SMES GROWTH AND CORPORATE SOCIAL RESPONSIBILITY

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Abstract
Prior studies on CSR focused on the relationship between CSR and performance of firms. Therefore, this study investigates the relationship between growth of SMEs and CSR. We hypothesize that growth of SMEs influences SMEs to invest in CSR activities. Using a sample of 1000 SMEs in Kumasi, we find that SMEs growth propels them to engage in CSR. The most important SMEs growth measure that influences them to invest in CSR is the rate of stock turnover.

Key words: SMEs, CSR, growth, rate of stock turnover

Introduction
Corporate Social Responsibility (CSR) refers to the practice whereby organizations behave ethically and seek the welfare of society (World Business Council for Sustainable for Development, 2001). Though CSR is not obligatory, it has more or less become compulsory. CSR is not only important to businesses but to all stakeholders, especially in recent times where civil society organizations, governments and the public, in general, have raised concerns about activities of business organizations. According to Sweeney (2007), CSR is usually associated with large firms, especially multinational companies, as large firms have the resources and wherewithal to give back to society. In this vein, the public, including governments, give much publicity to activities of these large companies than SMEs. Yet SMEs play a significant role in the economies of many countries, including their engagement in CSR. Their activities seem to go unnoticed, perhaps, because their contribution seems small. In addition, the SMEs themselves either do not usually publicize their activities or their activities are not visible to the public. The above notwithstanding, it will not be far-fetched to assert that the CSR activities of SMEs on the economy is very significant. Firms strive to improve upon their efficiency and performance, in general. So, sustainable growth or performance will give SMEs the needed resources to meet their CSR obligations such as employing people from the local community and the country as a whole, paying their taxes, supporting individuals, organizations and communities, and generally obeying laws within the jurisdiction wherein they operate.
Generally, most previous studies on CSR have focused on CSR and firm performance (for example, Arya & Zhang, 2009, Mishra & Suar, 2010; Hillenbrand, Money & Ghobadian 2011, Torugsa, O’Donohue & Hecker, 2013; 2013; Arend, 2014; Sayekti,2015; Fatma & Rahman, 2016). Other studies also give a general overview of CSR (Carroll & Shabana, 2010) whilst another part of the literature are concerned with CSR reporting (Bonson & Bednanova, 2015, Moravcikova, Stefanikova & Rypakova, 2015). There is, however, a dearth of studies on the relationship between firms’ growth and CSR. The present study sets out to fill this gap in the literature, as it investigates how firms’ growth influences their decision to engage in CSR. The contribution of this study to the CSR literature is to examine how specific indicators of street vendors’ growth propel them to participate in CSR.

**Literature Review**

**Corporate Social Responsibility (CSR)**

CSR does not lend itself to a single definition, as there do not seem to be consensus among scholars on its explanation. Basu and Pelazzo (2008) posit that CSR is the involvement of organizations in a variety of activities. Maon, Lindgreen & Swaen (2010) indicate that CSR is the normal activities of organizations such as operating practices, processes, decision-making and strategy. For Elkington (cited in Bondy & Starkey 2014, p. 6), CSR is how firms fuse their social, economic and environmental issues into everything that they do for the wellbeing of society. Still, Falck and Heblich, (2007) opine that CSR is concerned with an explicit or implicit motive of firms to make themselves beneficial to the society. Chahal and Sharma (2006) state that CSR refers to the practice whereby a firm acts in a way that benefits itself and its stakeholders.

Carroll (cited in Galbreath 2010, p. 511) provides a comprehensive explanation of CSR. He submits that firms’ engagement in CSR is composed of four elements, namely philanthropy, ethics, legality and economy. The economic and legal responsibilities are obligatory for firms, whilst the philanthropic and ethical responsibilities are optional. Regarding philanthropic responsibilities, Windsor (2001) states that although society may not expect anything from firms in their locality, it is desirably if firms are able to give back to the society. Philanthropic responsibilities, also referred to in the literature as discretionary responsibilities, are concerned with the freedom firms have in deciding the type of CSR activities, in terms of scope and size, they will like to embark on. Some activities that firms can engage in as part of their philanthropic responsibility include promoting literacy, advising drug users and making donations to various groups in the society.

Ethical responsibility is concerned with firms’ decision to do right and to avoid anything that may be injurious to themselves and the society at large. Regarding legal responsibility, the activities of firms must be within the confines of the laws of the jurisdiction wherein they operate. Thus, firms must be law abiding in order to avert prosecution or incurring costly legal suits. In addition, they should avoid confrontations with communities in which they operate. Finally, the economic responsibility focuses attention on firms’ decision to produce goods and services that are profitable to the firms themselves in order to ensure their continuous existence. This responsibility forms the basis of all other activities. Importantly, Carroll (cited in Galbreath
avers that it is only when a firm has successfully engaged in all four responsibilities that it can be said that the firm has achieved total CSR.

In the CSR literature, there is disagreement among scholars as far as CSR and other related concepts are concerned. One group of scholars is of the view that concepts such as corporate citizenship, corporate philanthropy, business ethics, stakeholder management and sustainability are synonymous with CSR whilst others think otherwise. Schwartz and Carroll (2008) have attempted to clarify this controversy, explaining that all the concepts are related because the main principles underlying these concepts are values and accountability.

Corporate social responsibility has gained currency and it is seen as a strategic tool. Firms that engage in CSR establish good relationship with the public, thereby building good image and reputation. This may help the firms avert any sanctions from the public in the event of any mishap because they have the goodwill of the people and may sympathize with them. In addition, firms may attract highly skilled labour and have a diversity of workforce that are less likely to leave. They may also have loyal customers and subsequently improve upon their performance (Hejase, Farha, Haddad & Hamdar, 2012).

Firms that embark on CSR can also suffer some negative consequences. This is because the main objective of firms is to be of good stewardship to shareholders by making profit. However, devoting resources to fulfill CSR could mean that part of their profit may be gone. In addition, managers’ attention may be focused more on CSR activities than their core business, a situation that can negatively affect their performance. Further, managers can take undue advantage of CSR activities to misappropriate or siphoning the firms’ resources. Unsurprisingly, Jensen (2002) opines firms that engage in CSR may be at a disadvantage compared to those that do not. Firms have power and influence in the society and taking over CSR will make them too powerful, a situation that can be detrimental to society.

Growth of Firms
The term ‘growth’ (and the factors that determine it), as far as firms are concerned, lends itself to multiple interpretations. Penrose (1959), for instance, defines growth in two ways: firstly, as increment in amount such as sales output and exports and, secondly, as a natural process that causes an increase in size or an improvement in quality. Sun opines that firm’s growth is the development process firms passes through to achieve sustainable performance in terms of output, sales volume and asset gross, (cited in Mao, 2009, p.20) Growth is, thus, anything that constitutes the basis for a firm’s survival and remaining competitive for some time as a result of expansion. A firm’s growth serves as a source of goodwill of the business and/or enhances the image of the firm, as it increases customer/consumer confidence and attracts investors and quality labour force (Canal, 2001). Firms’ growth leads to competitive advantage (Mao, 2009) as well as assist firms to make strategic decisions to expand (Gupta, Guha & Krishnaswami, 2013).

Background and Hypotheses

Working Capital
Padachi (2006) intimates that working capital is a kind of capital that is kept in the firm for a short time and regularly changes its form. According to Al-Shubiri (2010), it is the available
funds used to run the business. It is calculated by subtracting current liabilities from current assets. To Dong and Su (2010), it is the result of the time lag between the expenditure for purchasing raw materials and the collection from the sales of the finished goods. Shortage of working capital implies that a firm’s operations will come to a standstill. The main advantages of working capital are that firms use such money to meet their daily expenses. It also serves as a security against unforeseen expenses. As well, it is used to pre-finance the production of goods sold to customers on credit. Additionally, it is used to finance activities such as research and development as well as general improvement aimed at future growth of the firm in a bid for the firm to remain competitive. Previous research shows that there is a relationship between CSR and working capital. The findings of El Ghoul, Guedhami, Kwok, and Mishra (2011), for instance, show that firms in the United States that engage in CSR attract more equity capital. In view of the above, we propose that:

H1: Increase in working capital influences firms to engage in CSR.

Reputation
It is how a firm is perceived by its stakeholders (Brown, Dacin, Pratt & Whetton as cited in Balan, 2016, p. 80). A reputation is the experience a customer has with a firm Kandampully and Hu (as cited in Abd-El-Salam, Shawky & El-Nahas, 2013). Reputation is what is being associated by outsiders to an organization (Brown, Dacin, Pratt & Whetton cited in Shamma, 2012). It is, thus, the perception one has about an organization. Corporate reputation has been noted for its numerous advantages. Reputation is a resource because it is a feature that differentiates a firm and its products from other firms and their products. When a firm has a good reputation, it is likely to attract good employees, more loyal customers, increase the value of its stocks in the stock market and increase its profit margin since it can charge higher prices for its product. (Iwu-Egwuonwu, 2011). Previous studies reveal that CSR enhances the reputation of organizations. Khan, Majid, Yasir and Arshad (2013), research findings show that CSR enhances the reputation of firms in the cement industry in Pakistan. In view of the above, it is proposed that:

H2: Increase in reputation influences firms to invest in CSR.

Quality of Goods and Services
Quality is a subjective concept and is therefore variously defined. When specific product/service features meet customers’ expectation, then there is product/service quality (Kotler, Amstrong, Sauders & Wong, 2002) and meeting or exceeding customers’ expectations (Parasuraman, Zeithaml & Berry, 1985). According to Golder, Mitra and Moorman (2012), quality comprises three attributes performance when producing, experiencing and evaluating the offering. Some of the advantages of quality are that it enables the firm to save costs, get a high market share and ultimately profits (Manusamy, Chellia & Mun, 2010). Since quality affects the performance of firms, it is likely that firms will contribute to CSR. Prior studies show that there is a relationship between CSR and quality of goods sold by firms. The study of Gigauri (2012) indicates that consumers in Georgia perceive that products of firms that engage in CSR are of good quality in view of which they purchase these products. From the fore going, we propose that:
H3: Improvement in quality of goods and services influences firms to contribute to CSR.

Customer Loyalty
According to Baumann, Elliot and Hamin (2011), customer loyalty is related to attitude and behavior. Customer loyalty is concerned with a customer’s decision to constantly buy from a firm without attempting to buy from competitors (Oliver, 2009). In the same vein, customer loyalty refers to the practice whereby customers are committed to a product, brand, marketer, or service more than that of competitors, thereby leading to repeat purchases (Szymigin & Carrigan 2001). When customers buy the same product and maintain the same profitable relationship with the organization, then there is an instance of customer loyalty (Inamullah, 2012). Customer loyalty to a firm can be seen in different ways - they may buy constantly from the firm producing the goods or offering the service, increase the number and frequency of purchases or inform other people about the services or products of the firm (Zeithaml, 2000). Ramzi and Mohammed (2010) also posit that customers may remain loyal to firms because they may be afraid of the high switching cost and absence of close substitutes. Advantages that are accrued to the firm from customer loyalty are that customers increase sales, project the image of the firm and are less sensitive to price increases. Previous studies show that CSR influences loyalty. The study of Raman, Lim and Nair (2012) shows that CSR leads to customer loyalty in Malaysia. Also, Chung, Choi and Shin (2015) have similar results in China. Given the above, we hypothesize that:

H4: Increase in customer loyalty enables firms to invest in CSR.

Flexibility
Flexibility is one of firms’ growth measures. According to Piore (1989), flexibility is concerned with firms’ ability to adapt to changing situations whilst Regev and Wegmann (2005) submit that it refers to firms’ ability to respond to change without exiting the market. Chod and Rudi (2005), on the other hand, indicate that flexibility relates to conforming to change with different dimensions having different effects. According to Storey (1994), flexibility is a feature of SMEs as they are able to adapt to the environment to meet customers’ needs. Flexibility enables SMEs to be innovative since they do not have any complex bureaucratic organizational structure like large firms (Lefebvre & Lefebvre 1992). Flexibility enables firms to adapt and operate in a turbulent environment in order to gain competitive advantage (Luo & Rui, 2009). It also assists SMEs to build relationships (Tang, 2011). Flexibility enables firms to compete in the international market, adapt to rapidly changing technology and meet shorter product life cycles (Petroni & Bevilacqua, 2002). In view of the above, we hypothesize that:

H5: Increase in flexibility influences firms to invest in CSR.

Purchases
Purchasing refers to ‘getting the right quality, in the right quantity, at the right time, for the right price, from the right source’ to the management of the flows of materials and information in the organization (Monczka, Hanfield, Giunipero & Patterson, 2011, p.12). Kalubanga (2012) posits that purchasing refers to the act of buying (anything) goods, works and services from a supplier to fulfill the needs of a consumer an individual, a group of people or an organization. Malaval
and Benaroya (2013) have categorized purchasing into three. The buying of goods for making the final product which include raw materials, transformed materials and components and spare parts. The buying of foundation goods for the functioning of the firm which also includes office suppliers, information technology equipment and production robots. Another one is the buying of facilitating goods which comprise supply of electricity, insurance or banking to consultations. The importance of purchasing to an organization are that it projects the image of the firms when the firm deals honestly with its suppliers, the firm will earn extra income when it negotiates for a discount and information acquired from current and future suppliers and firms can constitute the basis for strategic decision-making (Plaias, 2006). All these are likely to lead to the growth of the firm. Previous studies reveal that CSR influences purchases. Dodd and Supa’s (2011) study, for instance, show that CSR influences consumer purchase intentions in the Midwest region of the United States. Gigauri’s (2012) study reveals similar results in Georgia. Given the above, we propose that:

H6: Increase in purchases influences firms to invest in CSR.

**Rate of Stock Turnover**

Inventory or stock turnover refers to the number of goods (that is, form of raw materials, suppliers, components, work-in-progress and finished goods) that a firm has in its possession (Ballou, 2004). Rate of stock turnover “inventory turnover refers to the number of times an inventory “turns over” or cycles through the firm in a year” (Rao & Rao 2009, P.32). For Gossard (2007), stock turnover “inventory turnover” refers to the number of times an inventory is replaced. It is the number of times a stock of a firm is used for the purpose for which it was intended within a specific period. Blinder and Makini (cited in Moridipour and Mousavi, 2014, p.1106) argues that it is also likely that high rate of stock turnover can improve production planning and reduce inventory and procurement costs. Previous studies show that there is no relationship between CSR and stock turnover. Siddiq and Javed’s (2014) study indicate that there is no relationship between CSR of companies in Pakistan and their stock turnover. Therefore, we hypothesize that:

H7: Increase in the rate of stock turnover influences firms to engage in CSR.

**Profit**

Profit is simply the amount of money left after all expenses made. Profit is very important for firms because it is the benefit that firms get for risk taking as well as for efficient management (Munn, 1991). Profit-making provides numerous advantages to firms. Some of the profits can be retained in the business for re-investment, thereby expanding the business and subsequently adding value to the firm’s competitive position. It also boosts management and employees’ morale to work harder. It can also stimulate investors or make it easier for the firm to borrow from banks. Prior studies show that CSR influences profitability of firms. The study of Okwemba, Chiitavi, Egessa, Douglas and Musiega (2014) in the banking industry in Kenya show that CSR (involvement in environmental and ethical activities) affects banks’ ability to make profit. Similarly, Mittal, Sinha, and Singh (2008) study indicate that CSR activities of firms in India negatively influence their profit in terms of economic value added and positively influences profit in terms of market value added. We therefore propose that:
H8: Increase in profit enables firms to engage in CSR.

Sales
According to Munn (1991), sales are the amount of goods and services purchased by customers within the accounting period of the firm. Maning and Reece (2001) indicate that sales are a process of establishing and meeting the needs of people as well as reporting the benefits involved. Whilst sales may not necessarily lead to firms’ growth, they signify firms’ growth and customer loyalty as well as their increase in market share, thereby giving firms competitive advantage over competitors. High sales may increase profit of firms, giving them the impetus to invest in non-trading activities. Previous studies show that there is a relationship between CSR and sales. Rajput, Batra and Pathak (2012) find that firms in India that invest in CSR benefit from increase in the volume of their sales. Lo and Sheu (2007) obtained similar results in the United States. Based on the above, we hypothesized that:

H9: Increase in sales influence firms to invest in CSR.

Conceptual Framework

Figure 1 demonstrates the conceptual framework of the study. The framework is based on the relationship between firms’ growth and CSR. Firms (street vendors) in Kumasi, Ghana engage in CSR when they are growing.

Fig. 1 Firms’ growth leads to participation in CSR
Methodology

Growth Measures

Growth measures serve as benchmarks by which firms ascertain how well their firms are doing subsequent to which they are able to take one action or the other. Indicators of firms’ growth are numerous and diverse. The categorization of growth measures depends on the type of research, the goal of the researcher and other factors taken into consideration. The debate on the appropriate measures of firms’ growth is inconclusive. Weinzimmer, Nystron and Freeman (1998), for instance, argue that this discrepancy is attributed to two reasons: the inappropriateness of the measures and the different concepts used to measure growth. Therefore, different results may be produced since the effect or influence may be different.

Growth measures fall under two main categories (financial/objective and non-financial/subjective measures). According to Hoque (as cited in Eltinay and Masry, 2014, p. 99) objective performance measures prevent improvement in measures like flexibility, quality and delivery. Furthermore, they seem not to be relevant to the strategies of firms (Bhagwat & Sharma, 2007) and they are based on past results that may be misleading given the prevailing conditions (Kaplan & Norton 1992). Financial measures include sales, profit, return on investment (ROI), dividends, revenue, income and market share (Santos & Brito, 2012). On the other hand, non-financial measures are timely and can be relied upon for continuous improvement (Medori & Steeple, 2000). Some of the non-financial measures are employees, customers, assets and raw materials. In spite of the criticisms, financial measures are still relevant because they guide firms to know their past performance so that they can make corrections that can help them improve upon their performance. Therefore, many researchers have recommended the adoption of both financial and non-financial measures since performance can be determined with different criteria (Kaplan & Norton 1992).

Study Design

The quantitative approach was used for the study because numerical data can be collected and analyzed using mathematical approaches. In addition, the researcher can be objective and make logical deductions of the study (Creswell, 1994). It also helps to explain, confirm and test a theory (Leedy & Ormrod 2010).

Study Area

The population for the study was street vendors in Kumasi, Ghana. Kumasi is the capital of the Ashanti region and the second capital of Ghana. Kumasi is therefore the hub of business activities. Kumasi was chosen because it has a large population of street vendors. Street vendors refer to petty traders with temporary structures, and who sell their wares by the road or in the street. In all, 1000 street vendors were selected for the study.

Data Collection

There are 51 suburbs in Kumasi out of which Bantama and Tafo were chosen for the study, using the simple random sampling. According to Onwueguzie and Leech (2007), simple random sampling gives an equal opportunity to every member of the population. The two suburbs were divided as follows — Mile 3, New Road and New Tafo Traffic Light areas for the Tafo suburb.
and Bekwai Round About, Abrepo Junction and Market areas for the Bantama suburb. Since there is no official data on street vendors in Kumasi, the snowball approach was adopted to select 500 street vendors from each suburb. The snowball approach was used because Bernard (2006) indicates that non-probability sampling can be used for large survey research where it is difficult to use probability sampling. An interview schedule was used to collect the data because the street vendors are illiterates and semi-illiterates. The schedule was also used to gather reliable information through clarifications and to ensure that all the traders answer the questions (Babbie, 2001, Neuman, 2006).

The first part of the schedule focused on the personal information of the respondents like sex, age, education, experience and type of activity engaged in. The second part focused on the independent and dependent variables. The independent variables included sales, rate of stock turnover, profit, working capital, customer loyalty, quality of goods and services, purchases, flexibility and reputation. Sales were measured by the average amount of goods and services customers bought in a day and purchases were measured by the average number of goods and services that were bought by the hawkers in a day. Also, the rate of stock turnover was measures by the average number of times traders emptied and replenished their stock in a day. Flexibility was measured by the average number of times traders in a day adapted to customers’ needs in terms of changing the time of trade or moving to and fro customers. Working capital was measured by the average amount of money used to buy goods or services for re-sales in a day. Customer loyalty was measured by the average number of buyers that re-purchased goods and services from the hawkers in a day. Quality was measured by the average number of people existing customers recommended the vendors to so that they bought from the vendors as well as by the average number of people who reported to the hawkers (within a day) that their goods were excellent compared to other competitors. The dependent variable was the CSR which was a dummy variable coded (no-as zero (0) meaning firms do not engage in CSR when they do not grow (no improvement in firm performance) and (yes-one (1) meaning when they engage in CSR they are growing (improvement in firm performance).

Data Analysis and Findings
The results of the descriptive statistics are presented in Table 1 and 2 and the quantitative analyses are presented in Table 3.

Descriptive Statistics
From Table 1, we find that the majority of the vendors are women whilst the youth constitutes the majority of the vendors. Also the vendors have low level of education as the majority of them have only basic education or have not been to school at all. As well, the majority of them sell two or more products.
Table 1 Background Information of Street Vendors

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>320</td>
<td>32</td>
</tr>
<tr>
<td>Female</td>
<td>680</td>
<td>68</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16-25</td>
<td>410</td>
<td>41</td>
</tr>
<tr>
<td>26-35</td>
<td>310</td>
<td>31</td>
</tr>
<tr>
<td>36-45</td>
<td>180</td>
<td>18</td>
</tr>
<tr>
<td>46+</td>
<td>100</td>
<td>10</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary/JHS</td>
<td>390</td>
<td>39</td>
</tr>
<tr>
<td>Secondary</td>
<td>240</td>
<td>24</td>
</tr>
<tr>
<td>Illiterates</td>
<td>370</td>
<td>37</td>
</tr>
<tr>
<td>Activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Product</td>
<td>80</td>
<td>8</td>
</tr>
<tr>
<td>Two or more</td>
<td>740</td>
<td>740</td>
</tr>
<tr>
<td>Products Service</td>
<td>180</td>
<td>18</td>
</tr>
</tbody>
</table>

Table 2 indicates that firms’ willingness to engage in CSR become high as they grow. As firms’ working capital increases, firms’ preparedness to engage in CSR also increases. In the same vein, as firms’ reputation goes up, their eagerness to engage in CSR also increases. In addition, the more flexible firms are, the more likely they are to participate in CSR. Further, when the rate of stock turnover increases, firms are more likely to be involved in CSR. Still, when profit increases, firms’ preparedness to partake in CSR also increases and when sales increase, firms’ eagerness to get involved in CSR also increases.

Table 2 Categories of Firms Contribution to CSR

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Category</th>
<th>Corporate Social Responsibility (CSR)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Percentage</td>
<td>Yes</td>
</tr>
<tr>
<td>Working Capital</td>
<td>Low</td>
<td>237</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>197</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>93</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>527</td>
<td>473</td>
</tr>
<tr>
<td>Reputiation</td>
<td>Low</td>
<td>254</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>161</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>87</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>502</td>
<td>498</td>
</tr>
<tr>
<td>Quality</td>
<td>Low</td>
<td>206</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>188</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>82</td>
<td>25</td>
</tr>
</tbody>
</table>
Table 3 presents the results of the logistic regression analysis. The model explains between 23.4% of Cox and Snell R square) and 31.3% of (Nagelkerke R square) of the variance in firms’ growth and correctly classified 73% of cases. Table 3 demonstrates that hypothesis 1, which states that increase in working capital influences firms to engage in CSR, is supported. It records an odds ratio of 1.048, indicating that street vendors are 1.05 times likely to engage in CSR when their working capital increases. Hypothesis 2, which states that increase in reputation influences firms to invest in CSR, is also supported. The odd ratio is 1.055, signifying that the street vendors are 1.06 times likely to participate in CSR when their reputation goes up or is enhanced. Hypothesis 3 also states that improvement in quality of goods and services influences firms’ to contribute to CSR. The odd ratio for this hypothesis is 1.150, demonstrating that the street vendors are 1.15 likely to be involved in CSR when more people perceive them to sell quality goods and services. Hypothesis 3 is therefore supported. Hypothesis 4 is also supported: it states that increase in customer loyalty enables firms to invest in CSR. The odds ratio is 1.187, indicating that the street vendors are 1.19 times likely to be involved in CSR when customer loyalty surges.

Hypothesis 5, which states that increase in flexibility influences firms to invest in CSR, is supported. This is because the odds ratio is 1.236. The ratio shows that street vendors are 1.24
times likely to partake in CSR when they become more flexible in their operations. Hypothesis 6 indicates that increase in purchases influences firms to invest in CSR. It has an odds ratio of 0.953, suggesting that firms are 0.95 times not likely to engage in CSR when their purchases increase. Therefore, hypothesis 6 is not supported. Hypothesis 7 is, however, supported. This hypothesis states that increase in the rate of stock turnover influences firms to engage in CSR. The odds ratio is 1.490, signifying that street vendors are 1.5 times likely to participate in CSR when the rate of stock turnover increases. Hypothesis 8, which states that increase in profit influences firms to engage in CSR, is supported. The odds ratio is 1.418, demonstrating that street vendors are 1.42 times likely to be involved in CSR when their profit increases. Similarly, hypothesis 9 is supported. It states that increase in sales influence firms to invest in CSR. The odds ratio is 1.333, indicating that street vendors are 1.33 times likely to engage in CSR when their sales increase.

The strongest firms’ growth predictor that influences firms to engage in CSR is the rate of stock turnover, followed by profit, sales, flexibility and customer loyalty in that order.

Table 3 Street Vendors’ Willingness to Engage in CSR

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>B</th>
<th>S.E</th>
<th>Wald</th>
<th>df</th>
<th>P</th>
<th>Odds Ratio</th>
<th>95% C.I.for EXP(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>.047</td>
<td>.021</td>
<td>5.059</td>
<td>1</td>
<td>.024</td>
<td>1.048</td>
<td>1.006, 1.093</td>
</tr>
<tr>
<td>Reputation</td>
<td>.053</td>
<td>.021</td>
<td>6.619</td>
<td>1</td>
<td>.010</td>
<td>1.055</td>
<td>1.055, 1.099</td>
</tr>
<tr>
<td>Quality</td>
<td>.140</td>
<td>.060</td>
<td>5.468</td>
<td>1</td>
<td>.019</td>
<td>1.150</td>
<td>1.023, 1.292</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>.172</td>
<td>.051</td>
<td>11.397</td>
<td>1</td>
<td>.001</td>
<td>1.187</td>
<td>1.075, 1.312</td>
</tr>
<tr>
<td>Flexibility</td>
<td>.212</td>
<td>.050</td>
<td>17.890</td>
<td>1</td>
<td>.000</td>
<td>1.236</td>
<td>1.121, 1.368</td>
</tr>
<tr>
<td>Purchases</td>
<td>.048</td>
<td>.063</td>
<td>5.587</td>
<td>1</td>
<td>.444</td>
<td>.953</td>
<td>.843, 1.078</td>
</tr>
<tr>
<td>Rate of Sales Turnover</td>
<td>.399</td>
<td>.063</td>
<td>40.109</td>
<td>1</td>
<td>.000</td>
<td>1.490</td>
<td>1.317, 1.685</td>
</tr>
<tr>
<td>Profit</td>
<td>.349</td>
<td>.058</td>
<td>36.805</td>
<td>1</td>
<td>.000</td>
<td>1.418</td>
<td>1.267, 1.587</td>
</tr>
<tr>
<td>Sales</td>
<td>.288</td>
<td>.069</td>
<td>17.220</td>
<td>1</td>
<td>.000</td>
<td>1.333</td>
<td>1.164, 1.527</td>
</tr>
</tbody>
</table>

Discussions and Implications

Research on CSR, in general, has been well documented. However, the attention of CSR scholars has usually been on large firms and to some extent on SMEs. Again, the focus on CSR research has been on how CSR leads to organizational performance or growth. The current study, however, offers a distinctive approach to the study of CSR by looking at the relationship between firms’ growth and CSR. As far as we know, this study might be the first of its kind in the CSR literature. The main aim of the study was to examine indicators of firms’ growth that influence street vendors to engage in CSR. Given this aim, we proposed that firms’ growth influences them to undertake CSR activities. In general, the findings of the study show that firms’ growth triggers investment in CSR. The study also found that the strongest predictor of firms’ growth that influences street vendors to engage in CSR is the rate of stock turnover, followed by profit, sales, flexibility and customer loyalty in that order. This suggests that these factors constitute the most important growth factors that propel street vendors to engage in CSR. The study found that
increase in working capital influences firms to engage in CSR, a finding inconsistent with El Ghoul et al. (2011). The results suggest that more working capital will propel street vendors to buy more goods and make more profits. Eventually, they will get extra funds to invest in CSR activities. Evidence from the study also points to the view that higher reputation leads to CSR. This result is not in sync with Lo and Sheu (2007) and Khan et al. (2013), whose findings indicate that CSR enhances the reputation of firms in the cement industry. It is quite logical because when consumers perceive that a firm has a very good image, they will buy its goods. The results showed that increase in customer loyalty leads to firms’ participation in CSR activities. This is contrary to the studies of Raman et al. (2012) and Chung et al. (2015), whose findings reveal that CSR leads to customer loyalty. In the same vein, we also found that increase in flexibility affects CSR. This suggests that street vendors’ adaption to customers’ needs enables them to increase revenue and to participate in CSR. In contrast however, we found that increase in purchases did not have any effects on CSR. This does not concur with the studies of Dodd and Supa (2011) and Gigauri (2012) whose findings reveal that CSR influences consumer purchase intentions. We also found evidence of increase in the rate of stock turnover to have an influence on CSR. This result is not consistent with Siddiq and Javed (2014) whom found that there is no relationship between CSR of companies in Pakistan and their stock turnover. The result suggests that increase in the rate of stock turnover enables the vendors to generate more income and give them the capacity to engage in CSR activities. Our results showed that increase in profit influences firms to invest in CSR. This does not support the findings of Okwemba et al. (2014) and Mittal et al. (2008) who state that CSR influences profitability. Thus, the results suggest that an increase in profit enables firms to engage in CSR. Our evidence showed that increase in sales leads to firms’ participation in CSR. This does not support the findings of Rajput et al. (2012) who found that firms that invest in CSR benefit from increased sales.

This study has very important managerial implications. Growth is, generally, the life wire of firms. Therefore, street vendors should strive to grow so that they can contribute to CSR. Since the high rate of stock turnover is fundamental to firms’ ability to invest in CSR, street vendors should endeavor to buy goods that have a very high rate of stock turnover so that they can always contribute to CSR. Profit is also vital to the sustenance of firms’ growth, thereby giving street vendors the impetus to invest in CSR. Therefore, street vendors should make sure that they make profit so that they can invest in CSR. Street vendors should always increase their sales so that they will be able to participate in CSR activities. Street vendors should continue to be flexible by consistently adjusting to customers’ needs. This they can do by changing their time of operation to suit their customers and serving customers at locations that are convenient to them. Businesses exist because of customers. Therefore, customer loyalty is key to increasing revenues of business since more loyal customers means more sales and profit, which will then increase the firm’s ability to invest in CSR. Since an increase in customer loyalty triggers investment in CSR, street vendors should continue to consider it very important in order to get more loyal customers. Customers want value for their money. Therefore, firms should sell quality goods and services to attract more customers. Street vendors should continue to make sure that they buy quality goods from their retailers. Since reputation or good image is an important growth factor that will enable street vendors to engage in CSR, there should make conscious effort on the part of firms to protect their image.
References


