

The consequences of social responsibility for small business owners in small towns

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This paper focuses on three under-researched subjects in the corporate social responsibility literature: small businesses, small towns, and consequences of social responsibility for the business owner personally. Small businesses are the vast majority of businesses and make a significant contribution to national economic vitality. Their value to the survival of small towns, where they are often the only businesses, is even more important. Research indicates that the social performance of big and small businesses alike is dependent upon the values and disposition of the top decision maker. Therefore, insight into the owner's motivations for contributing to community betterment and the consequences of that behavior for the business and the owner will add to this literature. Equally important, this knowledge can inform policies aimed at increasing good citizenship for all sizes of businesses regardless of location.

Introduction

Being a good corporate citizen is supposed to be good for business. In the enlightened self-interest theory of business social responsibility (Kamens 1985), businesses that contribute to societal welfare above and beyond their economic responsibilities will prosper as a result. And according to Orlitzky *et al.*'s (2003) meta-analysis of extant research, good corporate citizenship is reciprocally associated with positive financial outcomes for businesses. Successful companies have the resource slack to support philanthropic and community projects, and supporting philanthropic and community projects leads to more financial success. But the focus on large corporations and financial outcomes ignores the consequences of business social responsibility for business owners and managers as individuals. This is unfortunate as research has established the central role of owners

and managers in shaping the amount, and the recipients, of businesses' philanthropic and community support (Useem 1991, Thompson *et al.* 1993, Buchholtz *et al.* 1999, Besser 2002, Spence & Rutherford 2004, Baden *et al.* 2009, Burton & Goldsby 2009, Hammann *et al.* 2009). Business owners and managers who receive positive personal rewards for their business' socially responsible actions should be motivated to continue being supportive. Conversely, negative consequences for the owner/manager as an individual will inhibit involvement in future social and community causes. Without studying this dimension, our knowledge of business social responsibility is distorted and efforts to encourage it may be misguided. The purpose of this paper is to partially address this shortcoming in the literature by examining what small business owners operating in small towns perceive to be the consequences of their support for community betterment.

An indicator of the bias toward large corporations in the literature is the widespread use of the term corporate social responsibility instead of the more inclusive term business social responsibility, which will be used in this paper. Many small businesses are not corporations, and the 'corporate' adjective implies big business. Small businesses are defined as for-profit enterprises with fewer than 500 employees (US Small Business Administration 2011). They represent 99.9% of the 29.6 million businesses in the US (including both employers and nonemployers). In 2004, small businesses produced 50.7% of nonfarm gross domestic product, represented 99.7% of all employer firms, employed just over half of all private sector employees, and paid 44% of total US private payroll (US Small Business Administration 2011).

Business social responsibility is defined as the obligation businesses have to devote a portion of their slack resources to societal welfare beyond providing products and services in an economic exchange. The activities, policies, and outcomes of a business' social responsibility are business social performance (BSP) (Wood 1991). Given the paper's focus on small businesses in small towns, particular attention will be given to the activities that support local community betterment, including charitable, arts, civic, environmental, and educational causes that contribute to the local quality of life.

Research on the costs and benefits of BSP for small business owners in small towns is critically important because it will advance the scholarship on the interaction of business and society beyond its current narrow scope, but also, it is important for the future of small towns. Even though some scholars dismiss small towns as inconsequential in the new global economy (Sassen 2006), a significant minority of the US population (26% in the Midwestern states) live in rural small towns (Johnson 2006) and many more would move to them if they provided sufficient economic opportunities (Brown *et al.* 1997). However, economic opportunities and population have been declining at a rapid pace in small towns in the US heartland. Davidson (1990) concluded that many small towns in the US Plains and Midwest have become desolate, ruined places populated by aging, trapped residents. Since Davidson's research, conditions have not improved (Johnson 2006, Whitener & Parker 2007). However, in spite of this

grim portrayal of conditions, some small towns in the US heartland have stabilized their populations and enjoyed economic prosperity. These resilient small towns differ from other towns in having engaged business owners who, in conjunction with leaders from other sectors, work to promote community betterment (Tolbert *et al.* 1998, Tolbert 2005). Therefore, the social performance of small business owners can make the difference between a desolate and a vital, prosperous future for small towns.

Town size, size of business, and social performance

Even though big businesses consistently report higher levels of contributions to philanthropic, charitable, and community causes (Kedia & Kuntz 1981, McElroy & Siegfried 1985, Building Business Investment in Community 2002, Maaß 2004, Brammer & Millington 2006, Lepoutre & Heene 2006, Niehm *et al.* 2008), Brammer & Millington (2006) contend that their greater generosity can be attributed to, at least partially, the fact that they are more closely scrutinized by the media and the public than are small businesses. In metropolitan locations, small businesses have lower visibility than big businesses and they may be willing (or expected) to leave the future of the community in the hands of public and corporate leaders. But in small towns, small businesses are often the only businesses. In places where everyone knows everyone else's affairs, small businesses' contributions or lack of contributions to community and social causes will be common knowledge. For this reason, size of town of operation is a critical intervening variable between size of business and level of BSP. In small towns, size of business is less important in predicting BSP than the local expectations of community involvement (Besser 2002, Miller & Besser 2003).

Small business owners' personal lives are intermingled with their business activities to a much greater degree than is the case for managers of large businesses (Spence 2004). Family and personal time and resources are often utilized for business purposes. Family members may work in the business for no pay. On the flip side, business resources are frequently used for personal purposes. The owner can

take time from the business to attend a community meeting or a school play and use business equipment for personal projects. It is understandable then that small business owners' personal contributions to social causes and the contributions of their spouses (Schmidpeter & Spence 2004) are viewed as contributions from the business, and contributions from the business are perceived to be the direct result of the owners' decisions. There are no standardized policies or professional staff that in a larger firm would routinize and depersonalize BSP decisions. Therefore, the small business owner is more likely than managers of large firms to be held personally accountable for the social performance activities of his or her business.

In all sizes of communities, small business owners are socially and economically embedded in the community where they conduct business to a much greater extent than managers of big businesses. The town where they do business is their home. Their personal well-being and, often, the success of their business are inextricably linked to the overall welfare of the community. Their social ties are likely to overlap with their business relationships. Their family and friends are frequently also their customers, employees, suppliers, and financiers. Spence's (2004) interviews with small firm owners in the UK and Germany revealed that small firm operators feel a personal connection to employees, clients, and competitors, which positively impacts their ethical treatment of these stakeholders. She draws upon Jones' (1991) notion of proximity to elaborate and help validate her findings. In this perspective, the physical proximity of management and owners to a stakeholder group contributes to the probability of greater moral integrity toward the group. While Spence (2004) did not consider business location in her research, the concept of physical proximity also suggests that business operators who live in the communities where they conduct business will have more commitment to, and involvement in, the community than absentee business owner/managers.

In contrast, the managers of many large corporations are often rotated through the multiple sites where the company operates, making it difficult for them to form deep relationships with local residents and develop a sense of shared destiny with the community. They are less aware of, and less affected by,

the local norms of community involvement as a result. On the economic side, large corporations are not dependent upon local customers, suppliers, financiers, or even employees as employees can be moved between locations and operations can be shifted to different locations. The social and economic independence of large corporations from the community makes them less susceptible to forces that would encourage their compliance with local patterns of social responsibility.

Small businesses operating in small towns face an entirely different set of factors affecting the consequences of their BSP than similarly sized companies in metropolitan areas or than large businesses operating in small towns. Their enhanced visibility, heightened social and economic embeddedness, and overlapping personal and business spheres magnify the costs and benefits of BSP for the success of the business and the owner personally (Southwell 2004). The risk of negative outcomes is greater. At the same time, the leadership and support provided by small business owners can have a decisive impact on small town quality of life, which would be more difficult to achieve in metropolitan areas.

Rewards and penalties for BSP as motivators and barriers

Business owners' expectations of benefit and desire to avoid penalties may act as motivators or barriers for their firm's social performance. The difference between motivators and rewards, penalties and barriers is important. If, for example, a business owner is motivated to contribute to community betterment due to the belief that it will provide financial benefit for his or her business, what happens to that belief – and future community support – if the financial benefit is not forthcoming? Indeed, how will future support be affected if the owner loses customers or is personally insulted or harmed as a result of his or her largess? These four elements, rewards, penalties, motivators, and barriers, interact with each other in a dynamic relationship that can help explain changes in BSP over time for individual business owners and suggest policies for encouraging BSP.

Spence & Rutherford's (2004) conceptualization of ethical frames attempts to account for the

interaction of motivators that encourage business social responsibility and the importance to the business owner of making a profit. The frame in which business owners are socially responsible and interested in profit maximization is called enlightened self-interest (Kamens 1985). In this frame, the motivation for social responsibility is that BSP will benefit the business. When owners are socially responsible but less driven by making a profit (profit satisficing), their ethical frame is called social priority. The business owners' comments in Spence & Rutherford (2004) that illustrate this frame describe moral or religious motivations for BSP – it is the right thing to do regardless of its impact on company profit.

These two kinds of motivations for BSP (enhancing business success and complying with a moral obligation) leave out the personal motivators reported by Besser (2002) and Southwell (2004). Three of Southwell's motivators can be placed in the enlightened self-interest frame; it is good business practice, the internal benefits of employee morale and motivation, and developing a good business reputation. One motivator, 'giving back', is in the moral obligation or social priority frame. But the motivators of personal interest and personal fulfillment do not fit into either frame. Likewise, the motivators for BSP described by business owners and managers in Besser's (2002) research are business benefits (the enlightened self-interest frame), moral (the social priority frame), and the expectation of positive personal rewards. Among the personal benefits she describes are the psychological rewards of personal recognition, personal satisfaction, a sense of accomplishment in being able to make a difference in the community's future, the pleasure gained from socializing and interacting with others involved in community betterment projects, and personal growth and development. Another personal reward is the impact of BSP on the quality of life for the owner/manager and his or her family and friends. Some business owners also experience negative personal outcomes from their BSP. Besser (2002) concluded that the most frequent negative outcomes were psychological: lack of appreciation for the contributions provided, especially for serving in a leadership capacity, time drain and burn out, receiving public criticism, and experiencing incivility. But in

addition, a few business owners in her study reported receiving threats of personal injury and death.

According to the logic presented earlier, I propose three sets of motivators for BSP: enlightened self-interest, moral obligation, and personal rewards. Business owners motivated by moral obligation might continue to act responsibly regardless of the outcomes of those actions for their business or themselves personally, although the business will not survive if the actions are too costly. However, the power of the other two motivators might be altered by the consequences of socially responsible actions to business success and the owners personally. Owners subjected to negative psychological outcomes might be disinclined from providing support for community and philanthropic causes in the future, and those receiving positive psychological rewards would likely continue or increase their involvement. The research findings that follow are exploratory but provide insight into small business owners' perceptions of the costs and benefits of socially responsible business activities in small towns.

Research design

The data for this study are from semi-structured telephone interviews conducted in 2010 with a random sample of business owners selected from a list of all businesses¹ in four towns with fewer than 10,000 residents located in nonmetropolitan counties in one Midwestern US state. Sixty businesses equally divided among 10 industrial groups were selected from the sampling frame. Each selected business was sent a letter explaining the research project and informing them that a university researcher would call them within 1 week to ask for their participation in a study of small businesses and community involvement. Twenty-nine of the 60 sampled businesses had gone out of business or could not be contacted either by letter or by phone. From among the remainder, 20 interviews were completed for a cooperation rate of 64.5%.

The interviews lasted, on average, 20 min and were taped and transcribed. Interviewees were asked basic background questions about their businesses and

themselves, whether they believed they had any responsibility to support the community, and to explain why they felt they did or did not have a responsibility. They were asked to describe the last community betterment project they supported (if any) and the outcomes of their involvement in that project and any previous community project for themselves personally and for their business. A common problem with research on social responsibility is the tendency of the respondents to provide the most socially acceptable answer or the answer they believe the interviewer is seeking. In order to partially counteract this tendency, we asked questions about a specific recent project and the consequences of that project. Even so, this potential threat to the validity of the findings is a limitation of the study.

Findings

Respondents' background

Table 1 shows the descriptive statistics for this sample of businesses. The majority is sole proprietorships and most of their revenue is from local customers. The average number of employees is 6.15 with a range of 0 to 25. Six businesses had no employees. These businesses have been operating in their community for many years (average 40.63 years), but 26.30% have been open 15 years or less in their current location. Seven industries are represented in the sample. Businesses in all sectors were selected for the study. However, construction and transportation businesses were difficult to contact (none had office staff, phone calls were recorded on answering machines; we left messages, but the owners either did

Table 1: Overview of sampled businesses and owners/managers

	Mean	Number (percentage)	Median
Sole proprietorships		11 (57.90) ^a	
Corporations		8 (42.10) ^a	
Number of employees	6.15		2.00
Years operating in the community	40.63		31.00
Percent revenue from local customers	65.25		72.50
Success of business (1 = total failure, 10 = extremely successful)	7.00		8.00
Industry ^a			
Agriculture		1 (5.30)	
Manufacturing		3 (15.80)	
Personal services		1 (5.30)	
Retail		7 (36.80)	
Finance, insurance, real estate		3 (15.80)	
Business services		1 (5.30)	
Hospitality		3 (15.80)	
Owner/manager			
Percent male		12 (60.00)	
Years in position	16.25		16.50
Age	59.45		58.00
Education (1 = less than high school, 2 = high school diploma, 3 = AA or some college, 4 = 4 year college degree, 5 = graduate or professional degree)	3.26		3.00
Number of local organizations belong to	2.50		3.00
Do you consider yourself active in the community? (1 = not at all, 4 = very active)	3.35		4.00
Provided leadership to community since taking current position in business		12 (60.00)	
Participated in community project in previous year		16 (80.00)	

^a Nineteen of 20 respondents answered these questions.

Table 2: Small business owner/managers' motivations for business social performance (BSP) and the perceived consequences of their social performance

Motivations for BSP	Number (%)	Consequences of BSP		
		Number (%)	Positive	Negative
Expectations of beneficial results				
For the business (enlightened self-interest)	16 (80)	6 (30)	5 (25)	5 (25)
For the owner/manager	1 (5)	6 (30)	1 (5)	
Moral obligation	8 (40)			

not reply to the message or declined to be interviewed). Even though the interviews were conducted during an economic recession, the average rating of business success was 7.0 on a 10-point scale where 10 equals extreme success and 0 is complete failure. One business owner reported that her business had declined from an 8 to a 5 and another had reduced the number of employees from 3 to 0. Still, overall, the businesses seem to be doing fairly well by their own account.

Four of the 20 respondents identified themselves as the top decision maker but did not own the business. Examples include the president of a bank and a top administrator of a medical clinic. This is a well-educated group with almost 70% having some education beyond high school. The average age (59.45 years) is consistent with the 'graying' of small towns in the US Midwest. Forty percent of the sample are women. These business operators are quite involved in their community, with 60% reporting that they have provided leadership for local organizations or boards since becoming a business owner or manager and 80% indicated that they had participated in a community betterment project in the last year. They are members of 2.50 local organizations on average and rate their community activeness as 3.35 on a four-point scale, with 4 being very active.

Without exception, the business operators stated that they have an obligation to support the community. The variety of community projects supported by them is impressive. They include the following: contributions and leadership for community festivals and after prom events; renovating museums and libraries; building aquatic centers, health centers, ball parks, and local lake recreational facilities; organizing fund raisers for the humane society and juve-

nile diabetes; and providing college and summer camp scholarships for local children. Sixty percent of business operators also reported serving on local boards and commissions.

The motivations for BSP

The motivation for BSP expressed by the vast majority (80%) was the enlightened self-interest rationale, sometimes in conjunction with moral obligation or personal rewards (see Table 2). The comment of a bank president is representative.

We think it's important that our people are visible in community – selfish reasons I guess. I like our people to rub shoulders with other people in the community, be active. We hope that pays dividends for the bank in the long run. That people would like to do business with us because we support the community and become friends with our employees . . . that's one thing. There's also good citizenship. It's good for our employees to be involved.

The owner of a real estate and auction business articulates a shared destiny variation of the enlightened self-interest rationale.

Absolutely. It's the only way the whole town works together. Yes, we sell real estate, so we don't have anything to do with downtown retail, but if downtown doesn't look good, people won't want to move to [town] and buy a home. And unfortunately with revenue and sales tax, it just all works in one big bubble. We all have to work together.

Personal benefit was mentioned as a motivator by only one respondent, and that individual was also motivated by enlightened self-interest.

You support the community any way you can . . . for selfish reasons hoping that they'll see that, come

back and support you. Also do it because it's your nest. If you're going to live there, you want a good place to live. (Retail)

Two business owners explained their involvement in the community with both the enlightened self-interest rationale and their belief that it is a moral obligation. They articulated their moral obligation in the following way.

Yes, I belong to the chamber and other organizations. It's important to do what you can for the needy or other activities that go on. (Manufacturing)

I love this town. I learned a long time ago, you have no right to gripe if you sit on your thumbs. That's why I want to be part of it. (Printing)

Four business owners mentioned how life in small towns impacts their community involvement. I interpreted these statements as expressing a moral obligation prompted by the social climate in the community.

It's just part of life in small towns. It's expected. It's important to be seen in the community by your peers and by your potential customers. (Retail)

That's one of the pluses in small towns, is that if you ask them, businesses will support community causes. Even if they're hurting, they'll take something off the shelf to donate to the cause. (Retail)

In a small town, you have to work with the community because they're really close knit and a lot of customers you see everyday, so you try to get involved with organizations and the community and with things the community needs to help develop it and bring more people back into it . . . which means more success for me of course. (Hospitality)

In a small town, they need to participate in any activities and promote these activities. (Food processing)

All three sentiments motivated this business owner.

I worked to build a new aquatic center in town. We need these projects to improve the quality of life . . . for kids. They benefit the community all the way around. (Real estate and auction)

His reference to 'for kids' is a generalized statement expressing the value of improving the quality of

life for children in the town, not for his children in particular.

The consequences of BSP

Twelve respondents (60%) reported positive outcomes from their community participation. Five said there were no rewards to their business or to themselves personally from their involvement in the community. Contributions to business success motivated 80% to be socially responsible, but only six (30%) reported enhanced business success as an outcome, and they were basing their opinion more on faith than on quantifiable returns to the business.

Definitely rewarding, but to put a figure on it . . . I think that what makes business successful is their involvement. (Insurance)

You'd like to think so, but it's really hard to put your finger on that and say 'yes because I did this, six people came in and bought a recliner'. (Retail)

We think it gives us an edge over a competitor who obviously doesn't think it's important for employees to be involved in the community. (Bank)

The festival benefited us because it brought more people through town. (Retail)

Our participation brought us good will, maybe a positive effect on [the town]. (Retail)

It kind of improves your business a little bit because they know about you. (Retail)

Equally common (6% or 30%) were accounts of positive psychological rewards due to the operator's enjoyment of the activity, satisfaction in accomplishing something valuable for the community, or satisfaction in doing the right thing.

The museum project is rewarding to me personally, but it's nice to drive by the aquatic center and go 'that's really nice'. It makes me feel good. People come to town and want to live here because of these . . . amenities. (Realtor estate and auction)

What's rewarding? All the ones we talked about. Me personally? [*He named a recreational facility on nearby lake*] I worked on it for many years. Through a lot of hard work over many years, it's finally opened. It's been very rewarding to see because it is an economic development project for the whole region. (Bank)

I give discounts. That makes me feel good just to be part of that. If I can do just some little thing, especially for the school. I gave scholarships for 10 years. I have a lot of fun here. Anytime there's something going on to help better the community, that's what I try to do. (Printing)

Feel good feeling only. Not so that I could actually see dollars walk in the door. I don't think that has happened. (Veterinary)

I enjoy giving back to the community. I don't approach things from the stand point of what I get out of it. (Insurance)

Five interviewees, some of whom also had positive outcomes, indicated they had experienced negative outcomes from their community involvement. All five believed they had suffered business losses and one had a negative personal experience as well. A manufacturer pointed out that sometimes the interests of the community conflict with individual business interests. He worked to bring another business to town only to lose several employees who went to work for the new business. A veterinarian described the result of his previous community service.

I served on the school board from 1984 to 1990. I lost business every year as a result of the school board – having to make controversial decisions.

The one personal negative consequence was a lack of appreciation for the community support provided by an Asian immigrant who owned a women's clothing store. She believed the community's lack of reciprocity was detrimental for her business, but from her statements quoted in the next section, it is clear she also took it personally.

Had a free style show. A benefit for new ambulance in the hotel. I don't get no business from it. Go to all that trouble to have a model. They model my clothes. Three times I did it. Hard to get a business from the people who model who is from here, but I do get business from other towns.

Later she provided more information.

Teacher wants me to contribute to 'after prom'. I said nope, I'm not going to do it. I want to tell you why. Because none of your girls come and buy their gowns from me.

A furniture store owner's experience captures the tension, which can exist between positive and nega-

tive outcomes of BSP. His sizable monetary donation to build a new gym for the local high school earned him personal criticism and a loss of customers from the surrounding area. His critics believed that by helping to improve the high school in his town, he was increasing the chances that the high schools in their towns would be closed and students moved to the school with more modern facilities. Additionally, he has supported local bond issues to build community infrastructure (health facilities, improve the schools, recreational facilities).

Sometimes when it comes to community issues like building a new gymnasium or building a new school, not everybody agrees with that, so that can hurt you. They say 'By golly, if you support that, it's going to raise my taxes and I'm not going to do business with you'. It can come back to bite you.

While the store owner was discouraged about the negative fallout from his support for community projects, he continued to be involved, perhaps because of his moral commitment to BSP or perhaps due to offsetting rewards. He described one positive psychological reward that may have compensated for the personal criticism and loss of business experienced from other projects.

We ran a benefit for an ambulance, called Rock-a-thon where we had people sitting in our recliners for 24 hours to raise money. Raised like \$2,200 and it brought a lot of word of mouth to my product, and a lot of people into our store and it worked out quite well. I was very happy with it. Lot of advertising. About 6 months later, I was notified that I won a prize from Lazyboy for the best small population advertising for promotion and got a free trip out of the deal. That was my shining moment.

The above accounts support the contention that the majority of small business operators in small towns expect to receive financial gain as a result of their community support, but they do not have specific evidence of financial gains. They seemed to understand and accept that the returns may be impossible to measure and take a long time to realize. Among this group, even those who reported they had lost customers because they supported a community or social cause believed that businesses have a responsibility to support community betterment and will benefit in the long run from it.

Reports of positive outcomes outnumbered the negative by two to one. Twenty-five percent reported receiving neither positive nor negative outcomes from their community support. The belief that BSP will result in financial benefits for the business is the primary motivator. Consistent with that belief, the respondents identified benefits for the businesses as a main outcome of their socially responsible activities, but psychological outcomes were mentioned by an equal number as an important consequence. The psychological rewards and penalties reported by this sample of business operators do not span the full range of psychological outcomes elaborated by Besser (2002). No one in the sample mentioned sociality or personal growth and development as benefits for BSP, and no one reported receiving threats of personal harm.

Conclusion

The purpose of this paper was to examine the personal and business consequences of BSP for small businesses operating in small towns. This topic addresses three areas that have received scant attention in the literature: the social performance of small businesses, BSP in small towns, and the outcomes of social performance for business owners personally. Studying the social performance of small businesses is important since they constitute the overwhelming majority of businesses and make an essential contribution to the economies of all nations. It is hazardous to assume that the factors that encourage BSP in large businesses and the outcomes of BSP for large businesses apply to small businesses. Moreover, the lack of research attention directed to the topic of small BSP creates the impression that small businesses make only limited contributions to societal betterment and have correspondingly minimal social responsibility. Whatever the potential contribution of small businesses to societal betterment above their economic value in metropolitan areas, logic and a few previous studies argue that their leadership and support for community causes are essential for the survival of small towns (Tolbert *et al.* 1998, Tolbert 2005).

Scholars have long recognized the critical role played by owners and managers in determining the recipients of and extent of a business' social perfor-

mance but know very little about the personal consequences of BSP for the owner/manager. Because small business owners are so closely identified with their businesses and because they are more socially and economically embedded in their communities compared with managers of big businesses, the consequences of BSP for the owner personally may be a more important factor in determining BSP in small businesses. This may be especially true in small towns where small businesses cannot be anonymous.

Findings from this exploratory research support the contention that small business owners/managers recognize that they have a responsibility to support their communities. The kinds of support they provided ranged from charitable causes (juvenile diabetes) to leadership and support for building community amenities and organizing community events festivals. The primary stated motivation for their involvement was the expectation that it would contribute to business success – the enlightened self-interest rationale. Several combined the enlightened self-interest rationale with a belief that they have a moral obligation to be socially responsible and/or the anticipation of personal gain. A quarter of the respondents also mentioned that their moral obligation was related to the norm prevalent in small towns that businesses should work for community improvement.

In spite of the business operators' expectation that their BSP would result in financial gain for their businesses, none reported documented direct financial payback. The lack of evidence of the veracity of the enlightened self-interest rationale did not seem to challenge their belief in it, however. The seeming cognitive dissonance between their belief and the lack of supporting evidence was explained by the contention that returns from BSP were likely to be intangible and take a long time to realize.

The significance of personal consequences of community involvement is confirmed for this group of business operators. Almost one third of them reported positive psychological outcomes, and one was disappointed, almost angry, at the lack of appreciation she experienced. Given the ambiguity of financial outcomes and the central role of owner/manager discretion in shaping BSP, this finding suggests that psychological rewards should receive more attention in efforts to increase the involvement and

support of business owners in their communities and more attention from scholars.

The importance of psychological rewards and sanctions for the owners and managers of small businesses cannot be inferred from the extant research base due to its focus on big businesses and corporations. I suggest that the motivations for, and consequences of, social responsibility for small businesses are qualitatively different from those factors of social responsibility in big businesses. Therefore, additional research is critically needed on all facets of the subject for small businesses. Also, future studies are required to address a major shortcoming of this study – the small and geographically limited sample used in the analysis. Although the generalizability of the results is enhanced by triangulating them with similar findings from Besser's (2002) larger sample and Spence's (2004) European sample, more research employing larger and more diverse samples specifically focused on the motivations and rewards and punishment of BSP among small business owners and business owners in small towns is imperative.

Note

1. The list was provided by American Profiles. This business compiles lists of businesses with size, industry, geographic, and owner information from Dunn and Bradstreet Directories and business telephone white pages and yellow page directories. The company phones the businesses every 6 months to update contact and business information.

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