

# **Social Responsibility Issues in Small and Medium-Sized Enterprises: Evidence from Cornwall**

**Paper presented to the Business Strategy and the Environment Conference, University of Leeds  
5-6 September 2005**

**Simon Bennett MRes, Research Fellow, Cornwall Business School Research**

## **I. Introduction**

### **I.1 Corporate Social Responsibility**

Corporate Social Responsibility (CSR) is a central plank in corporate governance and structure, with the majority of large companies now having specifically documented CSR policies. High profile issues relating to CSR are often reported in the media as the arguments about ethical practice are developed. Recent examples include the environmental effects of oil exploration in developing countries, the use of child labour in the manufacture of sports shoes or the moral dimension of cigarette advertising. Companies such as the Body Shop and the Co-operative Society have been recognised for their ethical policies of fair trade and their refusal to market products tested on animals. CSR policies set out the ethical basis of the organisation's interactions with its 'stakeholders' (customers, staff, shareholders). A developing body of research (e.g. Moir 2001) has sought to analyse the significance of CSR in modern business practice, usually to establish whether socially responsible activity can be beneficial to the corporation in terms of long-term growth and/or profit, or indeed acts as an obstacle to these traditional business objectives.

Over the last 10 years the study of CSR at the corporate level has produced a wealth of academic papers and reports, as well as journals specifically devoted to the subject such as the *Journal of Business Ethics*. Despite this considerable body of work, however, comparatively little research effort has been devoted to CSR as perceived and practiced by SMEs. This has been corrected to some extent in recent years, and some examples of recent SME-related research are outlined in section 1.3.

Central to arguments about the ethical responsibility of business is how CSR should be defined. Milton Friedman, proponent of the free market economy, described CSR in purely capitalist terms, disregarding any responsibilities to stakeholders that might adversely impact on profitability:

*"... the only social responsibility of business is to increase profits by legal means."*  
(Friedman, quoted in Sarbutts, 2003)

A number of large corporations are now adopting specific CSR policies, and it has been argued (Frankental, 2001, Maignan and Ralston, 2002) that many such policies are designed merely to pay lip-service to the idea of CSR, with CSR itself being

regarded as the latest management 'fad' on the heels of corporate management initiatives such as 'Customer First' and 'Total Quality Management'. A further definition is perhaps more typical of the approach now being taken by an increasing number of businesses, both in the corporate and SME (Small and Medium-Sized Enterprises) sectors:

*"The obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society."* (Kok et al., 2001)

In practice, the form that CSR takes is dependent on the nature of the business. Socially responsible business activity as presented in a business policy can be typically identified through relationships with four groups of stakeholders - customers, suppliers, employees and the wider community (Carroll and Buchholtz, 2002), each of which have a distinct relationship with business. For larger businesses, shareholders and investors may also have a particular relationship with the organisation.

## **1.2 Cornwall**

The decline in the core industries of agriculture, fishing and tin mining over successive generations has left a picture of Cornwall which belies its traditional image as a picturesque holiday destination. The reality for many living in the region in recent years has been an existence marred by unemployment, poverty and limited life and career prospects. The seasonal nature of the tourist industry, whilst performing a vital role in the economy, has also contributed to the general economic insecurity because of the seasonal nature of associated employment. Although the injection of European and other regeneration funding has begun to redress the balance, the economy of the region continues to lag behind other areas of the UK in a number of areas.

The following headline statistics illustrate key issues within the economy of Cornwall:

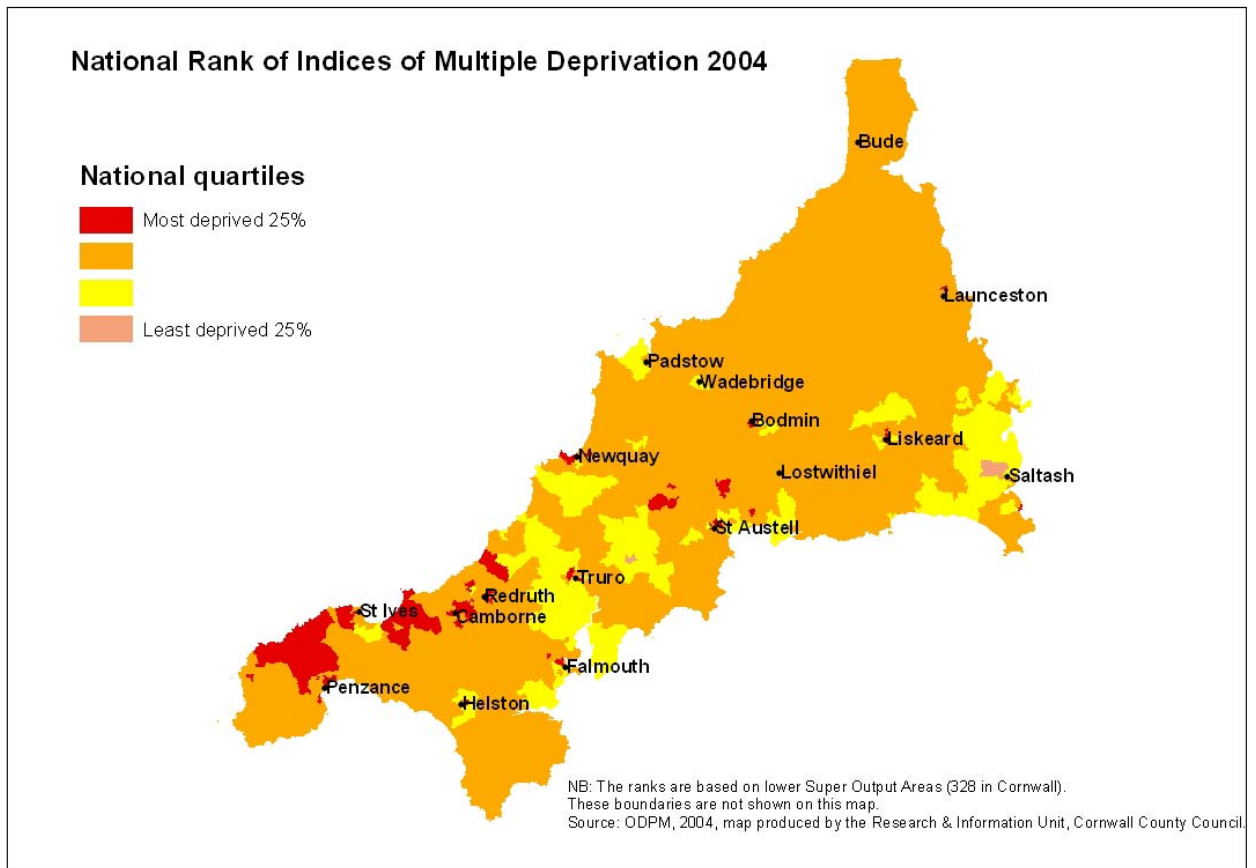
- Gross Value Added<sup>1</sup> (GVA) is 57% of the UK average (ONS, 2004). The region qualifies for Objective One funding under the European Structural Funds.
- Forty-two per cent (42.1%) of Cornwall's population aged between 16-74 is economically inactive, compared to 39.4% for England and Wales (ONS, 2005)
- Weekly earnings in Cornwall are 18.5% below the national average (CCC, 2005). Low wages contrast the continuing rise in house prices, triggered by the popularity of Cornwall as a retirement destination or location for a second home.

---

<sup>1</sup> Gross Value Added (GVA) measures the production, income and expenditure value of goods and services in the economy. It is often offered as an alternative to the more traditional indicator, GDP (Gross Domestic Product)

The extent of deprivation in Cornwall is illustrated in Figure I, showing that most of the region is made up of areas that rank in the lower quartiles of the English Areas of Deprivation. Eighteen per cent (17.6%) of Cornwall's population live in areas belonging in the most deprived quartile (marked in red on Figure I).

**Figure I: Cornwall – Indices of Multiple Deprivation 2004**



Considered in isolation, the state of Cornwall's economy is not unique in the UK. However, there are other factors to consider:

- The geography of Cornwall, a peninsula with major transport routes only available from one direction. This contributes to a degree of isolation which is manifested in the operation and performance of the local economy
- The sparse rural nature of Cornwall, characterised by many small pockets of population away from the main towns. This can result in a second form of isolation, within the region itself, for those either without means of transport or restricted by age and/or infirmity. Rurality is a key issue for many SMEs, which make up the bulk of the local economy.

### 1.3 Recent Research

A number of recent studies have attempted to establish the nature of socially responsible activity by SMEs.

Firstly, in 2001/2 the Observatory of European SMEs conducted a wide-ranging survey looking at socially responsible activity in small businesses throughout the European Community. In defining CSR for the purposes of the EC study, the authors emphasised the 'Triple Bottom Line' approach, meaning that for social responsibility to work:

*“ ...[the SME] must be financially secure, it must minimise its negative environmental impacts and must act in conformity with societal expectations”*  
(Observatory of European SMEs, 2002)

This definition is particularly relevant to this paper as it describes CSR in a form that can be applied specifically to SMEs.

Secondly, Business in the Community (whose role is discussed in section 4.1) sponsored an extensive study of CSR in the SME sector, based on interviews with 200 firms whose employee numbers ranged from 20 to 250 (BITC, 2002).

Thirdly, Jenkins (2004) conducted a study based on interviews with 11 SMEs from a variety of locations within the UK, identified through award schemes such as Business in the Community's Awards for Excellence and the National Business Awards. The businesses chosen for interview typically employed between 40 and 120 staff and semi-structured interviews were conducted with owner-managers to identify models of good practice.

The results from the studies described above are analysed later in this paper and comparisons made with businesses interviewed in Cornwall.

This paper builds on the data provided in these reports to reflect the experience of CSR as practiced by SMEs in Cornwall.

## **2. Aims and Objectives**

This paper derives from a wider study examining business, social and economic issues in Cornwall, part of the Objective One funding stream.

The objective of this part of the project is as described in the research bid to the European Structural Funds:

*“The identification of the advantages and disadvantages to Cornwall of the adoption by SMEs of policies which explicitly address issues of social responsibility”*

This objective was addressed in a number of ways:

- An investigation of UK and European guidelines on social responsibility for SMEs.
- Identification of those in the Cornwall business community who make social responsibility a priority.

- An investigation of what characterises ‘social responsibility’ in business practice. Examples might include the employment of local labour, disability access or environmental responsibilities (sustainable business).
- Establishing from interviews with SMEs and support agencies whether social responsibility enhances or holds back profitability/growth; questions include:
  - What importance is placed on these issues in business planning?
  - What support is available?
  - Does the existence of community networks enhance local business profile?

### 3. Methods

Five interviews were conducted specifically for this chapter, one with the West Cornwall Business Broker (whose role is described in section 4.2) and four with local businesses identified through the West Cornwall Business Together network. West Cornwall Business Together is the business arm of the Kerrier and Penwith Local Strategic Partnership, a multi-agency body, which aims to bring together at a local level the different parts of the public, private, community and voluntary sectors. Additionally, interviews conducted with local businesses for the other strands of the project were analysed for evidence of socially responsible practice as described in section 1. The interview methodology was qualitative.

The interviews with the selected SMEs followed a structure of themes consistent with the aims of the project described in section 2:

- Describe the nature of this research and introduce the issue of social responsibility.
- Outline the possible definitions of social responsibility (Friedman, Kok)
- Request a brief outline of business, namely:
  - Purpose of business;
  - Structure (sole trader/partnership/limited company);
  - Number of years trading;
  - Number of employees;
  - Local competition;
  - Other factors relevant to business.
- Would the owner/manager describe their business as socially responsible? If so, what form would this take? Discuss relationship with suppliers, employees, customers, community. Use the socially responsible activities identified by the European survey as necessary.
- What does the owner/manager think are the benefits to the business of socially responsible activity?

- What does the owner/manager think are the barriers to participating in or developing socially responsible activity?
- What support is available to the business in terms of networks and partnerships? To what extent does the owner/manager play a role in such organisations?

## 4. Results

### 4.1 UK/Europe

An internet search was carried out to discover examples of support for those small businesses wishing to be involved in social responsibility.

The European perspective is covered by a web site promoted by the European Business Campaign for Social Responsibility ([www.sme.org](http://www.sme.org)). The site contains a portfolio of guidance on all aspects of social responsibility, and makes available free downloadable software which can be used to undertake an internal audit of social activity. The Campaign “... has set itself the goal of mobilising 500,000 business people and partners to integrate CSR into their core business by 2005” (EBCSR, 2004). There was no indication of whether or not this target has been met, but by May 2005 only 58 companies (14 from the UK) had chosen to illustrate their socially responsible practices on the site in the form of a case study, which may suggest that the Campaign has reached fewer businesses than originally anticipated.

Within the UK there are a large number of business support bodies in both the public and private sector. For example, the Grants and Support Directory at the Department of Trade and Industry (DTI) lists 2788 potential sources of assistance in grantfinding and business development (DTI, 2005).

On a national level, the Department of Trade and Industry (DTI) assumes responsibility for business support on behalf of the Government, principally through its network of support services, Business Link (the Business Link office most local to Cornwall is in Plymouth). A search of the national Business Link web site ([www.businesslink.gov.uk](http://www.businesslink.gov.uk)) revealed a number of CSR support tools, including a benchmarking questionnaire to allow businesses to assess their activity from a social perspective, and a leaflet explaining the benefits of supporting a ‘social cause’, defined as a charitable concern benefiting community groups and/or the socially excluded. There were also links to guidance on ethical trading and Health and Safety.

The Small Business Consortium, made up of 10 organisations including Business in the Community (see below), the Federation of Small Businesses and the British Chambers of Commerce, have set up a web site titled ‘Small Business Journey’. The site contains guidance on social responsibility specifically aimed at small businesses and is also a source of case studies and research papers.

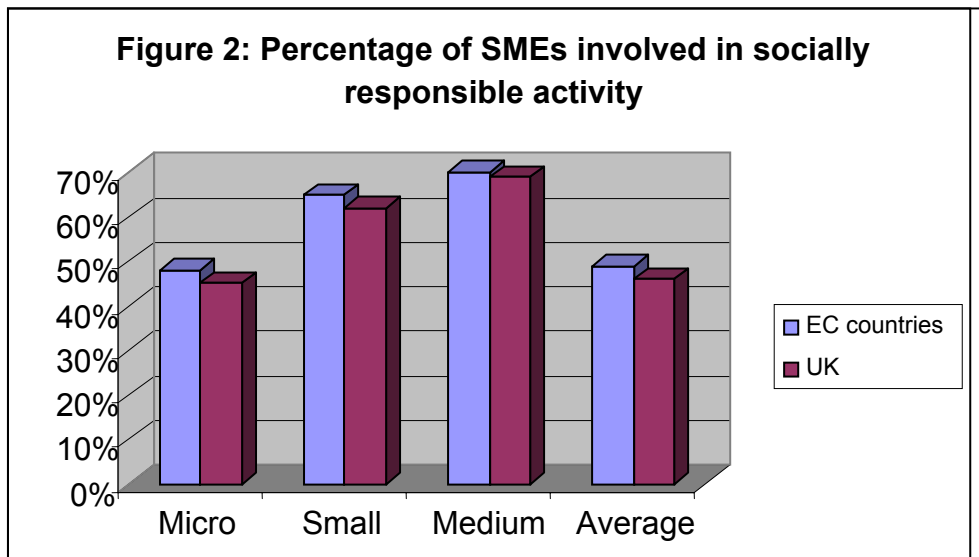
A further source of support in the UK for business involvement in specific aspects of social responsibility, namely neighbourhood renewal and community development, is Business in the Community (BITC), an independent business-led charity established in 1982 to:

- Manage, measure and integrate responsible business practice throughout their business
- Impact through collaborative action to tackle disadvantage
- Inspire, innovate, and lead by sharing learning and experience (BITC, 2004)

BITC is funded by 700 UK companies, many of whom are quoted in the FT 100 Index of leading firms. Although the majority of the work carried out by BITC involves these larger businesses, the charity also supports SMEs, providing, for example, CommunityMark, a national standard recognising small business involvement in the community.

Examination of the web sites described above (European Business Campaign for Social Responsibility, BusinessLink, Business in the Community) showed that business support is frequently geared towards the bigger SMEs – those with 50-249 employees. This distinction is important as the prevalence of social responsibility amongst small businesses in Cornwall is examined.

The available information in a European context (OESME, 2002) suggests that almost half of the businesses surveyed took part in some kind of socially responsible activity, although it was found that the smaller the business (measured by numbers of employees), the less frequent the activity. There is no reason to suspect that Cornwall would differ from this general finding. The results from the European study are illustrated in Figure 2.



Source: Observatory of European SMEs (2002) *European SMEs and Social and Environmental Responsibility*.

This pan-European study listed the forms of socially responsible activity found in small firms, which could later be related to the interviews with businesses in Cornwall. The most frequent manifestation of CSR across Europe was support or sponsorship of sport, although in the UK, education and training was the most

quoted social activity. There was evidence of environmental activity, but much of this was carried out in a state described as 'vulnerable compliance' (OESME, 2002) where the businesses concerned acted in an environmentally positive way, but principally to ensure adherence with legislation rather than to demonstrate social concern.

A survey in the UK carried out by the charity Business Community Connections, a registered charity whose role is to link SMEs and charitable causes found that, even amongst those businesses found to be active in this area:

*"The nature of most current community activity amongst the SME sector is uncoordinated and occasional and the most popular type of SME involvement is through cash donations"* (Stibbard, 2000)

BITC, in their report 'Engaging SMEs in Community and Social Issues' (2002) also recognised the ad hoc nature of much of the CSR activity carried out by small firms:

*"SMEs' social and community activities are fragmented and informal and few have, or feel the need for, formal policies or stated intentions. Many companies are engaged with a least part of the CSR umbrella, often not knowing this is what they are doing."* (BITC, 2002)

The BITC report also identified a number of 'types' of SME, defined in terms of their relationship with the CSR agenda. These are helpful in recognising the wide range of business approaches that make the analysis of social responsibility so complex. Six distinct types are given:

**'Ben & Anitas':** *SMEs which have been started as 'social enterprises', in which the owner/managers are motivated heavily by a desire to create positive community or social impact. These organisations are more likely to understand CSR concepts and jargon and seek out information and opportunities for engagement.*

**'Arthur Daleys':** *These are motivated purely by financial gain, seeing no relevance for social engagement, and unlikely to be an active members of business networks. They believe they have no social responsibilities outside the narrow confines of their business.*

**One-offs:** *These are individuals who have had relatively minimal experience of engagement with the social responsibility agenda. They may have participated in a volunteering project, for example. Once engaged, they could progress to become another 'type', depending on their underlying motivations and circumstances. Motivations tend to be issue-based.*

**DIYers:** *These fiercely independent individuals work in isolation from others and eschew the visibility associated with business networking or engagement with government and its associated bureaucracy. Their socially responsible activities are often fragmented, lacking the coherence associated with having an over-arching vision of a 'responsible business'. They may write cheques for charities or provide facilities or expertise for local projects, but each contribution is an isolated act.*

*DIYers are less interested in engaging with others to leverage or communicate their involvement. As a consequence, they will be more difficult to reach or support.*

**Smart pragmatists:** *These individuals recognise the business benefits of acting responsibly - e.g. big business customers demanding evidence of good environmental practices as a condition of winning contracts. However, the motives of these individuals differ from those of **enlightened pragmatists**, who are motivated by broader, long-term societal goals as well as understanding the basic business case. This latter type would be motivated to improve their environmental practices by a desire to improve the environment generally and run a sustainable business. (BITC, 2002)*

The BITC report referred to work by consultants Mazars Neville Russell (2001) who found that only one in six SMEs had any formal policy relating to community or social activity.

Jenkins (2004), in an analysis of small businesses in the UK, found that it is possible for SMEs to develop a socially responsible culture more efficiently than large corporations because of the greater influence of owner managers and the absence of bureaucratic hierarchies. Moreover, a small business may be capable of developing a range of socially responsible practices without having a formal CSR policy in place, such a policy being driven largely by the personal ethos of the owner. With so much depending on the actions of a small number of individuals this may explain why social responsibility in the SME sector is not consistently organised.

An important question is whether small businesses feel that there is a measurable financial benefit arising as a direct result of their social activities. The benefits to the business from socially responsible activity were felt by those interviewed in the Jenkins study to be 'soft' or 'intangible'. In other words, no direct financial benefit to the business could be established. Research into the bottom line benefits to business of social responsibility has been inconclusive and mainly confined to corporations (e.g. Balabanis *et al.*, 1998).

## **4.2 Cornwall**

In Cornwall, a considerable proportion of the economy is made up of 'micro-businesses' – those with fewer than 10 employees. Although the ebb and flow of business start-ups and failures can be problematic in estimating exact numbers, it is likely that there are some 50,000 such businesses in Cornwall (LSC, 2002). The proportion of SMEs falling into the 'micro' category in Cornwall is estimated at 91%, higher than the national average of 87.8% (Objective One, 2005).

Quantitative data relating to community activity by businesses in Cornwall is sparse. However, a pilot survey looking at community activity in a rural area in North Cornwall (Bodmin Moor and Camelford) found that 29% of local businesses (38/133) that responded to the survey sponsored community activities or events (CBSR, 2004). Of the businesses surveyed, 21% were engaged in 'community activity' and 32% were involved in a network or business organisation.

Specific Government policies have been put in place to foster relationships between businesses and communities in deprived areas in the UK, including parts of Cornwall. In the work reported here, before any interviews with local SMEs were undertaken, contact was made with the Business Broker for West Cornwall, whose role is explained below. In 2001 the Government launched its Neighbourhood Renewal initiative to drive community regeneration in the 88 most deprived local authority areas defined by the English Indices of Deprivation (ODPM, 2003). This involved the creation of Local Strategic Partnerships (LSPs). An LSP is a single non-statutory, multi-agency body, which matches local authority boundaries, and aims to bring together at a local level the different parts of the public, private, community and voluntary sectors. To encourage social responsibility amongst SMEs, and in parallel with the newly created LSPs, in 2002 the Government created a 3-year pilot Business Broker scheme, funded by three Departments: the Office of the Deputy Prime Minister, the Home Office and the Department of Trade and Industry. The initiative was backed by BITC (see section 4.1) through its Partnership Academy, a sub-group which seeks to build and maintain partnerships between business and other sectors.

*“Business Brokers are part of a national drive to support the development of enterprise, employment and regeneration in neighbourhoods as set out in the National Strategy for Neighbourhood Renewal. Brokers are helping businesses play a vital and active role in this drive by supporting their involvement and boosting their voice on Local Strategic Partnerships...” (West Cornwall Together, 2004)*

The National Strategy referred to above is made up of five principal themes and aims to address issues of social exclusion in deprived areas. The themes are Raising Educational Attainment, Tackling Worklessness, Reducing Crime, Improving Health and Improving Housing and the Physical Environment.

The 3-year pilot described above was evaluated by the consultants EDuce Ltd, working with Cambridge Economic Associates, an economic and financial policy advisory business, in two stages. The interim evaluation (Johnstone *et al.*, 2004) was based on 160 interviews with Business Brokers, partners, representatives from community groups and businesses themselves, and was conducted approximately halfway through the pilot. Amongst other things, the nature of social responsibility in the form of community involvement amongst SMEs was addressed:

*“... many businesses view their ‘community involvement’ more in terms of charitable donations at arms-length than in more strategic (and sometimes more difficult) ways of engaging with disadvantaged communities directly, to mutual benefit.” (Johnstone *et al.*, 2004)*

The evaluation of Business Brokers nationally presented each local Broker as a separate case study, recognising that the way in which the Broker’s role developed is dictated by local circumstances. The following issues were highlighted as ‘Challenges’ in the West Cornwall Broker case study:

- Developing a joined-up working partnership, involving a plethora of bodies and interests in an EU Objective One programme area

- Large size and rural nature of West Cornwall means that a lot of time is taken up in travel
- Addressing concerns that social enterprises may be in direct competition with local micro-businesses and self-employees (Johnstone *et al.*, 2004)

At the time of the interview with the West Cornwall Business Broker, the pilot only had a few months to run, and an increasingly important role for the Broker was to supervise an exit strategy from the Broker scheme and plan further support for local businesses beyond its lifetime. As a consequence support was continued through a new body, the West Cornwall Business Network, which was launched in June 2005 following research commissioned by the Broker involving local SMEs. From the interview with the Broker carried out for the work reported here, and attendance at subsequent meetings of the business arm of the Kerrier and Penwith Local Strategic Partnership, West Cornwall Business Together, it was evident that the networking of small businesses is seen as a key platform for micro-businesses in particular. This is an especially important finding because micro-businesses make up a high proportion of SMEs in Cornwall. Such networks are not restricted to the support of businesses for one another through trade associations, Chambers of Commerce etc., but also other forms of network which reflect the fact that integration with the local community is vital in isolated and/or deprived areas. This is particularly relevant because such communities are a key source of employees and customers.

The SME owners in Cornwall interviewed for this study were presented with the Kok definition of social responsibility (cited in Section 1.1) and recognised the definition when applied to their own circumstances, although this was perceived differently according to the nature of the business. Each responded with illustrations of how this operated in practice. Examples included:

#### Community Support:

- The construction of properties specifically for local people at the foot of the property ladder;
- Supporting a local town by opening a retail outlet;

#### Diversity:

- Operating family-friendly policies for a predominantly female workforce;
- A vision of a computer network of homeworkers, allowing flexibility for part-time workers and those with family commitments. An alternative to outsourcing, keeping employment within Cornwall.

#### Networking:

- Involvement in one or more business networks, e.g. Chamber of Commerce, Federation of Small Businesses as well as working with local agencies such as Community Safety Partnerships.

In response to the issue of whether socially responsible activity can produce measurable benefits to profitability and growth, the benefits to a business of such socially responsible activity were described by the interviewees in 'soft' terms such as enhanced reputation, positive awareness of the business (achieved by word of mouth and media coverage), satisfaction in supporting one's local community, etc., rather than specific examples of increased sales or business expansion.

Barriers to such socially responsible activity were the familiar themes of time, resources and where the needs of the business may conflict with those of the community.

Internet sites of local businesses were searched for evidence of social responsibility. One such example is Lollipop Children's Products, an award-winning provider of sustainable cloth nappies and wooden toys, operating from Pendeen in West Penwith. This excerpt from the site combines the positives of a socially responsible stance (environmentally-friendly products, employment opportunities for mothers) with the visual appeal of Cornwall (supported on the web site by appropriate photographs). A more isolated location on the UK mainland would be difficult to find:

*"Lollipop Children's Products is run from a converted barn on an organic National Trust farm in Cornwall. Beyond the barn the Cornish cliffs fall away to a seemingly endless expanse of sea. Like organic farming, Lollipop takes energy and commitment. We have over 150 agents from Cornwall to Scotland. Most of them are mums, all passionate about washable cloth nappies.*

*Our aim is to have an agent in every town so that every mum has the chance to find out about real washable nappies from someone who knows and cares.*

*Here at Lollipop we are trying to make a difference for our children's future" (LCP, 2005)*

Because of the large number of micro-businesses in Cornwall, it is important that there is an outlet for partnership working where resources may be too small to make a significant lone contribution to a community project. An example of this form of co-operation, recognised by BITC, was a project run by the CPR (Camborne, Pool, Redruth) Education Action Zone with support from the West Cornwall Business Broker and the Penzance firm BalticPine Timber, who provided materials for an art project to motivate youngsters from deprived communities in local schools.

## **5. Conclusions**

There are many complexities involved in assessing issues of social responsibility and community development from the perspective of small firms, particularly where, as in the case of Cornwall, much of the economy is made up of micro-businesses. The typology of small businesses suggested by BITC (section 4.1) is illustrative of the range of priorities found amongst business owners and their perspective in integrating CSR in business practice. Variables such as the number of employees and

the sector in which the business operates will influence the way in which social responsibility and community engagement is addressed.

The discussions arising from the research are summarised in two sections: Motivation and Business Case, and Support.

## **5.1 Motivation and Business Case**

The number of businesses interviewed for this work is too few for any quantitative conclusions to be drawn concerning the extent of CSR amongst SMEs in Cornwall. What this study aims to achieve is the identification of the issues facing small firms, particularly within the circumstances of the economy in Cornwall, which are discussed in section 1.2. The data from the interviews are considered in relation to larger studies conducted among SMEs in recent years.

The data show there are some types of CSR activity that are integral to business practice and others that are an 'add-on' to everyday activity. Examples of the former are environmental and employment issues largely covered by legislation, where businesses have little choice whether or not to operate such practices, e.g. the requirements of Health and Safety, or responsibilities under the Equal Opportunities Act. Many small businesses act as suppliers to larger corporations, such as farmers/growers to supermarkets, and may need to supply evidence of environmental responsibility as part of a contract. To this extent it could be claimed that all businesses are (or should be) acting in a socially responsible way.

This distinction is especially problematic as few SMEs, particularly micro-businesses, have a properly documented CSR policy (Mazars Neville Russell, 2001), as is now increasingly the case with larger corporations.

What is clear from the interviews is that some businesses are motivated to look further than the usual requirements and to use their position in the local community to, as Kok *et al.* (2001) describe it, '...improve the welfare of society'. The rural nature of Cornwall lends itself to close communities, so examples of activities such as those listed under 'Community Support' in section 4.2 fit well with the natural goal of a business to build a reputation amongst those most likely to sustain the profitability of the business in the longer term. It was evident from the interviews that the smaller the community, the more likely it is that a business will stand or fall by its local reputation, so to these businesses, social responsibility and community engagement are a natural extension of regular business activity. From this it follows that engagement with staff is a key issue for SMEs in small communities. As the BalticPine example shows, work with local schools and colleges can be a fruitful form of community involvement.

An improved 'bottom line' was not seen as a prime outcome of socially responsible activity by those interviewed, confirming findings from earlier work (BITC, 2002, Jenkins, 2004). The themes that emerged related to 'giving something back to the community' and sustaining or improving reputation. An important point was that the personal values of the individual owner frequently shaped the CSR philosophy of the business, especially in the micro-business sector, where there is unlikely to be significant external shareholder influence.

## 5.2 Support

Small business support generally falls into one of two categories: support from outside, through organisations such as Business Link or Business in the Community; or mutual support, most commonly through a trade network or group such as a local Chamber of Commerce.

Organisations such as West Cornwall Business Together play an important role in giving businesses a forum to share their successes and concerns, particularly where, as is the case in Cornwall, there are many issues that are common to otherwise unrelated businesses, such as remoteness from markets and problems with transport, access and rurality.

It was found that such networks are not solely inward-looking, concentrating on the pressing concerns of members, but take a lead in community activity also. Using the example of West Cornwall, because the Business Broker assumes a position of responsibility within the network this assures that links with community and voluntary groups remain strong, thereby creating opportunities for businesses to support and encourage social causes in their local area. The fact that a new network for small businesses in Kerrier and Penwith is being created to fill the gap created at the end of the Broker pilot scheme suggests that there is enthusiasm for, and mutual benefit in, an organisation created and run by SMEs.

Social responsibility demonstrated by micro-businesses in Cornwall is an integral ingredient of the local economy, which in Cornwall has distinct and unique features. With the continuation of support from the European Structural Funds being uncertain, the challenge for Cornwall is to work towards sustainability. Socially responsible activity in terms of community support, networking and innovation will create a foundation on which Cornwall's future prosperity is built. The evidence from the work presented here, supported by the findings of wider studies, suggests that although social responsibility as an integral part of the business planning and practice of SMEs is still some way from being achieved in many cases, there are plenty of examples of good practice to be found in the local economy and a solid base has been created to provide support for existing businesses, start-ups and those enterprises whose owners choose to migrate to the area.

## 6. References

Balabanis G, Phillips H and Lyall J (1998) *Corporate social responsibility and economic performance in the top British companies: are they linked?* European Business Review 98:1 25-44.

BITC (Business in the Community) website [Accessed 3 December 2004 at [www.bitc.org.uk](http://www.bitc.org.uk)]

BITC (Business in the Community) (2002) *Engaging SMEs in community and social issues*. BITC: London.

- Carroll A and Buchholtz A (2002) *Business and Society: Ethics and Stakeholder Management*. Southwestern College: California
- CBSR (Cornwall Business School Research) (2004) *Community Capacity Indicators – A Pilot Study*. Cornwall Business School: Cornwall College, TR13 8UT (unpublished).
- CCC (Cornwall County Council) (2005) *Quality of Life in Cornwall – Summary Report*. Cornwall County Council: Cornwall
- DTI (Department of Trade and Industry) Grants and Support Directory [Accessed 24 June 2005 at <http://www.businesslink.gov.uk/bdotg/action/gsd>]
- EBCSR (European Business Campaign for Social Responsibility) website [Accessed 3 December 2004 at [www.sme.org](http://www.sme.org)]
- Frankental, P (2001) *Corporate Social Responsibility – a PR invention?* *Corporate Communications: An International Journal* **6:1** 18-23
- Jenkins (2004) *Corporate social responsibility – engaging SMEs in the debate*. BRASS: Cardiff
- Johnstone D, Johnstone S, Tyler P and Warnock C (2004) *Business Broker Pilot Programme Evaluation: Interim Report*. Educe Ltd and CEA: Cambridge.
- Kok P, Van der Weile T, McKenna R and Brown A (2001) *A Corporate Social Responsibility Audit within a Quality Management Framework*. *Journal of Business Ethics* **31**, 285-297.
- LSC (Learning and Skills Council) (2002) *Needs Analysis in Devon and Cornwall 2002*. LSC: Plymouth
- LCP (Lollipop Children's Products) web site [Accessed 23 May 2005 at <http://www.teamlollipop.co.uk/>]
- Maignan I and Ralston D (2002) *Corporate Social Responsibility in Europe and the U.S.: Insights from Businesses' Self-presentations*. *Journal of International Business Studies* **33**: 497-514.
- Mazars Neville Russell (2001) *Trends in corporate social responsibility among mid-corporates (£100m to £500m turnover)*. Mazars: London
- Moir L (2001) *What do we mean by Corporate Social Responsibility?* *Corporate Governance: International Journal of Business in Society* **1:2** 16-22
- Objective One website [Accessed 18 March 2005 at [www.objectiveone.com](http://www.objectiveone.com)]
- OESME (Observatory of European SMEs) (2002) *European SMEs and Social and Environmental Responsibility*. European Community: Brussels.

ODPM (Office of the Deputy Prime Minister) (2003) *Evaluation of local strategic partnerships*. ODPM: London

ODPM (Office of the Deputy Prime Minister) (2005) *Broking Business Connections*. ODPM: London.

ONS (Office for National Statistics) *Census 2001: Cornwall and the Isles of Scilly*. [Accessed 3 August 2005 at <http://www.statistics.gov.uk/census2001/profiles/15-A.asp>]

ONS (Office for National Statistics) (2004) *South West in Figures*. HMSO: London

Sarbutts N (2003) *Can SMEs 'do' CSR? A practitioner's view of the ways small- and medium-sized enterprises are able to manage reputation through corporate social responsibility*. *Journal of Communication Management*, **7**, 340-347.

Stibbard H (2000) *Connecting SMEs with the community: A research report on the Involvement of Small and Medium-Sized Enterprises in Community Involvement*. Business Community Connections Research: London.

West Cornwall Together web site [Accessed 22 October 2004 at <http://www.wctogether.info>]

**(Word count 5925)**