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Success with Social Responsibility Local Retailers' Perspectives

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SUCCESS WITH SOCIAL RESPONSIBILITY:
LOCAL RETAILERS' PERSPECTIVES

by

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Bachelor of Arts
University of South Carolina, 2009

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Submitted in Partial Fulfillment of the Requirements

For the Degree of Master of Retailing in

Retailing

College of Hospitality, Retail, & Sport Management

University of South Carolina

2014

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DEDICATION

This is a love letter to the city of Columbia, a place that has taken me in and allowed me to make a home and life here over the past decade. I hope my work and research can help this great city continue to grow and thrive.

ACKNOWLEDGEMENTS

Thank you to my family, who supported and championed my decision to go to graduate school. Thank you to my friends, who have kept me sane over the past two years. And thank you to my advisor, committee members, and professors, whose lessons and encouragement will always stay with me.

ABSTRACT

This research examines a specific sect of small business—the local retailer—in order to gauge owners' understanding and implementation of corporate social responsibility (CSR). Guided by the Enlightened Self-Interest Model (ESIM), the purpose of this study is to gain further insight into how local retailers in Columbia determine what is socially responsible, and what CSR practices they are utilizing. Additionally, this research aims to understand why local retailers are motivated to act in a socially responsible way and the benefits they perceive from CSR. Results reveal that owners of local retailers are motivated to act in a socially responsible way by internal push factors, regardless of their business goals. This plays out via several methods of giving back to their community. While local retailers do not expect or receive financial gain from practicing CSR, they reap other benefits such as enrichment beyond their job and effective marketing.

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LIST OF DEFINITIONS

Aretaic Ethics: An agent-centered moral code in which people are driven to perform deeds to promote their own happiness and well-being (Card, 2004)

Corporate Social Responsibility: A company's legal, ethical, and philanthropic obligations outside of its main goals of profitability (Carroll, 1979; Committee for Economic Development, 1971)

Enlightened Self-Interest Model: A business strategy that encourages good deeds as a means of driving business (Besser & Miller, 2001; Galaskiewicz, 1985, Kamens, 1985; Keim, 1978; Mescon & Tilson, 1987; Turban & Greening, 1997)

Local Retailer: A retail business of which the owner resides in the same community where the business operates

Pull Force: External motivator that draws in action (Kirkwood, 2009; McClelland et al, 2005; Schjoedt & Shaver, 2007; Segal et al., 2005)

Push Force: Internal motivator stemming from personal life or the surrounding environment (Kirkwood, 2009; McClelland et al, 2005; Schjoedt & Shaver, 2007; Segal et al., 2005)

Small and Medium Enterprise: Any business with less than 500 employees (U.S. Small Business Administration, 1993)

Social Capital: The network of resources created by a business or business owner, including information, direct relationships, and a social exchange of information between relationships (Bourdieu, 1986; Nahapiet & Ghoshal, 1998)

Symbolic Capital: The prestige or reputation that a business carries in the eyes of its customers (Bourdieu, 1993; Fuller & Tian, 2006

LIST OF ABBREVIATIONS

CSR .... Corporate Social Responsibility

ESIM .... Enlightened Self-Interest Model

SME .... Small and Medium Enterprise

CHAPTER 1

Introduction

Small and Medium Enterprises (SMEs) are businesses with less than 500 employees

(U.S. Small Business Administration, 1993)—encompassing a wide range of companies

with different interests, strategies, and goals. SMEs are responsible for the majority of

jobs and sale transactions in the United States (U.S. Small Business Administration,

1993), and their continued success is integral to the success of the American economy.

The focus of this research is on the local retailer, defined by this author as a retail

business of which the owner resides in the same community where the business operates.

A study on local retailers cannot be separated from the retailers' impact on and

involvement in its community. Corporate Social Responsibility (CSR) embodies the idea

of a company's economic, legal, ethical, and philanthropic obligations (Carroll, 1979),

outside of its main goals of profitability. Local retailers that choose to incorporate CSR

into their overall strategy or marketing efforts make a conscious decision to contribute to

the community, most often with the hope that it will benefit them or their business in the

future.

Previous research on CSR is extensive, though the majority of research and

institutional support places stress on the *corporate* component, concentrating on CSR as

it relates to corporations or multinational companies (Mohr, Webb, & Harris 2001; Moir,

2001; Seechi, 2009; Wartick & Cochran, 1985). Literature on small business CSR has

mainly been limited to theory—*why* small business should practice CSR (Jenkins, 2006;

Moore & Spence, 2006; Morsing & Perrini, 2009; Murillo & Lozano, 2006) and what *strategies* they can implement (Hallak, Brown, & Lindsay, 2013; Jenkins, 2009; Lepoutre & Heene, 2006; Roberts, Lawson, & Nicholls, 2006). Much of this literature approaches small businesses simply as smaller-scale corporations rather than a different kind of business that may require a unique approach to CSR. Only Besser and Miller (2001) have examined CSR in relation to the local retailer level, with an in-depth study on local businesses in an Iowa community and the factors that motivate business owners to act in a socially responsible way. No research has been identified that examines the specific actions local retailers have taken to implement CSR, or how it benefits the business beyond financial gain. Further research is necessary to truly understand CSR practices in local retailers.

The retail community of Columbia, South Carolina serves as the focus of this research. Until recently, the market had been dominated by local retailers and small businesses. As the population and profile of the city has grown, so has interest from national and international retailers. Theses businesses are entering the Columbia market more quickly than ever. It is important for Columbia's local retailers to know what kinds of differentiation strategies they can utilize to continue to be successful; CSR is one of those strategies that will help them stand out from the crowd.

Guided by the Enlightened Self-Interest Model (ESIM), the purpose of this study is to gain further insight into how local retailers in Columbia determine what is socially responsible, and what CSR practices they are utilizing. Additionally, this research aims to understand why local retailers are motivated to act in a socially responsible way and the benefits they perceive from CSR. This will aid institutions and organizations that offer

support to small businesses. By gaining a deeper understanding of what local retailers hope to gain from CSR practices, and the success they believe it brings, better CSR strategies and guidelines can be created for local retailers.

1.1 RESEARCH QUESTIONS

RQ1: How do local retailers define CSR?

RQ2: What CSR activities do local retailers practice?

RQ3: What, if any, driving forces encourage local retailers to practice CSR?

    RQ3a: What internal (push) forces encourage local retailers to practice CSR?

    RQ3b: What external (pull) forces encourage local retailers to practice CSR?

RQ4: What are the perceived benefits of CSR experienced by local retailers?

1.2 CONCEPTUAL MODEL

       This conceptual model visually describes the questions this research strives to answer. Presumably, local retailers will be motivated to practice corporate social responsibility because of internal push forces (RQ3a) and/or external pull forces (RQ3b). However, the way these retailers define CSR and choose to put it into action will vary from business to business (RQ1 and RQ2). As a result of practicing CSR, retailers will also perceive certain benefits that encourage them to continue doing so (RQ4).
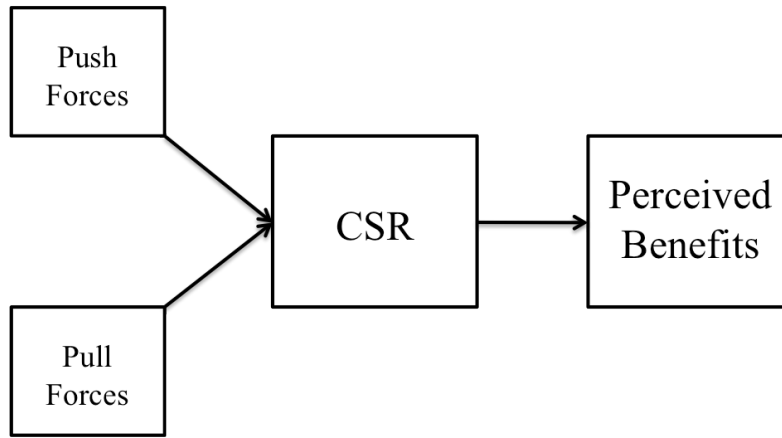
Figure 1.1 Conceptual Model of Research Questions

CHAPTER 2

REVIEW OF LITERATURE

In order to guide this study, a thorough review of literature will focus on examining the

current state of small businesses and the retail industry in the U.S. Identifying the

opportunities and challenges that face small businesses will lead to a stronger

understanding of the driving forces that motivate local retailers to practice social

responsibility.

2.1 CORPORATE SOCIAL RESPONSIBILITY

CSR has been through many iterations since its inception as a business strategy in

the mid-20th century, but its definition has never been standardized. This is partially due

to the dynamic and ever-changing social and economic environments. But more

significantly, all businesses (of every size) choose to interpret and practice CSR in a

different way.

The Committee for Economic Development (CED) describes CSR as three

concentric rings: "The inner circle includes the clear-cut basic responsibilities for the

efficient execution of the economic function—products, jobs and economic growth. The

intermediate circle encompasses responsibility to exercise this economic function with a

sensitive awareness of changing social values and priorities: for example, with respect to

environmental conservation; hiring and relations with employees; and more rigorous

expectations of customers for information, fair treatment, and protection from injury. The

outer circle outlines newly emerging and still amorphous responsibilities that business

should assume to become more broadly involved in actively improving the social environment. (For example, poverty and urban blight)" (Committee for Economic Development, 1971). This idea was echoed further with the idea that companies not only had responsibility for economic, legal, and ethical obligations, but philanthropic obligations as well (Carroll, 1979). It is a combination of these two concepts of CSR that guides this research.

In order to effectively utilize and incorporate corporate social responsibility, a business must first have a strong sense of organizational identity—embodied in either a mission statement or self-description by the owner (Albert & Whetten, 1985). A retailer that fully understands and exemplifies its organizational identity will have a strong and positive impact on its consumers, other organizations, and its own employees (Whetten & Godfrey, 1998). It is only when the business has this sense of conviction in itself that the benefit of CSR can be truly enjoyed. The most effective CSR efforts are those that are aligned with the core values and goals of a business, rather than those that are superfluous acts of philanthropy (Jones, Comfort & Hillier, 2007; Hickie, Konar & Tomlinson, 2005).

Small businesses find themselves under less scrutiny from the general public than large corporations, but their owners and operators are highly visible to their customers and the local community. It can be argued that the two innermost rings of the CED model, as well as the economic, legal, and ethical obligations outlined in Carroll's 1979 model are mandated or at least monitored by other rules and regulations. Therefore, it is only the outermost ring of social betterment and philanthropic obligations that are completely at the discretion of the owner/operator, and the decision to undertake these business practices can be explained by push and pull forces influencing them.

2.2 ENLIGHTENED SELF-INTEREST MODEL

The enlightened self-interest model (ESIM) encourages good deeds as a means of driving business (Besser & Miller, 2001; Galaskiewicz, 1997; Kamens, 1985; Keim, 1978; Mescon & Tilson, 1987; Turban & Greening, 1997). Proponents of the ESIM approach take on a "you get what you give" mentality. That is, businesses that practice CSR do so because they believe its consequences and achievements will eventually come back to them in their favor.

ESIM followers can be motivated to practice CSR for many reasons, and most can be separated into either push forces or pull forces (Kirkwood, 2009; McClelland et al., 2005; Schjoedt & Shaver, 2007; Segal, Borgia & Schoenfeld, 2005). Push forces generally come from the owner/operator himself. Either something in his personal life or surrounding environment pushes him to take action; in this case, push forces would compel him to practice social responsibility. Pull forces are typically seen as external opportunities that draw in the owner/operator. It is important to note that in the realm of entrepreneurship, those motivated by pull forces have been more financially successful than those motivated by push forces (Amit & Muller, 1995). However, it has yet to be studied whether this holds true in CSR practices, or what other measures of success local retailers perceive.

2.3 SMALL AND MEDIUM ENTERPRISES IN THE U.S.

SMEs, like any other entrepreneurial ventures, carry great risk for failure. They are more vulnerable to their external environment, on both a micro and macro level, than larger corporations. Previous research has often treated SMEs as smaller-scale

corporations. Yet "a small business is not a little big business" (Welsh & White, 1981) and strategies must be considered that address the unique conditions (economic, social, and personal) that face these businesses (U.S. Small Business Administration, 2007). On average, only 40% of SMEs survive after six years of business, and the retail industry in particular tends to hover just below that standard (Phillips & Kirchoff, 1989). One way to combat this statistic is with growth in terms of employment. About 66% of retailers that steadily add employees over the first six years of business survive (U.S. Small Business Administration, 1987). Additionally, businesses with 20 employees or less were the only creators and providers of new job growth during the last two U.S. economic recessions (McGibbon & Moutray, 2009). It is paramount for SMEs to ingratiate themselves in the community of which they are borne in order to bring employees into the fold who will allow them to thrive and grow.

Though vulnerable, SMEs also tend to be resilient, bouncing back from setbacks because of their flexibility in responding to consumer or market needs, most notably by their niche-filling capabilities (Dean, Brown & Bamford, 1998). SME success is not only beneficial for business owners and their stakeholders, but for stimulating the U.S. economy as well. The majority of the country's sale transactions come from small businesses (U.S. Small Business Administration, 1993). Additionally, SMEs employ 42% of the total U.S. workforce, compared to the 41% employed by big businesses (U.S. Department of Labor, 2000). In the same vein, SMEs significantly impact the gross domestic product of the U.S., representing $4,097 billion of the total $9,220 billion GDP—out-contributing big businesses by 3% (U.S. Small Business Administrtion, Bureau of Economic Analysis, 2000).

2.4 SMALL AND MEDIUM APPAREL RETAILERS IN THE U.S.

The U.S. textile and apparel industry overall is becoming increasingly globalized, a trend evolving throughout most business landscapes. As such, SMEs are the largest domestic drivers of the industry, and necessary for the economy to protect (Stoll & Ha-Brookshire, 2012). One result of this globalization is an increase in imported products; apparel imports alone totaled grew $63.1 billion in 2009, quadruple the volume reported in 1990 (Office of Textile and Apparel, OTEXA, 2010). Businesses no longer view international firms or vendors as competitors or outsourcing opportunities, but as strategic partners. Some even go as far to say that imports are essential for continued growth of the U.S. economy, rather than detrimental (Lu & Dickerson, 2012). This is demonstrated by the import penetration ratio—determined not only by import volume, but U.S. consumption as well (Morgan, 1988), which shows that the textile and apparel industries have stabilized as of late (Lu & Dickerson, 2012).

In favor of SMEs, as they typically cater to niche markets, domestic apparel producers have devoted their intention and energy to romancing smaller retailers, who better appreciate their attention to the relationship, customer service, and timely delivery (Parrish, Cassill & Oxenham, 2006). This is extremely similar to the relationship enjoyed between SMEs and their end-user customers. In the U.S., textile, apparel, and accessory retailers with annual sales of less than $9 million or less are considered small and medium enterprises, and by this definition 27% of all apparel retail firms are classified as SMEs (U.S. Census Bureau, 2010). Yet beyond this information, it can be difficult to attain accurate, reflective financial information from SMEs. As they are not legally

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required to provide it to the public, some owners are hesitant or unwilling to divulge business information (Besser, 1999; Stoll & Ha-Brookshire, 2012).

2.5 LOCAL RETAILERS

As an even smaller and more specific sect of SMEs, local retailers have been largely ignored in the realm of social responsibility. It is fair to assume that local retailers operate differently than large corporations or even larger SMEs. So while most previous CSR studies have touted how socially responsible practices can lead to financial gain, it cannot be assumed that is always the goal of a retailer who employs social responsibility. Understanding personal motivations beyond purely business motivations, both for entrepreneurship and practicing CSR, is integral in the realm of local retailing (Besser, 1999). Every owner has his or her own definition of success, but a commonality among the vision of local retailers is that they strive to contribute to their community (Miller, Besser & Vigna, 2011). It was discovered in a previous study of specialty store owners that while "profit was an important long-range goal… profit was the means for generation continued provision of goods, services, and employment in the community" (Miller et al., 2003).

2.6 CORPORATE SOCIAL RESPONSIBILITY IN LOCAL RETAILERS

Bourdieu (1986) suggests two other highly lucrative forms of return on investment from CSR: social capital and symbolic capital. Social capital is comprised of a retailer's network of resources, upon which he can rely to help further his business and vice versa (Bourdieu, 1986). There are three forms of social capital: structural social capital (information), relational social capital (direct relationships), and cognitive social capital (a social exchange of information between those relationships) (Nahapiet &

Ghoshal, 1998). Though social capital may not directly bring cash in the door for a business, social capital allows a business and its owners to grow and become an integral, ingrained part of a community. This type of deliberate collaboration will only become more important and prevalent as retailers look for new ways to re-energize sales in times of poor economic climate (Price Waterhouse Coopers, 2007). "Benefits for the good of the group [will be] seen as benefits for the individual businesses" (Miller, Besser & Vigna, 2011).

Symbolic capital refers to the prestige or reputation that a retailer carries. "Being known and recognized… is more or less synonymous with: standing, good name, honour, fame, prestige and reputation" (Bourdieu, 1993). While social capital refers to business-to-business interactions, symbolic capital represents the relationship between a business and its customers or potential customers (Fuller & Tian, 2006). While practicing CSR might not lead to an immediate sale for a retailer, a gain in social capital may lead to positive word-of-mouth and a future intention to purchase.

Another perceived benefit to CSR may not even be perceived as a benefit at all. Some business owners are compelled to act not by the promise of financial gain, social capital, or symbolic capital but by their own set of ethics. Aretaic, or virtue-based, ethics lead agent-centered actions, in which people are driven to perform deeds to promote their own happiness and well-being (Card, 2004). Owners of local retail businesses may practice CSR simply because they believe it is the right thing to do, without expecting anything in return. Because the intrinsic value is placed in the act of "doing good" itself, these goals are separate from the goals of the retailer (Card, 2005).

2.7 RETAIL CLIMATE IN COLUMBIA, SOUTH CAROLINA

The population in Columbia has grown 15.3% over the past ten years, well ahead of the national average of 9.7% (U.S. Census Bureau, 2010). Consumer spending during the July 2012 to June 2013 reached $2.4 billion—the highest mark since the beginning of the recession (Rupon, 2014). As the state capital and county seat, Columbia continues to be the governmental and economic center of South Carolina. Further, Columbia is home to several colleges, the largest of which is the University of South Carolina. The constant influx of students gives retailers a large pool of new customers to win over at least once a year. Because of the economic impact a large university wields in its immediate surrounding area (Caffrey & Isaacs, 1971; Pastor, Perez & de Guevara, 2010; Siegfried, Sanderson & McHenry, 2007), local retailers in Columbia proper will serve as the focus of this research.

Columbia proper boasts four main shopping districts, each distinct and in a different stage of development or growth. Some of the city's longest-standing locally-owned retailers hold storefronts in *Five Points*. Real estate is at a prime after a recent renovation to the area's infrastructure. Five Points offers many restaurants and bars in addition to shopping. *Devine Street* may have been previously considered an extension of Five Points, but as mostly-local retailers continue to develop further east and the area becomes more pedestrian-friendly it has become a district all its own (Wilkinson, 2014a). *The Vista* hosts a blend of corporate and local retailers not found anywhere else in Columbia. *Main Street* has only recently begun a real foray into shopping, with the exception of a few local retailers. The recent development of apartments and

condominiums as well as a planned university residence is changing the face of Main Street, from a strictly business district to a lifestyle neighborhood (Wilkinson, 2014b).

As the retail apparel industry in the U.S. continues to evolve in this age of globalization, Columbia's retailers have the opportunity to maximize their potential at the local community level. By implementing an effective strategy of corporate social responsibility, they can compete with larger retailers and stay relevant among other local businesses. This research will aid local retailers in clarifying their CSR vision.

CHAPTER 3

METHODS

Guided by the Enlightened Self-Interest Model (ESIM), the purpose of this study is to gain further insight into how local retailers in Columbia determine what is socially responsible, and what CSR practices they are utilizing. Additionally, this research aims to understand why local retailers are motivated to act in a socially responsible way and the benefits they perceive from CSR. This will aid institutions and organizations that offer support to small businesses. By gaining a deeper understanding of what local retailers hope to gain from CSR practices, and the success they believe it brings, better CSR strategies and guidelines can be created for local retailers.

3.1 RESEARCH QUESTIONS

RQ1: How do local retailers define CSR?

RQ2: What CSR activities do local retailers practice?

RQ3: What, if any, driving forces encourage local retailers to practice CSR?

      RQ3a: What internal (push) forces encourage local retailers to practice CSR?

      RQ3b: What external (pull) forces encourage local retailers to practice CSR?

RQ4: What are the perceived benefits of CSR experienced by local retailers?

3.2 SAMPLE

      The Columbia proper area (Five Points, Devine Street, The Vista, and Main Street) served as the context of this study. Local retailers that sell mainly apparel, earn less than $9 million in annual sales, have less than 15 employees, sell to the ultimate

consumer, and are not franchised were identified as potential participants. Though Columbia proper was the sharp focus for the location of these retailers, owners and managers who live within the Columbia metropolitan area were considered to reside in the same community as their business.

3.3 DATA COLLECTION

After receiving approval from the Office of Research Institutional Review Board at the University of South Carolina, ten business owners or operating managers of local retail businesses were contacted either face-to-face, via phone, or via email. Five local retailers agreed to participate. Each retailer was assigned a number as identification to ensure anonymity: Retailer 1 sells women's apparel and the store manager was interviewed; Retailer 2 sells women's apparel and the store manager was interviewed; Retailer 3 sells men's apparel and the owner was interviewed; Retailer 4 sells women's apparel and the owner was interviewed; Retailer 5 sells women's apparel and the store manager was interviewed.

Qualitative research was conducted to test the research questions. Participants consented to the study and engaged in individual in-depth interviews with the researcher. It has been recommended that in SME research, subjective measures are most effective in attaining rich and relevant information (Dess & Robsinson, 1984). Each interview was guided by pre-determined questions, but participants were able to answer freely, and provide or withhold any information they found relevant. All interviews were recorded and transcribed. Answers to each research question were identified and grouped by similar ideas and phrases. This information, as well as additional outcomes, has been disseminated in the following chapters.

CHAPTER 4

RESULTS

All the owners and managers of local retailers interviewed cited a general need to give back as the strongest motivating push factor for practicing social responsibility (RQ3a); they felt a responsibility to the community to do so. While this was separate from their goals as a business, they used the abilities afforded to them as a local retailer to accomplish it. Retailer 2 said, "From the beginning we've been big on [giving back]… We just feel like since we're a small local business it is just really important to us to be a part of the community." Some retailers also cited a love for the city of Columbia as the reason they felt compelled to practice CSR. Retailer 3 said, "Columbia is our home. We live here, we have a business here. Columbia has been tremendous to us so we want to give back." Only one interviewee mentioned religion and Christian-based values as a factor that encouraged social responsibility.

The most significant pull factor revealed by all those interviewed was customer solicitation (RQ3b). According to Retailer 3, "If our customers come to us and ask for donations we give it to them. You know, not just as, 'Here you go,' but as, 'Yes of course, we'd love to help you and your organization." While owners and managers already felt a need to give back on their own, they noted it was their customers who most often brought these opportunities to their attention: "And we don't like to say no." Another pull factor came from other local businesses and events, which local retailers seemed keen to support. In particular, events hosted in-town (such as the Indie Grits film

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festival, among others) inspired participation, either by mere attendance or sponsorship. Retailer 1 said, "Columbia is doing great things for culture and arts, and there's no reason not to be a part of it." Similarly, the owners and managers interviewed tried to support other local businesses as patrons. Retailer 2 said, "We have our store meetings at [the bar next door]. If we go to dinner we go to [a restaurant in the neighborhood]." Working with other Columbia businesses allows for a win-win situation: "I'm really big on cross-marketing, with everyone on the street. I love doing that, helping them out and they help us out. I just like that kind of community feeling." Local retailers who have been in business for over 20 years also felt that their reputation in Columbia prompts them to set an example of community giving. Retailer 1 said, "You're a part of not just retail but history… You've got a name behind you. So yes, [we have a role to play] in Columbia." They were determined not to let their size or classification as an SME let them off the hook in terms of social responsibility. Summed up by Retailer 3:

> I feel like oftentimes small- and medium-sized businesses use that title as an excuse to act like a small- or medium-sized business. That therefore allows us to make excuses or gives us the freedom to not handle ourselves sometimes in a professional manner… 'Small business' is all relative. My small business is big for me. I say that because so often there are things that we should be doing but to certain people it may look like a big business thing. But the actuality of it is it's important and we should be doing it because it would improve our business.

Newer or less mature retailers look up to those retailers with a long history in Columbia, as well as bigger or corporate businesses, as CSR trailblazers or role models. Retailer 4 said, "I follow some other stores that are really involved in charity and they're a lot

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bigger than me. I wish we could get to that point but we're just not there yet… It encourages me when I see what others are doing in my industry, and try to capitalize on that."

All CSR activities cited by local retailers were centered around the Columbia community; the two pursuits mentioned by all those interviewed were product or monetary donations and employee development (RQ2). Items, gift certificates, and checks were the preferred modes of donating, whether it was for an auction, raffle, or giveaway. One retailer stressed the growing financial burden of donations, and recently made a change by giving time and expertise instead. These were still considered valuable contributions, but ones that cause less of a strain on the business. All owners and managers were invested in the personal and professional development of their employees. Many hire interns and students from local colleges. They feel they are providing their employees with experience only attainable through a local retailer or small business. Retailer 2 said, "We really like forming relationships with our employees and make it a point to help them grow, and especially find out what kind of talents they have and kind of use that in the store." In turn, employees seem to appreciate the close-knit environment that comes with working for a local retailer, as expressed by Retailer 4:

> One of [my employees] has come from [a bigger retailer], and she always says
> that the owner didn't live in that town so she never saw her. So it was a big eye
> opener… I can't even imagine having a store five states away and not being there,
> that's just the way I am. I live five minutes from my shop. So I don't know if they
> love that I'm in here everyday or not, but I think that they definitely appreciate the
> fact that I'm hands-on.

Several expressed a desire to develop a relationship with a designated charity, so that their CSR efforts could be more ongoing rather than sporadic. Retailer 2 said, "We've been really trying to get into pairing up with a certain charity… Our plan is for part of our proceeds from [trunk shows] to go toward a charity that we team up with." Other activities mentioned by at least two local retailers were allowing posters for local events in their windows, supporting the University of South Carolina, hosting percent or discount nights in-store, and membership in the local Junior League. Only one retailer considered advertising in local publications to be a socially responsible behavior. Based on the CSR activities listed, local retailers in Columbia seem to define corporate social responsibility as any method of giving back that benefits their community (RQ1).

Notably, not one of the owners or managers interviewed cited financial gain or an increase in sales as a benefit to practicing CSR. Several specifically mentioned that although giving back did not translate to increased profitability, that was not their goal in being socially responsible; they instead enjoyed the more intangible benefits that came of it (RQ4). Feeling good and achieving extra fulfillment from running a business was cited by all as a benefit to CSR. Retailer 1 said, "I want to be doing fun things. Going to Arts & Draughts at the art museum, and going to the Crawfish Festival and the Tomato Festival. And doing it with [my store's] shirt on." Though CSR efforts were obviously guided or mandated by the owners and managers, they were able to convey their motivations and reasons to their employees, thus creating an enveloping company culture as expressed by Retailer 5:

> [My employees] feel more comfortable. I would say it's a giving atmosphere
> instead of a stressful atmosphere. We really do try to form a little family here.

We're very close with all of our employees here. Yeah, hopefully [our socially

responsible behavior] makes them feel better about coming to work.

Local retailers hope that through their own example of social responsibility, their

employees will understand in the future that to be a local retailer is to be more than just a

business. Retailer 4 said, "Some of [my employees] want to run a business someday on

their own or be involved in a small company that does get involved in the community. I

think that they realize… It does give us as employees more enrichment in our jobs."

Through involvement with other locals and donations to organizations, local

retailers feel the appreciation and gratitude of their customers. They feel as though CSR

helps to boost their reputation. Retailer 5 said, "The customer really appreciates knowing

that they're not just another face walking through the door… They're a person to us, and

they appreciate us reaching out to the community and supporting the local part of our

business." This happens both in-store and out-of-store for Retailer 1:

I think people see you as, not looser, but less rigid when you start hanging out

with other businesses and doing these local events… I think our customers like

knowing that they could see us out at a bar together at night, or for a happy hour

benefitting a local charity. They see our things at an auction… They see us as

more accessible.

Customers who ask local retailers for help especially note their thanks. Retailer 3 said,

"Very rarely will we get someone who feels entitled to [a donation]. For the most part,

people are just very humble when they ask for things, and they're very appreciative when

you give it no matter what it is." As a result of customer appreciation and giving back to

the community in a visible way, CSR has provided many marketing opportunities for

local retailers, especially in terms of attracting new customers. Not only do their current customers provide positive word-of-mouth when they notice retailers giving back, but a presence through attendance or a donation is a way to get their name out to an audience that they might not have had access to previously.

CSR also allows for networking opportunities, both between businesses and for personal relationships. Columbia's local retailers crave a connection with other local retailers, as evidenced by Retailer 1. "We make friends [through CSR]. We meet other local business owners that we can connect with and hang out and have a good time with… [We can ask them], 'Hey! What's going on? Have y'all been really slow?' It becomes less of competitive atmosphere." Information sharing between local businesses seemed to be even more important currently, with a mounting influx of new, larger retailers. Though more competition was cited as a challenge by most, many local retailers saw a silver lining to growth in Columbia, particularly via the increasing student population. Retailer 3 said, "[The students] won't buy clothes from me. But if that's the best things for Columbia right now, and that's how we'll recruit business? Absolutely. There will be fringe benefits." Through business growth, local retailers believe they will be able to keep more dollars within the city that might have previously gone larger cities with a wider variety of retailers. Retailer 5 said, "Columbia is growing as far as boutiques go and as far as shopping. [For a long time], people have been traveling to Charlotte to shop and we really had a need for boutiques. Now we have that." And in the face of the city's growth, some local retailers plan to market their socially responsible behavior as a differentiator, like Retailer 3. "If I can create [a charitable] culture from top-down, then I'm going to be completely differentiated from someone who lacks that culture, and

they're just another place to buy clothes from. [Charitable giving] provides that special

customer experience."

CHAPTER 5

CONCLUSIONS

Previous research has assumed that local retailers in the apparel industry take the same calculated, methodical approach to corporate social responsibility as their big business counterparts. The results of this study reveal that because local retailers are largely driven to act in a socially responsible way by internal push factors, they are much less interested in tangible or measurable results. While several benefits were identified, their attainment was not the main goal in practicing social responsibility. Owners and managers of local retail businesses are guided by their aretaic ethics, and seek an extra sense of enrichment from their everyday operations beyond just financial gain.

"Corporate social responsibility" is used as a catchall for businesses of all sizes, regardless of whether they have a guiding corporate entity or component. However, local retailers appear to consider CSR to be "community social responsibility" (Besser & Miller, 2001). Endeavors undertaken by local retailers to give back directly affect the community surrounding their stores, including customers, local events, other local businesses, and even their employees. All of the CSR activities mentioned by local retailers were truly *local*—their main concern was contributing to the community that patronizes their business.

5.1 DISCUSSION

The conceptual model proposed both push forces and pull forces would motivate local retailers to practice CSR activities. However, interviews with local retailers

revealed that push forces seem to moderate the relationship between pull forces and socially responsible behavior, rather than directly influence socially responsible actions. It's only because of those motivating push factors (a need to give back, a love for the city of Columbia, and in one instance religion) that the pull factors became relevant. Most retailers felt because they had found success with their business, they had a duty to share the benefits of that when presented with the opportunities to do so: "If we're doing [well] and doing all this, it doesn't really mean much if we're not doing something to give it back." Interestingly, there did not seem to be a line of separation between the ethical code of the owner or manager and the CSR goals of their store. Moreover, most seemed to acknowledge and accept this fact:

> You have your 'you' as a person and your 'you' as a businessperson. But if you keep them too separate you're going to lose one of the two identities. So it's become much easier once we accepted, 'This is who we are and this is what we believe,' and we make our business decisions around it. It became much easier… I think the quicker you embrace it the better off you'll be.

Similarly, there was not a clear distinction between the goals of the owner or manager and the goals of the business. But in addition to being financially successful, local retailers in Columbia are looking for enrichment beyond running their business. Socially responsible behavior is one method through which they can achieve that: "Someone told me a few years ago, 'It's not like you're doing surgery.' We're selling clothes, and the people in this industry that I've worked for over the years took it [too seriously]. Giving back in general puts you in check everyday."

However, financial success was cited by nearly all as a mandatory prerequisite to CSR. Whether it was giving their time or their products, retailers recognized that profitability had to remain the top priority, and only once that was achieved did they have the ability to practice social responsibility: "If we don't have customer support—you know, people buying things—we can't [give back] so it's kind of like a circle. We're able to support things when we have customer support here at the store." Finding the right amount or frequency to give is a challenge as well: "I don't want to give away too many thousands of dollars worth of stuff this year, and be out of business next year. Then I'm not giving to anybody. So it's just a balancing act." A marked difference exists between retailers that have been in business for more than 20 years and those that are newer. Older businesses are becoming more selective with their CSR activities, having found themselves over-committed. Newer retailers are still hungry for more opportunities to make an impact on the community. No matter the length of their history in Columbia, retailers approached social responsibility as a constant work-in-progress.

Surprisingly, all retailers interviewed hesitated when asked about their business' mission statement: none had a formal mission statement. While some were able to describe their company's purpose with ease, others struggled. As it is those businesses that align their CSR efforts with their core values and goals that are most effective (Jones, Comfort & Hillier, 2007; Hickie, Konar & Tomlinson, 2005), it makes sense that even the long-running retailers seem unsure about how to approach CSR without a guiding mission statement. If newer local retailers make an adjustment early on and define a mission statement or organizational identity, they may be able to find the happy medium

of practicing CSR, and avoid the pitfall of becoming over-involved and having to reign in their efforts down the road. Time is noted as an extremely scarce resource.

No matter the stage of business development, the most frequently mentioned challenge to continuing socially responsible activities was maintaining it at top of mind in the face of more pressing matters. The growth in Columbia that some of the retailers desired and worked for is now taking the shape of steep competition, from both large national brands and new locally-owned stores. Local retailers hope the combination of their status as a hometown business and their socially responsible behavior will be enough to keep and gain customers as the market becomes more saturated: "We started a campaign called 'Shop Local,' so we're trying to put that on our Instagram or on our Facebook so that when all these competitors come in [customers] remember, 'Oh yeah, [that's] a small business." Shoppers local to the Columbia area have remained consistent in keeping their spending dollars within the local market over the years, but a newfound increase in out-of-area shoppers may be a new audience for local retailers to capture (Rupon, 2014).

Owners and managers consider CSR practices to be vital to their survival. However, they are not always supported by other management or employees: "It's a slow process. Not everybody is on board with it, and not everybody shares the same mindset." While more senior or upper-level employees were concerned that CSR would not yield a desirable return on investment, sales associates were less sold on the idea that it should even be a part of the business:

I think it's important for [my employees] to see [CSR] happening. They are very fashion-driven, but I think it's important… I think it will make them learn also,

wherever they end up one day, that's it's important to do that. Because you can

get wrapped up in your bubble day to day and I think they learn a lot from that.

Owners and manager still seemed determined to bring their employees into the fold and

show them through action why social responsibility is inherent to their store's success:

> I think [my employees] have learned that it's not just business. You run a
>
> successful business by just selling things and that's what you really start out to do,
>
> but through your involvement in other things you get another sense of
>
> fulfillment… There are lots of other things that go into running a successful
>
> business in a small town or a small city than just having clothes. I think they've
>
> have learned to keep up with what's happening, and now they're the ones who tell
>
> me what's going on a lot of time.

5.2 FUTURE RESEARCH

Most literature focused on CSR in SMEs strives to show retailers *why* and *how*

they should practice social responsibility. But local retailers have already discovered

which activities work best for their respective businesses, and do not need convincing

that CSR should be integral to their business or marketing strategies. Instead, future

research should consider showing how local retailers can balance CSR with their other

business responsibilities, in terms of both time and budgets. If these retailers were able to

gauge a better sense of the true impact of their CSR activities (even though tangible,

measurable results are not their main concern), they may have an easier time determining

how much effort and manpower to dedicate to this component of their business.

Perhaps local retailers could also benefit from assistance from institutions like the

Small Business Administration. Future research may be directed toward understanding

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what services the SBA, or other local associations, offer to their clients in terms of counsel on CSR. Additionally, future research might determine how much interest local retailers and other SMEs might have in receiving this type of advice and education.

5.3 LIMITATIONS

As this study was conducted in a very specific sect of Columbia, South Carolina, results may not be generalizable to local retailers in other communities or regions. Further, a larger pool of interviewees covering a larger area of Columbia might provide deeper insight into the community as a whole. Only small apparel retailers were studied, and results may vary in other categories or industries. While a qualitative data collection provided rich answers for this research, a quantitative survey in the same vein might yield even more useful information on the subject.

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The following list of questions was used as an outline for the interview questions. Where appropriate, the interviewees were asked to expand upon their answers.

1. Please describe your role and responsibilities in the business.

2. What is your business' mission?

3. Who are your target customers?

4. What kind of marketing and advertising do you use, if any?

5. Why is this the ideal location for your business?

6. With the exception of selling merchandise, is your business involved in the community? Some examples include but are not limited to:

   a. mentoring your employees for employment growth opportunities

   b. hiring interns and part-time students

   c. participating in community events

   d. allowing posters in the window to promote a fund raiser

   e. sponsoring a discount night and proceeds go to a charity

   f. practicing eco-friendly behavior

7. If your organization does "go beyond" mere sales, what was the initial reason for doing this?

8. How has this involvement grown over the years?

9. Has your company's involvement made an impact on your employees' perspective of running a business?

10. What do you think are the benefits of your extracurricular involvement?

11. Do you think consumers respond to your involvement?

12. Do employees respond to your company's involvement?

13. In your opinion, what <u>role</u> does a small or medium business have to a community like Columbia?

14. In your opinion, are there any impediments (roadblocks) to small and medium business helping communities like Columbia thrive? If so, what are these impediments?