, the majority of the respondents indicated that they agree/strongly agree with this statement, with a total of 142 (81.6%) respondents concurring that their business ensure ethical standards are adhered to. Only 1 (0.6%) respondent indicated that they disagree/strongly disagree with the statement. 14 (8%) respondents were neutral.

The sixth and last statement was, **“we as a business ensure all customers, as well as employees, are treated fairly and work in a conducive working environment.”** 158 (90.8%) respondents indicated that they agree/strongly agree. None indicated that they disagree/strongly disagree, which means that these business investigated ensure all their customers, as well as their employees, are treated fairly and work in a conducive working

environment. 10 (5.7%) respondents were neutral. These responses on perspectives of SMEs on social and environmental responsibility are presented in table 5.15 below:

Table 5. 15: Perspectives on business social and environmental responsibility

Perspective on businesses' social and environmental responsibility						
Frequencies(%)						
Statement:	Disagree/Strongly Disagree	Neutral	Agree/Strongly Agree	Missing	Mean	Std. deviation
We as a business contribute to pollution.	135 (77.6%)	19 (10.9%)	20 (11.4%)	---	1.9770	1.00262
We as a business recycle waste.	13 (7.5%)	23 (13.2%)	138 (79.3%)	---	4.1437	0.91679
We as a business, sell products that do not contain detrimental (harmful) substances.	---	2 (1.1%)	159(95.8%)	13	4.7391	0.46800
We as a business are environmentally friendly (e.g. ensure the careful use of resources).	---	19 (10.9%)	144 (82.8%)	11	4.5399	0.69607
We as a business ensure ethical standards are adhered to e.g. managing taxes, payment of minimum wage etc.	1 (0.6%)	14 (8.0%)	142 (81.6%)	17	4.7070	0.65301
We ensure all customers, as well as employees, are treated fairly and work in a conducive working environment.	---	10 (5.7%)	158 (90.8%)	6	4.7143	0.57014

5.7.2. Specific social and environmental engagements

This section attempted to understand the specific social and environmental engagements that the surveyed SMEs were implementing, in the fight to maintain the wellbeing surrounding communities and the natural environment. In table 5.16 below the responses on the specific social responsibility engagements are presented:

[Table 5. 16: Specific social and environmental engagements](#)

Statement:	Yes	No	No response
Do you make donations to local charities and/or orphanages?	157 (90.2%)	10 (5.7%)	7 (4.1%)
Do you provide support for disaster-struck regions (e.g. families affected by natural disasters, families deeply affected by the Covid19 pandemic)?	156 (89.7%)	13 (7.5%)	5 (2.9%)
Do you sponsor or donate goods/services to community social initiatives such as Soccer Tournaments, soup kitchens, etc.?	156 (89.7%)	14 (8%)	4 (2.3%)

Table 5.16 above is a representation of the responses that the respondents given in this section. Firstly, the respondents were asked if their businesses made donations to local charities and/or orphanages. 157 (90.2%) respondents indicated that they do make donations of such nature. Only 10 (5.7%) respondents indicated that they do not. 7 (4.1%) respondents did not answer. Secondly, the following question asked if they provide support for disaster-struck regions (e.g. families affected by natural disasters, families that were deeply affected by the Covid19 pandemic). Then again, the majority of the respondents indicated that they certainly do, with a total of 156 (89.7%) respondents. 13 (7.5%) respondents indicated that they do not provide such support. 5 (2.9%) respondents did not provide any response. Respondents were further questioned if they sponsor or donate goods/services to community social initiatives such as soccer tournaments, soup kitchens, etc. In this question, 156 (89.7 %) respondents indicated

that they do donate to charity. 14 (8%) respondents indicated that they do not and only 4 (2.3%) respondents did not provide any response.

5.7.3. Responsible business initiatives

This section was an effort to investigate and understand the main reasons SMEs in the Durban area engage in social and environmental initiatives. According to Parris, Dapko, Arnold and Arnold (2016), business owners and managers have different motivations behind the adoption of responsible practices business practices. The question, “**why does your business engage in any of the above-mentioned initiatives?**” was incorporated in the study to identify the main reasons behind their engagements in responsible and sustainable business practices. The responses obtained were as follows:

- “Because it is the right thing to do”
- “Everyone needs a helping hand”
- “I enjoy helping others”
- “My business is dedicated to helping disadvantaged communities”
- “We like helping people in need”

5.8. Section E: Responsibility and sustainability policies/guidelines

In this section, the respondents investigated on the sustainability policies/guidelines that they adopt in the implementation of responsible and sustainable practices. The first statement was, “**we have policies and guidelines for implementing responsible and sustainable practices.**” 83 (47.7%) respondents indicated that they agree/strongly agree and they do have policies and guidelines for implementing responsible and sustainable practices. 53 (30.5%) respondents indicated that they disagree/strongly disagree, signifying that they do not. 30 (17.2%) respondents were neutral.

The second statement was, “**in our budget, we have funds set out for social and environmental initiatives.**” A total of 120 (68.9%) respondents indicated that they agree/strongly agree. 37 (21.3%) respondents indicated that they disagree/strongly disagree, meaning they do not support the idea of having funds set out for funding social and environmental initiatives. 12 (6.9%) respondents were neutral.

The third and last statement was, “**we have someone/department responsible for social and environmental initiatives.**” In this statement, 127 (73%) respondents indicated that they agree/strongly agree. 38 (21.8%) respondents indicated that they disagree/strongly disagree. 3 (1.7%) of the respondents were neutral. Responses compiled in section E are depicted in table 5.17 below:

Table 5. 17: Perspectives on businesses social and environmental responsibility

Perspective on businesses social and environmental responsibility						
Frequencies(%)						
Statement:	Disagree/Strongly Disagree	Neutral	Agree/Strongly Agree	Missing	Mean	Std. deviation
We have policies and guidelines for implementing responsible and sustainable practices.	53 (30.5%)	30 (17.2%)	83 (47.7%)	8	3.1807	0.88960
In our budget, we have funds set out for social and environmental initiatives.	37 (21.3%)	12 (6.9%)	120 (68.9%)	5	3.8107	1.11254
We have someone/department responsible for social and environmental initiatives.	38 (21.8%)	3 (1.7%)	127 (73%)	6	3.8690	1.21152

5.9. Section F: Sustainability reporting

The respondents were further surveyed on their business sustainability reporting. According to Deloitte (2020), sustainability reporting is the act of communicating businesses performance, social responsibility, and environmental care to relevant stakeholders. From the 174 respondents, 22 (12.6%) indicated they do compile reports for their stakeholders. 60 (34.5%) respondents indicated that they do not. 36 (20.7%) respondents indicated that they are not sure whether their businesses do compile such reports. 56 (32.2%) respondents did not answer.

Table 5. 18: Sustainability reporting

Does your business engage in sustainability reporting?					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	Yes	22	12.6	18.6	18.6
	No	60	34.5	50.8	69.5
	Not sure	36	20.7	30.5	100.0
	Total	118	67.8	100.0	
Missing	System	56	32.2		
Total		174	100.0		

5.10. Section G: Challenges

This section focused mainly on investigating the challenges or hindrances that deter SMEs in the targeted area from embracing responsible business practices. The question that was posed was, “**what are the challenges that hinder your business from engaging in social and environmental initiatives?**” There was a significant low response rate on this question, the researcher’s assumptions were that maybe the respondents probably have no reason and they are just choosing to be ignorant of the fact that societies and the natural environment are affected business operations (no matter how insignificant it may seem). The responses that were established are presented in figure 5.2 below:

Figure 5. 2: Challenges facing SMEs with regards to implementing responsible practices



5.11. Chapter summary

This chapter's focus was on the presentation of data that was collected by the researcher. The reliability of the research instrument was assessed, the overall response rate, demographic profile of the respondents. Business information, their perception of responsible business practices as well as challenges they face in the implementation of such practices. The next chapter will be discussing the data presented in this chapter, in order to realise the study's objectives.

CHAPTER 6

DISCUSSION OF RESEARCH FINDINGS

6. Introduction

The previous chapter was mainly focused on presenting the data that was collected by the researcher. This chapter, however, discusses in detail the data presented in the previous chapter in-depth and answering the research question as well as fulfilling the study objectives. The researcher narrated the findings in order to give a clear picture of how these findings help in realising the study's objectives. Firstly, the overall aim of the study was revisited, secondly, findings coupled with an in-depth discussion (using the research objectives as a framework) were presented. Then finally, additional findings that were established by the researcher in the acquired data were discussed.

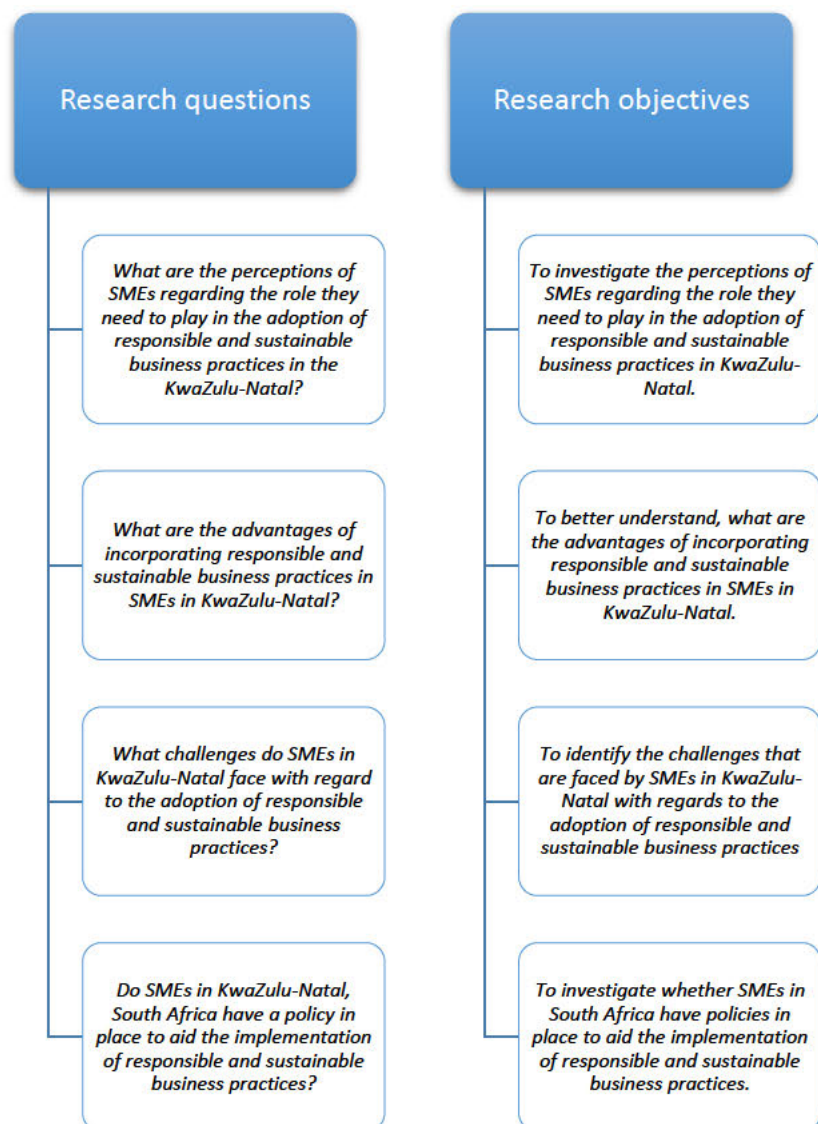
6.1. Overall aim of the study

The principal aim of this study was to explore the adoption of responsible and sustainable business practices in SMEs. This study aimed at, firstly, providing apprehension on how South African SMEs perceive as well as engage in responsible and sustainable practices. Secondly, it aimed at presenting a detailed discussion of the barriers that deter SMEs' engagement. Thirdly, it aimed at examining the key drivers behind SMEs' engagement in sustainable social and environmental undertakings. Lastly, make suggestions on how to improve SMEs' engagement in such a crucial matter at hand.

6.2. Discourse of the research objectives

This segment highlights the research questions and objectives. Thus, presenting a detailed discussion on how these questions were answered and objectives realised. Figure 6.1 below illustrates the study's research questions and objectives. Following the research questions and objectives is an in depth discussion of the study findings.

Figure 6. 1: The research questions and objectives



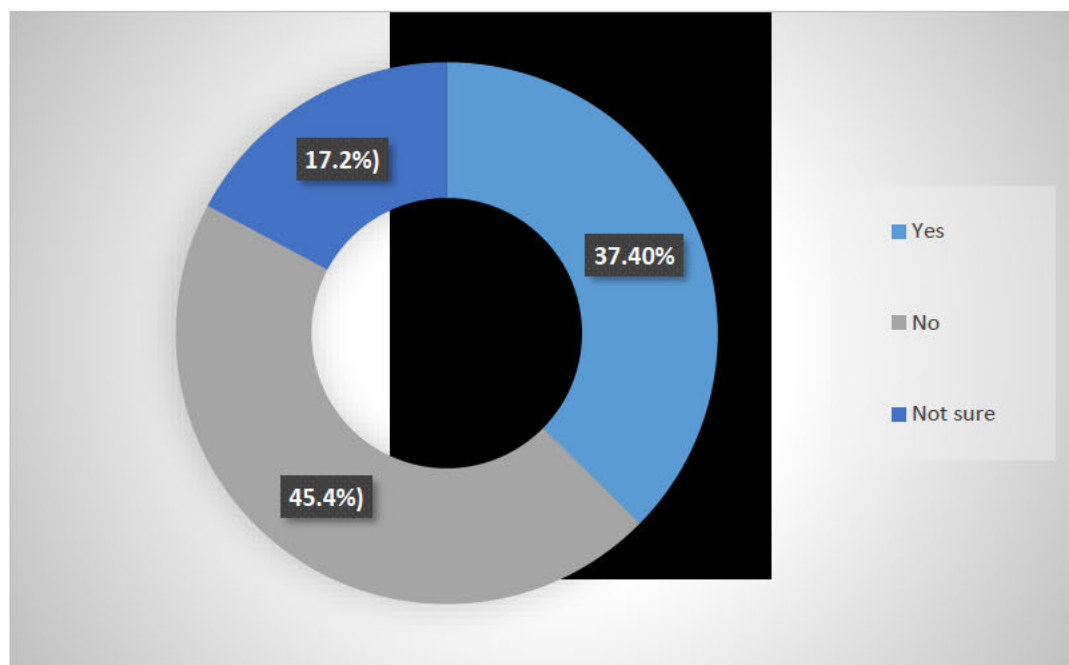
6.2.1. Objective 1

- To investigate the perceptions of SMEs regarding the role they need to play in the adoption of responsible and sustainable business practices in KwaZulu-Natal.

The empirical data that was sourced from SMEs in Durban, KwaZulu-Natal were analysed by the researcher. The data shows that most SMEs, in the area, have limited understanding of responsible and sustainable business practices. This is because when they were asked if they understand responsible and sustainable business practices. 65 (37.4%) respondents indicated

that they understand these practices. 79 (45.4%) respondents indicated 'NO', signifying that they do not understand such business practices.

Figure 6. 2: Understanding responsible and sustainable business practices



Further investigation was on their understanding of some of the crucial issues surrounding SMEs. Issues such as recognising the importance of becoming a socially and environmentally responsible business in this day and age, amongst other things. Below is a table that depicts the perceptions of SMEs in the Durban metropolitan area.

Table 6. 1: Perceptions of SMEs in the Durban Metropolitan area, KwaZulu-Natal

The majority of SMEs:	Percentage of respondents asserting this*:
Recognise the importance of operating a business in a responsible and sustainable way.	82.8%
Do not believe social and environmental responsibility initiatives are a cost burden to my/or any other small business.	52.5%
Consider my business to be socially and environmentally responsible.	91%

Think social responsibility can be adopted by small businesses.	75%
Think there should be a policy in place in every small business to implement social and environmental responsibility.	84%

*these percentages (%) were calculated from the total number of respondents that responded to the question, not the entire sample.

According to Mezinska *et al.* (2015), social and environmental responsibility consists of business practices such as transparency, accountability, ethical conduct, and respect of stakeholders as well as the environment. Social responsibility focuses on the task of making improvements in society by means of addressing the challenges that are a result of business operations that negatively affect society. Organisations need to be responsible and be held accountable for their negative impact on society and the environment. businesses are rooted in their surrounding communities, making them socially accepted. This is very important for long-term sustainability of the business. The respondents were further surveyed on their actions that depicted social and environmental responsibility, and the following insights were established:

Table 6. 2: Further insights of SMEs in the Durban Metropolitan area, KwaZulu-Natal

Most of SMEs:	Percentage of respondents asserting this*:
Believe that their businesses do not have operations that contribute to pollution.	77.6%
Believe that their businesses do engage in acts of recycling waste.	79.3%
Believe that their business, sell products that do not contain detrimental (harmful) substances to their customers.	98.8%
Believe that their businesses are environmentally friendly (responsible	88.3%

businesses) e.g. ensuring the careful use of scarce natural resources.	
Believe that as a business they ensure ethical standards are adhered to e.g. managing taxes, payment of minimum wage, etc.	90.5%
Believe that their businesses ensure all customers, as well as employees, are treated fairly and work in a conducive working environment.	94.1%

*these percentages (%) were calculated from the total number of respondents that responded to the question, not the entire sample.

6.2.2. **Objective 2**

- To better understand, what are the advantages of incorporating responsible and sustainable business practices in SMEs in KwaZulu-Natal.

Literature in chapter two acknowledges that most businesses have a main objective and that objective is to generate revenue and to ensure shareholders realise returns on their investment (Smerecnik & Andersen, 2011). It is undeniable that the adoption of social and environmental endeavours can come at a cost, however, studies have shown that these initiatives can also be favourable on a business's bottom line (Turyakira *et al.*, 2012). The increase in consumer consciousness of business responsibility towards the society and environment has also led to the increase in consumers supporting businesses that bring value to their communities. It is bestowed that at times businesses corporate responsibility and sustainability efforts can guarantee future survival. Below is a brief elucidation of some of the benefits that businesses can gain:

- **Improved business reputation**

Organisations' good reputation generally rises when customers and businesses work together to address social and environmental problems. A good business reputation is beneficial and

plays an important role in the success of the business. A good reputation ensures the business sustainability, financial stability, and general acceptance in the community (Shamma & Hassan, 2009).

- **Talent attraction and employee retention**

The businesses ability to treat employees fairly and in a responsible manner is important in the attraction and retention of new talent (employees). Employees work more willingly if their desires are fulfilled in the workplace and if they have a sense of purpose by working for an organisation that is responsible in the eyes of its stakeholders (Turyakira *et al.*, 2012).

- **Favourable financial returns and increased competitiveness**

Studies have identified that financial and economic gains are the main drivers of environmental sustainability in SMEs. The competitive advantage which is derived from engaging in responsible and sustainable initiatives leads businesses to higher levels of competitiveness which concurrently leads to an increase in market share, sales volumes and an increase in total revenue (Mandl & Dorr, 2007; Smerecnik & Andersen, 2011).

- **Customer retention and market share growth**

The markets are a volatile and competitive environment, and most businesses survive these volatilities by retaining current business customers. However, this is highly impossible for businesses that do not have favourable customer appeal. That is why it is very important for businesses to sustain positive relationships with their customers. For businesses to treat their customers fairly and show concern for their needs results in customers being loyal to the organisation and thus maintaining as well as gradually growing the organisations market share (Turyakira *et al.*, 2012).

Current study findings:

According to Fortune Magazine (2019), it is not easy to directly measure or quantify the benefits of responsible and sustainable business practices. According to Parry (2012), it is unclear and vague that financial benefits are the real drivers of businesses becoming responsible and sustainable businesses. This is said to be because environmental sustainability enthusiastic entrepreneurs and social entrepreneurs have considerably little interest in economic gains. They demonstrate high levels of concern for the natural environment and the general wellbeing of society.

It is evident that there are business owners and managers who show sensitivity to issues pertaining to the wellbeing of society and the preservation of the natural environment. This has been highlighted by the findings in this study when the respondents were investigated on the specific reasons why they engage in responsible business practices. In table 6.3 below are some of the reasons that were discovered:

Table 6. 3: Reasons why businesses engage in responsible business practices

<i>Why does your business/s engage in any of the above-mentioned initiatives?</i>
➤ “Because it is the right thing to do”
➤ “Everyone needs a helping hand”
➤ “I enjoy helping others”
➤ “My business is dedicated to helping disadvantaged communities”
➤ “We like helping people in need”

The table above were responses that the researcher gathered from the investigation. According to the researcher, these responses suggest that some of the SMEs’ owners in the Durban metropolitan area, KwaZulu-Natal, are genuinely concerned about societal wellbeing and the environment. They are all about “doing what is right”. Literature and the findings indicated that this is not something uncommon for business owners to become responsible entities just for the satisfaction of knowing that they are somewhat making a positive contribution on people’s lives (Parry, 2012). In light of this discussion, it is evident that some of the reasons for businesses to adopt responsible practices are to gain inner satisfaction, as well as to be seen as ethical businesses in society.

6.2.3. Objective 3

- To identify the challenges that are faced by SMEs in KwaZulu-Natal with regards to the adoption of responsible and sustainable business practices.

The last section (section G) in the questionnaire was an attempt to understand the challenges that hinder businesses from engaging in social and environmental practices. The responses that

came from the respondents highlighted the following as possible problems that hinder them from becoming responsible enterprises. In table 6.1 is a presentation of the researcher's assumptions on how might the challenges come about and how does it hinder the adoption of such practices.

Table 6. 4: Challenges faced by SMEs in the adoption of responsible and sustainable business practices

Challenge	Explanation (Assumption)
Lack of understanding	<p>This is a result of SMEs' owners not fully understanding what it means to be responsible businesses.</p> <p>The lack of knowledge in the adoption of responsible business practices becomes a major problem for small business owners, as they find it difficult to integrate such practices with their main business operations.</p>
Expensive (costly)	<p>Most SMEs are small-scale businesses and staying afloat is something they battle with each and every day.</p> <p>The costs of giving back to society and helping the environment might seem expensive to do.</p> <p>That is why this reason was highlighted because some SME owners outline that it is too much of an expense to become responsible entities.</p>
Inadequate resources	<p>Not necessarily financial resources, but other resources such as personnel to strategically plan and execute such practices, in a way that does not affect businesses core operations and profitability.</p>

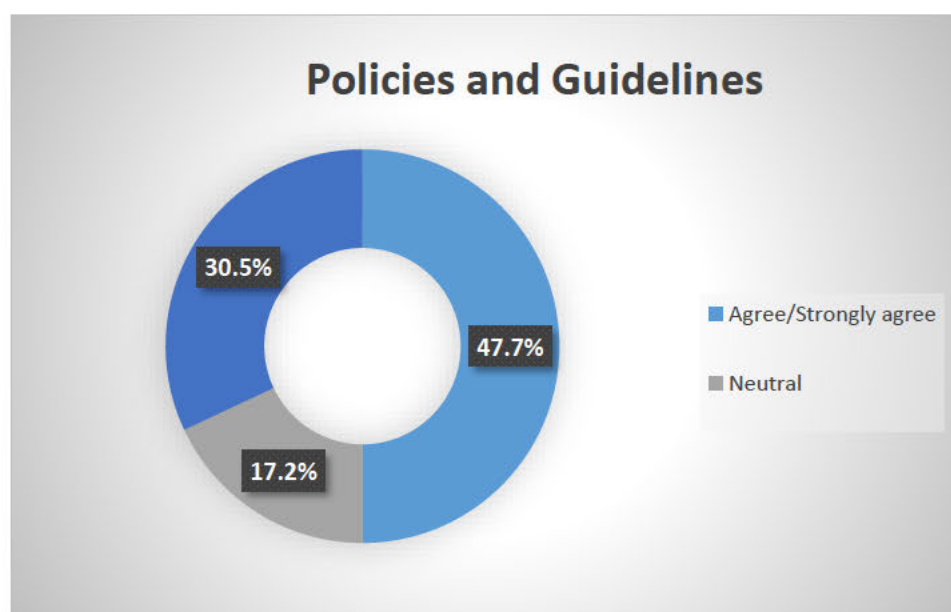
Time constraints	Time is one of the most important things in any business. SMEs' owners tend to have all the business operations dependent on them, this results in little to no time to consider engaging in positive social and environmental activities.
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6.2.4. **Objective 4**

- To investigate whether SMEs in South Africa have policies in place to aid the implementation of responsible and sustainable business practices.

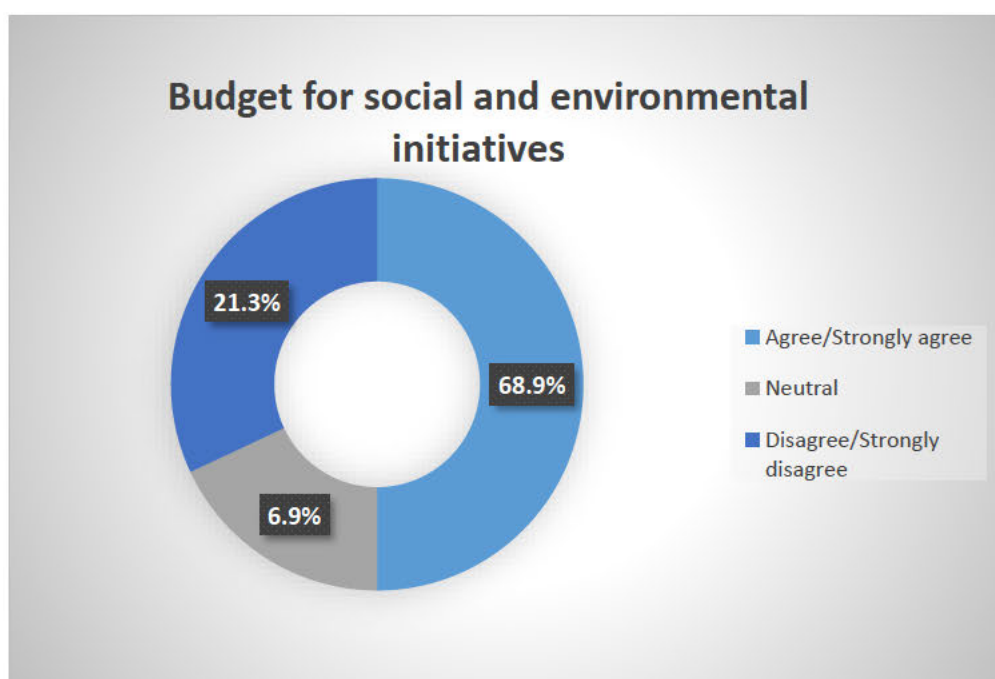
In this regard, the collected data indicated that SMEs in the Durban metropolitan area do have policies that guide them in implementing responsible and sustainable practices in their businesses. In a statement that was included in the survey about having policies and guidelines for implementing responsible and sustainable practice. Respondents were asked to indicate whether they agree/strongly agree/neutral/disagree/strongly disagree. The results indicated that most respondents do, with 47.7% agreeing/strongly agreeing to this statement. 30.5% of the respondents disagreed/strongly disagreed with this statement, thus indicating that they do not have such policies and guidelines in their businesses. These are depicted in figure 6.3 below.

Figure 6. 3: Policies and guidelines for implementing responsible and sustainable practices



Over and above this, SMEs in the studied area not only indicated that they have policies to implement such practices but they have certain funds in their business budgets to facilitate the engagement in social and environmental endeavours. In the below chart the percentage of respondents that indicated that they agree/strongly agree to having set funds allocated to giving back to communities and the environment are a total of 68.9% and only 21.3% indicated that they do not agree/strongly agree. It is safe to say that even though some SMEs do not understand what are responsible and sustainable practices, however, they do have a positive outlook on the wellbeing of societies and the environment.

Figure 6. 4: Funds for social and environmental initiatives



6.3. Chapter summary

This chapter discussed the findings of the study that were presented in the previous chapter. The chapter presented a discussion of the findings in the framework of the study's objectives. In the following chapter, the researcher mainly focuses on the concluding remarks as well as the recommendations for both SMEs and future research. In the following chapter, the conclusion, recommendations, and limitation of the study were presented.

CHAPTER 7

CONCLUSION AND RECOMMENDATIONS

7. Introduction

The previous chapter aimed at presenting a detailed discussion of the results. This was done in line with the research objectives. The overall aim of this study was to explore the responsible and sustainable business practices in SMEs, based in the Durban region, KwaZulu-Natal. The study involved looking at the perception of SMEs with regard to such practices. Using the discoveries in the study, a conclusion, and recommendations were provided. This chapter moreover presents the limitations of the study and subsequently give recommendations for future studies on the topic.

7.1. Recommendations

Objective 1

- **To investigate the perceptions of SMEs regarding the role they need to play in the adoption of responsible and sustainable business practices in KwaZulu-Natal.**

Drawing from the reached conclusions, firstly, SMEs in Durban, KwaZulu-Natal should find mainstream ways to incorporate responsible and sustainable practices in the core functions. Engaging in responsible and sustainable practices should not be separated from the businesses main operations, they also need to be incorporated as part of the enterprises' vision and mission, not just something they do indirectly. This includes implementing social and environmental sustainability activities at micro-level, i.e. making sure that the organisation internally is treating its employees responsibly. Secondly, SMEs in the area should be educated about social and environmental responsibility. Lastly, SMEs need to put greater emphasis on recycling production waste and focus on finding ways to eliminate the use of non-renewable resources. This entails adopting sustainable principles as a norm within the organisations and following them.

Objective 2

- **To better understand, what are the advantages of incorporating responsible and sustainable business practices in SMEs in KwaZulu-Natal.**

The topic of benefit always arises in the discourse of responsibility and sustainability in businesses. This is because some businesses argue that such practices have no benefit, and they

are a mere waste of time and resources. However, literature rejects such assumptions as there are benefits enjoyed by businesses that practice good citizenship. SMEs in Durban, KwaZulu-Natal should increase their attention on environmental protection and preservation as this ensures a supply of resources that is sustainable, ensuring the long-term survival of the business. Furthermore, SMEs should also encourage and increase skills development programmes (social and environmental issues awareness campaigns). This is because fighting social and environmental problems is everyone's responsibility, and instilling that knowledge in societies is important. When future business owners are groomed at a young age about social and environmental responsibility the world can be a better place, relieving some of the pressures that are faced.

Objective 3

- **To identify the challenges that are faced by SMEs in KwaZulu-Natal with regard to the adoption of responsible and sustainable business practices.**

In the study, the challenges or hindrances that deter SMEs in the targeted area from engaging in responsible business practices were investigated. These were presented in chapter 5 (figure 5.1). Analysing the data revealed that SMEs in KwaZulu-Natal can eliminate these challenges by doing the following:

- Encouraging other SMEs to build and adopt social responsibility principles that they will follow in line with their business functions.
- Leveraging surrounding communities in order to build a sustainable symbiotic relationship will focus on social wellbeing and preserving the natural environment.
- Promoting operational means of collaboration between government bodies, the public, and business enterprises for a sustainable future.
- Associating themselves with inclusive development initiatives.

Objective 4

- **To investigate whether SMEs in South Africa have policies in place to aid the implementation of responsible and sustainable business practices.**

Nowadays, society demands everyone (including businesses) to adopt a more responsible and sustainable approach. Businesses are not only adjudged through their financial progress but, also, by their social and factors. The traditional objectives of businesses have taken a completely new formation. Businesses are expected to play a more significant role in society. That is why SMEs need to have proper policies to implement responsible and sustainable business practices.

SMEs can ensure this by the adoption of the following:

- Businesses should plan strategically to implement CSR and sustainability practices.
- Leverage green technologies and principles for a sustainable future.
- Develop focused and standardised approaches/models to implement responsible and sustainable practices.
- Create affiliations with expert agencies for proper advice on engaging in responsible business practices.
- Develop proactive approaches to CSR.

A significant correlation exists between businesses and society in general. One cannot stand without the other. Every enterprise's key to thriving is if it satisfies certain basic societal requirements. According to most scholars, this is a two-way process, if businesses are taking so much from the natural environment and society, the onus is on them to give it back. Humanity is responsible for everything that is falling apart in this world. Social and environmental sustainability is about making accountable decisions in order to lessen businesses' adverse impact on the environment and societies as well. Businesses are anticipated to show moral behaviour in their commercial practices and follow the norms of doing business without encumbering the growth and development of humanity.

7.2. Conclusion

This section provides concluding remarks, through a summary of the key aspects that was discussed in the review of literature. Then further identify key aspects that were discovered in the research findings from the data collected. Recommendations was then presented thereafter. In this study, the researcher aimed at investigating the insights of SMEs with regard to responsible and sustainable business practices in the Durban area. The secondary data was unpacked, discernments were drawn from a wide-ranging range of secondary sources such as peer-reviewed journal articles, books, non-peer-reviewed publications, online articles,

conference papers, etc. The study's questions and research objectives remained the key basis of the study. The study was directed at accomplishing these objectives as well as to provide detailed findings. This has been manifestly done throughout this study.

The researcher discovered that sustainable development has become paramount for all businesses. Generally, sustainable and responsible practices have been mostly associated with large companies, not just in developing countries but all around the world. However, this changed ever since the joint sitting of the Rio de Janeiro Earth Summit that was held in 1992. In most developing African countries, SMEs generally have a great potential of playing a huge role in responsible and sustainable development. SMEs are said to be capable of combining their efforts in curbing social and environmental issues. This can lead to a rapid realisation of sustainable economic development. Since SMEs constitute about 90% of South Africa's formal commercial enterprises, their commercial activities are an important contributing factors and the basis of both economic growth and development of the country (Hlatywayo, 2015).

It has been deliberated that over the years, many organisations, such as the World Bank, have acknowledged the increasing role that SMEs play in growing the global economy (World Bank, 2011). The South African small business sector has made a significant contribution to the economic growth and development of the country. The country's local SMEs have remained resolute in improving economic growth, creating jobs, improving the quality of life, and stabilising the social and political structure of the economy. SMEs in South Africa contribute more than 70% in private sector employment, as well as more than 60% in the general employment in the country (OECD, 2016). The small business sector in South Africa has proven to be very substantial in the economic development of the country and because of that, stakeholders have gazed a spotlight upon SMEs in relation to the engagement in sustainable principles and practices.

Since the initial industrial revolution, people have created more problems than those we solve. Ever since then, humanity's commercial activities have given birth to a variety of negative consequences on the natural and human ecology. Social responsibility in many organisations, especially in the small business sector, has gained significant traction from scholars, and it has become the main research agenda (Hilson, 2012; Dzansi, & Okyere, 2015; Moeti, 2016). So that is why for most SMEs ensuring business activities are responsible and sustainable is quite a common practice in this day and age. Businesses regardless of sector, scale, or geographic location are side-lining traditional ways of profit generation and engaging in responsible and

sustainable business practices as they understand how sustainability issues are affecting their bottom line. Issues such as market disturbances, civil unrest, or natural resource constraints, among other issues, can have a devastating and material impact on the sustainability of any business (Spangenberg, 2010).

Even though there is some information on SMEs' engagement in social, and environmental responsibility, however, more research needs to be done on the subject. SME's engagement in responsible behaviour should not be undermined. The role of businesses in sustainable economic growth, advancement of society and the preservation of the environment is crucial more especially in the developing regions of the world, where they rely mostly on non-renewable resources. Literature discusses advocates that small and medium enterprises are generally less accountable for their social and environmental impact compared to larger corporations (Chazireni, 2017). The successful carrying out of responsible and sustainable business practices by SMEs in conjunction with large enterprises in developing countries will yield sustainable economic growth, a prosperous society as well as an environment that is in good hands and well taken care of. The small business sector is also responsible for nearly half of all environmental and societal problems, but they do not account for them (Jorge et al., 2016).

This study aimed at expanding and contributing significantly to the body of knowledge with regards to SMEs', social and environmental responsibility, by examining SMEs in the Durban Metropolitan region, KwaZulu-Natal, South Africa. New knowledge is lacking in the area of responsible and sustainable business development in the small business sector. Employing the stakeholder theory this study aimed at developing change and influencing SMEs towards a more positive attitude of embracing sustainable business development.

Literature suggests that it is challenging for SMEs to employ responsible and sustainable development implements to support various initiatives, since these were traditionally created to suit structures of large businesses (Nasrullah & Rahim, 2014). This is yet another obstacle hindering the SME sector from becoming part of the revolution against social and environmental issues. Moreover, SMEs face less pressure from stakeholders about their practices, compared to the big companies. This is mostly because SMEs have limited financial resources at their disposal, and perceive that engaging in sustainability practices is too complex. With less pressure from stakeholders, limited financial means, and perception, it is of no

surprise that many SMEs even today still regard environmental issues as a low priority, costly to address, and not financially worth exploring.

The research findings revealed that SMEs in the Durban area, KwaZulu-Natal have got an affirmative attitude and are sensitive towards social and environmental responsibility. However, these entities' positive outlooks without application or practical results are not enough. Furthermore, the empirical data that was sourced from SMEs in Durban, KwaZulu-Natal were analysed by the researcher. The data shows that most SMEs, in the area, have limited understanding of responsible and sustainable business practices.

Summary of the characteristics of SMEs in the Durban Metropolitan area with regards to responsible business practices.

Businesses in the area:

- Recognise the importance of operating a business in a responsibly and sustainably.
- Do not believe social and environmental responsibility initiatives are a cost burden to SMEs.
- Are socially and environmentally responsible
- Believe social and environmental responsibility can be adopted by SMEs.
- Suggest that every business should have a policy in place to implement social and environmental responsibility.
- Believe that they do not contribute too significantly to pollution.
- Have confidence that their businesses recycle waste.
- Believe that they sell products that do not contain harmful substances.
- Are certain that they are environmentally friendly (responsible) businesses.
- Ensure proper ethical standards are adhered to.
- Guarantee all customers, as well as employees, are treated fairly and work in conducive work spaces.

The study further discovered that engagement in responsible and sustainable practices is not only driven by financial gains. Environmental sustainability enthusiastic entrepreneurs and social entrepreneurs have considerably little interest in economic gains. They just have high levels of concern for the natural environment and the general wellbeing of society. This has been evident in this study, as most SMEs' owner's/managers and entrepreneurs show sensitivity to issues pertaining to the wellbeing of society and the preservation of the natural

environment. This has been highlighted by the findings in this study when the respondents were probed on the specific reason why they engage in responsible business practices.

7.3. Research limitations and recommendations for future research

7.3.1. Limitations of the study

The source of limitation was the sample size. The number of surveyed SMEs were not enough to generalise the findings of the study. The data acquired does not represent the entire population of the Durban metropolitan area. This is also because some of the operating SMEs in the Durban region are not members of the DCCI, where the researcher obtained the sample frame used for this study.

7.3.2. Recommendations for future research

Future research on the same topic should consider obtaining a larger and more accurate sample size for this study. The sample size used for this study does not represent the entire population of the Durban metropolitan area. Therefore, in the future it would be ideal to have a study that represents the entire population of Durban, KwaZulu-Natal.

7.4. Chapter summary

This chapter was a concluded the entire study. The chapter summarised the key points that were discussed in the study and presented recommendations using the key findings. This chapter presented the conclusion, recommendations for SMEs in the Durban metropolitan area. Furthermore, the recommendations for future studies on the similar topic and limitations of the study were also presented.

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APPENDICES

APPENDIX A

Appendix A: Survey instrument (Questionnaire)

UNIVERSITY OF KWAZULU-NATAL

Title: Responsible and sustainable business practices: An empirical study of KwaZulu-Natal-based small and medium enterprises

SECTION A: Demographic Information

Please put an [X] in the appropriate box

1. Please indicate your gender

☐ Male ☐ Female ☐ Prefer not to answer

2. Position

☐ Owner ☐ Manager ☐ Other (please specify)

3. Age group

☐ Less than 20 ☐ 20 – 39 ☐ 40 – 59 ☐ 60+

4. Population group

☐ Black ☐ White ☐ Indian ☐ Asian ☐ Other (please specify)

.....

SECTION B: Business Information

5. Number of employees

☐ 0 – 50 ☐ 50 – 100 ☐ 100 – 150 ☐ 151+

6. Number of years in operation

☐ 0 – 5 ☐ 5 – 10 ☐ 10 – 20 ☐ 20+

7. Economic sector

☐ Agriculture ☐ Retail ☐ Manufacturing ☐ Other (please specify)

.....

SECTION C: Perception

8. Do you understand the term 'Responsible and sustainable business practices'?

☐ Yes ☐ No ☐ Not sure

***** If you answered Yes continue, if No, skip to Section D. *****

9. To what extent do you agree or disagree with the following statements?

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I recognise the importance of operating a business in a responsible and sustainable way.					
I believe social and environmental responsibility initiatives are a cost burden to my/or any other small business.					
I consider my business to be socially and environmentally responsible.					
I think social responsibility can be adopted by small businesses.					
I think there should be a policy in place in every small business to implement social and environmental responsibility.					

SECTION D: Social and Environmental Engagement

10. Do you understand the term 'Social and Environmental Responsibility'?

☐ Yes ☐ No ☐ Not sure

11. Please tick the most appropriate answer

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
We as a business contribute to pollution.					
We as a business recycle waste.					
We as a business sell products that do not contain detrimental (harmful) substances.					
We as a business are environmentally friendly (e.g. ensure the careful use of resources)					
We as a business ensures ethical standards are adhered to e.g. managing taxes, payment of minimum wage etc.					
We ensure all customers as well as employees are treated fairly and work under conducive working environment.					

12. Does your business engage in the following?

	Yes/No
Do you make donations to local charities and/or orphanages?	
Do you provide support for disaster struck regions (e.g. families affected by natural disasters, families deeply affected by the Covid19 pandemic)?	

Do you sponsor or donate goods/services to community social initiatives such as Soccer Tournaments, soup kitchens, etc.?	
--	--

13. Why does your business engage in any of the above-mentioned initiatives?

.....

.....

.....

.....

14. What other initiatives do you wish to engage in the future?

.....

.....

.....

.....

SECTION E: Responsibility and sustainability policies/guidelines

15. To what extent do you agree or disagree with the following statements?

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
We have policies and guidelines for implementing responsible and sustainable practices.					
In our budget, we have funds set out for social and environmental initiatives.					
We have someone/department responsible for social and environmental initiatives.					

SECTION F: Sustainability reporting

16. Does your business engage in sustainability reporting?

☐ Yes ☐ No ☐ Not sure

***** If you answered Yes continue, if No, skip to Section G*****

17. When last did your business compile a sustainability report?

.....

.....

.....

.....

18. In what ways do you transparently communicate the business's sustainability performance (sustainability report) to the relevant stakeholders?

☐ Newspapers ☐ Social media

☐ Online publications

☐ On request

☐ Conferences

☐ Other (please specify)

.....
.....
.....

SECTION G: Challenges faced by small businesses

19. What are the challenges that hinder your business from engaging in social and environmental initiatives?

☐ Lack of understanding

☐ Inadequate human resources

☐ Lack of government support

☐ Other (please specify)

.....
.....
.....
.....

Thank you for your contribution... ☺

APPENDIX B

Appendix B: Informed consent form

UNIVERSITY OF KWAZULU-NATAL

HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

Information Sheet and Consent to Participate in Research

Greetings,

My name is **Andile Dlamini**, a Masters Student from the University of KwaZulu-Natal, College of Law and Management Studies, Pietermaritzburg Campus.

University of KwaZulu-Natal
King Edward Ave, Scottsville
Pietermaritzburg, 3209
Cell no. 0784816697
Email. Andiled76@gmail.com

You are being invited to consider participating in a study that involves research on the responsible and sustainable business practices on the KwaZulu-Natal-based small and medium enterprises (SMEs). The aim and purpose of this research is to understand the engagements of SMEs in social and environmental business practices in the Durban Metropolitan Area, KwaZulu-Natal, South Africa. The study is expected to include a total of 333 SMEs in the Durban region. It will involve the gathering of relevant information from the participants in a form of questionnaire surveys around Durban. Your participation is a once of encounter, the honest completion of the survey instrument will mark the end of your participation in the study. The study is funded by the National Research Foundation (NRF).

The study will provide no direct benefits to the participants. However, it will help establish current information on the engagement of SMEs in responsible and sustainable business practices in KwaZulu-Natal. This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (Not issued yet). In the event of any problems or concerns/questions you may contact the researcher on the cell number and email address mentioned above, or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban 4000 KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557- Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

Your participation in the study is voluntary and by participating, you are granting the researcher permission to use your responses*. You may refuse to participate or withdraw from the study at any time with no negative consequence. Your anonymity will be maintained by the researcher and the School of Management, I.T. & Governance and your responses will not be used for any purposes outside of this study.

*All data, both electronic and hard copy, will be securely stored during the study and archived for 5 years. After this time, all data will be destroyed.

If you have any questions or concerns about participating in the study, please contact me or my research supervisor at the numbers listed above.

Sincerely
Andile Dlamini



CONSENT TO PARTICIPATE

- I have been informed about the study
- I understand the purpose and procedures of the study
- I have been given an opportunity to ask questions about the study and have had answers to my satisfaction.
- I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.
- If I have any further questions/concerns or queries related to the study, I understand that I may contact the researcher at.
- If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557 - Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

Signature of Participant

Date

Signature of Witness

Date

APPENDIX C

Appendix C: Ethical clearance letter



18 November 2020

Mr Andile Dlamini (215047118)
School Of Man Info Tech & Gov
Pietermaritzburg Campus

Dear Mr Dlamini,

Protocol reference number: HSSREC/00002099/2020

Project title: Responsible and sustainable business practices: An empirical study of KwaZulu-Natal-based small and medium enterprises

Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 08 October 2020 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL** on the following condition:

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

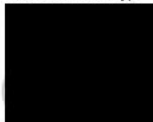
This approval is valid until 18 November 2021.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/dd

Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

INSPIRING GREATNESS

APPENDIX D

Appendix D: Durban Chamber of Commerce and Industry (DCCI) gatekeepers letter



**DURBAN CHAMBER
OF COMMERCE AND
INDUSTRY NPC**

A: 101 Isaiah Ntshangase Road, Durban 4001
P.O Box 1506, Durban 4001, KwaZulu-Natal, South Africa
Reg. No: 2015/448265/08
T: +27 31 335 1000 | F: +27 31 303 1149
E: info@durbanchamber.co.za | membership@durbanchamber.co.za
W: www.durbanchamber.co.za

30 September 2020

Mr. Andile Dlamini
University of KwaZulu-Natal
King Edward Ave, Scottsville
Pietermaritzburg
3209

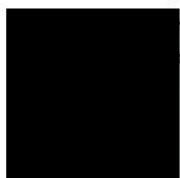
Dear Mr. Dlamini

RE: PERMISSION TO CONDUCT RESEARCH

This letter serves to confirm that the Durban Chamber of Commerce and Industry hereby acknowledges and approves the research to be conducted through the Durban Chamber of Commerce and Industry for the completion of Masters studies, research topic: **Responsible and sustainable business practices: An empirical study of KwaZulu-Natal-based small and medium enterprises.**

Please note that the data collected must be treated with due confidentiality and anonymity. This information is also provided by the Durban Chamber of Commerce and Industry on the condition that a copy of the final research output will be given to the Durban Chamber of Commerce and Industry for information purposes.

Yours sincerely



Mr. Yolana Nagoor
Manager: Policy and Advocacy
Durban Chamber of Commerce and Industry NPC
T: 031 335 1000



APPENDIX E

Appendix E: South African SMME's classification system

Short title and commencement

This Act is called the *National Small Business Act, 1996*, and comes into operation on a date fixed by the President by proclamation in the Gazette.

SCHEDULE

Sector or sub-sectors in accordance with the Standard Industrial Classification	Size or class	Total full-time equivalent of paid employees <i>Less than:</i>	Total annual turnover <i>Less than:</i>	Total gross asset value (fixed property excluded) <i>Less than:</i>
Agriculture	Medium	100	R 4.00 m	R 4.00 m
	Small	50	R 2.00 m	R 2.00 m
	Very small	10	R 0.40 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Mining and Quarrying	Medium	200	R30.00 m	R18.00 m
	Small	50	R 7.50 m	R 4.50 m
	Very small	20	R 3.00 m	R 1.80 m
	Micro	5	R 0.15 m	R 0.10 m
Manufacturing	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
Electricity, Gas and Water	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
Construction	Medium	200	R20.00 m	R 4.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	20	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Retail and Motor Trade and Repair Services	Medium	100	R30.00 m	R 5.00 m
	Small	50	R15.00 m	R 2.50 m
	Very small	10	R 3.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m

Wholesale Trade,	Medium	100	R50.00 m	R 8.00 m
Commercial Agents and Allied Services	Small	50	R25.00 m	R 4.00 m
	Very small	10	R 5.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Catering, Accommodation and other Trade	Medium	100	R10.00 m	R 2.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	10	R 1.00 m	R 0.20 m
	Micro	5	R 0.15 m	R 0.10 m
Transport, Storage and Communications	Medium	100	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Finance and Business Services	Medium	100	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very small	10	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Community, Social and Personal Services	Medium	100	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very small	10	R 1.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m

Source: Government Gazette of the Republic of South Africa (2003).