TOPIC: CORPORATE SOCIAL RESPONSIBILITY OF SMEs IN ZIMBABWE (A CASE STUDY OF MANICALAND PROVINCE)

BY

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Submitted in partial fulfilment of Bachelor of Commerce (Honors) degree in Banking and Finance

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Abstract

Small and medium sized enterprises (SMEs) entirely play a crucial role as the backbone of national economies and Corporate Social Responsibility is an essential idea towards achievement of organizational effectiveness. The goal was to evaluate the extent to which SMEs are engaged in CSR activities. Makoni district has a population of 102 SMEs thus according to the Makoni Rural District Council. A sample of 75 SMEs were carried out that consisted of 30 SMEs in CBD Area, 25 in the Tsanzaguru location and 20 in Vengere location. Probability sampling technique was the one used to carry out the study from participants. The study used data from the questionnaire, interviews and from secondary source. Set of 75 questionnaires was developed and distributed to the owners of the enterprises. It also used the tables, and bar graphs to present and interpret data obtained from primary and secondary source. Four independent variables that is, Workforce oriented, market oriented, society oriented and Environmental oriented CSR activities and the three facilitating variables which include employee satisfaction, customer loyalty and business reputation was noticed as variables inducing the effectiveness (dependent variable) of SMEs. The study concluded that SMEs are facing challenges that are causing them to resist corporate social responsibility as it drains profits rather than injecting hence it is recommended that SMEs should be educated through seminars, lectures and workshops to understand the concept of corporate social responsibility.
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CHAPTER ONE

INTRODUCTION

1.0 Introduction
The study examined the extent to which SMEs are engaged in CSR and identifying barriers they faced when engaging in CSR activities. Despite SMEs playing an important part of the country’s development they were not engaging in CSR activities together with the realization that only little research has been done about CSR activities from Zimbabwean perspective opened the opportunity to explore and start a research about CSR among Manicaland SMEs. This chapter provided the background of the study, statement of the problem, research objective, research question and the purpose of the research. The chapter highlighted the assumptions, delimitations, limitations, solutions to the limitations and also definition of terms.

1.1 Background of the study
Small and medium enterprises have an important role in the development of a country hence they should not be left out on the concept of Corporate Social Responsibility. They need financial, technical and marketing support to enhance in CSR. There are economic challenges in Zimbabwe which include declining of savings and investment, high interest rates, cash crises, high tariffs of operating, and also foreign exchange shortages. Such challenges have led to the negative effect on development of SMEs which also causes the decline in participating in CSR. Small and Medium Enterprises are increasingly playing a crucial role in the recovery of the Manicaland economy. They are regarded as the support of their economic retrieval exertions and a solution to the economic difficulties of unemployment and poverty alleviation. At hand there is consent among researchers that development of SMEs in Zimbabwe may propel the growth of the economy and reduction of poverty Baron (2007).
This study identifies Zimbabwe’s SMEs irregular business actions and performs that are CSR and society oriented, the opportunities that are brought by CSR, the benefits and barriers they encounter when taking part in CSR activities. The study construct a Zimbabwean understanding centered on academics theories of CSR and translating the background of CSR and noble activities by businesses into economically sustainable corporate suggestions which can be used in Manicaland province.

This exploration is a research to advance SME stakeholder’s administration, knowledge and communication about CSR. It is taken from the practical socially oriented SMEs approaches that are possible in Manicaland province. Manicaland province SMEs have gone through harsh conditions thus, they have been through dynamic economic, political and social environments of inflation, cash crisis and unstable of the political environment. The businesses have managed to endure in that difficult business atmospheres.

The strategies focus of SMEs is on short term maximum profits at minimum possible costs. Small businesses implement short term approaches that select instant financial gain. This has reduced SMEs search for prospects that are economically and socially sustainable. When assessed under resource based view of firms (RBV), the majority of SMEs failed to balance business’s profits and costs. Most enterprises get the best out of profits, with little importance stakeholders and consumers whilst other businesses fail to breakeven their profits’ businesses. Business provisions is attached on ‘doing the correct thing’ and CSR offers this kind of growth opportunities for these SMEs. There is cash crisis in many financial markets despite it being the life blood of the SMEs progress.

1.2 Statement of the problem

SMEs are not conscious of the importance of carrying out CSR activities and the potential benefits of engaging in such activities. Although SMEs are to be taken as the pillar of economic growth in Zimbabwe they have negatively affected the development of communities in Zimbabwe. This problem has given rise to the need to identify the extent to which SMEs are engaged in CSR.

1.3 Research Objectives

This research was guided by the following objectives:
• To identify CSR activities undertaken by SME’s
• To identify the barriers when conducting CSR by SMEs
• To investigate the benefits that accrue from engaging in CSR
• To identify opportunities of CSR by SME’s

1.4 Research Questions

For the purpose of this study, the following research questions were postured

• What CSR practices have been implemented in Manicaland SMEs?
• What barriers do Manicaland SMEs face when engaging in CSR activities?
• What are the benefits that came from engaging in CSR in SMEs?
• What are the opportunities of CSR by SMEs in Manicaland province?

1.5 Importance of the Study

The importance of this study is that it will contribute in shedding light on the effectiveness of the contribution of CSR activities in Small and Medium Enterprises towards their competitiveness. The research recognizes small businesses opportunities that would add value and identify opportunities for innovation and also business growth options that the CSR can bring into SMEs. This study evaluates the extent that SME are engaged in CSR, benefits and opportunities that CSR can bring to small businesses. The importance of this study will be beneficial to a number of stakeholders, who include the Ministry of SMEs to formulate policies which promotes SMEs for engaging in CSR activities, as well as the Ministry of Economic development to promote, coordinate and empower economic developments which are done by SMEs. Scholars and academics are going to benefit from this research findings as this research will add knowledge about CSR in SMEs. The analysis will contribute to diverse groups of people as follows:

1.5.1 To the researcher

To the researcher, the study is for partial satisfaction to the requirements of the Bachelor of Business studies Honors Degree in Banking and Finance, offered by Bindura University of Science Education. It will give the researcher the knowledge of corporate social responsibility in SMEs. At the end of this study, the researcher will have gained understanding of carrying out a complete research hence this will serve as a good foundation for future work. It will also benefit the researcher exploring and gaining insight of the problem under study.
1.5.2 Entrepreneurs

This research is important to SMEs as it will generate awareness on the importance of carrying out CSR activity as a way to enhance organizational success. The study pursue to give SMEs relevant particulars and information on the rewards of their businesses taking part in CSR in their businesses. Provide valuable knowledge of the impact CSR has on competitiveness.

1.5.3 To policy makers

The success of the government and a country in regard to business development is due to small businesses (Sanchez 2013). This is mainly attributed to their contribution to income generation and employment. To the government the research will provide information which is important in the establishment of government policies. Thus it can give direction on policies to make as to improve SMEs operations so that they can carry out CSR activities as this will benefit the economy of the country. Also given the importance of the SMEs to Zimbabwe’s economy this study is very important as the decision makers similar to the Ministry of Economic Development may be valuable for the improvement of this economic sector.

1.5.4 To the university

This study will enhance on the existing literature and will also aid the academicians by accessing reference in future when carrying out research which is related to this. If the institution so desires it can therefore make use of the issues raised in the research to improve on its academic courses if the need be.

1.6 Assumptions

In order to obtain accurate, complete and trustworthy information the researcher assumed the following:

- Economic environment to remain constant during the period of study.
- The research to receive full support from the targeted population of the research.
- The research instruments will collect the proposed data.
- The respondents offers maximum cooperation.
- The sample given symbolize the whole population of the area under study.
Information being given by the respondents shall be regarded as accurate, complete, and relevant and can be relied on when the researcher will be analyzing the data.

1.7 Delimitations of the Study

This study was carried out in some limitations in terms of the context, and time. Firstly, the research concentrated on the application of CSR by SMEs. The research seeks to understand and provide background meaning of CSR for SMEs in Manicaland province. Manicaland province was targeted in this research since it is one of the most populated province with population of about 1,752,698 that’s according to Zimbabwe National Statistics Agency which institutes 13.5% of the country’s total population. Manicaland has the greatest SMEs which add considerably to job creation, says the Minister of Small and Medium Enterprises Cde Sithembiso Nyoni in the Herald 24 July 2017.

The study assessed the extent to which SMEs are engaged in CSR, identifying CSR activities they undertake, evaluating opportunities of CSR by SMEs and barriers they faced when conducting CSR activities. The research focused on formally registered operating SMEs that comply with the fundamental rules and regulations from 2007 to 2018.

1.8 Limitations

The leading constrictions to this study were insufficient research materials which included insufficient secondary information of the problem being studied. The researcher encountered some problems which include some respondents too busy to answer the questionnaire as a result forced her to carry out an interview while they were at work. Therefore to alleviate the problem of some respondents being too busy to answer the questionnaire the researcher make use of interviews while they were still at work. The investigator used primary data, the questionnaire and interviews to lessen the difficult of inadequate secondary information. In addition, the researcher respected confidentiality of the respondents and the introductory letters from the University of Bindura Science Education was used to find authorization from the enterprises to carry out the research. With such tools, the researcher achieved dispel the delimitations which made the investigator to obtain support from the respondents.
1.9 Definitions of Terms

The following are the significant definitions of the study:

SMEs - Conferring to the Ministry of SMEs [MoSME] (2015), an SME is a business that hires not more than 50 worker’s whereas a medium enterprise is an enterprise that hires 75-100 workers.

Corporate Social Responsibility - CSR as an obligation to advance community well-being through flexible business practices and assistances of corporate possessions (Kotler 2005). CSR is also the continuing obligation by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the society at large (Weber 2008).

1.10 Chapter Summary

In this chapter the researcher introduced the subject under study which was the CSR of the SMEs in Manicaland province. This chapter went on to look at the background of the study, statement of the problem, research questions and the objectives of the research. It also went on looking at the significance of the study assumptions, delimitations of the study, limitations to the study and the definition of terms. The next chapter provides the literature review with focus being on the theoretical literature as well as other empirical studies to solve the problem and achieve the objectives.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter seeks to review literature on CSR of SMEs starting on definition and presenting what other authors had to say about the topic being researched. Many authors and researcher wrote about CSR of SMEs. This chapter strive to explore the use of CSR in SMEs, the opportunities of CSR by SMEs and also major constraints facing the SMEs which may hinder them to engage into CSR activities. It also analyze the benefits that accrue from engaging in CSR.

2.1 Definition of SMEs

SME is well-defined in the Small and Medium Enterprises Act (chapter 24:12) as a legal entity and is characterized centered on its annual turnover and gross value in assets. The Zimbabwe Association of SMEs defines them as small businesses that are lawfully registered and with a turnover of less than US$240 000 or assets less than US$100 000. In Egypt SMEs are well-defined as having fewer than 50 employees (Skinner and Mersham 2008). Vietnam reflects SMEs to have between 10 and 300 employees (Nyanga et al. 2013). The European Union (EU) defines SMEs largely based on the number of workers and categorizes SMEs as business enterprises (outside agriculture, hunting, forestry and fishing) which employ less than 500 persons. The definition used in this study was according to the Ministry of SMEs [MoSME] (2015), which referred SME in Zimbabwe as a business that hires not more than 50 workers whereas a medium enterprise is an enterprise that hires 75-100 workers.
2.2 Definition of CSR

CSR as an obligation to develop community well-being through flexible business practices and contributions of corporate funds (Kotler 2005). CSR is also the continuing obligation by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the society at large (Weber 2008). CSR has evolved from an irrelevant idea to the one that is well established in the business around the world (Lee 2005). CSR can be seen as an umbrella phrase that considers various means and ways that try to act morally and ethically. Carroll (1991) acknowledged characteristics of CSR and he includes that CSR comprises four aspects that is; legal, economic, ethical and philanthropic responsibility, he also states that businesses which are trying to be seen as good within the society should achieve these four aspects.

The four aspects of CSR as suggested by Carroll (1991), Carroll’s pyramid consists of four aspects and can be used in corporate social responsibility. According to Carroll (1991) the four aspects are in pyramid form and they include economic responsibility at the bottom which means a firm must be profitable and it is the foundation up which all others rest, follows the legal responsibilities which is to obey the law thus, the society’s codification of right or wrong, following the ethical responsibilities meaning that a firm must be ethical to do what is right and fair and avoid harm and at the top there is the philanthropic responsibility meaning to be a good corporate citizen.

2.3 The Categorization of CSR activities of SMEs

CSR have the following characteristics, Workforce oriented CSR, Market oriented CSR, Society oriented CSR and Environmental oriented CSR activities (Blowfield & Frynas, 2005). The combination of these scopes is also known as the triple bottom line (Han, 2006), which has existed into the business environment in the idea of CSR (Markley & Davis, 2007). Thus, CSR is when industries are accountable for their social environmental effect in a way that drives outside what is essential by law and taking into concern the effects of their conclusions on their different stakeholders.

2.3.1 Workforce orientated CSR activities

The stakeholder dimension is where the decision making procedure involves considering the impacts on the different stakeholders of the company (Vives et al., 2005). This is about just
treatment of employees by the business and is often related to attraction and retaining employees, the improvement of working conditions, job satisfaction, equal opportunities and variety, training and development of workers so as to have more knowledge, participation in decision making, fair payment and also financial support of workers (Dahlsrud, 2008).

2.3.2 Market orientated CSR activities

This means concerns of importance to the markets in which the business operates in. It includes events to develop the quality of products, giving reasonable prices, ethical advertising, paying the suppliers in time and being supportive to the formation of the local business alliances. The economic dimension is where CSR is linked to the strategy of the business (Porter & Kramer 2006), and it generates a good relationship for the company and society (Vives 2005).

2.3.3 Society orientated CSR activities

The social aspect is where companies are accountable for their social impact, taking into account both internal and external aspects (Blowfield 2005). These includes promoting social welfare in the local societies in which the business operates in. It include labor market incorporation at community level, improvement of the local infrastructure, giving cash and also donations to local community institutions (Lockett et al 2006). The voluntariness aspect is where social responsible carry out legal regulations and are voluntary (Obrien 2011).

2.3.4 Environment orientated CSR activities

The environmental aspect is where businesses implement observes to lessen their environmental influence (Dahlsrud 2008). The environmental dimension has remained openly conveyed in the definition of CSR, it has been acknowledged as part of it (Babiak & Trendafilova 2011). This include policies, operational administration and reporting in relation to the environmental impact of all activities the business is undertaking. It also involves designing environmentally friendly products or production processes with efficient use of resources, reduction of waste and pollution, and informing business partners, customers and society on environmental issues (Blowfield & Fynas 2005)
2.4 The impact of CSR on the competitiveness of SMEs

SMEs competitiveness basically means the ability to increase position and permanent guarantee of all which are shown especially by growth of the business, profitability and market share (Markovics 2005). Competitiveness is also seen as the means when a businesses can advance their performance, which can be shown by the number of dimensions which include market share, profit, growth and duration. Commencing on a business perspective, a competitive business desire to survive in the market and accomplish market share and profitability. The achievement of a competitive firm can be measured by objective measures, which take into account return on investment, profit, revenue from sales and market share thus, according to (Frynas 2008).

Society CSR activities leads to a good business reputation hence increasing competitiveness of the firm. Market oriented CSR activities increase the business competitiveness as they will be producing quality products. Also environment CSR activities improve the competitiveness of a business as they will be producing efficiently hence low prices will be charged. Workforce focused activities improve employee satisfaction thereby improving competitiveness of the business. By engaging in CSR activities with important stakeholders, SMEs can develop a good business image and achieve workers satisfaction and also achieve customer loyalty thus improving their competitiveness in the market. Employee satisfaction leads to better marketing, as well as improved customer loyalty.

2.5 Benefits of CSR

There are many benefits of implementing socially responsible and ethical behavior which include improved job satisfaction of employees, increased loyalty of employees hence reducing staff turnover and recruitment of new skilled employees. Hence, pleasant working conditions, and a good work-life balance are more vital in SMEs than in large businesses. Some SMEs successfully use their obligation to CSR activities to build an advantageous reputation as the ideal local employer (European Competitiveness Report 2008). According to Shamma and Hassan (2009), an enjoyable working environment for employees and investment in training and motivation are the most important tools for the reputation of a business. Employees have an important role in evolving and maintaining the reputation of a business. Employees communicate the way they work and also about their organization by word of mouth communications thereby communicating the reputation.
of the business. Those businesses that a good workforce oriented CSR activities experience a positive financial impact.

Such effects of CSR activities have a positive influence on the long-term competitiveness of SMEs. According to (European Competitiveness Report 2008) there is a positive relationship between CSR and competitiveness of SMEs in terms of human resource management. Furthermore, results from a study of Malaysian SMEs Jamaludin and Hasun (2007: 12) show that training of staff is important in increasing the value of human capital. Thus, training results in a high level of loyalty and efficiency of the staff. Skilled employees are expected to be more efficient in performing their duties which will result in good output activities including improvement of the reputation and image of the business, loyal workers and customers, simplified access to local resources, lower costs of security due to lower crime and vandalism, and also new business opportunities. The status of a business at its location and its image as an employer and producer positively influence its competitiveness (Weber 2008).

The long period goal of SMEs should be to stay in business, grow and make profits. To effectively participate in local and global markets, SMEs must be flexible in their response to the needs of stakeholders. Traditionally, the competitiveness of a business has been measured by financial indicators which include profits, market share, sales and rate of growth (Singh et al 2008). However, financial indicators measure only past performance and at the present moments many researchers have found that competitive advantage caused indirectly by CSR activities of SMEs leads to a higher level of competitiveness, shown by increased market share, profitability and sales (Mandl and Dorr 2007). Thus, future business managers, entrepreneurs, and workers should know that CSR is an investment in society that pays off in the long term, the social and environmental responsibilities of businesses need to be included into all levels of education. That is, such certain attention should be given to the incorporation of CSR into relevant training for the managers and staff of SMEs. Ethical aspects, personal responsibility towards society and awareness of social and environmental issues can be educated so as to gain knowledge of it. Implementing CSR can be of greater importance in terms of recruitment, motivation, retention and development of staff, customer loyalty, business reputation, and largely competitiveness of a business.
2.5.1 CSR and Employee turnover on SMEs

Research indicates that work environments that are observed as being fair have positive effects on business outcomes as well as lower worker absenteeism and higher levels of workers commitment (Windsor 2001). CSR activities give importance and fairness to employees and this affects the firm’s performance positively. According to (Aguilera et al. 2007) firms that prove CSR show concern for both internal and external stakeholders, thereby showing fairness. That is, when CSR is demonstrated regularly, employees can measure the extent to which they are fairly treated hence giving them a sense of control over whether it is their best interest to remain within the firm. CSR involves building relationships with multiple stakeholders and requires cooperation between employees and management, the expectation is that employees derive a sense of value and belongingness to the organization through demonstrated CSR activities (Aguilera et al. 2007). Therefore firms that do not demonstrate behavior that is fair with employees’ ethical frameworks are possible to suffer negative consequences. Given that CSR is argued to meet employees instrumental, relational, and moral needs hence its impact turnover levels is expected.

2.5.2 CSR and customer satisfaction

Customer gratification is an increasing, global assessment based on experiences with firms over a period of time and it is a sign of past, current, and future performance of a business (Anderson et al. 1994). Customer satisfaction has become one of the most vital goal of SMEs and is important on focusing on business strategy. Thus, when performance go beyond expectations, satisfaction rises and when the expectations exceed performance which is done, satisfaction drops. With respect to CSR activities there a number of ways the construct is expected to positively impact customer satisfaction. SMEs keep on searching for ways to improve customer satisfaction, being given that CSR appears to react to customers through a number of extents, the anticipation is that CSR is positively related with customer contentment.

2.5.3 CSR and Financial performance on SMEs

CSR have a positive connection of financial performance in SMEs. While some other studies show negative effects of CSR it have on businesses financial performance. (Pan et al. 2014) observed that employee responsibility and environmental responsibility have an important positive relationships with business financial performance. Also (Lee et al 2015) recommended that SMEs
are motivated to pursue CSR activities when they recognize a business benefit and worth for the company. SMEs take part in community CSR activities when they perceive benefits such as better business and improved customer loyalty. CSR results include better relations between the communities and the business as well as improved firm appearance therefore, this leads to better financial performance in the long term because customers will buy products and services from these firms.

Moreso environmental responsibility of a firm can also result in better financial performance due to cost reduction thus when recycling waste and reduce water consumption. Care for the environment can also result in more loyal customers in SMEs which will lead to better financial performance in the long term. It is therefore equitable to suggest that businesses which get involved in community and environmental responsibility can attain enhanced firm performance in the long term while businesses that are unwilling to get involved in CSR perform less well.

2.5.4 CSR on SMEs Reputation

The CSR activities have an important role it plays on businesses reputation. Barnett et al (2006: 34) defined corporate reputation as viewers combined conclusions of a business based on the assessment of the financial, social, and environmental impacts attributed to the corporation over time. Corporate reputation is also an important intangible resource which can be enhanced by businesses decision to engage in CSR activities. Although reputation of a business is intangible it contributes much to the sales of a business. Also it attracts business partners and improve the competitiveness of a company. Therefore SMEs will improve its business reputation if they engage in CSR activities which will have positive impacts in the long run. Therefore, it is possible that SMEs taking part in CSR activities can lead to improved corporate reputation and eventually better firm performance over time. This is due to the fact that CSR improves company reputation and this may increases its sales.

2.6 Constraints faced by SMEs in implementing CSR activities

SMEs are often overwhelmed by several factors that may prevent them in having CSR activities. The greatest burden in SME is lack of adequate finance. These SMEs are having difficulties in having adequate finance as they are considered high risk by giving those loans and therefore banks have no interest in funding their businesses. (Nyoni 2008) suggests that SME in Africa are
intensely limited in gaining access to the capital needed to develop as nearly most of SMEs in
developing countries rating access to finance as a major constriction. They are having difficulties
in accessing funds from banks, facing harsh borrowing conditions, causing the recent financial
crisis (Nyahunzvi 2013).

Also SMEs remain small because they lack marketing skills. Thus, lacking marketing skills and
adequate information of the market poorly distresses SMEs business operations as they fail to
attract and maintain consumers. (Nyanga 2013) added by saying that the insufficient knowledge
of the market also cause SMEs failing to fulfill the needs of the customers as customer’s taste and
preference change such that they will face a constraint of marketing CSR activities. SMEs lack the
necessary human resources skills, marketing skills, financial management skills and general
management skills to ensure that they can be efficient and being responsible to the economy.
Government also contribute to the constraints facing SMEs in trying to implement CSR activities
through its policies.

2.7 Theoretical frameworks

The review concentrated on theories of corporate social responsibility which are the socio
economic theory and the stakeholder theory. These theories evaluated the concept of corporate
social responsibility and its applicability, hence they are of great importance. Although the two
theories were developed by way of two different philosophers, both were supporting the fact that
corporate social responsibility is a major concept towards corporate effectiveness

2.7.1 The Socio Economic Approach

This approach was founded by G. Bowen 1953. (Skinner 2008) states that businesses owe society
other than the supply of goods and services. Businesses are responsible for the environmental, and
social costs resulting from their activities and therefore if possible businesses have to respond to
society’s problems even although they may not be directly responsible. In relating the theory,
businesses have to take into account the stakeholder theory, a social response view to groups that
have a possible to influence a business decisions and actions. Managers must weigh and balance
the concern of stakeholders and shareholders (Donaldson et al 2002). Corporate social
responsibility turn into a necessity in conducting business, hence the authors observe the socio
economic approach as the improved approach to influence the corporate social responsibility policy.

However it states that the business has the obligation to be economic profitable and taking consideration of the community at the same time which is not realistic in the world were nonprofit making corporations exist, (Sanchez 2013). It also states that businesses which are not profitable will fail and this is not true as nonprofit organizations do exist.

2.7.2 The Stakeholder theory

The Stakeholder theory was founded by Edward Freeman 1984, he stated that for a business to be successful it should also consider its stakeholders (Grinnel 1997). Stakeholder theory includes the idea that businesses can be seen as organizations whose survival is influenced by their ability to fulfill a particular set of audiences. These audiences are denoted to as stakeholders who can be recognized by their ownership, rights, or interests in a business and its activities, past, present, or future (Turyakira 2012). Therefore, attention have to be paid to the needs and rights of important stakeholders as a useful way of developing socially responsible conduct by managers (Maigan and Ferrell 2004: 4). Stakeholder theory has expanded dominance in the business and society in recent years in light of its practicality from the viewpoint of managers and scholars (Dima 2007). This theory is based on the concept that go beyond shareholders, there are several agents with concern in the actions and decisions of businesses. Hence, stakeholders are individuals who benefit from or are affected by corporate actions (Branco and Rodrigues 2007). Stakeholder theory states that businesses have a social responsibility that entails them to consider the interests of all individuals affected by their actions. Hence, management should not only think of its shareholders in the decision making process, but also those important stakeholders who are affected by business decisions (Branco and Rodrigues 2007). Even though stakeholder theory and CSR literature were developed independently they complement each other. Stakeholder theory offers a structure that holds economic, legal, ethical, and philanthropic responsibilities as well as approaches to address these responsibilities (Mankelow and Meredith, 2004). Hence, stakeholder theory is concerned with individuals that are not too distant from a business. The theory depend on the idea that ties business activities and the stakeholder’s situation, or among the stakeholder’s activities and the business environment (Turyakira 2012). It is relevant in present days as it encourages businesses to create morale relationship with their customers and customer loyalty.
However this theory have shortfalls which include that it suggest that every stakeholder needs should be considered when making decisions which us not realistic. It also became inoperable for a business because it will consume more of time for other productive activities. Therefore there will be no end to figure out whose rights should be accounted for (Frooman 1997).

2.8 Empirical Evidence

The section was centered upon previous studies which were carried by other scholars, it also examines the gap between previous study and the present study. The study concentrated more on the previous studies which were done in Africa and America as more research of corporate social responsibility were more noticeable in these areas. Various researchers have discovered the importance of SMEs related to CSR for example in the research of (Jenkins 2006), points out that most SMEs rely on their duty to concern social and environmental responsibilities but other SMEs are questionable to regard CSR in terms of risk to brand image or reputation.

Lee and Kotler’s research perspective on CSR

Lee et al (2015) discovered that SMEs are motivated to pursue CSR activities when they recognize a business benefit and value for the company. SMEs take part in community CSR activities when they perceive benefits such as better business and improved customer loyalty. CSR outcomes include better relations between the communities and the firm as well as improved firm appearance therefore, this leads to better financial performance in the long term because customers will buy products and services from these firms.

Tsai’s research perspective on CSR

Tsai et al., (2005) carried a research of the impact of SMEs engaging in CSR activities and confirms that there was a positive relationship between employee satisfaction and SME competitiveness. Results of this study showed that employee satisfaction is influenced by Workforce-oriented CSR activities.

Czech’s perspective on CSR

According to survey of Czech SMEs in CSR activities Obrien (2011), they concluded that there are many benefits associated with environmental-oriented CSR activities. These include, attraction of environmentally-conscious customers, lower costs due to improved energy efficiency and more
efficient operations. Therefore, the main reason for the involvement of SMEs in environmental oriented CSR activities is the enhancement of a positive image and reputation of the business. This evidence advocates that SMEs have some environmental concern to protect the environment so as to gain a competitive advantage (Obrien 2011)

**Saleem, Shahid and Naseem’s research perspective on CSR**

Saleem, Shahid and Naseem (2011) carried a study in Lahore of the effectiveness of CSR activities in SMEs and found that workers who are trained on a regular basis are well motivated, well-mannered have better confidence and self-esteem. The training of workers enable them to perform responsibilities besides what is delegated to them and gave them a sense of importance in the organization. Furthermore, the results of this research showed a positive relationship between Workforces oriented CSR activities and Business reputation.

**Romans perspective on CSR**

A study of Romanian SMEs European Commission (2007) which was centered on researching the relationship between society CSR activities and business profits showed that entrepreneurs which supported local community projects realized better sales and financial results. Therefore, they recommended that business that voluntarily participates in local community activities such as sharing some of its profit with the community, providing the community with donations, assisting them with projects is more likely to gain a competitive advantage in the long-term.

**Moyo and Masuku’s research perspective on CSR**

Moyo and Masuku (2013) carried out their researches in Zimbabwe, concentrating on corporate social responsibility as a development of public concern. Thus, their study was centered on two companies, which are the National Railways of Zimbabwe and the Econet Private Limited whose businesses were greatly affected by public concerns and CSR. Their study examined to find the connection between corporate social responsibilities and public burden. They claimed that CSR seeks to expand organizational appearance by engaging to expressive side of the public, solving social problems for them (Moyo and Masuku 2013)
Locket, Moon and Visser’s research perspective on CSR

Locket et al. (2006), an academic of corporate social responsibility categorized his study into four main themes thus, the economic which concentrated on the need for profit whereas producing quality produce, environment which concentrated on the need to confirm clean environment and reduce pollution on the society, ethical which state the need to observe to ethical code of conducts and laws and at the end stakeholders who were worried with the need to take into account all those who have interest in the business. In his conclusions he planned on literature that CRS commentary on top management journal putting emphases on ethical and environment. These studies had their shortcomings which are to be covered by the current research.

2.9 Knowledge gap

Previous studies have shown that relatively little scholarly research explores the use of CSR in SMEs. Expectations are undoubtedly high that CSR activities open up its positive impact it have on the financial performance of SMEs and also many benefits it gives. However, these studies were basing on the activities of the CSR only but the current study proposes to go beyond and look at the effectiveness of engaging in CSR activities. Also other researchers only concentrated to specific group of SMEs which is too small to represent the whole SMEs. All these disadvantages associated with secondary data are eliminated in the current study as the researcher collected firsthand information from the respondents and this increased the reliability of the study.

2.9 Chapter Summary

This section focused on literature review from various authors and writers on CSR in SMEs. CSR was defined using categories including workforce oriented, market oriented, society oriented and environmental CSR activities. CSR have some advantages among SMEs which include good reputation, better financial performance and also customer satisfaction. All issues related to CSR in SMEs were discussed such as the use of CSR in SMEs, the impact it have on competitiveness of SMEs also the major constraints facing these SMEs in implementing CSR activities. The next chapter focused on the research methodology.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

Methodology is a body of information that enables researchers to explain and enable researchers to indicate their limitations and resources, identifying their assumptions and concerns, and relating their potential to research advances (Miller et al 2004). Moreover, methodology explains the type of questions that can be addressed and the nature of the evidence that can be generated (Cooper 2011). The primary objective of this study is to gain awareness into the use of CSR in SMEs, as well as the potential impact of these CSR activities on competitiveness. The purpose of this chapter is to explain the research design and methodology that was applied to address the primary objective of this study. This chapter centers on the research design thus, target population, sample size, sampling techniques, research instruments, data collection procedures and data presentation and analysis. The research study covers the significance of various research techniques to be used and their limitations. Primary and secondary data was used as a source of data.

3.1 RESEARCH DESIGN

Research design refers to the plan on how the researcher systematically collected and analyzed data needed to answer research questions. A research design is also the proposal for achieving study objectives and answering research questions (Cooper and Schindler 2011). The purpose of a research design is to ensure that the proof obtained enables us to answer the initial question as clearly as possible (De Vaus 2001). It is a structure through which a research process is conducted to explain the social occurrences under investigation (Kothari 2000). The research is to be conducted in the form of a survey research design as it was dependable. Thus it allowed the
respondents to answer with more open and honest answers. It was helpful as it aid in getting the most accurate data.

3.2 Target Population

According to Zikmund (2003) population is a complete group of people under consideration for a research purpose. Population is also seen as the total group of components which the researcher desires to make suggestions (Cooper and Schindler 2011). A population consists of all the cases of individuals or elements that fit a certain requirement. The study focused on CSR in the small and medium enterprises in Manicaland Province. Thus, the populations for this study consist of SMEs in Manicaland Province, which is 102 micro small medium enterprises owners.

3.3 Sample

For most research it is difficult and impossible to include in the sample every person in the population. Sampling is the part of statistical practice concerned with the choosing of individual observations intended to produce some knowledge about a population of concern, especially for purposes of statistical conclusion (Palit; 2006). Sampling also refers to the procedure of selecting some elements from a population to represent that population (Cooper and Schindler 2011). (Zikmund 2003: 262) defines the sampling unit as the circumstance to which the variables under study and the research problem refer and about which data is collected and analyzed. The researcher conducted the study taking into consideration one Province that comprises of 7 districts which include Mutare, Nyanga, Makoni, Buhera, Chirumanzimani, Chipinge and Mutasa. Particularly simple random sampling, was used to select respondents from different SMEs sectors in the Makoni District because it is the District with many SMEs.

Sample Size

An overall of 75 SME units out of 102 were nominated for the study from the various points in the district and were given to SMEs owners or managers. The 75 SMEs were the ones which were reachable and had been contacted and replied to the request of engaging a research at their organizations. The sample size signified approximately 74% of SMEs in the Vengere location, Tsanzaguru area and also in the CBD Area. This was done as there will be easy comparing of data from different three study areas. In the town center there had a total of 41 SMEs and 30 were selected for the research, in the Vengere location 20 out of 27 SMEs were selected for the study
and the in the Tsanzaguru location 25 out of 34 were selected for the survey. The sample of 74% of the total SME units produced results that were representing SME activities in Makoni District.

3.4 Sampling techniques

Sampling techniques is defined as process used to select some elements of a population in such a way that they signify the actual features of the total population (Cohen 2000).

3.4.1 Simple random sampling technique

In this research, simple random sampling technique was used, this is due to the fact that the sample selected has equal chance of being selected (Cooper 2011). Simple random sampling technique occurs when every single sample of size n (from a population of size N) has the same chance of being selected. The process of simple random technique include:

Step 1: Constructing a List

Before a sample can be selected randomly it is necessary to take a complete list of the population from which to select. All the registered SMEs was included in the sample so that every SME has an equal chance of being chosen in the study. In some cases, the expense of constructing a list of the entire population is simply too great, and a different procedure is forced upon the investigator. This was avoided by limiting the population of interest by describing it narrowly. Therefore since it was impossible to reach all the members of target population in Manicaland Province, the accessible part of this population were SMEs in Makoni District, Zimbabwe.

Step 2: Drawing the Sample

After combining the population, the researcher used a random table number by allocating every SME a number. Sample surveys were done in the sample sites in Makoni District, these are Vengere location area, Tsanzaguru area and also in the CBD area. According to the Makoni District Council database there are about 102 SMEs in the respective areas in Makoni District.

Step 3: Contacting Members of a Sample

Finally the researcher using simple random technique contacted each of those selected in the sample and obtain the information needed. The CEO of the Makoni District Council helped with the list of registered SMEs in Makoni District and contacted the SMEs, He also gave me an assistance to help in finding the SMEs. Failing to contact all individuals included in the sample
can be a problem as the representativeness of the sample can be lost at this point. However, if any pattern of changes emerged such as sex and education a conclusion would have to be made regarding how extremely the differences could have affected the representativeness of the sample. Differences on any representative between those who participated and those who did not anticipate should not suggest that the information they might contribute would also be different. Individuals can share the same values and beliefs even though they may have differences on characteristics such as sex or education. Considering the academic nature of the problem under study, simple random sampling technique allowed the researcher to use circumstances that have the required information for the study objectives.

3.5 Research Instruments

The research instruments which will be used are: Questionnaires, and Interviews

3.5.1 Questionnaires

In this research 75 set of questionnaires was developed and distributed to the owners of the enterprises, 30 were distributed in the CBD area, 25 in the Tsanzaguru location and 20 in the Vengere location area. Closed questions made it possible for the respondents to select a response from given alternatives to avoid time wasting and open-ended questions would make it possible for the responder to give responses which may have been overlooked by the researcher.

Types of questions on the questionnaire

- Set Choice Questions which include dichotomous (yes or no) and multiple questions: these allow for the quantification investigation of the responses, this data is easier to evaluate.
- Open ended questions these are questions considered to allow respondents to include more information, attitudes and understanding of the subject. This made researchers to better access the respondent’s true state of mind on an issue.

The researcher used open ended questions and set choice questions as they were less expensive, it also permitted secrecy as well as resulting in more honest responses. It also eliminated unfairness due to phrasing questions differently for different respondents.
3.5.2 Interview

Interview refers to discussion between two people where questions are asked by the questioner to obtain information from the applicant (Kothari 2000). The personal interviews were conducted to collect data through a set of determined questions. The interview were for those managers who were too busy to fill in the questionnaires.

The interview permitted the researcher to interpret the questions if they were not understood, it also helped as the researcher was able to collect detailed information from the respondents. There was a higher answer rate than questionnaires and it was easy for evaluation of the answers given by the managers.

3.6 Data collection procedures

The researcher asked permission to carry out a research from the CEO of the Makoni District Council. The procedure to seek permission was accompanied with a letter from Bindura University of Science which showed that the information was for academic reasons. The administration of the questionnaires was through hand delivery to the managers of the SMEs. The letter which was given together with the questionnaires had a stamp and this ensured confidentiality of information of the organization. The questionnaire were collected after 2 weeks, calls and follow ups were done on the respondents when the questionnaire were overdue.

3.6.1 Secondary data collection

Secondary data are the evidences and figures that have already been recorded before the project at hand. The secondary sources which were used by the researcher include data from ZIMRA pertaining to registered SMEs, the Ministry of SMEs and Corporate development, the Makoni District Council. The researcher also used the internet to access most of the information thorough review of the reports, journals, government reports, books, magazine and also internet materials. Secondary data are those which have already been collected by someone have already been approved through the statistical process (Kothari 2000).

3.6.2 Primary data collection

The primary data collection is data collected direct from the field and it includes observation, questionnaires and interviews. The primary data facilitate getting first handed data (Kothari 2000).
The researcher was determined by this type of data because it needs to get views straight from those concerned with the problem under study.

The questionnaire found information on different SMEs activities in Manicaland Province, their reasons for carrying out CSR activities, their constraints in implementing CSR activities, SMEs sources of funding CSR activities and the impact the CSR have on their businesses. The questionnaire consisted of both open ended and closed questions. The questionnaires was directed over a period of two weeks to allow the respondents to take their time in answering the questionnaire.

The researcher used structured interview which include an informal grouping of topics and questions and this permitted the interviewer to ask in different ways for different contributors. The interviewer exercised more control because additional questions are prearranged as there is adequate flexibility to allow the interviewee an opportunity to shape the flow of information. Thus, the interview allowed more detailed questions to be asked and this led to archive high response rate. This allowed the interviewee to use questions thereby improving the quality of responses.

3.7 Validity and reliability of data

The validity and reliability of instruments is critical when carrying out a research (Ngulube 2005). Validity and reliability refers to the quality that a procedure of a research is accurate, correct, true, meaningfully and right hence being the main aim of the instruments used in this study. A pilot study was carried out in Manicaland Province to ensure validity and reliability of questionnaires, so as to correct possible problems before the study.

3.7.1 Validity

Validity describes how well the collected data covers the actual area of investigation (Gronhaug 2005). Validity essentially means measuring what is planned to be measured (Frynas 2008)). The researcher took caution to ensure that the questions addressed the research questions and objectives. Validity also evaluates the form of the questionnaire in terms of feasibility, readability, uniformity of the formatting, and the clarity of the language used. The questions were planned in a clear manner which made it simple for respondents to reply and the researcher being provided with meaningful conclusions. To ensure validity, the researcher asked related questions in line with the study.
3.7.2 Reliability

Reliability is the degree to which an instrument regularly measures whatever it intends to measure. Analysis for reliability is important as it denotes to the constancy across the parts of a measuring instrument (Cooper 2011). A scale is said to have high internal consistency reliability if the items of a scale fall together and measure the same construct (Ghauri 2005). The use of same interviews and questionnaires was used by the researcher for each related business so as to increase reliability and also research questions and objectives was also used by the researcher to organize interview questions and questionnaire to increase the reliability.

As Cooper and Schindler (2011) have discussed that, sound measurement must meet the tests of validity, reliability, and practicality. Practicality is defined as economy, suitability and interpretability (Kotler 2005). Analyzing an instrument for reliability and validity can help to evaluate if the instrument is good or bad and finally specifies if the clarification of the data is accurate or deceptive. A pilot survey was done to test the reliability and validity.

3.8 Data Presentation and analysis techniques

Data presentation is a method used to summarize, communicate and organize information using variety of tools such as diagrams, graphs, histograms and distribution charts Pahkinen (2004). The tables and graphs were used to represent how CSR was done in SMEs over the past year. These were used to show the findings of the research as they are easy to use and understand. Microsoft package was used as the main tool for graphs and tables as they produced quality results. All the information which was obtained through the interviews and questionnaires was analysed using Microsoft Excel package. The figures were shown in such a way that they were clear and showed relationship between variables making it easy to interpret the data.

3.9 CHAPTER SUMMARY

This chapter has concisely described the activities involved in the research design chosen for this study. Thus, the target population studied, the sample size and sampling techniques were described. It also contains the Data collection processes, validity and reliability of the data, Data presentation and analysis methods. The next Chapter is Data Presentation, Analysis and Discussion. It is mainly about the detailed interpretation and analysis of the findings of this
research and closes by discussing the relationship between data presented within and the Literature reviewed in Chapter Two.
CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter concentrated on the presentation, interpretation and discussion of research findings. The data was presented using charts, graphs and tables. The research further argued the research findings. The findings were centered on both primary and secondary information which was collected by means of interviews and questionnaires.

4.1 Response rate

This section pursue to explain the responses which were found from the respondents of the questionnaires.

4.1.1 Rate of Response of questionnaire

The summary of the dissemination and return of the questionnaires are shown on the following table below.

Table 4.1

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Questionnaire issued</th>
<th>Questionnaire returned</th>
<th>Percentage of response rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD Area</td>
<td>30</td>
<td>26</td>
<td>87</td>
</tr>
<tr>
<td>Tsanzaguru location</td>
<td>25</td>
<td>24</td>
<td>96</td>
</tr>
<tr>
<td>Vengere location</td>
<td>20</td>
<td>18</td>
<td>90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75</strong></td>
<td><strong>68</strong></td>
<td><strong>91</strong></td>
</tr>
</tbody>
</table>

Source: primary data

The questionnaire in the Appendix B was given to respondents drawn from the SMEs in Manicaland Province. Table 4.1 above, showed that a total number of 75 questionnaires were given to the selected business’s managers and owners under study, and 68 of the questionnaires were
returned signifying 91% of responses. The 9% which did not respond was because some respondents failed to complete the questionnaires in the period of time which was required.

4.2 Gender Composition

![Gender Composition chart](image)

**Fig 4.1** showing gender distribution of respondents  

**Source:** Primary data

The entrepreneur’s gender distribution showed that males dominated most of SMEs in Makoni District (Fig 4.1). In African society women have many households’ chores they have to take care of and men are believed to be in the income generating projects.

4.3 Age of the business

Data was also collected on the age of the business. Results findings are presented in the table 4.2 below

**Table 4.2**

<table>
<thead>
<tr>
<th>Years</th>
<th>CBD Area</th>
<th>Tsanzaguru location</th>
<th>Vengere location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 3 years</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>13</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Greater than 10 years</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>24</td>
<td>18</td>
</tr>
</tbody>
</table>

**Source** (Primary data)
The table 4.2 above showed that SMEs have been in business for some time and they have grown hence they are enjoying profits and able to engage in CSR activities. Thus, 13% of the entrepreneurs have been in business for less than 3 years, 22% between 3 to 5 years in business, 52% for entrepreneurs have been in business between 6 to 10 years and 13 % for those greater than 10 years. The number of years in business is very important as it shows that entrepreneurs who invest more can run their businesses in a professional manner taking into account CSR activities than those who have recently started their businesses.

4.4 Level of Education of the Respondents

Results findings of the level of education are presented by table 4.3 below

Table 4.3

<table>
<thead>
<tr>
<th></th>
<th>CBD Area</th>
<th>Tsanzaguru location</th>
<th>Vengere location</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Ordinary level</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Advanced level</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Diploma</td>
<td>6</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>1</td>
<td>2</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Primary data

As shown in table 4.3 above all the entrepreneurs had attained formal education. 6% have Ordinary level education, 19% with advanced level education, 47% with Diploma certificate and 28% with a degree qualification. The greater the educational qualification of the business owners the greater the chance for the business to be prosperous, as well as being able to have more capital to fund CSR activities as educated entrepreneurs incline to run their business professionally.
4.5 Number of workers at an Institution

Fig 4.2 indicate the response distribution on the number of workers at their institutions.

![Number of workers at an Institution](image)

**Figure 4:2**

**Source:** Primary data

As shown in figure 4.2 these SMEs had few workers than expected and this was explained by the fact that most of these institutions were producing their goods and services through capital equipment. The use of technology reduced the need for many workers.

4.6 Business performance of the Year

<table>
<thead>
<tr>
<th></th>
<th>CBD</th>
<th>Tsanzaguru location</th>
<th>Vengere location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit</strong></td>
<td>81%</td>
<td>96%</td>
<td>89%</td>
</tr>
<tr>
<td><strong>Breakeven</strong></td>
<td>19%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Loss</strong></td>
<td>0</td>
<td>0</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Table 4.4**

**Source:** Primary data
The table showed that most of the SMEs are making profits in CBD Area 81% of the entrepreneurs are making profits, 19% breakeven, in Tsanzaguru location 96% SMEs are making profits and only 4% are at breakeven and in Vengere location 89% of the entrepreneurs are making profits, 6% breakeven, 5% making a loss. This is very impressive as it may enable them to engage in CSR activities using some additional capital.

4.7 Firm Ownership

Firm proprietorship shows how a corporate is managed and how the corporate’s funds are raised, who endures the greatest risks and in what way profits are shared as shown by the fig 4.3 below.

**Figure 4.3: Firm Ownership**

As shown by the fig 4.3, 46% of the entrepreneurs were the sole proprietors 35% were co-operatives and 19% private company. The authority of single ownership above the other categories of possession indicate that greater number of the businesspersons started their businesses as family businesses. Therefore the advantage of individual ownership include incentives to expand business where in partnerships there is a sharing of resources.
4.8 Branch or Sector of the business

Figure 4.4 indicate that majority of the respondents (28%) came from manufacturing industry as it is one of the most income generating project nowadays everyone is in need of manufacturing products and services, 16% from textiles and garment industry, 13% from health and social works, 10% from transport industry and medium size hotels, 9% from educational institutions, 8% from Agriculture and 6% from financial services sector.

4.9 Activities of CSR undertaken by the business

This section pursue to describe and analyze the opinion of the respondents on the use and effectiveness of CSR. Table 4.5 showed the response distribution percentages on the activities of CSR undertaken by the business.

Table 4.5 the activities of CSR undertaken by the business

<table>
<thead>
<tr>
<th>CSR activities</th>
<th>RESPONSE PERCENTAGE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SA</td>
<td>A</td>
</tr>
</tbody>
</table>

n=68
### Table 4.5: Awareness of CSR Activities among Respondents

<table>
<thead>
<tr>
<th>Activity</th>
<th>SA (Strongly Agree)</th>
<th>A (Agree)</th>
<th>NS (Not Sure)</th>
<th>ND (Disagree)</th>
<th>SD (Strongly Disagree)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support low income groups</td>
<td>10</td>
<td>8</td>
<td>5</td>
<td>70</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>Improve infrastructure</td>
<td>26</td>
<td>10</td>
<td>6</td>
<td>58</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Support educational activities</td>
<td>17</td>
<td>28</td>
<td>0</td>
<td>20</td>
<td>35</td>
<td>100</td>
</tr>
<tr>
<td>Support health activities</td>
<td>25</td>
<td>10</td>
<td>5</td>
<td>50</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Support environmental activities</td>
<td>10</td>
<td>30</td>
<td>0</td>
<td>10</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Support to employees</td>
<td>48</td>
<td>3</td>
<td>0</td>
<td>49</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Reduction of waste and pollution</td>
<td>7</td>
<td>25</td>
<td>8</td>
<td>58</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Producing quality products &amp; services</td>
<td>40</td>
<td>1</td>
<td>0</td>
<td>59</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Giving fair price</td>
<td>39</td>
<td>13</td>
<td>0</td>
<td>48</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Training</td>
<td>30</td>
<td>8</td>
<td>0</td>
<td>60</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

**Key**

SA- Strongly Agree  
A-Agree  
NS- Not Sure  
D- Disagree  
SDA- Strongly Disagree

The table 4.5 above showed that some of the respondents were aware with the idea of corporate social responsibility as most of the entrepreneurs were not able to identify the CSR activities. In SMEs putting into practice CSR activities is rarely done. Thus, figure 4.5 indicated that 18% are agreeing that they are supporting low income groups, 5% are not sure and 77% are disagreeing with the idea of supporting low income groups. In addition 36% of the entrepreneurs are agreeing that they are engaging in CSR activities of improving infrastructure, 6% are not sure, 58% was in disagreement with the view.
Table 4.5 above also indicated that 45% of these SMEs agreeing on supporting educational activities and 55% are disagreeing. Moreover, most of the SMEs are disagreeing that they are engaging in supporting health activities with 60% of the respondents.

The above table 4.5 indicated that 40% of the respondents were supportive on environmental activities whilst 60% was in disagreement with the view. Furthermore, 50% of the small medium enterprises were in support of the employees and 49% were disagreeing that they engage in CSR activities of supporting employees.

Table 4.5 showed that 41% of the respondents are agreeing on producing quality goods which is a market-oriented CSR activity and 59% of business also agreed on producing quality goods and services. Also, 32% are agreeing on supporting reduction of waste and pollution activities, 8% are not sure, and 60% are in disagreement of their business reducing waste and pollution activities.

52% of the SMEs are agreeing that they are giving fair price to its stakeholders, 48% were in disagreement with the majority view. Moreover, 38% of the respondents are agreeing of offering training facilities, whilst the remaining 62% are in disagreement with the view.

### 4.10 Reasons for implementing CSR activities

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Response percentage</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>Improve competitive advantage</td>
<td>17</td>
<td>30</td>
</tr>
<tr>
<td>Improve relationship with business partners</td>
<td>18</td>
<td>28</td>
</tr>
<tr>
<td>Ethical or religious reasons</td>
<td>12</td>
<td>32</td>
</tr>
<tr>
<td>Improve relationship with community/reputation</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Improve financial results</td>
<td>32</td>
<td>21</td>
</tr>
<tr>
<td>Access to new markets</td>
<td>16</td>
<td>28</td>
</tr>
<tr>
<td>Comply with actual social legislation</td>
<td>8</td>
<td>34</td>
</tr>
<tr>
<td>Access to capital</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>Improve the work satisfaction of workers</td>
<td>13</td>
<td>38</td>
</tr>
</tbody>
</table>
Table 4.6

<table>
<thead>
<tr>
<th>Motive</th>
<th>5</th>
<th>10</th>
<th>10</th>
<th>40</th>
<th>3</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve customers &amp; suppliers loyalty</td>
<td>5</td>
<td>42</td>
<td>10</td>
<td>40</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>Adapt to the actual environment legislation</td>
<td>14</td>
<td>37</td>
<td>7</td>
<td>35</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>Pressure from external stakeholders</td>
<td>20</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td>Attract employees to the organization</td>
<td>10</td>
<td>25</td>
<td>5</td>
<td>58</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.6, showed the reasons of SMEs for engaging in CSR activities. The outstanding motives are as follows, CSR is a result of improving competitive advantage (17%-strongly agree, 30%-agree), CSR improve relationship with business partners (18%-strongly agree, 28%-agree), CSR is a system to improve financial results (32%-strongly agree, 21%-agree), CSR is a tool for access to capital (32%-strongly agree, 30%-agree, CSR is as a result of satisfying workers( 13%-strongly agree, 38%-agree), Improving customers and suppliers loyalty was the motive for engaging in CSR activities(5%-strongly agree, 42%-agree) and CSR attract employees to the organization (10%-strongly agree, 25%-agree. As shown by table 4.6 there is 53% motive for CSR is improvement of financial results and this was also discovered by (Lee et al 2015) that SMEs are motivated to pursue CSR activities when they recognize a business benefit and value for the company.

The respondents argued their taking part in CSR activities is an outcome of satisfying their workers and increasing competitive gain. These outcomes are supported by other study findings (Kotler and Lee 2005; Maklan and French 2005) which emphasized that corporate progress can be connected to a firm’s involvement in societal inventiveness. Other researchers have also presented that business improve a social range for the reason that supervisors have confidence in that these actions can improve competitive benefit and offer new business chances (Galaskiewicz & Colman 2006). Commencing on this viewpoint, corporate social responsibility actions are measured strategic in nature by accepting that businesses can be successful in the longrun by engaging in CSR (Vogel 2005).
4.11 Constraints businesses are facing in implementing CSR activities

Respondents were enquired to rank the different constraints which they were facing when implementing CSR activities 1 being the least influential and 5 being the most influential. These SMEs recognized that multiple taxation and levies is the main barrier of implementing CSR activities. Second most common perceived barrier is the lack of specific legislation on CSR activities, which is also related to the fact that businesses do not consider CSR activity as a law so that they can implement CSR practices. The other main barriers which were identified by the SMEs and shown in figure 4.5 are uneven economic policies, limited access to finance, lack of innovation, fragile capital base and also little social impact (79%, 60%, 56%, 52%, and 43%, respectively). The constrain of poor business management skills is in support with Bradley and Cowdery (2004) who made a research on the constraints facing SMEs when implementing CSR and they concluded that the causes of SME failure lack of management skills can lead to severe failure. In most instances, the business owner who does not have a sound experience for making the business a success is bound to fail, therefore making it difficult in engaging in CSR activities.
Access to finance is also recognized in fig 4.5 as a major challenge which is faced by SMEs in implementing CSR. Although most of the SME entrepreneurs obtain capital from their family members or savings, they keep their money for themselves to meet the capital needed (Beyene, 2002). Nevertheless, SMEs are considered as high-risk areas and because of that they do not succeed in attracting enough loans. This is recognized by excessive transactional charges involved and the failure of SMEs to offer the collateral that banks needed. This is also showed with the lack of capacity to access suitable information and advice (Beyene, 2002). Hence, SMEs are faced by numerous barriers that adversely impact their profits and contributions to CSR.

4.12 sources of funding CSR activities

This section highlights the sources of funds these SMEs used when implementing CSR activities.

Fig4.6 suggested the sources of funds used by SMEs to fund CSR activities

As shown in figure 4.6 in CBD area 8% of the SMEs are using yearly allocation for funding CSR activities, 35% had no specified budget for funding CSR activities and 57% were using a percentage of profits. In Tsanzaguru location 25% used yearly allocation, 4% used departmental funding, 17% had no specified budget and 54% used a percentage of profits. The entrepreneurs in
Vengere location 5% used yearly allocations to fund CSR activities, 17% used departmental funding, 61% had no specific budget and 17% used a percentage of the profits to fund corporate social responsibility activities.

4.13 **Response on the impact of engaging in CSR activities**

![Impact of CSR activities](image)

**Figure 4.7**

Source: Primary data

Fig 4.7 indicated that the most impact CSR activities brought to SMEs was of business reputation with 38%, followed by improvement of competitiveness with 22%, employee satisfaction or motivation with 16%, business growth have 10% and customer loyalty with 8%. Customer loyalty have 6%, this is in line with a study of Italian SMEs (Longo, et al., 2005: 9) which showed that their customer loyalty existed as an outcome of their CSR engagement.

The 38% with business reputation is in line with the study of the communications industry in United Kingdom which revealed that market oriented CSR activities are main drivers of business reputation (Tuppen, 2004).

Employee satisfaction have was 16%, there is evidence which supports these, a research of small and medium enterprises in Lahore (Saleem, Shahid and Naseem 2011) which discloses that
workers who are trained on a regular basis are satisfactory motivated and they have improved self-confidence.

SMEs that have a moral reputation as a social accountable appeal to more customers and superior workers hence they will have strong customer base. Improved CSR performs increase the status of SMEs amongst interested parties, become extra efficient, attract skilled personnel and with secure customer base generate more revenue. Hence when SMEs make its employees pleased and contented, it is one of the most challenging jobs for any institution. Thus, CSR helps to resolve this issue, motivates the employees, accomplishing their task more efficiently and they tend to be more loyal towards their organization. Recent study indicates that Corporate Social Responsibility (CSR) is becoming more and more important factor in attracting skilled workforce. This may lead an organization to accomplish competitive advantages and revenues are increased. According to the stakeholder theory effective management of stakeholder relationships, the important blocks of corporate social responsibility, may result in better financial performance (Ioannou and Serafeim 2010).

Studies have shown that people have a preference of businesses with improved social values and make more purchases with them. A research at Florida University tried to link social performance with financial performance, they found out that there was a main positive relation between CSR and growth in sales yield on assets. That is the reason CSR is becoming more popular today, therefore SMEs with improved CSR may generate more revenues or sales in the long run in comparison with those who do not take part in CSR activities.

4.14 The opportunities of engaging in CSR activities

Table 4.7 showed the opportunities for engaging in CSR activities in SMEs

<table>
<thead>
<tr>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing strategy</td>
</tr>
<tr>
<td>Growth</td>
</tr>
<tr>
<td>Concern for local basis</td>
</tr>
<tr>
<td>Brand recognition</td>
</tr>
<tr>
<td>Flexibility</td>
</tr>
</tbody>
</table>

Source: primary data
The opportunity to CSR means that a particular factor enables SMEs to engage in CSR activities. It has been noted that these SMEs have a more strategic view of utilizing CSR as an opportunity for growth. In addition, these SMEs now make use of CSR activities to create a positive effect on the society and create a good reputation as they engage in their normal business operations. Branding and marketing strategy is also an opportunity for engaging in CSR by SMEs. Thus, branding is creating a name unique to the whole entity. This may be done through engaging in CSR activities which is shown by relevant actions and these actions will establish the businesses presence in the minds of consumers and the whole public.

4.15 Interview analysis

The table 4.8 showed how the SMEs responded at the interviews which were carried out.

Table 4.8 response rate of the interviews

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Interviews targeted</th>
<th>Interviews attended</th>
<th>Percentage of response rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD Area</td>
<td>30</td>
<td>19</td>
<td>63</td>
</tr>
<tr>
<td>Tsanzaguru location</td>
<td>25</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>Vengere location</td>
<td>20</td>
<td>14</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75</strong></td>
<td><strong>48</strong></td>
<td><strong>64</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

All three locations were interviewed namely CBD area, Tsanzaguru location and Vengere location. A total of 75 interviews were targeted and the managers attended 48 of them giving a response rate of 64%

4.16 Analysis of the interview responses.

This section pursue to analyze the responses which were given on the interviews carried out by the researcher.

4.16.1 Reasons for implementing CSR activities in your organization

The main reasons for implementing CSR activities was to improve relations with the community and business partners. They also mentioned that they engage in helping the community so as to improve competitive advantage, improve financial results, accessing new markets and to have a
good reputation as a social responsible business. The SMEs seem to agree that CSR was a way of managing consumer relations as this was the most outstanding motive.

4.16.2 The opportunities of engaging in CSR activities

The respondents have opportunities which came from taking part in CSR activities. They revealed that CSR is an opportunity to strengthen the business at the same time contributing to the society. They viewed CSR as significant to their overall strategies, assisting them to creatively address main business issues. Some SMEs perceive it as a way of advertising their products and services, some sees as an opportunity to be innovative while trying to suit to customers’ needs and preferences. Furthermore engaging in CSR activities was seen as an opportunity to improve brand recognition and later on sales by these SMEs. Another opportunity they mentioned was flexibility that is, they are able to respond fast to stakeholder demands and implement stakeholder policy.

4.16.3 The constraints faced by SMEs when initiating CSR activities

In addition these SMEs are facing many constraints when implementing CSR activities which are as follows:

- Unstable economic environment
- Negative government policies
- Lack of financial support
- Lack of CSR culture in the SMEs
- Absence of information
- Poor management
- Focus on short term investment

These SMEs are faced with many constraints when carrying out CSR activities, therefore the most important issue is to overcome these constraints by developing a framework which supports CSR activities in SMEs and to decide the support which is needed to overcome these constraints.

Moreover, this also communicates to the fact that SMEs have difficulties in finding access to capital, mainly if they are looking for money to participate in CSR practices, which is a more medium to long-term investment (Vives et al. 2005). Thus, it is important to involve financial
institutions in the support of CSR (Corral et al. 2007) so as to make improvements among SMEs and the carrying out of CSR practices.

4.16.4 CSR activities which has been done in the past 4 years

Many of the SMEs are not aware with the CSR activities and they took it as a draining profit factor. Some of the SMEs are involved in CSR activities which include improving the satisfaction of its workers which is a motivation factor to workers, for example these SMEs offer day offs to its workers, respecting working hours, provision of training to workers by organizing training courses to enhance their skills. This have also been identified by (Vives et al. 2005) as the leading reason for SMEs in Latin America to participate in internal practices.

Also they take part in supporting educational activities and assisting the less privilege people. The most common practice of environmental dimension is the reduction of waste and pollution, in brick manufacturing process these SMEs used plastics which would have been thrown in pits hence reducing, recycling and managing waste.

4.16.5 Sources of funds used to foster CSR activities

It has been noted that most of these SMEs have no specified budget for funding CSR activities whilst some of the SMEs use a part of its profits to fund CSR activities.

4.16.6 Noticeable changes that has been brought by CSR activities

For those SMEs which are taking part in CSR activities they have seen some advantages in their businesses which include good reputation, customer loyalty, improved competitiveness, employee satisfaction an increase of sales in the long run. The starring role of SMEs is important in the development and improvement of any economy. If CSR appropriately carried out and used in SMEs it may deliver outstanding earnings to the SMEs. SMEs can gain many advantages from CSR activities by using it properly and making awareness to the public. As people have a preference of socially responsible organizations, they are prepared to pay even more for their products and services as well workers wants to work in businesses with moral reputation. A business with good repute appeal to more stakeholders, workers consumers and traders. This good reputation form the trust of workers as they are inspired and are trustworthy to the business. This may lead towards improved profits which is an important objective of any SME. In this way CSR
may help SMEs to accomplish a lot of organizational benefits and also making a good move in society. Therefore if CSR is properly used by SMEs it can lead them to success as well as making a society a better place to live in.

4.17 Analysis of the benefits of CSR in SMEs

**Workforce-oriented CSR activities**

In this study, a connection which exists between the Workforce-oriented CSR activities and Employee satisfaction of SMEs. As in figure 4.7 CSR activities of satisfying workers is having an impact on employee satisfaction. Thus, organizations which take part in staff development for all its workers and offers its workers with a sense of job security is possible to achieve workers satisfaction. In Table 4.5 it showed that 38% of the SMEs were practicing training to its workers as a CSR activity. There is evidence which supports these, a study of small and medium enterprises in Lahore (Saleem, Shahid and Naseem 2011) which discloses that workers who are trained on a regular basis are well motivated, well-mannered and have improved confidence. As in evident in table 4.6, the 51% of the SMEs were in support with the view that improving worker’s satisfaction was the reason for implementing CSR activities.

In addition, training of workers permits them to accomplish tasks other than what is delegated to them and provides them with a sense of importance in the organization. Moreover, a study of Romanian SMEs (European Commission 2007: 22) shows that the business’s public image is improved because of refining the working atmosphere of their workers. In the present study, businesses that meet employee anticipations such as job security, training, are possible to be more competitive than those that pay no attention to the troubles of their employees. The empirical results of this research are in line with a survey of Romanian SMEs (European Commission 2007: 21) which showed that businesses which display constant concern for employee training enjoys an increase in their profits.

**Society-oriented CSR activities**

As is evident in this study a confident connection exists among Society-oriented CSR undertakings and corporate reputation. This connection suggests business that take part mostly in communal activities for instance, improving infrastructure, supporting the low income groups, support educational and health activities and also distributing its earnings with the community, business
reputation is likely to be. Results of this study shows that there is a good connection amongst Society CSR activities and consumer trustworthiness as shown in table 4.5 with the 18% of the SMEs supporting low income groups, 45% support educational activities and 36% are improving infrastructure, 35% are supporting health activities hence these CSR activities is having an impact in these business as it having a good business reputation as in figure 4.7. This indicates that businesses that take part in community activities, like supporting community projects and allocating some of its revenue to the community are more possible to retain and attract consumers unlike those businesses which does not take part in community activities.

Considerable confirmation for this connection also occurs in former research, including, a study of Italian SMEs (Longo, et al., 2005: 9) showed that their customer reliability existed an outcome of their CSR engagement. The outcome of this research show that there is a confident connection between Society CSR activities and improved effectiveness. This indicates when a business mostly participates in local community activities, it becomes competitive in the future. A study of Romanian SMEs (European Commission, 2007: 17) indicated that businesses which took part in local community projects recognized better sales and financial results. Therefore, a business that voluntarily take part in local community activities such as supporting low income groups and less privileged people by providing the community with donations and sharing its profit with the community is more possible to gain a competitive benefit in the long-term.

**Market-oriented CSR activities**

The present study has shown empirical evidence for a progressive relationship among Market-CSR activities as well as business reputation. this suggests that when a business concentrates on the requests of consumers by reacting fast to consumer’s needs and grievances of its goods and facilities, producing quality products and services, giving fair prices it is more possible to develop a progressive business reputation. As in table 4.5 market oriented CSR activities done by SMEs is producing quality products and services having 41% meaning that some SMEs are engaging in market oriented CSR activities and 52% are giving fair prices. Also in figure 4.7 it is shown that the main impact of engaging in CSR activities is business reputation. Sufficient empirical evidence is shown in the study of the broadcastings industry in United Kingdom which presented that market oriented CSR activities are main drivers of corporate reputation (Tuppen, 2004). In addition, a study of Danish SMEs have shown that market CSR activities have a progressive effect on the
financial performance and good repute of a business (European Commission 2005). Therefore, an SME which embraces market-oriented CSR activities is most probable to be famous amongst its stakeholders.

Likewise, market-oriented CSR activities assist businesses to appeal to customers (European Commission, 2005: 6). Organizations that take part in market-oriented CSR activities are therefore possible to make consumers loyal to purchase its products or facilities in the forthcoming years. Furthermore, treating consumers with respect has a straight positive effect on the business’s profits (Uddin et al., 2008: 6). To continue being competitive, a business must be ready to fulfill the desires and needs of its consumers because they are the business’s foundation.

**Environmental-oriented CSR activities**

In this research, there is a connection amongst Environmental-oriented CSR activities and Customer loyalty which is supported in table 4.5 where 40% of the SMEs are taking part in supporting environmental activities, 32% are taking part in reducing waste and pollution. In figure 4.7 engaging in CSR activity is having an advantage of customer loyalty. This entails that if a business take procedures of supporting environmental responsiveness programs and reducing waste it may attract customers that are eager to buy its products or services in the future and attract consumers who support the business by mentioning its products or services.

**4.18 Analysis of secondary data**

In 2018 SMEs make for good corporate citizens, positively having an impact on their stakeholders and in the communities in which they operate. To celebrate this, the corporate social responsibility Network in Zimbabwe in union with the government of Zimbabwe through the office of the Manicaland Minister of state gave awards to 30 companies in the Manicaland Province including small and medium enterprises. Some of the companies include Border Timbers, golden peacock Hotel, Jack & Jill Foundation and White house inn. The criteria for the corporate social responsibility awards include, emphasizing the role of the private sector taking part in social challenges and also improving the communities in which they operate, recognizing those companies achieving social impact through investment and employee led initiatives. The awards consist of excellence in community volunteering, merit in environment, excellence in workplace, merit in CSR by an SME, best CSR initiative-Education, waste management inventiveness in the Commercial and Public sector, best CSR initiative-Healthy and also retail recycling Champion.
The awards were open to all the businesses besides the size or sector. This entail that SMEs were also given awards of engaging in CSR and this may promote them to improve their engagement in CSR activities.

4.19 Discussion of the research findings

According to the findings in table 4.1 the research identified, majority of the respondents responded to the questionnaires. Questionnaires were dispersed in a number of 75, and of the 75 questionnaires which were distributed, 68 questionnaires were returned by the respondents, and hence the results of the response rate was 91%.

Results from the research during the procedure of data collection was that most of SMEs in Manicaland Province are not involved in CSR practices. Thus, most of SMEs were not competent to clarify the conception of CSR. The aims for taking part in CSR activities were also clarified which include improving competitive advantage, improving relations with the community, to satisfy workers and also accessing new markets. On improving employee satisfaction this was similar to what was found by Tsai et al., (2005) which confirmed that there was a positive relationship between employee satisfaction and SME competitiveness.

The findings on the benefits to the SMEs from the interviews and questionnaire were customer loyalty, improved competitiveness, employee satisfaction, business growth and also increase in sales in the long run. On the increase in sales this was also found by previous research, a study of Romanian SMEs European Commission (2007) which was centered on researching the relationship between society CSR activities and business profits and it showed that entrepreneurs which supported local community projects realized better sales and financial results. Adding on this the opportunities which were mentioned are growth, marketing strategy, brand recognition, concern for local basis and also flexibility in producing goods and services preferred by customers.

From the questionnaire and interview it was found that these SMEs has been facing some challenges when implementing CSR activities. This include multiple taxation and levies, lack of specific legislation on CSR, uneven economic policies and limited access to finance.

Chapter summary

This chapter concentrated on data presentation, interpretation of data and discussion of the research findings. The next chapter will show the summary, recommendation and conclusions of the study.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter offers the brief summary of the research together with the conclusion and recommendations. The conclusions are from the findings of the study and the recommendations are the actions that can be taken by SMEs to improve the current performance.

5.1 Summary of the study

The study examined the extent to which SMEs are engaged in corporate social responsibility activities in Zimbabwe. It established on the circumstance of Manicaland Province. The study comprise of five chapters, these chapters concentrated on the introduction of the research, the literature review of the study, research methodology, data presentation and the summary.

The findings concluded that there are differences in how SMEs perceive CSR and how they apply it. These practices increase with the size of the SME, the activities undertaken by SMEs include support low income groups, improve infrastructure, support educational activities, support to employees and also training. Manicaland SMEs experience a strong influence on their CSR decisions from internal stakeholders, especially from managers or owners. It has also been found that those SMEs that took part in CSR activities have benefited from good business reputation, employee satisfaction, customer loyalty, improved competitiveness, business growth, and also increase in sales.

Considering that only a small proportion of Manicaland SMEs are taking part in CSR activities they have reasons for engaging in CSR activities which include improving competitive advantage as the most reason, improve relations with business partners, ethical reasons and also improving relationship with community/reputation.
Manicaland SMEs have less access to resources to engage in CSR practices and because of their, some CSR issues can be too complex for individual SMEs to deal with. It has been found that most SMEs are not taking part in CSR activities as they have identified barriers they are facing when implementing CSR activities that is, multiple taxation as the main barrier, limited access to finance, fragile capital base, little social impact and lack of specific legislation on CSR. It is good to acknowledge that even though the CSR debate has much concentrated on big corporations most Manicaland SMEs considered to have a shared social responsibility together with big companies.

5.2 Conclusion

I. The study concluded that there are advantages that accrue from taking part in CSR activities in SMEs. Most of the advantages include good corporation reputation, customer loyalty, employee satisfaction and improved competitiveness.

II. The research concluded that SMEs are not trained well and educated, giving the reason why they are not taking part in CSR. Though some other SMEs are using some of its revenues helping the community, they are not well advertised hence not giving much benefits to the businesses.

III. The study as well concluded that the key motivations for taking part in CSR activities in Zimbabwe is to increase affairs with the community and reputation, to develop relationship with business associates and to advance competitive advantage (reference figure 4.12)

IV. The study established that the main constrains faced by these SMEs when implementing CSR activities are lack of specific legislation on CSR, uneven economic policies, limited access to finance and multiple taxation and levies

In conclusion the study concentrated on the extent to which SMEs are engaged in corporate social responsibility in Zimbabwe. The study was carried out centering on the case of SMEs in Manicaland Province. The study identified the activities of CSR undertaken by SMEs, effectiveness of corporate social responsibility, the opportunities of CSR, the benefits of CSR undertaken by SMEs and also the problems the SMEs faced when implementing CSR activities. Centering on the research findings, corporate social responsibility has confirmed to be effectiveness.
5.3 Recommendations

The study recognized that SMEs are facing challenges that are causing them to resist corporate social responsibility as it drains profits rather than injecting hence it is recommended that SMEs should be educated through seminars, lectures and workshops to understand the concept of corporate social responsibility.

It is suggested that SMEs must engage in CSR activities for the good of the society and community as well as for themselves. As SMEs it is not easy to gather huge funds so as to address correctly to CSR hence they can make a cluster in order for them to be capable to implement CSR policies. Therefore by creating a cluster, they can mount up funds easily.

The study determined that there is no associated legislation in Zimbabwe which monitors the SMEs sector on the essential levels for spending in CSR activities. Therefore there must be a legislation of involvement of SMEs in CSR activities.

The research also concludes that in Zimbabwe SMEs sector has no Board which administers CSR activities, precisely the ethical and philanthropic activities which can ensure that CSR is incorporated in the Business Strategy. Hence there is a need for a Board which can administer CSR activities.

5.4 Recommendation on Areas of further study

After the interviews, the questionnaire were collected from the respondents and many of the respondents conveyed that the factor which was restricting the SMEs from adding enough capital into corporate social responsibility was multiple taxation and levies. The researcher saw that there is need for the researchers to advance investigating on the factors that limit the success of corporate social responsibility on SMEs.

Another suggestion for future research is evaluating how CSR is evolving in Zimbabwean SMEs. This is vital as these studies may provide important information to access how the different strategies and policies to promote CSR are influencing the involvement of Zimbabwe SMEs in CSR and therefore providing a good agenda for policy makers to make decisions.
Furthermore, this corporate social responsibility should be studied from economic, political and environmental aspects because during the interviews some of the interviewee were answering basing on political and environmental side of corporate social responsibility.

Moreso suggestion for future research should include qualitative and quantitative techniques so as to improve the credibility and validity of the study findings. Researchers should also consider increasing the sample size to overcome the sample size limitation.
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Windsor (2001) the future of corporate social responsibility international journal of organization analysis volume 9(3) 225 256


Dear sir/madam

I am a fourth year student doing Banking and Finance degree at Bindura University of Science Education. At this time I am carrying out a research at your business center relating “The corporate social responsibility of SMEs”. I am kindly requesting you as the manager of this institution to complete questionnaires attached to this letter with highest honestly. The information you will deliver will be handled with highest good faith and will be used for academic purpose only.

Please you are instructed not to write your name on the questionnaires for confidentiality purposes. Also you can answer questions as many as you want and if you feel that you do not have answers for some questions, please leave them. I sincerely hope you will take part in this study

Your willingness and corporation is greatly valued

Yours faithful

Shelley Chagweda
APPENDIX B: QUESTIONNAIRE

Please circle the option code given in the grid below and provide answers in spaces given. I thank you in advance for your contribution.

**DEMOGRAPHIC INFORMATION**

1. **GENDER**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>1</td>
</tr>
<tr>
<td>Female</td>
<td>2</td>
</tr>
</tbody>
</table>

2. **NUMBER OF YEARS IN BUSINESS**

<table>
<thead>
<tr>
<th>Years</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Three Years</td>
<td>1</td>
</tr>
<tr>
<td>Between three and five years</td>
<td>2</td>
</tr>
<tr>
<td>Between six and ten years</td>
<td>3</td>
</tr>
<tr>
<td>More than ten years</td>
<td>4</td>
</tr>
</tbody>
</table>

3. **POSITION IN THE BUSINESS**

<table>
<thead>
<tr>
<th>Position</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>The owner</td>
<td>1</td>
</tr>
<tr>
<td>The manager</td>
<td>2</td>
</tr>
<tr>
<td>Supervisor</td>
<td>3</td>
</tr>
</tbody>
</table>

4. **LEVEL OF EDUCATION**

<table>
<thead>
<tr>
<th>Education</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary level certificate</td>
<td>1</td>
</tr>
<tr>
<td>Advanced level certificate</td>
<td>2</td>
</tr>
<tr>
<td>National certificate or Diploma</td>
<td>3</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>4</td>
</tr>
<tr>
<td>Master’s Degree and higher</td>
<td>5</td>
</tr>
<tr>
<td>Other please specify</td>
<td>6</td>
</tr>
</tbody>
</table>

5. NUMBER OF EMPLOYEES AT YOUR INSTITUTION

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5</td>
<td>1</td>
</tr>
<tr>
<td>Between 5 and 10</td>
<td>2</td>
</tr>
<tr>
<td>Between 11 and 20</td>
<td>3</td>
</tr>
<tr>
<td>Between 21 and 50</td>
<td>4</td>
</tr>
<tr>
<td>More than 50</td>
<td>5</td>
</tr>
</tbody>
</table>

6. WHAT WAS YOUR BUSINESS PERFORMANCE OF THE YEAR

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT</td>
<td>1</td>
</tr>
<tr>
<td>BREAKEVEN</td>
<td>2</td>
</tr>
<tr>
<td>LOSS</td>
<td>3</td>
</tr>
</tbody>
</table>

7. TYPE OF YOUR BUSINESS

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole proprietor</td>
<td>1</td>
</tr>
<tr>
<td>Co-operative</td>
<td>2</td>
</tr>
<tr>
<td>Private limited</td>
<td>3</td>
</tr>
<tr>
<td>Company</td>
<td>4</td>
</tr>
<tr>
<td>Other please specify</td>
<td>5</td>
</tr>
</tbody>
</table>

8. BRANCH OR SECTOR

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>1</td>
</tr>
<tr>
<td>Tourism industry</td>
<td>2</td>
</tr>
<tr>
<td>Medium size hotels</td>
<td>3</td>
</tr>
<tr>
<td>Textiles and garment industry</td>
<td>4</td>
</tr>
</tbody>
</table>
Agriculture or fishery | 5
Educational institutions | 6
Health and Social works | 7
Financial services sector | 8
Transport | 9
Mining | 10
Other please specify | 11

**SECTION B: CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

Please show the extent to which you are in support that these CSR activities are being implemented in your business.

1=Strongly Disagree; 2=Disagree; 3 Not sure; 4 Agree; 5 strongly Agree

9. Activities of CSR your business is doing

<table>
<thead>
<tr>
<th>Activity</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support low income groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community participation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support of educational activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support of cultural activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support activities of health and wellbeing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support sports activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support of environmental activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. The main reasons for implementing CSR activities in your business
<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve competitive advantage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To improve the relationship with business partners and investors.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical and/or religious reasons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve relationship with the community / public relationships / reputation and brand.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To improve the financial results (reduce cost / increase sales)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to new markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To comply with actual social legislation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To improve the work satisfaction of employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To improve customers and suppliers loyalty.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adap to the actual environmental legislation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pressure from external stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To attract employees to the organization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 11. WHAT ARE THE CONSTRAINTS THE BUSINESS IS FACING IN IMPLEMENTING CSR ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of specific legislation on CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Little social impact</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fragile capital base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited access to finance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad debts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low demand for their products and services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Withdrawing too much cash for personal use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Lack of innovation
Lack of market
Poor business management skills
Uneven economic policies
Multiple taxation and levies
Other (please specify)

Please circle the option code given in the grid below and provide answers in spaces given

12. SOURCES OF FUNDING CSR ACTIVITIES

<table>
<thead>
<tr>
<th>Yearly allocation</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental funding</td>
<td>2</td>
</tr>
<tr>
<td>No specified budget</td>
<td>3</td>
</tr>
<tr>
<td>Percentage of profits</td>
<td>4</td>
</tr>
<tr>
<td>Other please specify</td>
<td>5</td>
</tr>
</tbody>
</table>

Please tick the option code given in the grid below and provide answers in spaces given

Is your company CSR activity having an impact?

Yes  
No   

13. If yes, Please list 3 effects of engaging CSR activities:

i. .......................................................... .......................................................... 
ii. .......................................................... .......................................................... 
iii. .......................................................... .......................................................... 

62
14. What are the opportunities of engaging in CSR activities?

THANK YOU FOR YOUR COOPERATION
APPENDIX C: INTERVIEW GUIDE

i) What are the main reasons for implementing CSR activities in your organization?

ii) What are the opportunities of engaging in CSR activities?

iii) What are the constraints faced by SMEs when initiating CSR activities?

iv) What are the suggestion put in place to solve these challenges?

v) Does CSR concept guarantee any success towards organizational goals?

vi) What kind of CSR activities has been done in the past 4 years?

vii) What are the sources of funds used to foster CSR activities?

viii) Are there any noticeable changes that has been brought by CSR activities?