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STUDIES ON CORPORATE SOCIAL RESPONSIBILITY IN THE FINNISH SMALL BUSINESS CONTEXT

MERJA LÄHDESMÄKI

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Väitöskirja

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KIITOKSET

Väitöstyön ollessa viimeistä silausta vaille valmis, on aika pysähtyä hetkeksi katsomaan taaksepäin ja miettiä miten tähän pisteeseen on tultu. Tässä vaiheessa on helppo todeta, että väitöstyön tekeminen on ollut paitsi haastava myös monella tavalla palkitseva ja opettava kokemus. Monet ihmiset ovat näiden vuosien aikana omaa aikaansa ja asiantuntemustaan antamalla merkittävästi myötävaikuttaneet työni valmistumiseen – nyt on kiitosten aika.

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Koskenkorvalla, kesäkuussa 2012

Merja Lähdesmäki

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This dissertation focuses on the role of business in society, more specifically corporate social responsibility (CSR) in the small business context. The discussion on social responsibility in business is currently very wide-ranging and intensive. Still, the contemporary academic discussion on CSR has been marginalising small businesses, although there is a need to focus on this group of businesses in their own right. As a result, this dissertation contributes to the knowledge of corporate social responsibility by examining what CSR means for small business owner-managers and how these meaning(s) are constructed in their stakeholder interaction descriptions. The study consists of two parts: an introductory essay and four research articles. The empirical data of the study is based on the interviews with 29 small business owner-managers and it is analysed by using qualitative research methods.

The theoretical framework against which corporate social responsibility is discussed in this study is the stakeholder theory. It illustrates the way the relationship between business and society is understood by stressing the mutual dependence between a business and its stakeholders, and the interwovenness of their relationships. Stakeholder theory provides an appropriate framework for studying the construction of the meaning(s) of CSR, as it embeds the business within the larger web of social and community relations. Furthermore, this study adopts a constructionist approach. Accordingly, corporate social responsibility is understood as a result of an ongoing process of communication and social interaction through which managers, together with stakeholders, discuss and define the role of their businesses in society.

The main argument of the study is that in the small business context, corporate social responsibility is produced as a contradictory phenomenon representing simultaneously a resource and a limitation for business. The results of this study emphasise that for small business owner-managers, constructing meaning(s) for corporate social responsibility is seldom a straightforward question of business case. Still, balancing economic and ethical aspects of business is not an easy task for an owner-manager, but it can require challenging compromises between personal and business values. Consequently, the economic and ethical aspects of business are often presented as being mutually exclusive when constructing the meaning(s) for CSR, and the owner-managers consider themselves as being forced to make a choice between being either economic or ethical in their business operations. This study further demonstrates that in the small business context, CSR is also often produced as a contradiction between entrepreneurial autonomy and stakeholders' social control. This is an important finding as it points to the restrictive elements of corporate social responsibility, which have seldom been explicitly examined in the previous studies. It also shows that the process of construction of the meaning(s) for corporate social responsibility is not a value-free process, but more likely a discursive struggle where businesses and their stakeholders all have their own agendas to promote.

Key words: corporate social responsibility, stakeholder theory, small business, owner-manager, reputation, proximity, identity

1. INTRODUCTION

1.1 DISCUSSION ON CORPORATE SOCIAL RESPONSIBILITY – MARGINALISING SMALL BUSINESSES?

> *"A good company delivers excellent products and services, a great one delivers excellent products and services and strives to make the world a better place"*. (William Clay Ford, Jr.)

This dissertation focuses on the role of business in society, more specifically the concept of corporate social responsibility (CSR) in the small business context. Corporate social responsibility goes to the core of business; it examines and speculates how businesses operate as part of the social system. Although the idea of corporate social responsibility as such is not a new one – the relationship between business and other social life has been under discussion for as long as business life has been around – the last few decades have seen an increasing interest in CSR in both academic and business spheres (e.g. Crane et al. 2008). The quotation above reflects well the contemporary discussion on corporate social responsibility. It challenges the view of businesses as mere providers of goods and services by entailing the idea that a business has, as part of the social system, a responsibility to take care of the consequences of its economic actions and to operate in a just and fair manner in relation to other social actors. Or perhaps more – to proactively contribute to general social welfare. Indeed, the increasing political and social power that contemporary businesses exercise, in addition to their economic power, is considered to be a legitimate reason to increase the social and ethical spheres of businesses. Thus, the essence of the discussion on corporate social responsibility is about changing the fundamental view of the relationship between business and society. Since the operations of businesses affect us all, examining the relationship between business and society, and particularly corporate social responsibility as a part of business life, is truly an interesting and important area of research.

Even though the discussion on social responsibility in business is currently very wide-ranging and intensive, *I argue that the contemporary academic discussion on CSR has been marginalising small businesses*. In other words, large businesses have been seen as the norm in the CSR discussion, whereas small businesses have received very limited research interest (e.g. Jenkins 2004; Lepoutre and Heene 2006; Spence 1999). The potential explanations for this marginalisation usually culminate in the alleged finite public visibility of small businesses. Accordingly, it has been suggested that the fact that large corporations have greater public visibility generates more interest in CSR research from the large business perspective (e.g. Thompson and Smith 1991; Tilley 2000; Van Auken and Ireland 1982). This suggestion sounds indisputable when comparing the public role and visibility between small and large businesses; it is usually large businesses that attract public attention as their (ir) responsible business behaviour can affect a considerable number of people. Thus, public visibility, i.e. the extent to which phenomena are seen or noticed, is indeed a key factor in CSR as it affects issue salience (e.g. Lynch-Wood et al. 2009). Still, I consider that corporate social responsibility does not need to be merely highly visible business behaviour but more everyday decision-making based on what is right, fair and just. Therefore, even though the employment of CSR in a business would not necessarily reach the broad public awareness, it does not diminish their value for the stakeholders of the business, nor does it make them less interesting from the research perspective.

The very idea of visibility being a feature exclusively and by definition attached to the operations of large businesses could also be challenged. Accordingly, in this study, I understand public visibility as a relative phenomenon referring to the role a business adopts in relation to its operational context. Thus, small businesses can take a highly visible role in their own stakeholder networks. For example, a small business can be a major contributor in economic and social development by providing important employment opportunities (Ruokangas 1996; Viitaharju 2008) and the decisions it makes can have major effects at the local level – even though they are not always recognised in corporate social responsibility terms (Roberts et al. 2006; Spence and Perrini 2009; Spence and Schmidpeter 2003). Still, due to this important local role, their operation is most likely to attract public interest among their stakeholders and affect the lives of their stakeholders which is an important and well-justified reason to focus on the behaviour of small businesses from the perspective of corporate social responsibility.

It has been also argued that the fact that small firms have rather limited resources to deliberate the social and ethical issues in their business behaviour diminishes the academic interest towards CSR in the small business context (e.g. Thompson and Smith 1991; Udayasankar 2008). It can be assumed that as a result of the informal and ad hoc management practices in conjunction with potential resource limitations, small businesses are less inclined to use any formal, articulated instruments to promote their CSR and ethical behaviour than large businesses (e.g. Dawson et al. 2002; Graafland et al. 2003; Jenkins 2004; Jorgensen and Knudsen 2006). In my opinion, there is no doubt that the lack of resources (both economic and informational) is reflected in small businesses' ability to produce public material (e.g. CSR reports, mission statements) concerning their responsibility engagements (see also Moore and Spence 2006; Russo and Tencati 2009; Spence and Perrini 2009). For this reason, there is also less public information available on CSR among small businesses when compared to the large business context, where the communication of corporate social responsibility has become a widely accepted and expected area of stakeholder interaction. Nevertheless, the lack of public CSR documents does not automatically mean that the deliberation of social and ethical issues in business would be any less in small businesses, or that it would not need to be addressed by research. What is quite obvious, however, is that the lack of resources can result in different administrative and management processes between large and small businesses, which can also be reflected in their abilities and ways to deal with social and ethical issues in business. Indeed, small firms are different in nature, not just in size, from large businesses and therefore it is likely that there are differences in the nature of corporate social responsibility. For this reason, even though there is an impressive amount of research into CSR from the perspective of large businesses, the results and findings of these studies cannot be transferred as such to the small business context. However, there is an obvious need to focus on this group of businesses in their own right.

Accordingly, in this dissertation I will contribute to the discussion of corporate social responsibility by highlighting the small business perspective. My dissertation consists of two main parts: an introductory essay and four research articles. In the introductory essay I will provide further justifications for studying small businesses as a separate research entity from large businesses. Previous studies have strongly argued that the size of a business is an important factor influencing ethical decision-making and socially responsible business behaviour. There are several studies supporting this argument by explicitly demonstrating the differences between small and large businesses in ethical and socially responsible business behaviour (e.g. Brown and King 1982; Longenecker et al. 1989; Perrini et al. 2007; Van Auken and Ireland 1982; Vyakarnam et al. 1997). Still, it is important to further understand why business size matters, i.e. what are the main qualities that differentiate between small and large businesses in the framework of business ethics and CSR, and how these qualities are reflected in socially responsible business behaviour. I will argue in the next sub-chapter, based on the previous research, that there are two important characteristics of small businesses that make their ethical and socially responsible business behaviour unique when compared to large businesses, namely the important role of the owner-manager and the embedded and close relationships small businesses have with their key stakeholders. I will then proceed to the introduction of the specific research task of this dissertation.

The following chapter (**Chapter 2**) describes the research setting which consists of the theoretical concepts of small businesses and stakeholders as well as the three mediating elements, namely reputation, proximity and identity, through which CSR is examined in this study. In **Chapter 3** I will present the theoretical framework of the study, which includes stakeholder theory (sub-chapter 3.1) and a discussion on corporate social responsibility (sub-chapter 3.2). I will then proceed to the methodological choices underlying this study (**Chapter 4**). I also present the empirical data of the study, which is based on the interviews of small business owner-managers as well as the general overview of the analysis process. The next chapter (**Chapter 5**) presents the main results of the study, which is followed by conclusions and an evaluation of the study, along with suggestions for further research (**Chapter 6**). The second part of this study consists of the four research articles, which will be presented in their original form with the permission of the publishers.

1.2 RATIONALE FOR THE STUDY - WHAT MAKES SMALL BUSINESSES UNIQUE IN RELATION TO CSR?

There are a number of studies examining the potential differences in corporate social responsibility and ethics between small and large businesses. Early studies in the field in particular aimed to justify the need to focus on small businesses as a separate research activity, and often took this comparison as their starting point. Longenecker et al. (1989), for example, emphasised the different management practices in small and large businesses as the explanatory factor for their different perceptions of ethics and responsibility in business. Thus, small businesses, as a result of their owner-managerial nature, were considered to operate with less formal structures and looser control systems, which is reflected in their ethical perceptions. Brown and King (1982) suggested that the institutions beyond the market that affect corporate social responsibility may function differently in the small and large business contexts, resulting in different perceptions of ethics and responsibility. Thus, small businesses, as a result of their close relationships with local communities, were considered to be more susceptible to reflecting local norms in their business behaviour. In my opinion, these two early studies emphasise the two important characteristics of small businesses that make their ethical and socially responsible business behaviour distinctive when compared to large businesses, namely the important role of the owner-manager and the embedded and close relationships between the business and its main stakeholders. I will next take a closer look at these characteristics by reflecting on the views and results of previous studies.

1.2.1 THE ROLE OF THE OWNER-MANAGER IN SMALL BUSINESS CSR

Contemporary dialogue on corporate social responsibility often builds on the idea of the separation of business ownership and management which is typical for large businesses. The separation of these two important aspects of business is considered to result in the inherently contradictive nature of CSR discussion, because of potential conflicts of interest of owners and managers (e.g. McWilliams and Siegel 2001). These potential agency conflicts are not, however, unique to small businesses, since ownership and control are usually not separated into two distinct functions but are combined in the same person (e.g. Jenkins 2006; Moore and Spence 2006; Quinn 1997). Hence, the combination of risk-bearing and decision-making power gives owner-managers a legitimate right to run their business according to their own judgement, thus allowing for a degree of autonomy in how corporate social responsibility is approached. Quinn (1997, p.120), for example, points out that small business owner-managers should be in a stronger position to bring their own ethical attitudes to bear on business decisions than managers in larger organisations, whose actions are mediated and constrained by imposed organisational systems and norms. Naturally, there are legal constraints binding the autonomy of small business owner-managers, but within these constraints, the need to obey the authorities or to look for the approval of referent others may well not exist or might be less important when compared to larger businesses (e.g. Longenecker et al. 1989). Still, it should be noted that the particular way to approach ethically challenging situations also depends on the cultural, institutional and political system in which a business operates. For this reason it has been suggested that despite the autonomous position of small business owner-managers in relation to CSR, defining what is morally good and responsible business behaviour can be a difficult task for small business owner-managers who are surrounded by a variety of different discourses – like environmentalism, social justice, entrepreneurism and community development – offering competing meanings of the good (Fenwick 2010, p.165).

Still, unlike large corporations, small businesses are considered to largely reflect the personality traits, attitudes and values of their owner-managers. Accordingly, small business owner-managers are often associated with a certain level of entrepreneurial personality (e.g. Beaver and Jennings 2000) which is considered to influence the way ethics are perceived in business (e.g. Solymossy and Masters 2002; Teal and Carroll 1999). More specifically, personality traits such as locus of control, achievement motivation and tolerance of ambiguity are often seen as essential traits of business owner-managers that also influence their ethical decision-making (Morris et al. 2002). These entrepreneurial traits are not, however, unambiguously associated with more or less ethically strict behaviour. For example, a developed need for achievement has been successfully linked to entrepreneurship, and there is also evidence of positive correlation with the ethical decision-making of small business owner-managers (e.g. Glover et al. 1997; McClelland 1961). At the same time, the emphasis on growth as a form of achievement may in some cases bring about increased competition, complexity, uncertainty and fatigue, which can alter owner-managers' perspectives on ethics (Hannafey 2003). Indeed, according to Morris et al. (2002, p.334) challenging conditions compounded with owner-managers' strong commitment to their businesses may increase their potential for making unethical decisions.

In my opinion, even though the findings concerning the relationship between entrepreneurial personality traits and ethics are somewhat inconclusive, it is still justifiable to argue that in the small business context, the owner-manager is a driver and implementer of the values of the business. In other words, when addressing the issues of moral implication and trying to understand the reason behind a given CSR practice in small businesses, an owner-manager's values and motives constitute a key factor (e.g. Humphreys et al. 1993; Jenkins 2006; Morris et al. 2002; Murillo and Lozano 2006; Nielsen and Thomsen 2009; Vyakarnam et al. 1997). These values and motives can vary from economic profit maximisation to different social and personal objectives. Spence and Rutherfoord (2001), for example, have found four different ways of understanding the motivational experience of running a small business; namely profit maximisation priority, subsistence priority, enlightened self-interest and social priority. According to their study, the generalised assumption of large businesses as being motivated by profit maximising does not necessarily apply to small businesses as the reasons for being in business and running a firm are far more complex (see also Wilson 1980). Thus, it can be suggested that for small business owner-managers, "satisfactory" profits (rather than "maximum" profits) may be sufficient, and owner-managers may be willing to trade off some profit for other social or personal goals (Vives 2005). This has implications for the strategies used to promote CSR practices in SMEs: the business case may not be critical, as small business owner-managers will also react to enlightened self-interest, social conscience stimuli and altruistic reasons (Vives 2005; Fenwick 2010; Lähdesmäki and Takala (2012)).

As a summary, the coincidence of ownership and management provides a specific framework for the study of small business corporate social responsibility, as owner-managers are usually in a position to reflect their personal views in their business decisions and thus influence the activities of the business as a whole. Thus, the coincidence of ownership and control means that some of the potential tensions arising from agency issues, which can characterise large businesses, are usually non-existent. Accordingly, the role of the owner-manager and his/her personal values in ethical decision-making and engagement in CSR activities has received justified attention within small business CSR research. Despite the acknowledged importance of owner-managers to the development of corporate social responsibility in the small business context, *there is still a need to further study how, and through what kind of processes, the personalities of owner-managers influence CSR.* I will address this issue in more detail in my fourth research article through the concept of identity (fourth article).

1.2.2 PERSONAL AND EMBEDDED NATURE OF STAKEHOLDER RELATIONS IN SMALL BUSINESS CSR

Another essential feature affecting corporate social responsibility in the small business context is the nature of stakeholder relationships. Many small businesses operate in local markets and have developed close relationships with their main stakeholders. According to Southwell (2004), these relationships tend to be qualitatively different from those of larger businesses in that they are based on high levels of informality, personal knowledge and familial ties. Similarly, Jenkins (2006) states that stakeholder relationships in the small business context are often characterised by intuitive and personal engagement. One reason for the informality and personality of business relationships stems from the fact that in the small business context, individual and organisational relationships frequently merge and can become mutually reinforcing (Worthington et al. 2006). Similarly, business partners are also often linked to each other by additional relationships beyond the business. This kind of overlap in relationships can be described by using the concept of multiplexity, which refers to the degree to which two actors are linked by more than one type of relationship, such as friend, business associate and neighbour (Brass et al. 1998). In other words, it is rather typical in the small business context that social and personal relationships and networks in which owner-managers are entwined cannot be separated from each other (e.g. Spence and Rutherfoord 2003).

The personal and informal nature of business relationships is usually regarded as a relative advantage for small businesses, as it is considered to enable and enhance trust in business operations and can provide a business with an important means of addressing additional resources, which can be critical to the success of many small firms (Fisher et al. 2009; Graafland et al. 2003; Murillo and Lozano 2006; Spence and Rutherfoord 2001; Viitaharju and Lähdesmäki (in print)). Likewise, it has been suggested that multiplexity of relationships is an asset for a small business as it makes business operations more flexible (Worthington et al. 2006). Still, mixing business and personal relationships can also complicate business decision-making, since the involvement of a family member or a personal friend in the business may lead to potential conflict of interests and ethical challenges (Hannafey 2003). Indeed, because of the multiplexity of relationships, small business owner-managers may find it challenging to justify business decisions with business-related reasons only (Lähdesmäki 2005).

The personal nature of stakeholder relationships is also associated with the idea of embeddedness, as small businesses are often considered to be strongly embedded in their local communities and their success is related to their degree of legitimacy and approval from local stakeholders (e.g. Besser and Miller 2001; Castka et al. 2004; Perrini 2006; Werner and Spence 2004)[1]. Embeddedness refers here to the idea that *"economic action is affected by an actor's dyadic relationships and by the structure of the overall network of relations"* (Granovetter 1992, p. 33). According to this view, businesses are seen as actors who are able to shape the social environment in which they operate whilst at the same time being influenced by their wider social environment and social relationships. These ongoing social relationships provide constraints and opportunities that, in combination with the characteristics of individuals, issues and organisations, have an impact on the ethical behaviour of businesses (Brass et al. 1998, p. 17). Fischer et al. (2009), for example, argue that accountability within small businesses is generally measured through social approval and recognition within immediate networks. Similarly, Smith and Oakley (1994) suggested that individuals who own and operate their own businesses are significantly influenced by the community in which their firms are located. Furthermore, Courrent and Gundolf (2009) stated that ethics is not only linked to personal characteristics, but also to managers' social networks. Thus, it has been argued that local community and close stakeholder relationships, through different norms, social expectations and monitoring and sanctioning mechanisms, affect the decision-making of small business owner-managers and therefore their conception of corporate social responsibility and ethical business behaviour. Still, it should be noted that close relationships with stakeholders do not automatically lead to morally good business behaviour.

As a summary, operating within a network of personal and overlapping relationships creates both possibilities and boundaries for a small business as far as CSR is concerned. As with Fuller and Tian (2006), it can be concluded that while social control can be regarded as a powerful form of governance on small businesses, at the same time reciprocity and trust, which are also inherent aspects of close relationships, provide the small business with power. From the ethical point of view, it has been suggested that close business relationships strongly affect ethical decision-making in the small business context. Despite the important role of stakeholder interaction in shaping corporate social responsibility in the small business context, *there is still a need to further examine how these close stakeholder relationships either encourage or discourage socially responsible business behaviour.* I will address this issue in my research articles through the concepts of reputation (second article) and social proximity (third article).

1.3 RESEARCH TASK

It has been contemplated that the very term "corporate social responsibility" is not best suited to study the relationship between a small business and its surrounding society, given its rather ambiguous nature. Grayson and Dodd (2007), for example,

[1] It should be noted that industry, the size of the community, personal characteristics of the owner-manager and the institutional context of the business are important factors influencing the level of embeddedness which naturally varies between different businesses. Thus, there are some differences of opinion concerning the level of embeddedness in the small business context in general, as some studies have emphasised small businesses' disassociation from their surroundings (Curran and Blackburn 1994; Curran et al. 2000). Curran and Blackburn (1994, p. 113), for example, describe small businesses with the use of the expression 'fortress enterprise', which refers to the limited amount of linkages with external economic contacts that a small business may have.

argue that the term "corporate social responsibility" is unattractive and off-putting for many small businesses simply in terms of terminology itself (i.e. the relation of the term "corporate" with small businesses) as well as the challenges inherent in the very idea of CSR. They further state that the problems with the term "corporate social responsibility" vary from country to country and language to language. I agree with the arguments concerning the challenges of the term as they are rather obvious in the Finnish translation too (*yhteiskuntavastuu*)[2]. Consequently, some researchers have replaced the term "corporate social responsibility" with slightly different but parallel terms like "responsible business practice" (Moore and Spence 2006), "responsible competitiveness" (Murillo and Lozano 2006), "small business social responsibility" (Lepoutre and Heene 2006) and "business social responsibility" (Besser 1999). We can speculate, however, whether renaming makes the phenomenon any easier to understand or whether it just increases the conceptual complexity. After all, the term "corporate social responsibility" is widely used in academic and business discussions and has gained certain legitimacy when reflecting on the issues of business in society. Thus, I agree with van Marrewijk (2003) that it would be rather difficult to get used to another new generic notion. Furthermore, not all researchers of small business CSR consider the concept inappropriate, indeed there are many examples of studies that have applied the term successfully (e.g. Jenkins 2004, 2006; Perrini 2006; Wickert 2010). Thus, even though acknowledging the potential challenges of the terminology, in order to avoid adding to the definitional complexity of the phenomenon, I decided to stick with the concept of CSR.

Corporate social responsibility in the small business context can be naturally examined from several different perspectives. **First**, it can be studied from the perspective of an owner-manager, an employee or an external stakeholder, such as a customer or government. In this study I have adopted the perspective of the owner-manager to CSR as I think that small business owner-managers do have considerable power to manipulate the directions and goals of the organisation and one cannot overlook their moral involvement in the actions undertaken by the firm (see Takala and Pallab 2000, p. 116). This is a result of the convergence of ownership and management that is typical of small businesses. Thus, even though top management in large businesses has a rather decisive role in relation to CSR, the role of the small business owner-manager is in my opinion even more fundamental as owner-managers are not usually answerable to external shareholders in their CSR decisions. I do not wish, however, to undermine the role of other stakeholder groups, such as employees, in CSR decisions and behaviour. On the contrary, to my mind the successful implementation of CSR is a collaborative process in a firm (see also Maclagan 1999). Still, I think that whether or not CSR is actually seen as a participative process involving the output of employees (or other stakeholders) depends, in the small business context, ultimately on the owner-managers, i.e. what kind of managers they are. This is also why the study examines CSR from their perspective.

Second, CSR can be studied on three different levels, namely the institutional (or system), organisational or individual levels (Goodpaster 1983). I suggest that in the small business context, there is an obvious overlap between individual and organisational levels, since a small business is often considered to be, to a large extent, a reproduction of the personality of the owner-manager (e.g. Abimbola and Vallaster 2007; Arregle et al. 2007; Scott and Lane 2000). Therefore, while focusing on small business owner-managers, the distinction between organisational and individual levels of analysis becomes blurred as the decisions and behaviour of the owner-manager are difficult to distinguish from those of the firm. For this reason, I do not attempt to make any clear-cut distinctions between these two levels of examination.

I agree with Basu and Palazzo (2008), who argue that the examination of corporate social responsibility has focused largely on inventories of CSR activities. In the small business context this means that previous research has mainly concentrated on revealing small business owner-managers' perceptions on corporate social responsibility and documenting their CSR-related activities. I do not wish to undermine the results of these studies. On the contrary, taking into consideration the short

[2] In the Finnish translation (*yrityksen yhteiskuntavastuu*) the term "society" (*yhteiskunta*), as an all-encompassing and elusive concept, can be considered too obscure for small business owner-managers; this was taken into consideration when interviewing small business owner-managers in this study (see section 4.2).

history of research on small business CSR[3], demonstrating the perceptions and peculiarities of social responsibility has been an important task for the process of justifying and legitimising the research area. Still, what Basu and Palazzo (2008) claim in CSR research is shifting the focus from CSR activities to the examination of those processes of meaning-making in which these perceptions are constructed. I suggest that focusing on these processes will provide a more comprehensive understanding of the ways small business owner-managers think and act in relation to their stakeholders (see also Basu and Palazzo 2008). This idea has led me to study the construction of the meaning(s) of CSR in the small business context.

The overall objective of this study is to examine **what CSR means for small business owner-managers and how these meaning(s) are constructed in stakeholder interaction descriptions?** Thus, the aim is not to make any inventory of small businesses' CSR activities as such but to focus on the meaning-making of small business owner-managers in complex business-stakeholder relationships. This broad research task is approached through more specific research questions set in the four research articles that constitute the core of this dissertation. The theoretical framework against which corporate social responsibility in the small business context is discussed in this study is the stakeholder theory. At the general level, it illustrates the way the relationship between business and society is understood in this study by stressing the mutual dependence between a business and its stakeholders, and the interwovenness of their relationships. Indeed, this study is based on the assumption that stakeholder theory provides an appropriate framework for studying the construction of the meaning(s) of CSR, as it embeds the business within the larger web of social and community relations.

I will now proceed with the description of the research setting of this study, in which I combine the main theoretical concepts I have used, namely small business, stakeholder, reputation, proximity and identity.

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[3] The early business ethical studies on small businesses and their social responsibilities, conducted among small U.S. businesses, can be traced back to late 1970s and early 1980s. Whereas in the late 1980s the research on small business ethics and corporate social responsibility was still relatively "uncharted territory" (Longenecker et al. 1989), the situation nowadays seems more promising. Even though research on CSR is still mainly focused on large businesses, special issues in academic journals like the Journal of Business Ethics (2006, 67(3) and 2003 47(1)) and Business Ethics: A European Review (2009, 18(1)) have been devoted to studies on small business CSR, as have research tracks in international business conferences.

2. THE RESEARCH SETTING – INTERACTION BETWEEN SMALL BUSINESS AND STAKEHOLDERS IN THE CSR CONTEXT

2.1 SMALL BUSINESS OWNER-MANAGER

As the aim of this study is to contribute to the literature on corporate social responsibility from the perspective of small businesses, it is essential to first define the very concept of "small business". Small businesses constitute a very heterogeneous group of firms with different company forms, markets and industries. Similarly, there is great variation between small businesses based on their environmental interaction, organisational configuration and managerial characteristics (e.g. d'Amboise and Muldowney 1988) which makes defining this group of businesses rather challenging. Indeed, a variety of different characteristics have been used to define small businesses, which, instead of clarifying the concept, may in some cases increase the definitional confusion in the field of small business studies. In particular, there can be significant differences in the quantitative measures used to define small businesses in different national contexts, which complicates the accumulation of knowledge. In this study, the definition used to specify small businesses combines some widely accepted qualitative and quantitative characteristics in the studies of small business ethics and CSR in the European context.

The qualitative characteristics used in defining small businesses try to capture the meanings, beliefs and behavioural aspects which are considered to distinguish "small" businesses from their larger relations. One of the most often used qualitative characteristics in the definition of small businesses is the independence of the owner-manager which reflects the close relationship between capital and management. In other words, it has been suggested that a distinctive characteristic of a small business is that the person responsible for the management of the business is also the sole owner or one of the owners of the business (e.g. Baumback 1988; Filion 1990; Peterson et al. 1986). For this reason, small business owner-managers are able to make decisions that have implications mainly for their own money, which is considered to give them a certain amount of independence in their business operations when compared to managers in large businesses who operate as agents for and are accountable to a number of shareholders (e.g. Filion 1990; Spence 1999). This idea of businesses being independently owned and managed was also adopted as a starting point of the small business definition in this study.

In addition to the idea of independence, small businesses have also been related to such qualities as having a small market share, not being dominant in their field and being largely local in their operations (e.g. Baumback 1988; Bridge et al. 2003; Curran and Blackburn 1994; Filion 1990). It should be noted, however, that most of these qualitative attributes are challenging to apply because of their lack of precise definition. For example, due to the globalised nature of business, it is often rather difficult to determine the exact market of a business and its boundaries, as well as the actual share a business possesses of it. Still, it has been argued that the behaviour of a small business with a dominant position in the market is in many respects more akin to a large business than a small one, in general. Fitjar (2011), for example, suggests that the market share of a business may matter more than its size in relation to corporate social responsibility. Accordingly, it could be speculated that a company's market share explains some of the essence of being a small business. Nevertheless, due to the ambiguity related to market share and locality, these are not considered decisive qualities of small businesses in this study[4].

[4] Even though I consider that the market share and dominance in the market are elements which are too contested in order to build up a definition of small business, it does not mean that I would regard these qualities as insignificant. On the contrary, I would speculate that the majority of small businesses in Finland are rather local in their operation, having a small market share. Indeed, all the businesses examined in this study fulfill this criterion. Still, I consider that defining a small business through market share and locality would seriously oversimplify the heterogeneity of small businesses.

In order to reinforce the definition of a small business, some quantitative measures are frequently used to distinguish small businesses from medium and large-sized firms. The most common measure is the number of employees, since this is often easily available information and is also simple to control (Filion 1990). In addition to this, there are various other measures used to define the boundaries for small businesses, such as total sales, assets, profit and annual turnover. Even though I acknowledge that the quantitative definitions are not without limitations (e.g. Curran and Blackburn 2001), I decided to use the number of full-time employees as well as the annual turnover to define small businesses by following the criteria set in the European Union's definition of small businesses which states that: "*Small enterprises are defined as enterprises which employ fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed 10 million euros*" (European Commission 2003).

An interesting discussion related to the definition of small businesses is the conceptual distinction of small business owner-managers from entrepreneurs. Carland et al. (1984 p. 358), for example, make the following distinction between these two concepts: "*A small business owner is an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires. An entrepreneur is an individual who establishes and manages a business for the principal purposes of profit and growth. The entrepreneur is characterized principally by innovative behaviour and will employ strategic management practices in the business*". This distinction between small business owner-managers and entrepreneurs raises some profound questions, however, as the definitions of these two groups are not exclusive (e.g. the idea of personal goals could equate to profit and growth goals). Similarly, the essential difference between a small business owner-manager and an entrepreneur emphasised in the definition, namely the innovativeness inherent in the latter group, can also be considered as a confusing and ambiguous attribute – leading to the problem of identifying which firms in an industry are truly innovative (e.g. Gartner 1989). Furthermore, small business owner-managers and entrepreneurs are sometimes distinguished from each other through a potentially different set of personality traits and characteristics. Stewart et al. (1999), for example, found that small business owner-managers are less risk-oriented and are not as highly motivated to achieve as entrepreneurs are. Making a conceptual difference between a small business owner-manager and an entrepreneur based on personality traits is, however, also a contested field of study. Brockhaus and Horwitz (1985), for example, have summarised that most of the attempts to distinguish between these groups have identified no significant differentiating feature. Similarly, Gartner (1989) argues for the abandonment of the trait approach in explaining the phenomenon of entrepreneurship. According to him, entrepreneurship should be seen as a role that individuals undertake to create organisations. Following this argumentation, all small business owner-managers could be regarded as entrepreneurs as far as they are the creators of their businesses.

As the short discussion above shows, drawing the line between a small business owner-manager and an entrepreneur is not an easy task. Indeed, in this study I chose not to make any explicit distinctions between these concepts but I understand them loosely as synonymous. The main reason for this is the fact that in the Finnish language, the term "entrepreneur" (*yrittäjä*) is not exclusively reserved for those business persons with certain psychological characteristics or who are aiming for growth or innovativeness. Accordingly, in Finnish the term "entrepreneur" usually includes, although is not restricted to, small business owner-managers. Still, in this study I prefer to use the concept of small business owner-manager (my first research article being an exception), which to my mind is a more suitable English term to describe those businesses I have examined. In other words, whether or not one is motivated by profit or subsistence, innovativeness, or some other value, all those people studied here can be defined as small business owner-managers on the basis of the definition I have adopted in this study, namely: *small businesses are independently owned and managed firms with fewer than 50 full-time employees and an annual turnover under 10 million euros*.

Based on this definition, it can be stated that in Finland, the proportion of small businesses from all private businesses was 99.1 per cent in 2009[5]. The great majority of small businesses (95 per cent) employed fewer than ten people. Still, small businesses also have a significant employment ef-

[5] This statistic includes those businesses with 50 employees or less. Even though it could be speculated that the majority of them are independently owned and managed, this characteristic is not, however, a determining part of the statistic.

fect, as they are responsible for 47.5 per cent of total employment, while large businesses employ 36 per cent of the people in the private sector (Tilastokeskus 2009). The situation in Finland reflects the more general role of small business in the EU economy as measured in 2008, where 98.7 per cent of businesses are defined as small and they employ 50.4 per cent of the private sector workforce (European Commission 2009). Based on these measures, it can be concluded that small businesses are major actors in economic development. In fact, it has been argued that the positive contribution that small and medium-sized businesses have on macro-economic performance more than outweigh the fact that large businesses outperform them with respect to labour productivity and profitability (European Commission 2009, p. 8). Thus, even though an individual small business usually plays a rather insignificant economic role on a national level, taken together they constitute a major proportion of the national economy in many countries and can wield considerable collective power. In relation to this important economic role played by small businesses, Morsing and Perrini (2009) have argued that the grand impact of small businesses' CSR engagement on state and civil society has been severely underestimated by researchers as well as policy-makers.

2.2 STAKEHOLDERS

In this study, I examine corporate social responsibility in small businesses through the owner-managers' descriptions of their stakeholder interaction. Similar to Clarkson (1995), I suggest that in the normal course of conducting their business, small business owner-managers do not think or act in terms of corporate social responsibility. Indeed, as already stated in the previous chapter, for small business owner-managers, the very concept of CSR can be confusing. This does not, however, mean that small business owner-managers categorically ignore the idea of responsibility in their business. On the contrary, a number of empirical studies have shown that owner-managers in the small business context perceive responsibility as an awareness of the impacts of their business decisions and actions in relation to their stakeholders (e.g. Jenkins 2006; Lähdesmäki 2005; Perrini et al. 2007). Accordingly, I suggest that discussing corporate social responsibility with small business owner-managers is best achieved by framing the discussion in the context of stakeholder relationships. Thus, I understand corporate social responsibility and stakeholder responsibility as complementary and reinforcing theoretical ideas. Similarly, Jamali (2008, p. 229) argues for the case of a stakeholder approach to corporate social responsibility by suggesting that the language of stakeholder theory is easily understood by managers as most businesses define obligations and responsibilities vis-à-vis their key stakeholders and it also provides a practical framework for collecting and analysing CSR data. Consequently, in this sub-chapter my aim is to define the second main concept used in this study, namely the concept of stakeholder.

Although the practice of stakeholder theory is well established, it achieved wide awareness with R. Edward Freeman's 1984 book "Strategic Management: A Stakeholder Approach". In this book, Freeman took his starting point as being that "*managers bear fiduciary relationship to stakeholders*" – with the term stakeholder referring to "*any group or individual who can affect or is affected by the achievement of the organization's objectives*" (ibid. 1984, p. 46). This definition has often been criticised because of the vagueness of the terms "affect" and "affected". Langtry (1994), for example, points out that a firm can affect a person merely if the person becomes aware of the company's existence, thereby altering his/her cognitive state. It can be argued that this situation does not make the person a stakeholder of the business in any interesting sense. The broadness of the definition may also lead to an almost infinite number of potential stakeholders which naturally decreases the explanative power of stakeholder theory. Thus, the subsequent definitions have further narrowed and clarified the idea of who is to be counted as a stakeholder. A well-cited suggestion for the identification of a stakeholder has been provided by Mitchell, Agle and Wood (1997), who defined power, legitimacy and urgency as essential attributes of stakeholders. In other words, stakeholders can be identified by their possession or attributed possession of one, two, or all three of the following attributes: the stakeholder's *power* to influence the firm, the *legitimacy* of the stakeholder's relationship with the firm, and the *urgency* of the stakeholder's claim on the firm. These stakeholder attributes are not, however, objective characteristics but socially constructed phenomena (Mitchell et al. 1997). Thus, the process of stakeholder salience is processed through lens of managerial values as well as institutional logics (Mitchell et al. 2011). Similarly, the status of each stakeholder should not be considered as a static one. As a business faces different pressures and threats at different stages in its organisational life cycle, the roles of its stakeholders are likewise to change (Jawahar and McLauglin 2001).

While defining the concept of stakeholder, it should be noted that the theoretical discussion on stakeholders is traditionally embedded in the large business context, which can lead to false assumptions being made or important issues being ignored when applied to the small business context (Jenkins 2004). Therefore, it is essential to acknowledge that the stakeholder model adopted from large businesses as such does not usually fit well into the small business context, as small businesses tend to have fewer and different kinds of stakeholders than large businesses. In my previous research (Lähdesmäki 2005), I examined stakeholder identification and corporate social responsibility in the small business context by asking owner-managers who the key stakeholders of their businesses are and what kind of responsibilities they have towards these key stakeholders. Although there was a variety of different individuals and groups identified as stakeholders depending on the industry, life cycle and context of the business, at a general level the key stakeholders were usually employees, customers, suppliers and the local community (see Figure 1)[6]. More generally, it can be argued that small businesses are rather focused on their immediate stakeholders when business responsibilities are concerned, while some stakeholders, such as the government and the media are given only scant consideration (e.g. Brown and King 1982; Tilley 2000; Vives 2005). The focus on the immediate stakeholders often stems from the very nature of local embeddedness of small businesses[7], i.e. in many cases customers and employees of a small business can all be located in the same community as the business itself, which enhances the responsibility towards these stakeholder groups as well as towards the local community in general. Similarly, Brown and King (1982) explain the essential role of immediate stakeholders in small business CSR, suggesting simply that people tend to be more concerned about those closest to them and less concerned about those further removed.

In my opinion, despite the number of key stakeholders, another difference between small and large businesses' stakeholders is related to the question of ownership. In fact, owners (shareholders) are traditionally an essential stakeholder group in large publicly-listed businesses. They have a stake in the business through the investments for which they expect some kind of financial return. Small businesses, on the other hand, do not have a number of external owners or shareholders as management and the main ownership are usually personified in one and the same individual. However, small businesses may be financed by individuals with whom the owner-manager has a close personal relationship, such as a family member, which may add a kind of social pressure which managers of large businesses would not personally experience (Spence 1999). Indeed, in many small businesses family members can represent an essential stakeholder group which may further affect the managerial perceptions on stakeholder salience (Mitchell et al. 2011). Therefore, in addition to some differences in the potential stakeholder groups, the management of stakeholder relations has also been demonstrated as being different between small and large businesses, as stakeholder relationships in small businesses are often more informal and are characterised by personal engagement when compared with large businesses.

[6] For similar results see e.g. Jenkins 2006; Lepoutre and Heene 2006; Vitell et al. 2000 and Wilson 1980.

[7] It should be remembered that even though the idea of local embeddedness is often attached to small businesses in CSR discussions, small businesses are still increasingly integrated into global value chains with requirements to act as change agents and to perform governance functions associated with sustainable production (Jorgensen and Knudsen 2006).

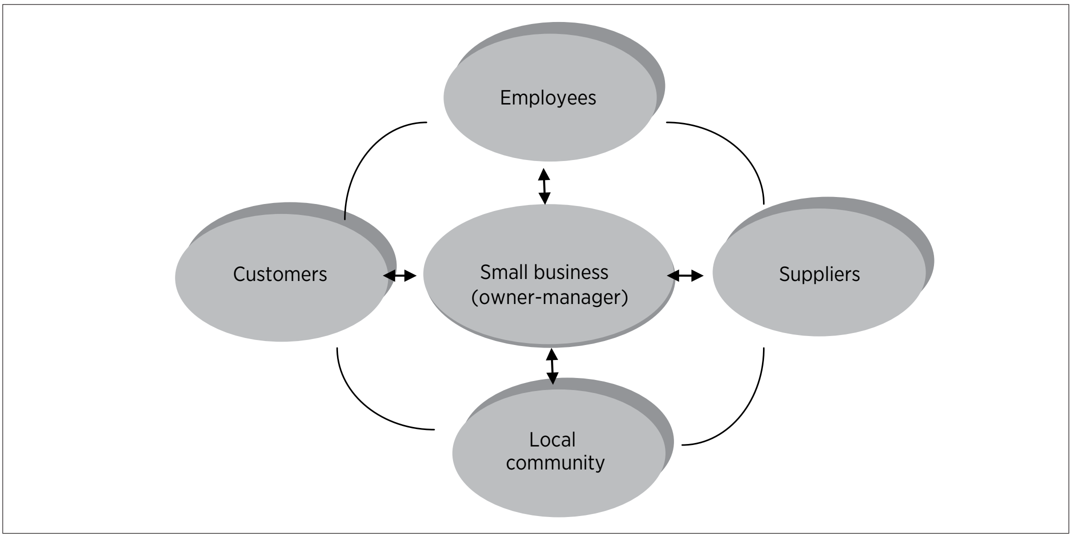

Figure 1. A model for main stakeholders in a small business (Lähdesmäki 2005)[8]

Stakeholder classifications often simplify social reality by focusing on individual dyadic stakeholder relationships. In practice, businesses operate in complicated stakeholder networks, i.e. they have to respond to the interaction of multiple influences from the entire stakeholder set. Since stakeholder relationships do not occur in a vacuum of dyadic ties, but rather in a network of influences, a business' stakeholders are likely to have direct relationships with one another as well (e.g. Frooman 1999; Rowley 1997). Indeed, in the small business context, particularly among those businesses operating locally, stakeholder groups are usually closely related to each other and partly overlapping, which increases the potential power of stakeholder claims and the challenges of stakeholder management for small business owner-managers (Lähdesmäki 2005). Rowley (1997) refers to this phenomenon by using the concept of network density, i.e. the relative number of ties in the network that link actors together. According to him, as density in the network increases, communication becomes more efficient and the behaviour of the network actors becomes similar, which can lead to strong constraints on the actions of a focal business. Thus, dense networks furnish stakeholders with the capacity to monitor the focal business' actions more efficiently (ibid., p. 897). Still, it should be noted that when describing stakeholder networks, a business should not be understood merely as a passive respondent to stakeholder expectations and pressure but as an active operator in the network. Accordingly, stakeholder management is about deciding which stakeholders should be taken into account when making business decisions and how to balance potentially contradictory stakeholder expectations.

The stakeholder salience is strongly dependent on the industry or the certain circumstances of a business. For example, although the sense of responsibility towards the natural environment among small businesses is considered to be lower when compared to larger businesses (e.g. Tilley 2000), the natural environment is still recognised as an important stakeholder among those businesses whose operations are dependent and have an impact on nature (Lähdesmäki 2005). Similarly, for some small businesses competitors may be an important stakeholder group with whom a business has close collaboration (e.g. Spence et al. 2001). Put more generally, the industry and the specific circumstances will influence the targeting of CSR efforts as well as the CSR strategy a business adopts (Berman et al. 1999; Jenkins 2006; Perrini et al. 2007). It has been recognised, however, that in the small business context, stakeholder salience

[8] I recognise that Figure 1 simplifies the more complex reality of stakeholder relationships in the small business context. Similarly, Fassin (2008, p 880), for example, has demonstrated that there are often certain issues that are not addressed in the stakeholder models, like the heterogeneity within stakeholder groups, multiple inclusion, the variability in the dependence among stakeholders, the variability in salience and the impact of the various stakeholders, the existence of a central place within the model, the multiple linkages and the network relationships. Acknowledging the potential shortcomings, Fassin (2008) still argues that simple stakeholder visualizations stand as a rather good approximation of reality.

is often subordinated to the limited resources in use (e.g. the European Multi-Stakeholder Forum on CSR 2004). In other words, because of lack of knowledge and money, some stakeholders are either not recognised as having a legitimate stake in a given business or they are not paid enough attention because it is considered to bring about extra costs to a business. Similarly, because of the very same resource limitations, responsible behaviour in the small business context can become very vulnerable to economic conditions (e.g. the European Multi-Stakeholder Forum on CSR 2004; Vives 2005). According to Vyakarnam et al. (1997), for example, recessionary pressures and the size of the business could be key factors when addressing ethical behaviour, as a recession is likely to have a greater impact on small firms than large ones. Thus, in a recession, small business' ethical considerations are often forced to give way to the economic arguments in order to secure the survival of the business (ibid.). This view could indicate that in the small business context, ethics and economics might often be considered as competing and contradictory business aspects, instead of being supplementary elements of responsible business behaviour.

2.3 REPUTATION, PROXIMITY AND IDENTITY AS MEDIATING ELEMENTS IN THE CONSTRUCTION OF MEANINGS OF CSR

In this study, the construction of the meaning(s) of corporate social responsibility in the owner-managers' descriptions of stakeholder interaction is examined through reputation, proximity and identity (see research articles 2, 3 and 4 respectively). The choice to focus on the small business owner-managers' sense-making in the CSR framework through these very theoretical concepts is based on the findings and experiences from my research on nature-based entrepreneurship and business ethics (the first dissertation article), as well as my previous research on small business CSR (Lähdesmäki 2005). Even though neither of these research processes explicitly focused on reputation, proximity or identity, small business owner-managers repeatedly used these concepts in relation to corporate social responsibility. Based on this observation, I suggest that it is through these concepts that small business owner-managers try to make sense of their stakeholder relationships and produce meaning(s) for CSR. Still, it should be noted that these three concepts are by no means the only potential mediating concepts that could be used to examine the relationship between a business and its stakeholders.

Reputation has been frequently attached to the discussion of corporate social responsibility by suggesting that responsible behaviour leads to good reputation, which, for one, is considered to provide a major competitive edge in today's business world (e.g. Fombrun and Shanley 1990). Although scholars have accentuated different aspects in their definitions of corporate reputation, reputation is often understood as stakeholders' evaluation or assessment of the business, involving judgements between a good and a bad reputation (e.g. Fombrun 1996). Accordingly, in this study reputation is understood first and foremost as a phenomenon which is produced through more or less favourable estimations in the interaction between a business and its stakeholders in a given institutional environment. Such estimations may shape or be shaped themselves by collectively shared stories about whether or not the business reflects the values and purposes that stakeholders regard as important. Furthermore, reputation is understood here as a multidimensional construct, which can present different meanings to different stakeholders depending on their expectations towards the role of business in society (Neville et al. 2005).

Even though the important role of reputation in creating and maintaining good stakeholder relationships is widely acknowledged in CSR dialogue, small businesses have not attracted much interest among reputation scholars. Consequently, the existing literature does not seriously call into question the assumption of the importance of reputation to businesses of different sizes. However, size merits consideration, particularly given the fact that in the small business context, corporate reputation tends to be identified with the personal reputation of the owner-manager (e.g. Abimbola and Kocak 2007; Larson 1992; Lähdesmäki 2005). Thus, an owner-manager's personal reputation can actually have as much or more importance for business and community relations than the reputation of the firm itself (Larson 1992). As a result, it is fair to assume that some differences also exist in the meaning(s) attributed to reputation between small and large businesses. The starting point of this study is the idea that small business owner-managers construct meaning(s) to reputation, which is shaped by the interaction with their stakeholders. Reputation is hereby constructed as an essential element of the relationship that develops between the business and its stakeholders, not merely the owner-managers' own perception of what others think of the firm.

The concept of **proximity** refers to the feeling of closeness between a business and its stakeholders (McMahon and Harvey 2006). The discussion about proximity addresses the location of a firm in relation to its stakeholders: whether the firm must be localised close to or far from stakeholders and what the consequences of this location are (Torre and Gilly 2000). Proximity refers not only to the spatial closeness between a business and its stakeholders, but is to be understood as a multidimensional phenomenon. Boschma (2005), for example, breaks proximity down into five categories, namely cognitive, organisational, geographical, social and institutional proximities (cf. Knoben and Oerlemans, 2006). The focus of this study is on the social dimension of proximity, which points to the actors who belong to the same space of relations and is strongly linked with the concept of embeddedness (Granovetter 1985; Knoben and Oerlemans 2006). Accordingly, the main assumption in this study is the focal idea that most behaviour (including economic behaviour) is closely embedded in networks of interpersonal relations (Granovetter 1985). Proximity discussion further entails a critical stand against the emphasis on the virtues of social closeness. Thus, instead of assuming that increased proximity between actors will always lead to positive business outcomes, proximity discussion regards too much social proximity as well as too much social distance as potentially harmful for businesses (e.g. Boschma 2005).

Social proximity is perceived as a useful conceptual and theoretical tool for contemplating community–business relationships in localities, by emphasising the production of the logics of belonging and similarity in exchange relations. Indeed, it has been suggested that social proximity is closely related to the ethical considerations of business behaviour and it is argued to be one of the factors that increase the likelihood of ethical business behaviour (Boschma 2005; Jones 1991; Courrent and Gundolf 2009). Even though there is a vast amount of literature concerning proximity and corporate social responsibility, the empirical research on the interrelationship between these concepts, especially in the small business context, has rarely been the focus of research. Consequently, in this study the idea of social proximity is reflected in the small business owner-managers' interpretations of corporate social responsibility towards the local community.

Identity refers to subjective meanings and experiences of self, formed by entwining feelings, values and behaviour and focusing them in particular directions (Alvesson et al. 2008) – it simply constitutes what is the core of a person's being. Instead of examining the special attributes that constitute identity, this study adopts a different view on identity by concentrating on the processes through which identities are manufactured in the context of CSR. Since identity is considered here a discursive accomplishment, the way it is accomplished becomes a more important question than the produced identity per se (e.g. Kärreman and Alvesson 2001). Thus, the focus of this study is on the dynamic, processual ways that the identities of small business owner-managers are constructed in relation to CSR. Construction of identity is understood here as a more or less continuous process. Nevertheless, it is suggested that certain specific events or encounters can compel or trigger people to become involved in more 'serious' identity work (Sveningsson and Alvesson 2003). In this study, the discussion concerning corporate social responsibility dealing with the relationship between a business and its environment is viewed as a trigger for owner-managers to engage in concentrated identity work. Indeed, since there are no ready-made answers concerning the essence and manifestation of CSR among small businesses, it is suggested that while discussing and consciously deliberating the role of social responsibility in their business life and when producing statements concerning CSR, owner-managers simultaneously construct their own self-identities (cf. Phillips and Hardy 1997).

In business studies, identity has predominantly been examined at the organisational level, in order to stimulate and facilitate people's reflections on who they are and what they do (Alvesson et al. 2008) and what the central, enduring and distinctive characteristics of an organisation are (Albert and Whetten 1985). In the small business context there is, however, an obvious overlap between the individual and organisational levels of identity, as the organisational identity of a small business is considered to be, to a large extent, a reproduction of the identity of the owner-manager (e.g. Arregle et al. 2007; Abimbola and Vallaster 2007; Scott and Lane 2000). Indeed, it is suggested here that, in the small business context, identity provides a justifiable framework to study corporate social responsibility, since decisions regarding socially responsible activities are mainly taken by owner-managers and stem from their sense of who they are in the world (e.g. Basu and Palazzo 2008).

2.4 SUMMARY OF THE RELATIONSHIPS BETWEEN THE MAIN CONCEPTS

The following figure (see Figure 2) demonstrates the way I understand the theoretical concepts described above to be related to each other in the framework of corporate social responsibility. Corporate social responsibility can be understood broadly as managing the societal impact of a business. In my opinion, this definition is far too broad and vague for small businesses to engage in socially responsible behaviour. On the contrary, emphasising responsibility towards stakeholders is a more comprehensible definition of CSR among small businesses (Lähdesmäki 2005). Thus, similar to Maignan and Ferrell (2004, p. 4) I understand corporate social responsibility in the small business context as responsibility '*toward those that directly or indirectly affect or are affected by the firm's activities*'. In other words, instead of being responsible for society in general, society is more narrowly defined as stakeholders who are considered to represent societal interests in relation to business operation. In the same way, Carroll (1991) suggests that the stakeholder concept personalises social responsibilities by delineating the specific groups or persons that a business should consider in its CSR orientation and activities. Thus, the stakeholder nomenclature puts "names and faces" on the societal members or groups who are the most important to the business and to whom it is expected to be responsible. Accordingly, at the organisational level, corporate social responsibility is often understood as a concept which integrates and balances economic, social and environmental aspects of business operations in the stakeholder framework (Lindgreen and Swaen 2010).

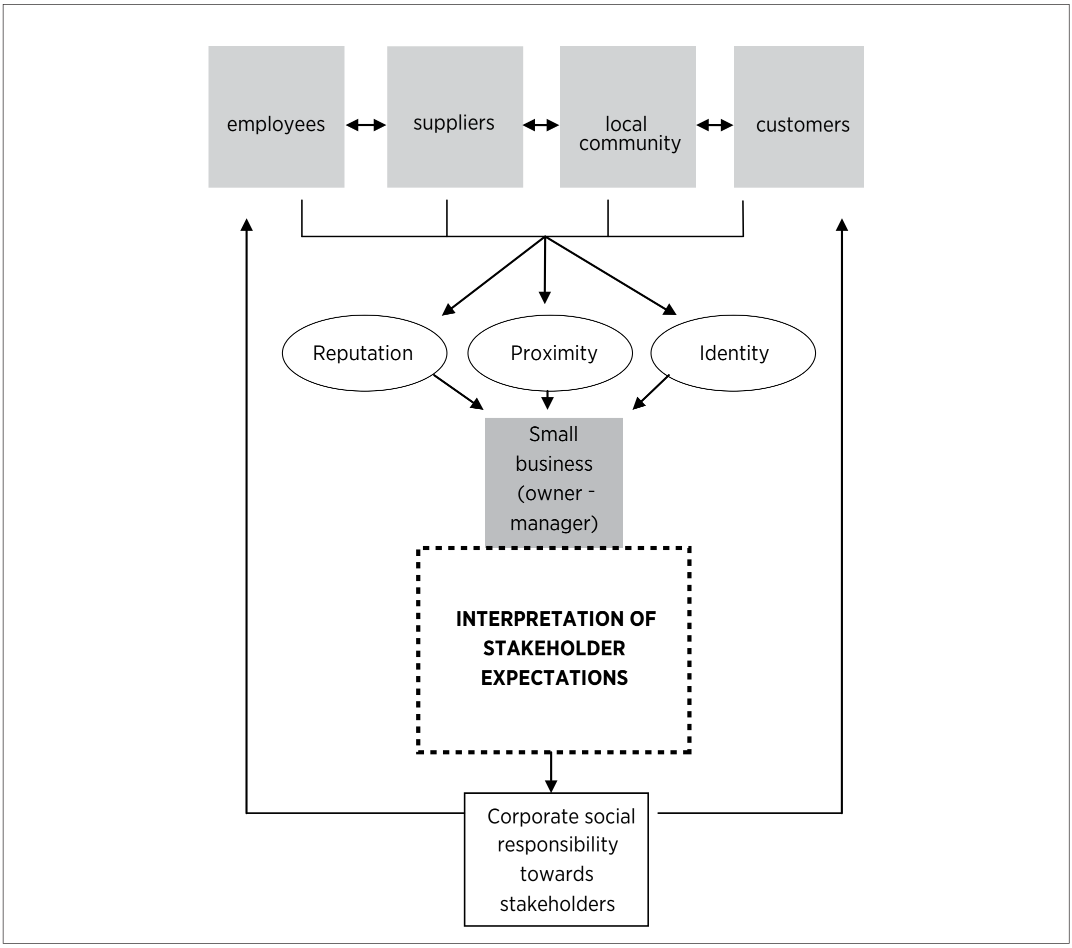

Figure 2. The relationships between the main concepts of the study

Figure 2 further illustrates the continual interaction between stakeholder groups and a business in which the interpretations of corporate social responsibility are constructed. Stakeholders, like employees, customers, suppliers and local community, have certain claims in relation to the operation of the business. In other words, they have certain expectations and needs that they consider the business is responsible for and should take into consideration in its operation. These claims are not directly transferred as a part of business operation, but are first deliberated on within the business where the legitimacy, power and urgency of these claims are evaluated. In this study, it is considered mainly the role of a small business owner-manager to interpret the stakeholders' claims in relation to his/her business operation since owner-managers form the central group who enter into the relationships with most or all stakeholders (see Fassin 2008). These interpretations are then reflected in the business behaviour as a certain level of responsibility towards stakeholders who, for one, assess the success of corporate social responsibility of the business and act according to these assessments in their future interaction with the business.

In this study, I examine how the interpretations of CSR are constructed in this ongoing interaction between a small business and its stakeholders. More precisely, as the interaction between small business and stakeholders is studied only from the perspective of small business owner-managers, it is their descriptions of the stakeholder interaction which are the focus of this study. Furthermore, I have chosen to examine these descriptions through the theoretical concepts of reputation, proximity and identity which constitute mediating elements between a business and its stakeholders in the owner-managers' production of meaning(s) for corporate social responsibility. In order to further clarify the research setting described above, I will next describe the broad theoretical assumptions informing this study, namely stakeholder theory and the discussion on corporate social responsibility.

3. THEORETICAL FRAMEWORK OF THE STUDY

3.1 STAKEHOLDER THEORY – DESCRIBING THE RELATIONSHIP BETWEEN A BUSINESS AND SOCIETY

In this sub-chapter my aim is to briefly describe the broad theoretical framework of this study, namely stakeholder theory[9]. Corporate social responsibility has been examined from a number of different theoretical perspectives. Garriga and Melé (2004), for example, distinguish four groups of CSR theories, considering their respective focus on four different aspects of reality: economics, politics, ethics and social integration (cf. Secchi 2007). Accordingly, in economic-related or instrumental theories, corporate social responsibility is understood to be a strategic tool to achieve economic objectives and ultimately wealth creation. Political theories focus on interactions and connections between business and society and on the power and position of a business and its inherent responsibility. Ethical theories emphasise the ethical requirements that reinforce the relationship between a business and society. Finally, integrative theories examine how a business integrates social demands, arguing that a business depends on society for its existence, continuity and growth (Garriga and Melé 2004, pp. 53-60). Stakeholder theory, which is adopted as a theoretical framework of this study, is included in this latter group of theories. The idea of corporate social responsibility being constructed in continual interaction and communication is in my opinion best reflected in the ideas of stakeholder theory. In other words, stakeholder theory provides a framework for examining and understanding small businesses (i.e. owner-managers) in their social relationships as stakeholder theory embeds the business within a larger web of social and community relations (e.g. Godfrey and Hatch 2007). Thus, the selection of stakeholder theory as the framework of this study is not to undermine the explanatory power of other possible theories. On the contrary, some aspects of each of all the aforementioned theoretical approaches are included into this study, as ethics, economics and social power are inherent elements of corporate social responsibility discussion that cannot be totally ignored.

An essential aspect of stakeholder theory is that a firm is understood as a system of stakeholders operating within the larger system of society that provides the necessary infrastructure for the firm's activities. According to Näsi (1995, p. 27) there are two salient features to be emphasised in stakeholder theory. First of all, stakeholder theory is a social theory of the firm, since even though economic elements are included in the theory, they are considered as parts of a larger human entirety. Secondly, stakeholder theory is an action theory of the firm, since it assumes interaction between intentional actors with varying motives. Thus, the core emphasis of stakeholder theory is on the importance of interaction between a business and those parties intertwined in its operation; it stresses the mutual dependence between a business and its stakeholders. More particularly, stakeholder theory assumes

[9] In this study I use the concepts "stakeholder theory" and "stakeholder approach" as synonyms referring to a specific theory of the firm which aims to describe why firms exist and what their goals are. Stakeholder theory has also been used with a more specific meaning, referring to an attempt to articulate the question "who are stakeholders" in a systematic way (e.g. Mitchell et al. 1997). Thus, the way I chose to use stakeholder theory is a broader framework to deliberate on the existence and nature of business in relation to other societal actors (e.g. Näsi 1995). Still, I acknowledge the somewhat contested nature of stakeholder theory as still being in the stage of development, which is reflected in academic discussion concerning whether stakeholder theory truly meets the criteria of a theory (e.g. Jones and Wicks 1999; Trevino and Weaver 1999). The concept of "stakeholder management", on the other hand, concerns the adoption and application of the principles of stakeholder theory into practice. Although the practical strategies to manage stakeholder relationships can vary a lot, a well-known categorisation of different stakeholder management strategies, introduced by Carroll (1979) and modified by Wartick and Cochran (1985), includes reactive, defensive, accommodative and proactive strategies.

that a business can only exist through the interaction, transactions and exchanges carried on with its stakeholders (Näsi 1995, p. 24). It presumes that a business must operate in such a manner that the stakeholders are satisfied with what they invest in a business and what they receive from it in exchange. In the end, the more dissatisfied stakeholders are with a business, the more likely the activities of that business will cease (e.g. Freeman 1984; Näsi 1995).

I acknowledge that stakeholder theory, regardless of its prominence and its role in addressing the question concerning the interaction between business and society, is rather controversial in nature. One important reason for this controversy is the challenge the theory poses for the conventional assumption that the pursuit of profits is the preeminent management concern (Laplume et al. 2008). Another main subject of criticism rises from the interpretative breadth of stakeholder theory, which is simultaneously seen as one of its main strengths. Thus, according to Phillips, Freeman and Wicks (2003), the breadth of stakeholder theory has led to critical distortions concerning the nature and applicability of the theory. Consequently, stakeholder theory has been accused of providing an excuse for managerial opportunism, being unable to provide a specific objective function for the corporation, being concerned primarily with the distribution of financial outputs or being a comprehensive moral doctrine (ibid.). Even though Phillips et al. (2003) emphasise that some of the criticism is due to unfortunate misinterpretations, there are surely limitations to this theoretical perspective. Still, I agree with Carroll (1995) who argues that stakeholder theory is a powerful way of visualising organisations and their social responsibilities (see also Jamali 2008).

Stakeholder theory describes a business as an organisational entity through which numerous and diverse participants try to accomplish multiple, and sometimes contradictory purposes (Donaldson and Preston 1995). Accordingly, from the perspective of corporate social responsibility, stakeholder theory challenges the idea of businesses' role in society being solely based on profit maximisation[10], in that social progress should weight equally in the balance with economic progress (Lantos 2001). An essential factor for this kind of reasoning is that the existence and survival of a business is considered to depend on whether or not the rest of society approves of its operation. This approval is possible to achieve only if a business takes care of its economic function in the limits of morality defined by society as whole. Thus, in the spirit of stakeholder theory, the argument for corporate social responsibility is based on a notion that business and society are interwoven rather than distinct entities and it is society that grants the power to business (Wood 1991; Sethi 1979). In order to retain its social role, businesses must respond to the expectations and needs of society in a manner which society considers responsible (Davis 1973). Therefore, while discussing CSR in the framework of the appropriate role of business in society, the core assumption of the discussion is the businesses' unavoidability of normative conformity within the social environment (Palazzo and Scherer 2006) and the ways a business can gain and maintain its legitimacy.

As stakeholder theory focuses on the essence of business in society, it can unarguably be considered as descriptive in nature. According to Clarkson (1995), for example, the strength of stakeholder theory is its value for describing the world accurately and in a way that links directly to the imperatives of management. Still, stakeholder theory goes beyond the descriptive observation. Consequently, Donaldson and Preston (1995) argue that in addition to its descriptive accuracy, stakeholder theory has also been advanced and justified on the basis of its normative and instrumental power. This taxonomy of stakeholder theory is an important one, since it clearly demonstrates that there is no uniform stakeholder theory and in order to contrib-

[10] According to the neo-classical view, businesses' social responsibility can be considered to be limited to profit maximisation, which, for one, is thought to lead to social progress and welfare. This view does not deny the existence of social responsibilities as such; it just argues that maximum profit making is the natural end and essence of a business. Milton Friedman's (1962, p. 133) well-known argumentation is often used to justify the essence of this view on the relationship between business and society. Accordingly, he has suggested that "*...the only social responsibility of a business is to use its resources and engage its activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud*". This view of the responsibilities of a business which places maximisation of the shareholder value as the ultimate criterion for business activity stems from the assumption that society benefits most when individuals are allowed to define and pursue their self-interest, with minimal interference from government or other authorities. It is often justified by the agency theory in which owners are seen as the principal and managers as the agent - the latter bearing economic, fiduciary duties to the former (Melé 2008). Thus, assuming any social responsibilities towards stakeholders at the expense of the profits of shareholders can be regarded as being irresponsible (e.g. Friedman 1970).

ute to the knowledge on stakeholder thinking, it is important for a researcher to explicitly state how stakeholder theory is perceived.

Stakeholder theory claims that a business cannot merely be understood as fulfilling the needs of its owners (or shareholders), but, on the contrary, it is considered to have responsibility towards all those individuals or groups who have a legitimate claim on the operation of the business. Thus, the fundamental basis of stakeholder theory is normative in the sense that the interests of legitimate stakeholders are considered to have intrinsic value. In other words, each group of stakeholders merits consideration for their own sake and not merely because of their ability to further the interests of some other group, such as shareholders. Similarly, stakeholder theory denies the predominance of one stakeholder group (e.g. Clarkson 1995; Cragg 2002; Jones and Wicks 1999), i.e. stakeholder theory rejects egoism as a normative standard but businesses are considered to exist to serve social purposes larger than their own perpetuation (Jones and Wicks 1999). Consequently, stakeholding is understood primarily as a moral matter, as a good and morally right way for businesses to operate (Stoney and Winstanley 2001). Still, it should be noted that although the core of stakeholder theory is widely regarded to be normative in nature, the source of that morality is not settled (Jones and Wicks 1999, p. 212).

In addition to descriptive and normative views, stakeholder theory is also considered to provide a powerful framework for examining the possible connections between the practice of stakeholder management and the achievement of various corporate goals, like profitability and growth (e.g. Jones 1995). Indeed, instrumental justification for stakeholder theory is often based on the idea of enlightened self-interest, which allows for the potential contradiction between the economic goals of a business and morally responsible business behaviour. Put simply, the idea of enlightened self-interest means that a business, while taking its stakeholders' expectations and needs into consideration, pursues its own economic interests. Thus, instrumentalism should not automatically be considered as amoral in nature but morality and prudence, if not identical, may often be coextensive (e.g. Gibson 2000). Still, I believe that it should be acknowledged that while this kind of strategic reasoning offers justification for the responsible treatment of stakeholders, it opens the door to arguments for ignoring them as well. Justifying responsible business behaviour instrumentally may lead to a situation where relatively powerless stakeholders may be ignored or discounted when making business decisions (Goodpaster 1991). According to Cragg (2002, pp. 119-120), if economic success, conventionally measured, is the goal, then the appearance of ethical conduct will suffice for a business. In other words, even though managers do think about their stakeholders and consider their interests, it does not mean that managers treat stakeholders ethically. It is essential for instrumental justification that the moral aspects of stakeholder thinking are not to endanger the economic ambitions of a business. Furthermore, in case of conflicting business morals, the instrumental approach to stakeholder theory suggests that a business should consider those stakeholder views with the greatest economic pressure, thus reducing ethical business behaviour to a success factor (Scherer and Palazzo 2007). As a matter of fact, moral responsibility can in some cases be seen as a restrictive element in a business' decision-making.

Furthermore, it has been suggested, using Durkheimian reasoning, that stakeholding is one form of inclusiveness that would prevent societal breakdown and increase social cohesion (Stoney and Winstanley 2001, p. 609). In the organisational context, this argument holds that by taking stakeholders' needs and expectations into consideration in the decision-making, a business can set a scene for the emergence of positive attributes in its business relationships, such as trust, and thus prevent a variety of by-products of self-serving stakeholders. Trust in the stakeholder relationship can be naturally considered to have an intrinsic value as such, although it has often been related to various instrumental business consequences. In other words, trust has been demonstrated to facilitate cooperation, lower agency and transaction costs, promote smooth and efficient market exchanges and improve businesses' ability to adapt to complexity and change (Wicks et al. 1999). Since these consequences of trust are, for one, often associated with better economic performance, the argument for stakeholding as a means to prevent undesirable organisational behaviour usually ends with an emphasis on economic benefits.

In this study, even though I acknowledge the normative underpinning and basis of stakeholder theory, my primary aim is to apply stakeholder theory in its descriptive form, as a framework to reflect the state of affairs of small businesses and their stakeholders. In other words, in this study, stakeholder theory provides a context to discern and explain business behaviour from the relational perspective. Still, I agree with Donaldson and Preston (1995) who argue that the descriptive approach to stakeholder theory always contains certain normative assumptions. In other words, by adopting stakeholder theory as a framework to examine the meaning(s) of corporate social responsibility in the small business context, I simultaneously adopt the idea of stakeholders' needs and interests being an essential part of a business. Thus, the discussion around corporate social responsibility has a normative basis as it can only be meaningful against the background of normative premises that tell us what the legitimate state of affairs is and that businesses are regarded as having a responsibility to strive for that (van Oosterhout and Heugens 2009, p. 202). Furthermore, I understand stakeholder theory as a theory of the firm that establishes economic relationships within broader social and moral contexts. Accordingly, I perceive the idea of convergence of economic and ethical aspects of business life as being a focal characteristic of stakeholder theory. This entails giving up the idea that one can meaningfully keep the business and moral realms separate. On the contrary, almost every decision that a manager makes has consequences that are at once economic and moral, and that it is not always possible to separate out which is which (Freeman 1995). Nevertheless, I do not take any stance towards the issue concerning the motives of stakeholding, i.e. whether stakeholder interests are taken into account because of instrumental reasons or as a result of ethical deliberation.

Based on the short description of the stakeholder theory described above, corporate social responsibility can be regarded as business behaviour that takes into consideration and balances the multiple stakeholder claims in its operation. In the following sub-chapter I will discuss the meaning of corporate social responsibility in more detail. The theoretical discussion on CSR is very broad and instead of being an exhaustive exposition, the following sub-chapter illustrates those aspects of CSR which have guided my thoughts in this study.

3.2 CORPORATE SOCIAL RESPONSIBILITY – WHAT IS IT ALL ABOUT?

Defining corporate social responsibility includes normative judgements concerning what and to whom a business should be responsible for in society which increases the definitional challenges. Therefore, even though legitimacy can be regarded as a "yardstick" of the discussion in the CSR field (Sethi 1975, p. 60), corporate social responsibility is still a rather contested concept with no universally accepted scholarly definition (e.g. Carroll 1991; Crane et al. 2008; McWilliams et al. 2005). Indeed, the definitional ambiguity, reflected in the difficulties to operationalise the concept, is the basis of the main criticism of CSR which is often related to the gap between corporate CSR rhetoric and actual practice (e.g. Fougère and Solitander 2009; Grayson and Hodges 2004). The ambiguity of the content and essence of the concept is also reflected partly on the existence of competing concepts to cover the interface between a business and society. Corporate citizenship, corporate sustainability, corporate social performance, corporate social responsiveness and corporate philanthropy are some examples of the concepts that are often used in parallel with corporate social responsibility (see Table 1). Even though there are different opinions concerning the relationship between CSR and kindred concepts, in this study I understand corporate social responsibility as an umbrella concept involving the related concepts (cf. Scherer and Palazzo 2007; Valor 2005).

The concept of corporate social responsibility is one of the earliest concepts in the academic study of business and society relations and it is widely accepted as the core construct (Windsor 2001). In order to shed light on the concept of corporate social responsibility, I will now briefly discuss general elements often related to CSR, namely its voluntary nature, its relationship with ethics, the idea of long-term profitability, the integration of economic, environmental and social aspects of business and its context related nature. Thus, my intention is not to seek 'one correct' definition for CSR but to merely highlight those aspects which have contributed to my understanding of CSR and guided the focus of my research process (for the definitional history of the concept, see Carroll 2008).

3.2.1 GOING BEYOND LEGAL REQUIREMENTS TOWARDS ETHICAL BUSINESS BEHAVIOUR

The prevalent views of corporate social responsibility are often associated with business behaviour that goes beyond the mere compliance of laws (e.g. Commission of the European Communities 2011; Davis 1973; McWilliams and Siegel 2001; Sethi 1975). Thus, legal obligations are, by definition, included in CSR but since laws are often of limited scope and cannot cover every possible contingency, they are not regarded as constituting or ensuring sufficient conditions for responsible business behaviour alone. This idea of going beyond the legal requirements emphasises the voluntary and self-regulatory nature of corporate social responsibility

Table 1. Examples of parallel concepts to corporate social responsibility

Concepts close and related to CSR	Definition[11]
Corporate citizenship	Corporations are seen in the role of citizens with related rights and duties. The definition is often considered to be practitioner-originated and focusing on internal values of businesses.
Corporate sustainability	Focuses on businesses' avoidance of negative impact on society by meeting the triple bottom line. The definition is often used in relation to environmental responsibilities of businesses.
Corporate social performance	The emphasis is on the outcomes of responsible business behaviour. The definition has often been used when assessing the relationship between responsibility and the economic performance of a business.
Corporate social responsiveness	The emphasis is on action; it is often considered to reflect the managerial focus of responsible behaviour, i.e. what kind of issues a firm chooses to address and what kind of policies or actions it uses.
Corporate philanthropy	The voluntary allocation of a firm's resources to activities that are not business related and for which there are no clear social expectations as to how the firm should perform. In the Finnish context, corporate philanthropy has not traditionally been understood as an integral part of CSR.

(e.g. Carroll 1999; Jones 1980; Wood 1991)[12]. The voluntariness that is central to corporate social responsibility has a powerful ideological grounding in neo-liberalism which opposes overly extensive state intervention on business activities on the basis that they interfere with both individual freedom and efficiency (Utting 2005, p. 380). As a consequence, in relation to social, labour and environmental issues, private businesses are regarded as being able to regulate themselves through voluntary initiatives as a response to a variety of market and social signals (ibid.)[13]. Still, the level of voluntariness is closely related to the institutional context of a business which determines whether an issue is left to the voluntary discretion of the business or is a part of the legal framework.

Matten and Moon (2008) call this voluntary part of corporate social responsibility 'explicit' CSR, distinct from 'implicit' CSR. Explicit CSR refers to voluntary programmes and strategies by corporations addressing issues perceived as part of their social responsibility, while implicit CSR concerns the entirety of a country's formal and informal institutions defining the extent of corporate social responsibility and assigning corporations an agreed share of responsibility for society's interests and concerns. Thus, the absence of explicit attention to some CSR issues and practices does not automatically imply irresponsible business behaviour but could be explained by the fact that these CSR issues are so strongly incorporated into the institutional system that they are not necessarily recognised as pertaining to explicit corporate social responsibility. Matten and Moon (ibid.) further argue that even though implicit CSR has been a tradition in European countries, there is strong evidence that

[11] I acknowledge that the definitions given here for the kindred concepts do no justice to the complexity of the concepts but merely provide a reader with a general view of how I perceive these concepts. Indeed, the idea of corporate social responsibility as being an umbrella concept incorporating the other concepts is a contested idea itself. Thus, according to some views, the discussion of corporate citizenship is to replace the discussion of CSR. Similarly, the idea of corporate social performance has been considered as an approach under which CSR might be subsumed (e.g. Carroll 2008).

[12] It should be acknowledged that in many cases the distinction between purely voluntary action and a response to social norms is very difficult to make (Carroll 1999). In other words, a business can engage in responsible business behavior as a result of normative pressure which challenges the idea of pure voluntariness. Thus, for the sake of simplicity, voluntariness refers here to the distinction between those responsibilities being at the discretion of each business in relation to those determined in law, without exploring the motives of CSR engagement any further.

[13] The critics posit, however, that even though market-driven CSR should be valued, voluntary displays of responsibility cannot suffice to ensure responsible business behaviour in a systematic manner but there is a need to increase governmental regulation in relation to corporate social responsibility (e.g. Vogel 2005).

CSR in an explicit sense is gaining momentum and spreading all over Europe, as many welfare states are increasingly facing limits to their capacities for tackling social issues in the way they traditionally did. Thus, the aspect of businesses taking explicitly voluntary social responsibility becomes a more and more important aspect in CSR definitions.

In my opinion, the emphasis on the voluntariness of corporate social responsibility leads us easily to think of CSR as a synonym of corporate philanthropy. Still, even though corporate philanthropy is often considered as a single dimension of CSR (e.g. Carroll 1979; 1991), these two concepts should be kept separate. In other words, taking part in philanthropic activities is not a prerequisite for responsible business behaviour. Indeed, it is the very idea of philanthropy which sometimes causes the controversy over the legitimacy of CSR due to the cultural differences in the perceptions of the role of philanthropy in corporate social responsibility. Consequently, European businesses, for example, are less inclined to consider philanthropy as a responsibility of a business when compared to their North American counterparts (Kakabadse et al. 2005; Maignan and Ralston 2002). According to Matten and Moon (2008), the most consistent explanation for this is the fact that in Europe, relatively high levels of taxation in conjunction with a more developed welfare state infrastructure causes businesses to perceive issues such as the funding of education or arts as being more the responsibility of governments. Similarly, Finnish businesses that are used to operating within the strong welfare state would find stakeholders' expectations in terms of increasing philanthropy as a part of responsible business behaviour peculiar or illegitimate (e.g. Juholin 2004; Panapanaan et al. 2003).

Whilst emphasising the voluntary nature of business activity, an essential element for prevalent views of CSR is that they point to the moral agency of a business, i.e. businesses are considered to be morally responsible for their actions[14]. Attaching moral agency to a corporation and treating it as a morally responsible actor, has, however, evoked a great deal of discussion among business ethicists. When considering this dilemma, it is essential to clarify whether it is altogether reasonable and possible to associate a business with such attributes as agency, rationality and autonomy, all which are usually associated with the ability to act as a morally responsible agent (e.g. Soares 2003). According to some views, only individuals who constitute a business have the capability to make moral decisions, and act as morally responsible actors – not a business as a whole. This individualistic thought considers a business as a contractual nexus, a collection of self-interested individuals acting as principals or agents with respect to each other. Thus, a corporation is understood as the financial and contractual "playing field" for a number of individual dealings, and it has no existence independent of those dealings (French 1998, p. 149). The individualistic definition of a business does not leave any room for the essential features of moral responsibility at the corporate level.

Although it can be easily accepted that businesses are not moral actors in the same sense that human beings are, i.e. a business has no conscience, feelings or consciousness of its own (e.g. Takala 1996), there is a strong argument that businesses are moral actors in the sense that they are more than a mere collection of individuals. French (1979) suggests that this is the case by making the reference to what he calls corporation's internal decision structure. This structure gives a group of people unity, i.e. it makes a critical difference between an incidental group of people and an organisation. When operative and properly activated, the internal decision structure accomplishes a subordination and synthesis of the intentions and actions of various individuals into a corporate decision. In short, internal decision structure incorporates the actions of individuals (French 1979). Following the argumentation presented above, businesses are seen as powerful intentional actors and for that reason they can and should be held morally responsible for their actions (e.g. De George 1999; French 1998; Soares 2003).

This view of businesses as morally responsible actors is also adopted in this study. Similar to Moore (1999, p. 339) it is acknowledged here that the idea of corporate moral agency with moral responsibilities seems to better reflect the 'reality' in the sense of how most people interpret the world around them. Nevertheless, in my opinion, the idea of business vs. individual morality becomes somewhat blurred in the small business context, since small businesses are often strongly personalised

[14] The term moral is used here to refer to socially defined norms and principles concerning what is regarded as right and wrong in terms of human behaviour. Even though the terms moral and ethical are sometimes conceptually distinguished from each other, in this study they are understood as synonyms (cf. Takala 1993, p. 4). Similarly, according to Carroll (1995) it is common for business ethical literature to think of these two terms as essentially synonymous in the organisational context. In everyday language the conceptual difference between these two terms also disappears, and accordingly are both used in the context of the assessment of the rightness or wrongness of human behaviour.

by their owner-managers. At a more general level, I still emphasise that the discussion of the moral agency of a business should not eliminate the moral responsibility of the individuals employed in a business. The rejection of individual responsibility on the basis of moral responsibility of a business would produce an overly deterministic view of individuals as being limited in their moral decisions and actions by a role prescribed them by the business (Takala and Pallab 2000). It is obvious that a business doing something involves or includes human beings who should also be considered morally responsible for their decisions and actions (Garrett 1989). Indeed, this argument holds true particularly for the top management. Takala and Pallab (2000, p. 116), for example, suggest that since managers are usually in a powerful position which gives them considerable capacity to manipulate the directions and goals of the organisation, one cannot overlook their moral involvement in the actions undertaken by the business.

Even though the ethical dimension of corporate social responsibility is often considered to refer to the idea of businesses being morally praiseworthy, i.e. doing what is right, just and fair (e.g. Carroll 1991; Frederick 1994; Lantos 2001; McGuire 1963), it is not an unambiguous task to further define what kind of business decisions and actions could be described as right or just. One way to assess this task is to examine different theoretical and philosophical views on the nature of morality, like utilitarianism, which holds that the moral worth of an act can be determined by the consequences of that act, or deontological ethics, which takes a rather different basis for assessing the morality, namely the motives of an actor. The reason I chose to highlight these two different ethical theories, utilitarianism and deontology, from any of the others I could have chosen, was that the fundamental distinction between them reflects more generally the widely debated distinction between two basic arguments for corporate social responsibility. These are the business case, which focuses on the notion of enlightened self-interest; and the normative case, which emphasises the desire to do good (e.g. Branco and Rodrigues 2006; Hemingway and Maclagan 2004). More specifically, the business case suggests that responsibility does not need to be an end but could also provide a means to other business objectives. The normative case of CSR, for one, stems from a business' duty and will to act in morally acceptable manner. Although drawing on a composite of various moral frameworks (e.g. Kant, Rawls, stakeholder rights) other than utilitarianism, a characteristic of this approach to CSR is broad self-restraint, corporate duties and altruism (Windsor 2006, p.98).

In this study, my aim is not to make any normative distinctions between these two broad arguments for corporate social responsibility. Similarly, in my opinion, even though the motives behind a CSR engagement could be theoretically distinguished, in practice it is challenging to identify whether behaving in a responsible manner is prompted by altruism or self-preservation. I also think that in practice the motivations for a business to engage in CSR need not follow this strict dichotomy. Rather it can reflect a mixture of both (Di Norcia and Tigner 2000; Lee 2008). In the same way, Hemingway and Maclagan (2004) stated that although CSR can bring about benefits for a business, the commercial imperative is not the sole driver of CSR decision-making in private sector companies, as a variety of individual managers' personal values and interests can also be reflected in CSR. It should be noted though that the extent to which a manager can reflect his/her personal values in organisational decision-making is dependent on the size of the organisation as well as the individual's role in the organisation, or the opportunity to influence events through the organisational political process. It is often argued that the owner-managers of small businesses are in a better position to reflect their personal values in terms of organisational decision-making compared to managers in large corporations (e.g. Jenkins 2006; Quinn 1997).

3.2.2 LONG-TERM BENEFITS FROM COMBINING ECONOMIC, ENVIRONMENTAL AND SOCIAL ASPECTS OF BUSINESS

Despite the potentiality of different motives influencing CSR engagements, one of the most prevalent arguments favouring corporate social responsibility in the contemporary discussion is still related to the idea of increasing profitability (e.g. Johnson 1971; Lantos 2001; Windsor 2001). Hence, the main motivation for corporate social responsibility is considered to be the awareness of the positive outcomes a business will gain in the long run. More specifically, corporate social responsibility is justified on instrumental grounds and is seen as a potential means for achieving a competitive advantage (e.g. Jones 1999; Kurucz et al. 2009). Gaining a competitive advantage through responsible business behaviour is intrinsically related to corporate reputation, which can be understood as a fundamental intangible resource of a business

(Siltaoja 2010). It has been further suggested that businesses with a good reputation may improve relations with their external stakeholders, which can eventually lead to better financial performance. They may also attract more qualified employees or increase current employees' motivation, morale, commitment and loyalty to the firm and thus gain economic benefits (Branco and Rodrigues 2006). Indeed, previous studies in the small business context demonstrate that small businesses often consider responsible behaviour as having positive effects on business reputation, which can lead to competitive advantage (e.g. Jenkins 2006; Lähdesmäki 2005; Murillo and Lozano 2006; Perrini 2006).

It should be noted though that the positive outcomes of CSR engagement are not necessarily associated with any direct, objective, economic benefits. As a matter of fact, although there is a vast amount of research focusing on the relationship between corporate social responsibility and the financial performance of businesses, the results have been contradictory. Based on their comprehensive meta-analysis, Orlitzky et al. (2003) argue that corporate social responsibility is likely to pay off, while the synthesis of Griffin and Mahon (1997) gives more obscure results by indicating either a negative, positive or inconclusive relationship between these two phenomena. Griffin and Mahon (ibid.) suggest, however, that the inconsistency in these results may partly stem from the differences when conceptualising and operationalising CSR as well as other intangible assets of a business. Indeed, factors contributing to profits in the CSR framework are often qualitative and hence difficult to measure, such as the value of employee morale, corporate image, reputation, public relations, goodwill and popular opinions. Similarly, their particular effect on business performance is often difficult to establish (Branco and Rodrigues 2006; Lantos 2001; Miller and Ahrens 1993). The direction of causation also often remains confused, i.e. whether social responsibility leads to increased financial performance or vice versa (Branco and Rodrigues 2006, p. 115). It can be speculated that most likely there is a mutual dependence between these two business aspects (e.g. Waddock and Graves 1997). Nevertheless, the findings concerning the positive link between CSR and financial performance do not argue that responsible business behaviour is a prerequisite for good economic performance. On the contrary, it can also be assumed that a business can be economically successful '*in the absence of doing good*' (Burchell and Cook 2006, p. 128).

Even though the idea of gaining long-term benefits through responsible business behaviour is rather prevalent, there is still much less certainty about what kind of business activities CSR should entail or what their scope should be. Thus, in order to focus the definition of corporate social responsibility activities, still another challenging concept is often brought into the discussion, namely sustainability. Sustainability can be defined according to the World Commission on Environment and Development (1987) as "*Development that meets the needs of the present without compromising the ability of future generations to meet their own needs*". Thus, the concepts of CSR and sustainability are considered as being closely interlinked in a sense that businesses are seen as contributing to sustainable development "*by managing their operations in such a way as to enhance economic growth and increase competitiveness whilst ensuring environmental protection and promoting social responsibility, including consumer interest*" (European Commission 2002). Similarly, Elkington (1997) suggested that sustainability in business is based on the "triple bottom line", meaning that a sustainable business must be economically secure, minimise any negative environmental impacts it creates and act in conformity with societal expectations. Accordingly, the concept of CSR has often been divided into economic, environmental and social responsibilities[15].

When defining the scope of CSR activities, in addition to businesses' responsibility for solving economic, social and ecological problems that they have caused and which can be causally determined as their responsibilities, many definitions also emphasise responsibility for helping to solve problems and social issues in a more general manner (Wood 1991). More specifically, businesses are often expected to adopt a more proactive and anticipatory role in relation to corporate social responsibility. A more proactive emphasis avoids presenting businesses as mere interpreters of stakeholders' social expectations. On the contrary, businesses are seen as active initiators in the field of corporate social responsibility. Thus, instead of simply being accountable for their behaviour, businesses are also expected to anticipate the changes that are likely to take place in the social system in the future. According to Warhurst (2005), for example, the role of business in society has evolved from being just about

[15] This categorization also provides a basis for some voluntary reporting of corporate social responsibility, like the Global Reporting Initiative (GRI).

social impact to one involving deliberations on how a business constructs and positions itself in society. Still, it should be noted that the idea of businesses proactively promoting the welfare of society is also considered to pose problems, since there is a threat that acting according to this mandate will invite the charge of paternalism (Crossley 1999). Similarly, Margolis and Walsh (2003) have discussed the boundaries of CSR engagements by highlighting the potential negative consequences that may result from businesses' efforts to provide assistance to societal problems. Indeed, the idea of businesses being proactive in their CSR engagement raises the question as to whether businesses are capable of distinguishing societal flaws – a question already posed by Milton Friedman (e.g. Friedman 1970). It should be further noted that the idea of businesses becoming more proactive in their corporate social responsibility is a question that is very difficult to prove. As a matter of fact, there are a number of well-known examples of irresponsible business behaviour, which lead critics to question the idea of proactivity by claiming that there has been no real shift towards proactive thinking for the majority of corporations (e.g. Fougère and Solitander 2009).

Nevertheless, by accepting the idea of businesses being more proactive in their corporate social responsibility leads us to think of businesses through a metaphor of corporate citizenship which refers to businesses having legal and moral obligations to behave as justly as other citizens. Although the concept of corporate citizenship has sometimes been understood to stand for philanthropic engagements of businesses, the term citizenship usually includes the more general idea of businesses being an integral part of local communities and willing to contribute to their overall development (Melé 2008). Matten et al. (2003, p. 116) suggest that as corporate citizens, businesses should partly take over such societal tasks that were formerly solely expected of the government. Thus, the idea of corporate citizenship is not a question of whether the same kind of rights and duties can be applied to businesses as are applied to individual citizens. Instead, corporate citizenship is about businesses compensating or correcting for government failures by protecting and facilitating those citizen rights. As a result, corporations are taking an increasingly active role in the political arena (ibid.), which implies a shift away from implicit compliance with assumed societal norms and expectations towards active authors of rules with public impact (Scherer and Palazzo 2007, p. 1115).

This kind of political role is more explicit among large businesses, which is often the main context of corporate citizenship discussion – even though in the contemporary globalised business world many small businesses are part of global supply chains with the possibility to contribute to social change (e.g. von Weltzien Hoivik and Melé 2009; Wickert 2010). Similarly, it could be speculated that the embeddedness and close involvement in the local community, which often characterise small businesses, brings them even closer to the idea of corporate citizenship when compared to large businesses (e.g. Matten et al. 2003). However, in the small business context, corporate social responsibility is still commonly interpreted as being ad hoc responses to stakeholders' expectations rather than exploration of being more proactive in terms of CSR (e.g. Lähdesmäki 2005). Similarly, Fenwick (2010) has argued that for small businesses, social responsibility is a question of encountering challenges and learning how to figure them out in the particular contexts of small business. According to her, the main challenges in the context of small business social responsibility can be understood to present conflicts in navigating boundaries, such as positioning between profit and non-profit activities, the demands of different stakeholders, and ethical boundaries related to interventions to bring about social change (ibid.).

3.2.3 THE FINNISH CONTEXT FOR CORPORATE SOCIAL RESPONSIBILITY

Given that the concept of corporate social responsibility is neither universal nor absolute in its meaning, but more highly context-related in nature, different cultural, social and institutional contexts set certain constraints for the scope of the application of CSR (e.g. Aguilera and Jackson 2003; Albareda et al. 2007; Campbell 2007; Matten and Moon 2008; Roome 2005; Wood 1991). Thus, in this subchapter I will briefly discuss the development of corporate social responsibility in Finland in order to provide some perspective to understanding the current discussion of CSR from the Finnish viewpoint.

The origin and evolution of corporate social responsibility in Finland can be seen as an intrinsic part of the process of industrialisation (Juholin 2004; Panapanaan et al. 2003; Takala 2000). Indeed, from the late 19th century to the early 20th century, it was typical that a patriarchal relationship between a business and the local community existed in the industrial towns and cities. In other words, a business (typically an industrial factory and its owner), took care of the local people in a broad sense by providing, for example, schooling and health care for the community. Takala (2000) argues that this kind of close relationship between a business and the local community was in fact necessary and beneficial for both parties due to poorly developed economic and social governmental structures in the country at that time. Even though businesses' responsibilities for the local community were partly based on economic motives, i.e. the aim was to obtain a motivated and committed workforce for the factories, the existence of a genuine interest in improving the welfare of local inhabitants cannot, however, be denied (Juholin 2004).

The development of the welfare society, particularly from the mid-20th century onwards, changed the relationship between business and society as the state and municipalities increasingly began to take care of those responsibilities that were once at the voluntary discretion of businesses. Thus, since the 1950s, social policy has been directed towards improving social provision and services within the framework of the welfare state (Albareda et al. 2007). Businesses were still expected to take part in the maintenance of society; not by providing benefits directly but mainly by paying taxes through which the government provided social services to people (Juholin 2004; Korhonen and Seppälä 2005; Panapanaan et al. 2003). The role of labour unions, mainly developed at the turn of the 20th century, has also been and continues to be important in defining the interpretations of corporate social responsibility in Finland, particularly in contributing to the working conditions and the negotiation power of employees (Juholin 2004).

By the end of the 20th century the increasing globalisation and struggle for international competitive advantage has led corporations to put pressure on governments to adopt a range of neoliberal policies, such as a reduction in taxes, welfare expenditure and business regulations (Campbell and Pedersen 2001 cit. by Campbell 2007). Indeed, it can be suggested that along with the globalisation process, the relationship between business and society has once again changed as the ability and power of the welfare state to take care of social, economic and environmental ills has diminished in the face of global business (e.g. Albareda et al. 2007). Even though it can be speculated that in the Finnish context, the role of the state and municipalities as the producers of welfare is still strong, governmental regulation on businesses and societal defects has decreased, even in Finland (e.g. Korhonen and Seppälä 2005). In addition to the general process of globalisation, it has been argued that the deep economic recession of the 1990s and the recovery from it played essential roles in reconsidering the values and responsibility of businesses in Finland (Juholin 2004). As a result, there has been increasing social expectation for businesses to take a more prominent role as providers of social welfare.

The development of increasing social responsibility for business operations is also reflected in the perceptions of Finnish business managers (at least in the large business context) who consider CSR as an integral, though not totally unproblematic, part of doing business in the contemporary world (e.g. Juholin 2004; Panapanaan et al. 2003). More specifically, even though Finnish business managers seem to appreciate responsibility as an important contributor to long-term sustainability, ideas on the very content of CSR are rather diverse. According to Panapanaan et al. (2003, p. 136), for example, the definitions of corporate social responsibility among Finnish business managers range from simple compliance with laws and regulations to value-laden ideas of doing business in the morally accepted manner. Previous studies demonstrate that business managers perceive economic and environmental responsibilities as being rather well taken care of in Finnish business life, while the social aspect of business responsibilities is considered to be the major challenge for businesses in the future (Juholin 2004). Similarly, Korhonen and Seppälä (2005) argue that in the Finnish context, businesses have particularly focused on the environmental and ecological aspects of CSR, due to the climate conditions and the important role of forestry in the national economy, whereas the explicit interests in other aspects of CSR have developed more recently as a result of the increasing international influence on Finnish businesses[16].

It can be speculated that because of the long tradition of responsibility in business as well as the

[16] This development reflects the more general European tendency of new issues becoming an intrinsic part of CSR discussion. Roome (2005, pp. 320-321), for example, demonstrates that in the early 1970s the discussion of business responsibilities concerned mainly the functionality and safety of products initiated by the development of consumer movement. In the 1980s an important aspect entering the CSR discussion was concern for wider environmental and social aspects of business activities. Next, CSR concerns expanded to include employment issues and conditions. Even more recently, corporate attention has begun to include broad social issues, like child labour, bribery, corruption and moral management.

influence of a strong welfare state, Finnish businesses have been somewhat unsure and confused in the face of the globally increasing discussions on corporate social responsibility. In fact, for many businesses, socially responsible behaviour has been understood as an inherent part of their daily operations, reflecting the high levels of trust characteristics of Finnish business life (Korhonen and Seppälä 2005; Kujala 2004), that the importance of the explicit deliberation and communication of CSR has been recognised rather late (Juholin 2004; Kujala 2010). Nevertheless, the development of CSR in its contemporary form as promoted in the international business context and discussion has been steadily growing in the Finnish business context (Panapanaan et al. 2003). Similarly, the perceptions of business managers towards corporate responsibility have become ever more positive (Kujala 2010). Indeed, Kujala (2010, p. 27) suggests that in addition to the increased general discussion of corporate social responsibility, the strong public reaction to business malpractice has invoked business managers to acknowledge the growing importance of explicit corporate social responsibility and stakeholder interaction for the sustainability of the business.

It should be remembered that the above-described perceptions of corporate social responsibility in the Finnish context mainly represent the views of managers in large businesses, particularly those with international operations and assumed positive perceptions on CSR (cf. Panapanaan et al. 2003). Thus, the lack of research on small business CSR is very evident in the Finnish context. One of the first, and few, studies on this subject was made by Taipalinen and Toivio (2004) who elucidated how well small and medium-sized firms know about the concept of CSR and what kind of support is needed among these businesses for the better adoption of responsible business practices. According to this study, even though corporate social responsibility was perceived largely as an asset for a business, there was a clear need to make the concept of CSR more familiar in the Finnish small and medium-sized business context (ibid. 2004).

According to my previous study on small businesses' corporate social responsibility (Lähdesmäki 2005), I can also argue that the concept of CSR is somewhat vaguely understood by small business owner-managers. It does not mean, however, that small businesses could be described as irresponsible. On the contrary, small business owner-managers emphasise their responsibilities towards their stakeholders, particularly towards customers, employees and local community. Therefore, it can be noted that although small businesses may lack the exact knowledge of the content and applicability of corporate social responsibility, they nevertheless do apply the principles of CSR in their everyday business operations. In summary, my previous research demonstrated that by operating in a responsible manner, small businesses are trying to legitimise their own existence in the eyes of their stakeholders at the same time as competing with other businesses.

3.2.4 SUMMARY OF THE GENERAL ELEMENTS OF CSR IN THIS STUDY

In the following table I provide a summary of those general elements that highlight CSR in this study (see Table 2). In my opinion, these elements provide the framework for the contemporary discussion on CSR, irrespective of business size. The precise manifestation and direction of responsibility within this broad framework lies, however, at the subjective discretion of each business (e.g. Matten and Moon 2008). In other words, the more specific interpretations of CSR are affected by several more specific contextual factors, like in the case of small businesses, on the values of the owner-manager and the nature of the stakeholder relationships.

Table 2. A summary of the general elements of CSR in this study

CSR REFERS TO...	THUS HIGHLIGHTING...
...business decisions and behaviour which go beyond the legal requirements of business activities	...voluntariness ...self-regulation ...the role of institutional context
... ethical aspects of being attached to business decision-making and behaviour	...moral agency in business ...variety of motives in engaging in responsible business behaviour ...recognition of the normative vs. business case in CSR
...long-term business benefits	...competitive advantage ...reputation as well as other qualitative business benefits ...financial performance
...combining economic, environmental and social aspects of business	...sustainability ...triple bottom line ...reactive vs. proactive view on responsibility
...a contextual phenomenon	...the relationship between the institutional framework and business ...role of welfare state in relation to business voluntary responsibility in the Finnish context

In this study, my aim is to examine the meaning(s) of CSR by focusing on the sense-making processes through which small business owner-managers' interpretations of CSR are produced. The starting point of my study calls for a constructionist framework, i.e. the basic assumption is that the meaning(s) of CSR are produced in the process of social interaction. I will now proceed to describe the methodological choices of my study in more detail.

4. RESEARCH APPROACH AND THE EMPIRICAL DATA

4.1 THE METHODOLOGICAL FRAMEWORK OF THE STUDY

All social research involves metatheoretical assumptions concerning the very essence of the phenomenon under investigation (ontology), the grounds of knowledge (epistemology) and the methodological choices which link them to certain scientific paradigms (Burrell and Morgan 2003; Guba and Lincoln 1994). Scientific paradigm refers to "*a loose collection of logically held-together assumptions, concepts, and propositions that orientates thinking and research*" (Bogdan and Biklen 1982, p. 30). Similarly, Guba and Lincoln (1994, p. 105) define a scientific paradigm as the "*basic belief system or world view that guides the investigation*". The explicit discussion of the paradigm choice is essential in order to add rigor to research as well as to enable the reader to fully evaluate the credibility of the study. Accordingly, the aim of this chapter is to briefly discuss the ontological, epistemological and methodological choices I have made in this study.

Ontology refers to the theory of being. Ontology thus considers the form and nature of reality, or more precisely what is there that can be known about the reality (Guba and Lincoln 1994). There are two extremes to ontological considerations: realism (or objectivism) and nominalism (or subjectivism) (e.g. Burrell and Morgan 2003). According to the first stance, the social world external to individual cognition is a real world made up of hard, tangible and relatively immutable structures. So, whether or not we label and perceive these structures, they are still considered to exist as empirical entities. Consequently, for a realist, the social world exists independently of an individual's appreciation of it. From a nominalist perspective, social reality external to individual cognition is considered to be made up of names, concepts and labels which are used to structure the reality. In the extreme form, a nominalist's view does not admit there to be any 'real' structure to the world which these concepts are used to describe (Burrell and Morgan 2003)[17].

Epistemology, on the other hand, is concerned with the relationship between the researcher and what can be discovered by asking what knowledge is and what the sources and limits of knowledge are. According to Guba and Lincoln (1994, p. 108), the answer that can be given to this question is constrained by the answer already given to the ontological question, that is, not just any relationship can be postulated. Thus, when assuming a realistic view on the nature of social reality, the posture of the researcher must be one of objective detachment, while in the case of nominalism, social reality is essentially relativist and the idea of the researcher being an objective observer is denied (Burrell and Morgan 2003).

There are different categorisations used to describe the competing paradigms in social sciences. Burrell and Morgan (2003), for example, make the distinction between four different paradigms based on their stance on the perceptions of social reality and social order. These are called functionalist, interpretive, radical humanist and radical structuralist paradigms. Even though Guba and Lincoln (1994) also distinguish four major paradigms in social science, they are somewhat distinct from those presented by Burrell and Morgan. By focusing on the ontological questions (what 'reality' is and what can be known about 'reality'), Guba and Lincoln (1994) differentiated positivism, postposi-

[17] It should be noted that between these two ontological extremes, it is possible to distinguish a number of ontological approaches with more subtle presumptions. Snape and Spencer (2003, p. 16), for example, make the distinction between realism, materialism, subtle realism, idealism, subtle idealism and relativism based on the nature of the world and what we can know of it. The subtle realism (which they also called critical realism) presents a certain middle stance between the ontological extremes, i.e. according to this approach there is an external reality existing which is independent of our beliefs and understandings, but this reality is only knowable through the human mind and through socially constructed meanings.

tivism, critical theory and constructivism. Using the paradigm categorisations above, the ontological and epistemological choices made in this study link the research to the interpretative (see Burrell and Morgan 2003) and constructivist (see Guba and Lincoln 1994) paradigms. Accordingly, in this study I focus on the subjective meanings which can be accessed through social constructions such as language. The emphasis of my study is on understanding rather than explaining, as my basic aim is to understand corporate social responsibility from the perspective of small business owner-managers. More specifically, my interest lies in the subjective meaning(s) of corporate social responsibility in the small business context. Consequently, I understand corporate social responsibility as being derived and maintained through historically and culturally-situated interactions between small business owner-managers and stakeholders, as well as the interaction between the researcher and the small business owner-managers at the time of the research interview. Even though I have adopted a rather subjective ontological starting point for this study, I do not aim to deny the world outside of talk, but language is seen as a basic form of interpreting and understanding matters. This represents a moderate approach to social constructionism – an approach that I have adopted as a basis for this study (see also Edley 2001).

Social constructionism challenges the idea of language as corresponding or mirroring reality. In fact, according to social constructionism, language is considered to be productive rather than (merely) reflective. Since social constructionism is not a unified thought construct but an amalgamation of a number of approaches or variations (e.g. Edley 2001), it is essential to highlight the key features of the approach adopted in this study. First, social constructionism is characterised by the idea that the use of language provides the means by which people come to experience the social world (Berger and Luckmann 1966). Second, social reality is created by historically and contextually situated social interactions (Alvesson and Kärreman 2000). Third, by participating in different relationships in different contexts, people acquire various ways of talking, which can be used for the achievement of valued ends in different situations. Thus, meanings are unlikely to remain constant since versions of social reality are always open to further or revised specification (Devins and Gold 2002). Consequently, inspired by the constructionist view described above, I study CSR as a sense-making process, which views corporate social responsibility as resulting not directly from the external demands presented by stakeholders but instead from organisationally embedded cognitive and linguistic processes (Basu and Palazzo 2008). More specifically, I understand the process of sense-making similar to Humphreys and Brown (2008, p. 405) as "*those processes of interpretation and meaning production whereby people reflect on and interpret phenomena and produce intersubjective accounts*". Accordingly, corporate social responsibility is understood as an ongoing process by which managers, together with stakeholders, think about and discuss the role of their businesses in society.

By adopting the constructionist approach to the examination of CSR, this study distinguishes itself from those previous studies complying with the positivist (or functionalist) paradigm with an intrinsic aim to uncover social correlations and causal relations in the social world. Accordingly, the positivist paradigm defines corporate social responsibility as a regulative device to manage the interface between a business and society and ultimately to merge their goals (Gond and Matten 2007; Scherer and Palazzo 2007). The constructionist paradigm, on the other hand, regards corporate social responsibility as a socio-cognitive construction, involving processes where legitimacy is constructed through communication and interaction between stakeholders and where each side tries to define the interface and frame the nature of the relationship (Gond and Matten 2007; Scherer and Palazzo 2007; Schultz and Wehmeier 2010). Gond and Matten (2007) further suggest that the constructionist approach to the business-society interface offers promising avenues for CSR research by viewing this phenomenon through rarely-used theoretical lenses. In fact, in the small business context the idea of the socially constructed nature of corporate social responsibility has been largely overlooked. Nevertheless, it has been suggested that social interaction with stakeholders appears to form an important part of the shaping of the meaning and importance of corporate social responsibility in the small business context (Fuller and Tian 2006) – a view consistent with the social constructionist theory adopted in this study.

4.2 EMPIRICAL DATA AND ITS ANALYSIS

The empirical data of this study was gathered in two separate phases. The first phase, conducted in 2001, consisted of interviews with four small business owner-managers, while the second phase, conducted between 2004 and 2005, consisted of 25 interviews with small business owner-managers. Although the discussions with owner-managers in these two phases were guided by somewhat different interview topics, the general principles of data production were rather similar in both phases. For this reason, the description of the two distinct phases of data production forms a rather coherent account in this sub-chapter.

In order to understand the ethical considerations and corporate social responsibility from the perspective and reality of small business owner-managers, as their sense-making process, in-depth, face-to-face, interviews were chosen as the method for data production. The identification of the interviewees was based on a purposeful sampling method in order to ensure manageable, informative and thorough empirical data (Miles and Huberman 1994; Patton 2002). In both phases of data gathering, the main criterion to delimit the potential number of small businesses was the line of business. Accordingly, in the first research article the focus was on nature-based businesses, while the interviewees in the other three articles represented mainly food processing businesses and knowledge intensive business service providers[18]. In the first research article, the multidimensionality of the stakeholder network of small nature-based businesses was the main justification for the industry choice. In addition to customers, suppliers, employees and the local community often being considered as main stakeholder groups for a small business (e.g. Lähdesmäki 2005; Spence 2000), the natural environment was also an essential stakeholder for these businesses. As responsibility towards stakeholders is explicitly considered as a focal aspect of the operation of nature-based businesses (Rutanen and Luostarinen 2000), small business owner-managers in this field were considered to constitute a group with the willingness and ability to discuss ethical issues in business. In research articles 2, 3 and 4, the two lines of businesses were chosen because they represent two distinctly different types of industry: product vs. service, traditional vs. non-traditional, more location-bound vs. less location-bound. In both cases of data gathering, within these broad criteria, the interviewed businesses were randomly chosen from public business registers.

By setting these criteria, the idea was to obtain variation in the data in order to understand the process of sense-making of small business owner-managers and to capture the equivocality of the phenomenon of corporate social responsibility with a manageable number of informants. As Miles and Huberman (1994, p. 29) have stated, in order to get the construct, we need to see different instances of it, at different moments, in different places, with different people. Thus, the selection of interviewed businesses was made in order to increase the credibility of the empirical data, not to foster representativeness (Patton 2002, pp. 240-241).

The first contact with the potential interviewees was made by phone. During this discussion I explained to the owner-managers the purpose and relevance of the research and asked for their permission to conduct an interview. I also emphasised the confidentiality issues by assuring them that the anonymity of the interviewees would not be compromised during the research process. Despite the rather challenging topic of the research (and the busy schedules of many small business owner-managers), the owner-managers I contacted were in general very positive towards the idea of participating in the study. Thus, in order to locate the 29 interviewed owner-managers, I received six refusals to participate. In my opinion, the fact that the interviews were conducted face-to-face seemed to increase prospective respondents' willingness to participate in the study, despite the required time investment. In other words, the small business owner-managers appeared to appreciate the personal discussion as a rather effortless way of participating in the study. The majority of the interviews took place on the business' premises; one was conducted in a cafe and one at an owner-manager's home, which was not located in the immediate vicinity of the business. All the interviews were tape-recorded and transcribed verbatim. The length of the interviews varied from 45 minutes to 150 minutes.

The businesses interviewed were located in five different provinces in Finland, namely Cen-

[18] Knowledge intensive business services (KIBS) refers here to businesses which rely heavily upon professional knowledge, are either themselves primary sources of information and knowledge or use their knowledge to produce intermediary services for their customers' production processes, are of competitive importance and are supplied primarily to businesses (Miles et al. 1995, p. II).

tral Finland, Central Ostrobothnia, North Karelia, Southern Ostrobothnia and Uusimaa (see Table 3). The majority of the businesses (19) operated in rural areas (see Malinen et al. 2006), one business was located in a regional capital and nine of the interviewed businesses were located in the Helsinki Metropolitan Area. The businesses were fairly small in size when measured by the number of employees; at the time of the interviews, they employed on an average 11 people (including the owner-manager). The largest businesses in this study employed 30 people, while in the three smallest firms, the owner-manager worked as a sole trader. The interviewed businesses were rather well established, the average age of the businesses being 15 years. Two of them were less than five years old, six had been operated for between five and ten years, while the rest were 11 to 49 years old[19].

Table 3. The description of the interviewed businesses

LOCATION OF BUSINESS	MAIN BUSINESS ACTIVITY	YEAR OF ESTABLISHMENT OF BUSINESS	NUMBER OF EMPLOYEES (full-time equivalent)
Central Ostrobothnia	food supplies (manufacturing)	1991	17
Central Finland	crafts (manufacturing)	1990	2
Central Finland	tourism (service)	1992	3
Central Finland	tourism and food supplies (manufacturing and service)	1994	3
North Karelia	tourism (service)	1993	13
North Karelia	food supplies (manufacturing)	1992	2
North Karelia	food supplies (manufacturing)	1980	2
North Karelia	tourism (service)	1980	6
North Karelia	food supplies (manufacturing)	1989	6
North Karelia	engineering (service)	2002	1
North Karelia	building (service)	1988	1
North Karelia	food supplies (manufacturing)	1990	15
North Karelia	engineering (service)	2002	1
South Ostrobothnia	food supplies (manufacturing)	1962	25
South Ostrobothnia	food supplies (manufacturing)	1995	5
South Ostrobothnia	education (service)	1993	20
South Ostrobothnia	food supplies (manufacturing)	1983	2
South Ostrobothnia	food supplies (manufacturing)	1998	12
South Ostrobothnia	administration (service)	1986	12
South Ostrobothnia	administration (service)	1993	11
Uusimaa	administration (service)	1996	10
Uusimaa	administration (service)	1997	12
Uusimaa	marketing (service)	1996	16
Uusimaa	ICT (service)	1984	10
Uusimaa	food supplies (manufacturing)	1991	23
Uusimaa	food supplies (manufacturing)	1974	30
Uusimaa	food supplies (manufacturing)	1956	8
Uusimaa	administration (service)	1988	5
Uusimaa	food supplies (manufacturing)	n.a.	30

[19] In May 2011, 21 businesses originally interviewed in this study were still operating (three had finished and two were merged to form another business, while information on three was not available). In retrospect, it can thus be speculated that there has been economic continuation of business operations.

The research interviews in this study were quite loosely structured and open to what the small business owner-managers felt was relevant to talk about, in the given context of stakeholder relationships and corporate social responsibility. Accordingly, the interviews can be characterised as being semi-structured and in-depth in nature. Semi-structured is used here as a distinction to those interviews with a fixed set of questions applied in each interview (structured interviews) as well as open interviews with no formal interview guide. Thus, before the first interview took place, I had prepared a list of broad themes that I wanted to discuss with each owner-manager. These themes included a few more specific questions to prompt the discussion if needed (see Table 4). In other words, I saw the interviews as conversations with a structure that was flexible enough to permit topics to be covered in their 'natural' order with enough room for me to be responsive to the issues raised by the owner-managers (Legard et al. 2003).

Table 4. Themes used in the research interviews.

THE MAIN THEMES OF THE INTERVIEWS[20]	EXAMPLES OF THE QUESTIONS USED TO PROMPT THE DISCUSSION
Background information and business history	- In which line of business are you operating? - What does the business structure look like (employees, annual turnover)? - What kind of entrepreneurial history do you have? - What was your motivation behind the business start-up? - What are your main objectives as a business owner-manager? - How would you describe a successful business?
Stakeholder relationships[21]	- Who are the main stakeholders of your business? - What kind of relationships do you have with the stakeholders? - How would you describe a good stakeholder relationship? - What are the main challenges in maintaining good stakeholder relationships? - What kind of expectations do the stakeholders have towards your business? - How do the stakeholders influence the business decisions?
The role of business in the local community	- What kind of relationship does your business have with local community? - How does your business take part in local activities? - What is the local entrepreneurial atmosphere like? - How committed is your business to the local community? - What is your opinion on corporate philanthropy?
Perceptions of ethics and responsibility in business	- To whom is a business responsible and for what? - How does size in terms of being a small business affect responsibility? - How does competition affect ethics in business?

[20] As mentioned in the introduction, corporate social responsibility can be considered as a rather challenging concept to apply to the small business context. Thus, when conducting the interviews I avoided using this term (yhteiskuntavastuu) to a large extent by discussing the stakeholder relationships and responsibility towards stakeholders which delimited the discussion on responsibility to less abstract level. Still, in order to find out how small business owner-managers perceive the concept of corporate social responsibility, I explicitly raised it in discussion after deliberating the stakeholder relationships (unless the owner-managers themselves raised the concept of CSR into the discussion earlier).

[21] The concept of"stakeholder" was shortly explained for the owner-managers in the interviews in order to ensure that the researcher and the interviewees shared the understanding of the general meaning of the concept. Thus, I explained the owner-managers that by stakeholders (sidosryhmä) I mean all those people or groups that directly or indirectly affect or are affected by the firm's activities.

Table 5. The description of the research articles

RESEARCH ARTICLE	EMPIRICAL DATA	CONCEPTUAL TOOLS	RESEARCH STRATEGY
1	4 interviews	ethical theories	Case study
2	25 interviews	reputation	Discourse analysis
3		proximity	Case study
4		identity	Discourse analysis

As already mentioned, the idea of social constructionism and thereby the existence of multiple realities, is an important basis of this study. From this perspective, as researchers and practitioners, we can only gather different accounts of reality. These accounts can therefore only be represented through our own interpretation, so we are in effect creating another account. By recognising that meanings are constituted in language and social action, the interpretations made in this study are constructions based on the meanings constructed by the interviewed owner-managers. We cannot therefore be 'objective', but instead, should be reflexively aware of our own subjectivity (Cassell 2005). Accordingly, while conducting the research interviews in this study, I accepted the view of the interview as an arena where the meanings are actively co-produced by the interviewer and the interviewee. This view is contrary to the view of a researcher as a neutral data collector in which the interview data is usually seen as a means to provide access to 'facts' about interviewees (Legard et al. 2003).

The conceptual tools which are used to approach corporate social responsibility, like ethical theories (article 1), reputation (article 2), proximity (article 3) and identity (article 4), as well as the specific research questions naturally affect the analytical process by limiting, to a certain extent, the emergence of possible findings. In other words, in the case of each research article, the specific conceptual tools provided lenses through which the empirical material was read. Furthermore, while in the first and third research article, the analysis was focused on the content of the communication and the substantive meanings in the data, the second and fourth articles emphasise more the production aspects of the communication (see Table 5). Accordingly, while the first and third research articles are based on the methods of case study research, the second and fourth articles stem from the ideas of discourse analysis. Still, I consider both these approaches more as research strategies than methods with an emphasis on interpretation and understanding of meaning(s) and sense-making processes in specific contexts (e.g. Eriksson and Kovalainen 2008). In this study, I understand the difference between these two research strategies being in the approaches they adopt to the idea of culturally-produced meanings, i.e. while case study research aims to understand how a specific case works and what kind of meanings are attached to it, discourse analysis aims to examine the production of these meanings.

Despite these differences in approaches, the basis of the analysis in each research article was, nevertheless, the idea of qualitative data analysis, which in this study focused on language as communication with attention to the contextual meanings of the text (e.g. Tesch 1990). Even though there are no specific guides to advice on the "correct" way of carrying out qualitative data analysis, there are some commonly identified phases that are typical of this kind of analysis (e.g. Miles and Huberman 1994; Patton 2002; Ritchie et al. 2003; Shaw 1999) which can be also recognised in the analysis processes of each research article in this study. Indeed, the qualitative data analysis I adopted in this study can be described through four different phases as follows (even though in practice these phases were overlapping and the process was inherently iterative):

- **Reading and rereading of the interviews,** which served two purposes, namely to familiarise the researcher with the data and to start the process of structuring and organising the data into meaningful units. In other words, while I was getting familiar with the data, I already paid attention to certain attitudes, motives or views related to the research phenomenon under examination.

- **Coding or tagging the data,** during which I went through the empirical material carefully and deliberated on what each sentence or paragraph is about. I then named the parts of text (sentences or paragraphs) which appeared to be important for understanding the particular research issue. In this phase, the categorisation of data was based on rather detailed naming of text instances and for this reason the number of different categorisations was great.

- **Comparison of similarities and differences** between the sections of coded data in order to establish more general themes or patterns. In this phase, I first re-examined the categorisation I had created and reorganised the data so that those text instances with similar content or properties were located together. After that I started to organise the categorised data under more general themes by combining similar categories. In practice, my aim here was to increase the level of abstraction in the categorisation and bring the categorisation up to a more theoretical level. This resulted in a smaller number of coherent themes describing the phenomenon under examination.

- **Identifying the potential relationships** between the abstract themes in order to understand the research phenomenon and to be able to draw conclusions.

5. REVIEWING THE MAIN RESULTS OF THE STUDY

In this chapter I will describe the main results of this study through the four research articles that construct the core of this dissertation. In case of each research article, I will first briefly illustrate the starting point of the study, i.e. what is the specific gap in the previous research I will address, what is the research question(s) posed in the study and what is the theoretical discussion and/or the theoretical concepts used in each article. I will then describe the main results and contributions of each article.

I wrote the second article (Towards a variety of meanings – multiple representations of reputation in the small business context) together with Marjo Siltaoja PhD, and the third article (Keeping at arm's length or searching for social proximity? Corporate social responsibility as a reciprocal process between small businesses and the local community) with Timo Suutari M.Sc. While I produced the data for both these studies, the actual analysis of the empirical data was in both cases an equal contribution by both authors. Similarly, the creation and decision-making concerning the research questions and methodological choices in the articles is a result of equal collaboration.

5.1 ARTICLE 1. WHEN ETHICS MATTERS – INTERPRETING THE ETHICAL DISCOURSE OF SMALL NATURE-BASED ENTREPRENEURS

Author(s): Merja Lähdesmäki

Publication: Journal of Business Ethics, 2005, 61(1), 55-68.

Objective: To examine and understand the unique ethical concerns faced by small business owner-managers.

Theoretical framework: Three ethical theories: utilitarian ethics, deontology and virtue ethics.

Empirical data: In-depth interviews with owner-managers.

Although it has been widely acknowledged that small businesses differ from their larger counterparts in their ethical business behaviour (e.g. Longenecker et al. 1989; Solymossy and Masters 2002; Spence 1999), comparatively little is known about the types of moral issues that are the most troublesome for small businesses (e.g. Longenecker et al. 1995). My first research article aims to contribute to this gap in the research by focusing on the unique ethical concerns faced by small business owner-managers in their everyday business operations. More specifically, I wanted to examine *what kind of business decisions are most likely to cause moral consideration for small business owner-managers and what kind of ethical arguments are used when justifying these decisions*. The ethical argumentation used by the owner-managers was reviewed in relation to three ethical theories, namely utilitarian ethics, deontology and virtue ethics, which provided a theoretical framework for this study. The empirical data consisted of four interviews with small business owner-managers who operated in nature-based business.

In this article my aim was to contribute to the understanding of small business ethics by emphasising the small business owner-managers' own voices. In other words, as the majority of previous research in the area had been rather positivistic, using quantitative survey methods to explore the owner-managers' ethical attitudes towards moral challenges probed by a researcher, I argued that there is a need for more interpretative research in order to understand the owner-managers' own perspective on business ethics. As a result, I identified six broad business situations that were considered to bring about the most moral considerations for small business owner-managers, namely the selection of suppliers, quality issues, pricing, marketing, relationships with employees and collaboration with other businesses. Since these business situations practically cover all the main business operations, this study demonstrated that ethical deliberations are an inherent part of owner-managers' decision-making. Thus, small business owner-managers' ethical considerations cannot be attached exclusively to certain explicit business situations, leaving some business situations outside the moral realm, as ethical and economic aspects are present in small business owner-managers' everyday decision-making. In my opinion, this was an important finding as it demonstrated the complexity of small business owner-managers' decision-making, as they are reconciling the ethical and economic aspects in their business activities.

In general, the ethical argumentation of small business owner-managers in this study was ad hoc and situational in nature. This study also showed that small business owner-managers often justified their moral decisions by using utilitarian arguments, by emphasising the business benefits, which is indeed considered to be connected to the formal role of professional managers (Lämsä and Takala 2000). Still, one of the main contributions of this study was the observation that the ethical argumentation of small business owner-managers cannot be described as being solely utilitarian: certain heterogeneity seemed to be inherent. This heterogeneity of argumentation stems from the small business owner-managers' personal values, which are reflected in their business decisions. Hence, this research reinforced the idea of small businesses largely reflecting the attitudes and values of their owner-managers (e.g. Longenecker et al. 1989; Quinn 1997). Furthermore, based on the results of this study, it can be suggested that close relationships between an owner-manager and the business' stakeholders increase the variety of owner-managers' ethical argumentation as in such relationships moral duties and care for stakeholders play an important role in addition to formal utilitarian arguments (see also Lämsä and Takala 2000). This finding is essential because it shows the importance of close personal relationships for ethical decision-making in the small business context. Indeed, based on this finding, it can be speculated that the proximity between an owner-manager and a stakeholder increases the role of different emotions in the decision-making situation, which further challenges the decision-making process of small business owner-managers.

Even though my first article did not explicitly examine corporate social responsibility as such, it still demonstrated the essential role of immediate stakeholders, like customers, employees and local community as well as the values of the owner-manager in the process of producing the meaning(s) for responsible business behaviour. Thus, this article raised the need to further examine close stakeholder relations and the owner-managers' personality as important elements of sense-making in the framework of corporate social responsibility – issues which are more specifically addressed in the following research articles.

5.2 ARTICLE 2: TOWARDS A VARIETY OF MEANINGS – MULTIPLE REPRESENTATIONS OF REPUTATION IN THE SMALL BUSINESS CONTEXT

Author(s): Merja Lähdesmäki and Marjo Siltaoja (*in alphabetical order*)

Publication: British Journal of Management, 2010, 21(1), 207-222.

Objective: To understand the process of the discursive construction of reputation in the small business context.

Theoretical framework: Theoretical discussion on reputation, discourse analysis.

Empirical data: In-depth interviews with owner-managers.

In my second research article, corporate social responsibility is studied through the concept of reputation. The important role of reputation in creating and maintaining good stakeholder relationships is widely acknowledged (e.g. Gotsi and Wilson 2001; Mahon and Wartick 2003; Swift 2001). Small businesses have not, however, attracted much interest among reputation scholars; previous research has focused mainly on large businesses (for exceptions see Abimbola and Kocak 2007; Goldberg et al. 2003). In this article we suggested, however, that size merits consideration in relation to business reputation. In other words, since small businesses differ from their larger counterparts in character, it is justifiable to assume that some differences also exist in the meanings attributed to reputation between small and large businesses (Abimbola and Kocak 2007). Accordingly, in this article we aimed at understanding *how the meaning of reputation is constructed by small business owner-managers using different types of discourses and how these discourses (re)produce relations between small businesses and society*. The empirical data of this study consisted of 25 interviews with small business owner-managers.

As distinct from the positivism prevailing in the majority of previous reputation studies, reputation was understood in this study as a social construction which exists only through human interaction and language use and is embedded in a specific social context (Berger and Luckmann 1966). This assumption led us to adopt a discourse analytic framework as the basis of the research. Although reputation has been referred as continually constituted and reconstituted through dialogical processes, to our knowledge this was the first discursive study to investigate the meanings attributed to reputation from the small business owner-managerial viewpoint. Using a non-traditional method like discourse analysis in business research offered up an opportunity to understand different meanings of reputation in the framework of corporate social responsibility that have largely been obscured by the use of traditional methods. Accordingly, this article made an important contribution to reputation research by adding the complex and conflicting nature of reputation in the small business context. As a result, based on the small business owner-managers' descriptions on their stakeholder interaction, we identified four types of discourse, namely those of marketing, stakeholder-oriented, control and social exclusion, producing different representations of reputation in the small business context. Within these discourses, reputation was produced, respectively, as an economic resource, as social recognition, as a control mechanism and as a threat to personal status. Hence, this study showed that in the framework of small business CSR, reputation works as an effective means of increasing socially responsible business behaviour by holding opportunities and boundaries for business operations.

In addition to reputation research, this study also contributed to the knowledge on small business corporate social responsibility by emphasising the existence of the discursive struggle over the meaning(s) of CSR in the small business context. For example, while the marketing discourse produces good reputation as a result of socially responsible business behaviour and a prerequisite to positive economic consequences, there are also opposing discourses available when the owner-managers produce the descriptions of their stakeholder interaction. Accordingly, within control discourse, the owner-managers construct reputation as a control mechanism by regarding communal norms and moral criteria in a restrictive sense. In this discourse, corporate social responsibility can be seen as a response to externally determined stakeholder demands from fear of social sanctions. Indeed, these two discourses produce contradictory views on the role of small business owner-managers in relation to CSR, since in the first discourse the owner-managers consider themselves as strategic entrepreneurs, while the latter is based on the view of externally regulated agents. Thus, this research highlights the potentiality of different discourses available for small business owner-managers when producing the meaning(s) for CSR. In my opinion, this is an important result since previous studies on small business CSR were largely based on the idea of corporate social responsibility being closely related to positive business benefits, hence ignoring the existence of other possible discourses.

Based on the results of this article, it can be also stated that the relationship between corporate social responsibility and reputation cannot be understood in one particular way but, depending on the situation and context, a variety of interpretations prevail. It is especially important to note the negative aspects of reputation which are often ignored in the contemporary discussion of CSR. My second research article thus contributed to the research on small business CSR by highlighting reputation as a phenomenon in which small businesses and their responsible business behaviour become strongly identified with their owner-managers, also in a potentially negative manner through the idea of social exclusion. In other words, the reputation of a business becomes a means to evaluate the respectability of the owner-manager as a community member. Consequently, business reputation can also be attached to the fear of losing one's social status and thus it is related to negative emotions like shame and guilt. Although some researchers (e.g. Goss 2005) have seen feelings of shame as a potential motivator of entrepreneurial activity, this study demonstrated that it can also work in the opposite manner. Consequently, it may be suggested that corporate social responsibility, through the negative aspects of reputation, may actually construct limitations and boundaries on the cultural representations of owning and managing a small business.

5.3 ARTICLE 3. KEEPING AT ARM'S LENGTH OR SEARCHING FOR SOCIAL PROXIMITY? CORPORATE SOCIAL RESPONSIBILITY AS A RECIPROCAL PROCESS BETWEEN SMALL BUSINESSES AND THE LOCAL COMMUNITY

Author(s): Merja Lähdesmäki and Timo Suutari (*in alphabetical order*)

Publication: Journal of Business Ethics (*in print*), DOI: 10.1007/s10551-011-1104-6

Objective: To understand the relationship between a small business and the local community in the framework of corporate social responsibility.

Theoretical framework: Theoretical discussion on social proximity.

Empirical data: In-depth interviews with owner-managers.

My third research article focused on the relationship between a small business and the local community in the framework of corporate social responsibility. Indeed, small businesses have often been characterised by the embedded nature of their business relations. It has been argued that local community has noticeable effects on the decision-making of small business owner-managers and therefore their conception of CSR and ethical business behaviour (e.g. Brown and King 1982; Serwinek 1992; Smith and Oakley 1994). However, in this article we suggested that it is not merely geographical location that is meaningful to different interpretations of responsibility, but rather the interaction process between business owner-managers and the local community within a certain locality is what counts (e.g. Steyaert 1997). In order to address this issue, we examined *how small business owner-managers perceive the relationship between their business and the local community and how these perceptions reflect on their interpretations of corporate social responsibility*. The empirical data consisted of 25 interviews with small business owner-managers.

This study made a theoretical contribution to studies of small business CSR through the concept of social proximity. Thus, even though the role of proximity in the process of identifying stakeholders and their claims on business has been recognised (e.g. Neville et al. 2011), there is a lack of empirical research on the role of proximity in the CSR context. An essential aspect in the proximity discussion is that it entails a critical stand towards the emphasis on the virtues of the social closeness. Instead of assuming that increased proximity between actors is to always lead to positive business outcomes, proximity discussion regards too much proximity as well as too much social distance as being potentially harmful for businesses. By adopting the proximity discussion as a theoretical framework of our study, the issue of positive versus negative aspects of proximity was taken as a starting point for the examination of business and local community relationships. As a result, we constructed a typology of three types, which shed light on the process by which small businesses and local communities are interrelated in the context of corporate social responsibility. These types were named in the spirit of the proximity discussion as Type A (too much social proximity), Type B (too much social distance) and Type C (optimal social proximity).

This study contributed to the previous research by demonstrating that small businesses' social responsibility towards the local community is constructed as a response to the interpretations of a sense of community and community support either as avoidance of social sanctions, as adherence to law or as a moral obligation. More explicitly, this study showed that the interpretations of responsibility towards the local community are adjusted in line with the interpretations of community support through the idea of reciprocity. In other words, we suggested, based on the results of this study, that the perceptions of symmetry, asymmetry and the lack of reciprocal relationship influence the interpretations of corporate social responsibility that small business owner-managers hold towards the local community and justify their level of involvement in local development. This was an important finding as it illustrated the significance and complexity of the local community's role in the construction of the owner-managers' interpretations of corporate social responsibility.

Even though this study focused on the relationship between a business and one specific stakeholder, the local community, we can still speculate that the local community is not the sole source of this interpretation process, because not all the relevant social networks are geographically localised. It can be assumed that the very same logic of the 'circles of reciprocity' is valid within other contexts as well – for example, when it is a question of businesses' relationship to customers or other businesses in the same branch but elsewhere.

5.4 ARTICLE 4: CONSTRUCTION OF OWNER-MANAGER IDENTITY IN CORPORATE SOCIAL RESPONSIBILITY DISCOURSE

Author(s): Merja Lähdesmäki

Publication: Business Ethics: A European Review, 2012, 21(2), 168-182.

Objective: To understand the discursive construction of owner-manager identity within the framework of corporate social responsibility.

Theoretical framework: Theoretical discussion on identity, discourse analysis.

Empirical data: In-depth interviews with owner-managers.

The aim of my fourth research article was to examine the construction of small business owner-manager identity in the framework of corporate social responsibility. Although the essential role of small business owner-managers in relation to responsible business behaviour is well acknowledged in the existing literature, there is still a need to further study how, and through what kind of processes, their personalities influence CSR (e.g. Spence 2007). In order to address this issue, corporate social responsibility was understood here as the result of small business owner-managers' discursive processes rather than a reflection of external demands (see Basu and Palazzo 2008). Consequently, I wanted to examine *what kind of discursive resources small business owner-managers draw on when understanding their sense of self in relation to corporate social responsibility*. The empirical data consisted of 25 interviews with small business owner-managers.

The theoretical framework of the study is based on the discursive approach to the study of identity, which emphasises the constructive elements of language use by perceiving identity as a continuous casting and recasting of 'selves' through attendance and mobilisation of different discourses (Humphreys and Brown 2002). Identity provides a justifiable framework for studying corporate social responsibility, since decisions regarding socially responsible activities are mainly taken by managers and stem from their sense of who they are in the world (e.g. Basu and Palazzo 2008). Furthermore, since there are no ready-made answers concerning the essence and manifestation of CSR among small businesses (e.g. Murillo and Lozano 2006; Perrini 2006), corporate social responsibility discourse is viewed as a trigger for owner-managers to engage in concentrated identity work. By taking identity construction as the theoretical framework, this study contributed to the previous research on small business CSR by demonstrating the important role of individual self-constructions in organising corporate social responsibility processes and outcomes. Using the identity framework, this research emphasised the dynamic nature of CSR. Accordingly, since owner-managers' self-constructions are not considered to be static but dynamic and changing in nature, so are their interpretations of CSR which are based on these self-constructions.

As a result of this research, I identified two broad discursive resources, altruistic and instrumental, that describe how small business owner-managers actively seek to create and legitimise their sense of self within the discussion on corporate social responsibility. In other words, this study demonstrated that small business owner-managers utilise different, partly overlapping, and sometimes contrasting, discursive resources to produce accounts of self in the framework of corporate social responsibility. In my opinion, this finding is important since it highlights the inherently complex nature of corporate social responsibility in the context of small businesses, as the expectations of corporate social responsibility can confuse and challenge the small business owner-managers' perceptions of themselves.

Furthermore, this study also showed that when describing their stakeholder relationships, small business owner-managers aim to construct their identities by distinguishing themselves from managers in large businesses by emphasising the personal and close nature of their stakeholder relationships. In particular, small businesses wanted to distinguish themselves from the ideas of profit maximisation, which they regarded as a norm in large businesses by presenting their businesses as human and versatile when compared to large ones. It can be speculated that by producing this kind of discursive distinction between small and large businesses, the owner-managers may aim to promote the appreciation of small businesses in the

CSR framework. Still, the owner-managers may also aim to produce the issue of irresponsibility as belonging to the realm of large businesses only, which could legitimise their reluctance in CSR engagements. Based on this finding it can be speculated that that comparisons between small and large businesses in relation to CSR should not be understood as value-free, but they may indeed increase the marginal role of small businesses in the contemporary CSR discussion.

In the following table (Table 6), I will summarise the main aspects of the four research articles presented above, particularly in relation to corporate social responsibility. Thus, I will briefly state the relationship between the article and previous research on CSR, the research questions posed and the main contributions of each research article. I will also highlight the meaning of corporate social responsibility produced through each article.

Table 6. Summary of the four research articles

	RELATION TO PREVIOUS RESEARCH IN CSR	RESEARCH QUESTIONS	MAIN CONTRIBUTIONS	THE MEANING OF CSR
1	It is suggested that the substance of CSR arises from the idea of businesses reconciling their economic objectives with morally sound business behaviour with concerns for fairness and justice.	1) What kind of business decisions are most likely to cause moral consideration for small business owner-managers? 2) What kind of ethical arguments are used when justifying these decisions?	The study demonstrates that the variety of ethical arguments used and the important role of immediate stakeholders influencing their ethical argumentation is typical in the decision-making of small business owner-managers.	CSR as stakeholder interaction.
2	CSR and reputation are considered as closely related concepts as socially responsible business behaviour is considered to lead to good reputation, which is seen as a major competitive advantage in business.	1) How is the meaning(s) of reputation constructed by small business owner-managers using different types of discourses? 2) How do these discourses (re)produce relations between small businesses and society?	The study demonstrates the inherently complex nature of reputation in the context of small businesses' CSR by portraying reputation as an economic resource, as social recognition, as a social control mechanism and as a risk for personal status.	CSR as means of gaining good reputation or avoiding bad reputation.
3	Small businesses have been characterised through/by the embedded nature of their business relations which is considered to affect their perceptions of CSR.	1) How do small business owner-managers perceive the relationship between their business and the local community? 2) How do these perceptions reflect on their interpretations of corporate social responsibility?	The study demonstrates that in the small business context the interpretations of corporate social responsibility towards the local community are adjusted in line with the interpretations of community support through the idea of reciprocity.	CSR as reciprocal business behaviour.
4	It is suggested that the special position that the owner-manager usually holds in a small business has a large impact on the perceptions and realisations of CSR.	1) What kind of discursive resources do small business owner-managers draw on when understanding their sense of self in relation to corporate social responsibility?	The study demonstrates that small business owner-managers utilise different, partly overlapping, and sometimes contrasting, discursive resources to produce accounts of self in the framework of corporate social responsibility.	CSR as a dynamic process of identity construction.

6. CONCLUSIONS AND DISCUSSION

6.1 THE MAIN CONTRIBUTIONS OF THIS STUDY

In this chapter I will discuss the main contributions of this study in relation to the research questions of the dissertation, namely what does CSR mean for small business owner-managers and how are these meanings constructed in the owner-managers' descriptions of their stakeholder interaction. My aim is not to repeat the contributions of each research article as such, since these were already briefly introduced in the previous chapter (see Chapter 5). Instead, I will provide a synthesis of these contributions by arguing that in the small business context *CSR is produced as a contradictory phenomenon representing simultaneously a resource and a limitation for business.* This main argument can be further divided into following propositions:

- For small business owner-managers, constructing meaning(s) for CSR is seldom a straightforward question of business case but altruistic discourse is also used in the owner-managers' sense-making process.
- By producing the discursive contradiction between the economic and ethical aspects of business inherent in CSR, small business owner-managers produce an oversimplified yet challenging view of CSR, in which they are seen to be forced to make choices between economic and ethical values.
- Corporate social responsibility is discursively related to the stakeholders' power over the autonomous decisions and behaviour of a small business owner-manager, thus presenting CSR as a restriction for the entrepreneurial autonomy of the owner-manager.
- Close relationships with stakeholders as well as the personification of business increase the discursive power of immediate stakeholders (as a potential source of social control) in the process of constructing meanings for corporate social responsibility.
- Construction of the meaning(s) for corporate social responsibility is not a value-free process, but more likely a discursive struggle where businesses and their stakeholders all have their own agendas to promote.
- Because of the overlap in business and personal relationships, the identification of legitimate stakeholder claims may sometimes be rather challenging in the small business context.
- The theoretical concept of reciprocity provides a means for understanding stakeholder identification as well as stakeholder management in the small business context.

I will now discuss each proposition in more detail.

Common for all the research articles in this dissertation was the idea that the meaning(s) of corporate social responsibility in the small business context are produced through competing and sometimes even contradictory discourses. This discursive struggle reflected in the construction of the meaning(s) for CSR demonstrates well that there are no ready-made, fixed answers to what CSR means for small business owner-managers (e.g. Fenwick 2010; Jenkins 2006; Murillo and Lozano 2006) – instead the meanings are constantly produced and reproduced in the interaction between a small business and its different stakeholders. Accordingly, my first article, even though not explicitly focusing on CSR, demonstrates the competing ethical arguments owner-managers use to justify their business decisions. The utilitarian arguments emphasise the beneficial consequences of ethically sound business behaviour, while deontological arguments focus on altruistic motives in business. In other words, this article shows that the process of justifying responsible business behaviour is not based solely on the potentiality of positive business benefits. Thus, the findings of this study reinforce the results of previous CSR research in the small business context, which has demonstrated that the business case is not always the determining factor in small business CSR (cf. Fenwick 2010; Spence and Rutherfoord 2001; Vives 2005). A similar idea is reflected in my fourth article, which highlights instrumental and altruistic discursive resources as essential elements in the construction of owner-managers' identities in the framework of corporate social responsibility. Both these articles demonstrate the discursive struggle between economic and ethical aspects as essential elements in the production of the meanings of corporate social responsibility. This finding indeed supports the views prevalent in contemporary discussions around CSR as being divided into normative and business case arguments (e.g. Baron 2001; Branco and Rodrigues 2006). As a result, it can be speculated that small business owner-managers have clearly adopted the contemporary discussion on CSR by emphasising on one hand the ideas of long-term profitability and competiveness and on the other hand moral duties and altruistic concern for the stakeholders while constructing the meaning(s) for CSR. *Based on these findings, I propose that for small business owner-managers, constructing meaning(s) for corporate social responsibility is seldom a straightforward question of business case but altruistic discourse is also used in the owner-managers' sense-making process.*

This study also shows that balancing economic and ethical aspects of business is not an easy task for an owner-manager, but it can require challenging compromises between personal and business values (cf. Quinn 1997). This was particularly propounded in my fourth research article, which illustrated that the ethical aspects of business are often constructed as belonging to the realm of personal feelings and emotions, which are seen as a potential source of weakness for the economic well-being of a business. Consequently, the economic and ethical aspects of business are often presented as being mutually exclusive when constructing the meaning(s) for CSR, and the owner-managers consider themselves as being forced to make a choice between being either economic or ethical in their business operations. Even though the general CSR discussion emphasises the idea of the reconciliation of economic and ethical values (e.g. Carroll 1991), this is not always evident in the small business context. Based on the results of this study, I suggest that this discursive contradiction in the small business context is at least partly a result of interpreting ethical business as being synonymous with philanthropy. Thus, being morally responsible in business is often interpreted as the making of gratuitous donations from a business to society. Even though the reasons for the production of this discursive contradiction were not explicitly addressed in this study, it could be speculated that it may stem from the public discussion on CSR, where the visible philanthropic contributions from large businesses to socially good causes are often highlighted as positive examples of responsible business behaviour. Indeed, this may produce or reinforce the idea that small businesses do not have the resources to engage in responsible business behaviour. Consequently, *based on this finding I propose that by producing the discursive contradiction between the economic and ethical aspects of business inherent in CSR, small business owner-managers produce an oversimplified yet challenging view of CSR, in which they are seen to be forced to make choices between economic and ethical values.* This can further marginalise their perceptions of their own role in the contemporary CSR discussion.

In addition to the discursive contradiction between economic versus ethical aspects of business, an interesting contradiction – also inherent in the owner-managers' sense-making in the CSR framework – was that which was produced between entrepreneurial autonomy and stakeholders' social control. This discursive contradiction became evident, for example, as small business owner-managers constructed themselves as autonomous business managers who pursue socially responsible business behaviour as a strategic tool to enhance the reputation of their businesses, whilst simultaneously presenting themselves as subordinate to the requirements of the community and sensitive to social norms in their effort to preserve their business and personal reputations. In my opinion, this is an important finding as it points to the restrictive elements of corporate social responsibility, which have seldom been explicitly examined in the previous studies. Therefore, even though CSR is widely understood as corporate self-regulation (e.g. Wood 1991), the idea that businesses can be considered to be compelled to adopt socially responsible business behaviour in order to conform to stakeholders' norms and avoid any (economic) sanctions that non-adoption might bring about is seldom explicitly scrutinised in previous studies (for exceptions, see e.g. Swanson 1995). In other words, in this study corporate social responsibility was related to the stakeholders' power over the autonomous decisions and behaviour of a small business owner-manager. *Thus, I propose that in addition to being a resource and a potentiality, in the small business context corporate social responsibility is also presented as a restriction for the entrepreneurial autonomy of the owner-manager.*

By highlighting the idea of social sanction mechanisms in the construction of the meaning(s) for CSR, it can be speculated that control talk that emphasises ethical compliance and ignoring owner-managers' autonomy does not necessarily increase morality in business for it is not associated with moral community and moral development (e.g. Maguire 1999). Accordingly, voluntary moral deliberation has little to do with CSR in the situation where responsibility towards a stakeholder group is acknowledged only as avoidance of social and economic sanctions, more specifically as a result of external force. This discursive construction between autonomy and social control thus challenges the idea of the voluntariness often attached to the definitions of CSR, since involvement in socially responsible behaviour is not necessarily a result of pure voluntary action, but it may be a result of owner-managers' experienced social pressure. Similarly, it could be speculated that the actions demanded by stakeholders as socially responsible business behaviour are not necessarily ethically sound but are qualified by egoistic self-interest. Still, it should be acknowledged that the role of stakeholders' social control over the decisions and behaviour of a small business is not necessarily so straightforward, but small business owner-managers could turn the control talk to their strategic advantage. In fact, the findings of my second and fourth articles suggest that highlighting the control talk in their stakeholder descriptions can also be seen as a discursive tactic to partly shift the responsibility of morally questionable or problematic actions from a business to stakeholders.

The restrictive and regulative aspects of corporate social responsibility were particularly emphasised in my second article, which examined CSR through the concept of reputation. In this article, reputation was produced as a control mechanism for telling others about compliance with local norms. In other words, this article associates corporate social responsibility with communal norms and moral criteria in a restrictive sense as undermining individuals' decision-making power and their autonomy as business owner-managers. Thus, any failure on the part of small business owner-managers to follow the norms of the local community was regarded as likely to result in a bad reputation, followed by the imposition of economic and/or social sanctions. The idea of social sanctions being related to the small business owner-managers' perceptions of CSR was further developed in my third article through the concept of proximity. In this article, it was suggested that too much social closeness between a business and its stakeholder (in this case the local community) highlights the idea of the restrictive nature of local norms and the social sanctioning mechanism. In other words, the local community was considered to limit the entrepreneurial autonomy of small business owner-managers by strictly defining the role of a small business as a part of the local social structure. Furthermore, the idea of a stakeholder's social control over the business was closely related to and reinforced by how businesses are personified by their owner-managers. In fact, in the small business context, a business and its owner-manager are often difficult to distinguish from each other and therefore the identity (a business' presentation of itself to stakeholders) and reputation (stakeholders' perception of the business) of a firm are also associated with its owner-manager. Consequently, corporate social responsibility is not just a phenomenon of the business realm but an owner-manager's personal life is, even unintentionally, often intertwined with and reflected in CSR and vice versa. Thus, in the small business context, business decisions cannot be depersonalised through a complex organisational structure or a wide network of 'faceless' owners. However, all the decisions have the potential to enhance or endanger the social status of the owner-manager as well. *On the basis of these findings I propose that very close relationships with stakeholders as well as the personification of business increase the discursive power of immediate stakeholders (as a potential source of social control) in the process of constructing meanings for corporate social responsibility.*

The contradiction between entrepreneurial autonomy and stakeholders' social control raises a number of issues in relation to previous literature on CSR, which have not been addressed in the small business context. Previous studies have often emphasised the importance of the owner-manager when justifying the need to distinguish between small businesses from their large counterparts in the context of CSR (e.g. Jenkins 2006; Spence 1999; Wilson 1980). Even though I do not aim to challenge this argument, I would suggest that the important role of the owner-manager in the CSR context should be better highlighted in relation to the immediate stakeholders of the business. Thus, the view of owner-managers being able to reflect their personal values in business decisions and behaviour is not unreasonable as such, but it does oversimplify the process where the meanings of CSR are constructed. In my opinion, the essential role of stakeholders in the construction of meaning(s) for CSR highlights the power aspect inherent within this process, which is not taken well enough into consideration in previous studies. The findings of my study demonstrate that even though at the general level businesses have been considered to increase their power in relation to other social actors, in the small business context the immediate stakeholders were presented as powerful actors in relation to small businesses. Similarly, I further suggest that the previous research on CSR in the small business context has rather uncritically regarded close relationships between a small business and its stakeholders solely as an advantage for a business, while according to this study they can also be presented as a hindrance to its operation. I acknowledge that as my research focuses on CSR only from the perspective of small business owner-managers, the idea of stakeholders having considerable power to shape the CSR engagements of a small business provides just one side of the picture. It may well be that stakeholders would construct their position in relation to small businesses totally differently. Still, I think that the results of these articles justify *proposing that construction of the meaning(s) for corporate social responsibility is not a value-free process, but more likely a discursive struggle where businesses and their stakeholders all have their own agendas to promote.*

The owner-managers should not, however, be understood simply as reflecting the stakeholders' claims and values in a deterministic manner. On the contrary, the results of my research articles demonstrate that small business owner-managers do actively adapt and adjust the ideas of CSR to suit their own businesses. This became particularly evident in my third research article, which introduced the idea of reciprocity as an essential element affecting the small business owner-managers' interpretations of socially responsible business behaviour. Stakeholder theory as such is strongly based on the idea of reciprocity by claiming the interconnectedness and interaction between a business and its stakeholders with mutual rights and obligations. Hutton and Goldblatt (1998), for example, have stated that stakeholding should not be understood as a one-way street; instead it places reciprocal rights and obligations on the parties involved. However, despite the idea of reciprocity being inherent in stakeholder thinking, this concept has seldom been brought into the focus of examination in previous CSR research. Thus, instead of considering reciprocity as a theoretical idea in the background of stakeholder theory, I argue that it is necessary to examine the role of reciprocity in stakeholder interaction in more detail, and in particular in the construction of the meaning(s) of corporate social responsibility. Accordingly, the findings of my third research article emphasise the importance of reciprocity as it is suggested that corporate social responsibility in relation to locality is constructed as a response to the interpretations of reciprocal community support between small business owner-managers and the local community. Although this study focused on the relationship between a business and the local community, it is suggested that the local community is not, however, a sole source of this interpretation process. Instead, the same logic of the importance of reciprocity in CSR interpretations can be valid within other contexts and stakeholder groups as well. As the previous studies have not explicitly addressed the idea of reciprocity in relation to small business CSR, I consider that this is an important finding which should be further explored.

In my opinion, the role of reciprocity in the construction of the meaning(s) of CSR is particularly essential in the owner-managed small business context with personalised and close relationships between a business and its stakeholders. This is not to argue that reciprocity is not important in the large business context, but to emphasise that the multiplex and overlapping nature of business and personal relationships (e.g. Jenkins 2004; Worthington et al. 2006) often intensifies the meaning of reciprocity in CSR interpretations among small businesses. In other words, in the small business context the need for reciprocal exchange may well arise in an owner-managers' personal relationship, but the return may be expected in the business context as personal and business relationships can be difficult to distinguish from each other. Even though this kind of stakeholder claim arising from the personal sphere of the owner-manager may be powerful in the sense that the owner-manager feels the need to reciprocate, it may well be that the claim is not legitimate from the business perspective (cf. Mitchell et al. 1997). Indeed, *I propose that because of this overlap in business and personal relationships the identification of legitimate stakeholder claims may sometimes be rather challenging in the small business context. Furthermore, even though the stakeholder claim was recognised as not being legitimate, the existence of the norm of reciprocity makes it difficult for the owner-manager to ignore the claim.*

More generally, an essential aspect in relation to reciprocity is that as reciprocity aims to balance exchange relations, the subjective perceptions of the functioning of reciprocity are an important aspect in assessing the relationship. Accordingly, the findings of my third research article emphasise that it was the subjective perceptions of symmetry, asymmetry and the lack of reciprocal relationship that influence small business owner-managers' interpretations of corporate social responsibility. This raises an interesting question in relation to small business CSR, namely that since stakeholder relationships are considered to be based on the idea of reciprocity, which involves the aspect of subjective perceptions, similarly the idea of a stakeholder relationship can be regarded as a subjective interpretation of an established reciprocal relationship between the parties involved. In my opinion, even though previous studies have emphasised the importance of stakeholder identification, it has not addressed the process through which this identification takes place in the small business context. *Therefore I propose that the theoretical concept of reciprocity provides a means for understanding stakeholder identification as well as stakeholder management in the small business context.*

6.2 PRACTICAL IMPLICATIONS

The results of this research highlight several practical contributions for the small business owner-managers as well as their stakeholders in general. The main practical implication for small business owner-managers concerns the idea of achieving competitive advantage through corporate social responsibility. Indeed, socially responsible business behaviour has often been considered to be a potential competitive advantage for businesses. In the large business context the role of ethics and responsibility in the tense competition has been well acknowledged as businesses are increasingly using their perceptions on economic, social and environmental business aspects as a means to positively distinguish themselves from their competitors. My first research article demonstrated that although small business owner-managers seem to appreciate ethics and responsibility as a part of their business and they also consider ethical business behaviour as a means to distinguish themselves from other businesses, the inconsistency of the ethical argumentation makes it difficult for them to use responsible business behaviour as a competitive advantage. In other words, ethical deliberations of small business owner-managers seem to be ad hoc and situational in nature, and this makes it challenging for small businesses to coherently communicate their ethical stance to different business issues to stakeholders. In order to increase the competitiveness of small businesses it would be essential to increase the owner-managers' ability to communicate their ethical perceptions to their stakeholders. This can be also seen as an important practical implication for small business developers and policy makers too.

Still, it would be equally important to understand the potential that ethics and responsible behaviour hold for a business and to include responsibility as a part of overall business strategy. The results of this study demonstrate that small business owner-managers often present ethical business behaviour and corporate social responsibility as somewhat detached from the economic business realm, and even more as a constraint for their autonomous decision-making as business owner-managers. In my opinion, the very idea of CSR as a constraint and an extra cost is making it very difficult for small businesses to accomplish competitive advantage through responsible business behaviour, as they construct small businesses as mere respondents to the claims of external stakeholders. Thus, by producing CSR as a constraint, small business owner-managers transfer the main control of corporate social responsibility to their stakeholders instead of being active actors engaging in CSR. This is not to say that stakeholders' claims should be ignored, as they are an essential part of producing the essence and meaning for corporate social responsibility. Still, instead of producing CSR as mere responses to the claims and expectations of immediate stakeholders, small business owner-managers should adopt a more proactive approach and role in relation to CSR with regard to the potential competitive advantage. The reasons for this are twofold. First, it is the owner-managers who have the best knowledge of the resources and abilities of their business to engage in CSR. Second, I also think that even though the immediate stakeholders are constructed as having the power to affect small businesses, their claims are not always legitimate. Indeed, on the basis of this study, when producing the meaning(s) for corporate social responsibility, illegitimate claims were sometimes taken as legitimate because they were presented by powerful stakeholders.

It has been stated that in order to accomplish competitive advantage through socially responsible business behaviour, CSR should be incorporated as a part of business strategy (e.g. Porter and Kramer 2006). The idea of CSR as being process of reactive responses to stakeholders' claims is hardly adding any strategic value for the business operations, nor are they underpinning other business operations. Furthermore, it is important to acknowledge the context-related nature of corporate social responsibility which has been highlighted in this study. Accordingly, small business owner-managers should not adopt the ideas of CSR directly from the large business context as such but interpret these principles in relation to their own business resources. In my opinion, the contemporary discussion on CSR, which often emphasises the role of visible CSR engagements like corporate philanthropy, easily confuses the idea of socially responsible business behaviour in the small business context. It is important for small business owner-managers to note that CSR does not imply that a business should take responsibility for all the societal defeats but to simply make its own effort, within its own resource limits, in contributing to the overall welfare. Despite the definitional confusion that exists around corporate social responsibility, I think that the fundamental idea of CSR is still rather simple and it is not insurmountable for small businesses. Thus, on the basis of this research, I suggest that instead of transferring the main control of corporate social responsibility to their stakeholders, small businesses owner-managers should engage in stakeholder dialogue as a more active partner. In this task, the assistance of those developing small businesses is also needed as small business owner-managers still need tools to adopt the ideas of CSR to their particular business contexts.

This study also features some practical implications to the stakeholders of small businesses which derive particularly from the idea of CSR as a reciprocal process between a small business and its stakeholders. In my third research article, an important practical implication was highlighted by stating that those responsible for developing small businesses (small business developers, intermediary organisations, etc.) in local communities should recognise the logic of reciprocity, which has a significant role in shaping CSR. Indeed, it was emphasised that it is essential for those people aiming to develop the operations of small businesses as part of a local structure and seeking advantage and economic success in small businesses and the entire local community to aim to sustain the virtuous circle of reciprocity between a business and local community. This practical implication could be further elaborated by also highlighting the important role of stakeholders other than small business developers in sustaining this virtuous circle of reciprocity. Since small businesses tend to respond to stakeholders in a way that is commensurate with the perception of how they are treated, it should be acknowledged that the interaction in the framework of CSR should be two-way in nature. The role of stakeholders is not just to present their claims towards the businesses, but also to encourage small businesses into more socially responsible business behaviour through their own everyday activities. Thus, it should be acknowledged that consumer habits are, for example, a clear message to small businesses as to how highly their efforts of corporate social responsibility are valued among stakeholders.

6.3 REFLEXIVE REMARKS: EVALUATION AND LIMITATIONS OF THE RESEARCH PROCESS

Even though the evaluation of this research with subjective ontological and epistemological underpinnings cannot be based on the measures of reliability and validity devised for positivist research settings, assessing the research process and the robustness of the findings is still an equally important element of every research. Thus, in subjectively oriented research the traditional notions of validity and reliability are often replaced with the parallel concept of 'trustworthiness', which better accommodates the philosophical starting points of the study (e.g. Eriksson and Kovalainen 2008; Lincoln and Guba 1985). In this sub-chapter, I will assess the trustworthiness of my dissertation by discussing the role of my own actions and decisions that inevitably impact upon the meaning and context of the phenomenon under investigation, and thus affect the trustworthiness of the research (Horsburgh 2003).

In this study, in addition to the choice of the research object itself, the importance of my role as a researcher is reflected firstly in the choices made concerning the theoretical framework. In my opinion, because of the definitional vagueness around the contemporary theoretical discussion on CSR, it was essential to provide the reader with information concerning the theoretical framework in which this research took place in order to increase the credibility of the study (e.g. Lincoln and Guba 1985). This was particularly important since in the research articles, due to the specific space limitations, I do not discuss the definition of the concept of corporate social responsibility in any depth. While providing the discussion of those aspects of CSR that have influenced by own understanding of the concept, I still acknowledge that these choices are not neutral in nature. For example, by assuming the stakeholder theory as the basis of my understanding of CSR, I have shut doors on certain other potential interpretations, which could have taken place in other theoretical frameworks. Similarly, I know that my view of corporate social responsibility reflects those ideas that are prevalent in the mainstream discussion on CSR. Thus, even though I have also tried to bring out some critical voices related to corporate social responsibility, I decided not to deliberate on the very existence and usage of the concept and its potential ideological assumptions and aims.

Similarly, the choices concerning the methodological framework are also essential as they determine what kinds of findings can be possible and justified. As described in Chapter 4, I have adopted an interpretative approach in which corporate social responsibility is regarded as a socially constructed phenomenon. These methodological choices are not, however, equally reflected in all the research articles. Indeed, even though my first research article takes the interpretative starting point, it does not, however, reflect the ideas of social constructionism well. Thus, really understanding social constructionism, i.e. what it means for the research process, has been a learning process for me. I still consider that the methodological vagueness of the first research article does not negatively affect the contributions of the dissertation, since it was indeed this first research article that raised the further need to examine close stakeholder relations and the owner-managers' personality as important elements of sense-making in the framework of corporate social responsibility.

I have also tried to reflect my role as a researcher in the process of data collection, since it is not based on randomness and representatives but on the idea of more subjective purposive sampling. I chose to focus mainly on two different areas of industry in order to increase the variation in the data. Similarly, I made the decision not to focus on small business champions, i.e. those businesses that have been recognised as being pioneers in the engagement of CSR. I think that choosing these cases would surely provide interesting and useful data for best practice that could be applied to other small businesses, but focusing on these champions would have decreased the versatility of the data. I also acknowledge that in qualitative research, determining the number of interviewees is a matter of researcher's judgement. The concept of saturation, referring to the point at which no new information is observed in the data (e.g. Guest et al. 2006), is often used when estimating the sample sizes. In this study, the saturation of the data was reached when 29 small business owner-managers were interviewed. At this point, I discovered the similarities in the interviewees' descriptions of their stakeholder relationships and became convinced that there was no methodological justification to continue the data collection (keeping also in mind the budget and other resource limitation). The number of interviews made in this study is also in line with the tradition in the field of qualitative PhD studies in general (Mason 2010).

Furthermore, even though I think that the interviews produced rich data to examine the research question addressed in this study, I acknowledge that the small business owner-managers perceptions of CSR are embedded and closely related to their specific contexts of operation, for example their particular industries, geographical locations and whether they are involved in the production of industrial or consumer goods. In this study I did not, however, make any comparisons between small business CSR on the basis of these industry-related or other potential differences; rather my aim was to examine more general processes of meaning-making in the context of small business CSR. Still, the lack of notice on the role of these variables in these processes may be considered as a limitation of this study.

Reflexivity should also be considered in relation to the findings and contributions of the study, i.e. how well the researcher acknowledges his/her own role in the production of the data as well its interpretation, which refers to conformability of the study (e.g. Lincoln and Guba 1985). Even though my aim in this study was to allow the small business owner-managers describe corporate social responsibility in their own words, I realise that the interviews were produced in continual interaction between me and the owner-managers. Thus, my own personal assumptions and meaning systems have influenced the course of the interviews (e.g. Sword 1999). This active and involved process of data production is, however, rather vaguely described in my research articles, despite the fact that all the interviews are based on the similar principles and ideas of the roles of the interviewer and interviewees. Thus, it is only in my fourth article where I explicitly pay attention to interview context by also highlighting my questions and comments in the process of constructing the meaning(s) for socially responsible business behaviour. Furthermore, in the process of constructing the interpretations on the basis of the research data, I have tried to demonstrate the reflexivity by using the "I" (or additionally "we" in case of those research articles in which the interpretation process has been collaborative process between me and my co-author) to illustrate my personal involvement in the process (e.g. Horsburgh 2003). I have also paid attention to transparency in describing the analysis processes through which the interpretations have been made. Accordingly, I have aimed at as detailed descriptions of the rationale for the allocation of data into particular themes or categories as possible in the limited space afforded by each research article. Similarly, I have used a number of interview citations to strengthen the transparency and credibility of my interpretations.

Finally, I have paid attention to transferability, i.e. the degree of similarity between my own research and other research by trying to establish the link between them. Accordingly, I have carefully reviewed the previous research on small business ethics and corporate social responsibility in the first chapter of this dissertation in order to show in which way my research builds on and contributes to the previous findings in the field. Furthermore, even though I cannot claim that this study is 'sample-to-population' generalizable in nature, due to its ontological and epistemological orientations, I still suggest that the results of this research make generalisations about processes that small business owner-managers can get involved in, in the context of corporate social responsibility.

6.4 SUGGESTIONS FOR FURTHER STUDIES ON SMALL BUSINESS CSR

This research took a rather explorative approach to describe the meanings of corporate social responsibility through the sense-making process of small business owner-managers. As stated previously in this research, the small business sector is very heterogeneous in nature, including businesses with very different operational and contextual bases. Similarly, the objectives of small businesses vary greatly from business to business. Because of this variety, it would be of utmost importance to further clarify the role of different contextual and operational variables in this process of sense-making, i.e. how, for example, the industry affects the construction of the meanings of corporate social responsibility. Previous studies have speculated that whether business is operating in the primary, secondary or tertiary sector can affect its perceptions of corporate social responsibility. Similarly, the competitive structure or degree of rivalry as well as whether a business is producing industrial or consumer goods can be considered as industry-specific issues affecting corporate social responsibility (e.g. Jones 1999). Still, there is limited empirical research on the effects of these industrial variables on corporate social responsibility in the small business context.

Furthermore, as illustrated above, this study emphasises the important role of stakeholders' social control as an inherent element of the owner-managers' sense-making in the CSR framework. In the case of these feelings of social control, it would be interesting to further analyse whether they are related to specific industries and how the location of the business affects them, i.e. whether there are, for example, any differences between rural and urban businesses in relation to the feelings of social control. Even though there are some studies focusing on the differences of CSR in rural and urban businesses, these are conducted in the U.S. context (Brown and King 1982; Serwinek 1992; Smith and Oakley 1994) using rather different spatial measurements when compared to the Finnish context, which makes it challenging to arrive at generalisations about these results. Similarly, as Finnish culture is often characterised as being rather homogeneous in nature, it would be extremely interesting to find out whether location is to some extent a decisive factor in relation to CSR.

The majority of the small businesses studied in this dissertation can be defined as family businesses, i.e. firms in which one or more families linked by kinship, close affinity, or solid alliances hold a sufficiently large share of risk capital to enable them to make decisions regarding strategic management (Corbetta 1995 cited by Gubitta and Gianecchini 2002). Although there is no universally accepted definition on family businesses, most of the existing definitions seem to agree that the essential feature distinguishing family businesses from other kind of businesses is the special role of family in terms of determining the vision and control mechanisms used in a firm, and creation of unique resources and capabilities (Sharma 2004). In this study, the role of a family on small business CSR was not explicitly emphasised. The interrelations and dynamics between the family and business systems would, however, provide interesting new perspectives in further contributing to small business CSR (c.f. Mitchell et al. 2011).

I examined small businesses' corporate social responsibility from the owner-managers' perspective. In addition to this mainstream managerial focus, I would consider it important to further study stakeholders' perspectives on small business CSR as well. Employees' attitudes and views on small business CSR as well as their role in the construction of the meanings of CSR would be a particularly important and interesting area of future research. Previous studies often indicate concern for employees as being a key area of CSR in the small business context (e.g. Thompson and Smith 1991; Spence and Lozano 2000; Vitell et al. 2000). This view was also reinforced in my first research article, which demonstrated that personal relationships between owner-managers and their employees manifest a strong moral duty for the owner-managers to take care of their employees' well-being. Even though this is an important research finding, I suggest that at the same time it also presents employees as rather passive objects of the CSR activities of owner-managers. Since there are few studies which focus on the employees' perspective as such, it is not clear how employees perceive their own role in the process of constructing the meaning(s) for CSR. In my opinion, further information concerning employees' role in CSR would provide small business owner-managers with important means to develop CSR activities in their businesses.

In this study, CSR was studied from the constructivist point of view in order to understand the sense-making processes of small business owner-managers. A more positivistic approach to CSR in the small business context would also provide important information, for example, concerning the relations of corporate social responsibility and business performance. Even though this relationship has been studied in the context of large businesses, in my opinion this kind of examination would also be useful in the small business context. My research demonstrated that small business owner-managers sometimes produce corporate social responsibility as a gratuitous cost for their businesses, even though they do not have any objective knowledge of the issue. Thus, research into the economic effects of small businesses CSR engagements, for example, would provide essential information for owner-managers to support their decision-making.

Finally, based on the results of this study, the importance of size as such in the construction of the meaning(s) of CSR can be challenged. In the first chapter of this dissertation, I argued that the contemporary discussion of corporate social responsibility marginalises small businesses by ignoring that they are different from large businesses not just in terms of size but also in other characteristics. The results of this study indicate that in addition to size as such, an important factor affecting the production of the meanings of corporate social responsibility seems to be the way a business is managed. Small businesses are, in fact, often more personalised and informal in their management structure when compared to their larger counterparts, which also reflects on their perceptions of corporate social responsibility. Still, a personalised and informal management structure is not exclusive to small businesses. Thus, it would be interesting to further study the influence of different management structures on small business corporate social responsibility.

TIIVISTELMÄ (FINNISH SUMMARY)

Väitöskirjassani tarkastelen pienyritysten liiketoimintaa yrityksen yhteiskuntavastuun käsitteen kautta. Yhteiskuntavastuun käsite pureutuu kysymyksiin yrityksen roolista osana laajempaa yhteiskuntaa. Perinteisesti yritysten on odotettu toimivan taloudellisesti mahdollisimman kannattavasti ja tarjoavan työtä mahdollisimman monelle ihmiselle. Näiden odotusten rinnalle on syntynyt vaatimuksia siitä, että näin menetellessään yritysten olisi toimittava myös vastuullisesti ja eettisesti. Yritysten odotetaan tekevän valintoja, joilla on taloudellisesti, sosiaalisesti ja ekologisesti kestävät perusteet. Taloudellisen vallan lisäksi nykypäivän liiketoimintaa kuvaa usein lisääntynyt poliittinen ja sosiaalinen vaikutusvalta, jonka uskotaan olevan legitiimi peruste sille, miksi yritysten olisi toiminnassaan huomioitava myös sosiaalisia ja eettisiä näkökulmia. Yritystoiminta koskettaa meistä jokaista tavalla tai toisella. Siksi yritysten yhteiskunnallisen roolin tutkiminen, erityisesti yritysten vastuun näkökulmasta, on mielenkiintoinen ja tärkeä tutkimusaihe.

Kiinnostus yritysten yhteiskuntavastuuta kohtaan on kasvanut viime vuosina niin yrityselämässä kuin akateemisessakin maailmassa. Valtaosa alan tutkimuksesta on kohdistunut suuriin, usein kansainvälisesti toimiviin yrityksiin – voidaan jopa väittää, että keskustelu yritysten yhteiskuntavastuusta on osittain marginalisoinut pienyritykset. Pienyritysten vähäinen huomio yhteiskuntavastuukeskustelussa kulminoituu niiden toiminnan heikkoon julkiseen näkyvyyteen ja vähäisiin resursseihin. Pienillä yrityksillä ei useinkaan ole riittäviä taloudellisia ja/tai inhimillisiä resursseja viestittää sidosryhmille liiketoimintaansa liittyvistä vastuukysymyksistä ja niiden ratkaisuista. Tämä ei kuitenkaan tarkoita, etteivätkö yritysten yhteiskunnalliseen vastuuseen liittyvät kysymykset olisi yhtä lailla merkittäviä pienyrityksissä kuin suuremmissakin. Se ei myöskään vähennä pienyritysten yhteiskuntavastuullisen liiketoiminnan merkitystä ja arvoa sidosryhmien silmissä, eikä tee ilmiöstä tutkimuksellisesti vähempiarvoista. Sen sijaan pienyritysten usein vähäisemmät resurssit vaikuttavat siihen, että niissä yhteiskuntavastuun käsitteleminen saa erilaisia muotoja kuin suurissa yrityksissä. On myös huomattava, etteivät pienet yritykset ole miniatyyrikoossa toimivia suuryrityksiä vaan niiden toimintalogiikka eroaa monessa suhteessa suuryrityksistä. Pienyrityksissä omistaja-johtajan keskeinen rooli sekä sidosryhmäsuhteiden epävirallinen ja henkilökohtainen luonne vaikuttavat suuresti siihen, millaiseksi yhteiskuntavastuullinen toiminta yrityksissä muodostuu. Lisäksi pienyritykset muodostavat lukumääräisesti tarkasteltuna monessa maassa talouden perustan ja niillä on huomattava työllisyysvaikutus. Pienten yritysten liiketoiminnan vastuu- ja moraalikysymysten tutkimukselle on siksi olemassa selkeä tarve.

Tämä tutkimus vahvistaa yritysten yhteiskuntavastuusta käytävää teoreettista keskustelua tuomalla siihen mukaan pienyritysten perspektiivin. Pienyritysten yhteiskuntavastuuta on mahdollista tarkastella useista eri näkökulmista, kuten esimerkiksi omistaja-johtajan, työntekijän tai jonkun ulkoisen sidosryhmän näkökulmasta. Tässä tutkimuksessa keskiössä ovat pienyrityksen omistaja-johtajat. Tällä näkökulman valinnalla ei ole tarkoitus aliarvioida muiden sidosryhmien merkitystä pienyrityksen yhteiskuntavastuullisen liiketoiminnan rakentumisessa, sillä menestyksellinen vastuullinen liiketoiminta edellyttää kaikkien sidosryhmien sitoutumista asiaan. Viime kädessä kuitenkin se, miten ja missä määrin yhteiskuntavastuuta pienyrityskontekstissa yhteisvoimin edistetään, on suuresti riippuvainen siitä, millaisia tavoitteita omistaja-johtajalla on yritystoiminnalle. Toisin sanoen, pienyrityskontekstissa eronteko omistaja-johtajan ja yrityksen välille on haasteellista, sillä pienyrityksen toiminta heijastaa usein voimakkaasti omistaja-johtajan arvomaailmaa. Siten tämän tutkimuksen tavoitteena on tarkastella ***mitä yrityksen yhteiskuntavastuu merkitsee pienyrityksen omistaja-johtajalle ja miten nämä merkitykset rakentuvat omistaja-johtajien sidosryhmäsuhdekuvauksissa.*** Pienyrityksillä tarkoitan tutkimuksessa sellaisia yrityksiä, jotka työllistävät alle 50 henkilöä ja joiden vuotuinen liikevaihto jää alle 10 miljoonan euron.

Tarkastelen yritystoimintaa sidosryhmäteorian kautta osana laajempaa sidosryhmävuorovaikutusta, jossa myös merkitykset yritysten yhteiskuntavastuulle syntyvät. Tässä tutkimuksessa yrityksen sidosryhmillä, toisin sanoen kaikilla

niillä yksilöillä tai ryhmillä, jotka voivat vaikuttaa yrityksen liiketoimintaan tai joihin yritys voi toiminnallaan vaikuttaa, uskotaan lähtökohtaisesti olevan vaikutusta siihen, miten yritys käytännössä ymmärtää oman yhteiskunnallisen vastuunsa. On kuitenkin huomattava, että ymmärrän sidosryhmien vaikutuksen pienyrittäjän yhteiskuntavastuuseen vuorovaikutuksellisena prosessina, yrityksen ja sen sidosryhmien välisenä keskusteluna. Pienyrityksen vastuullisuus ei suoraan heijasta sidosryhmien yritykseen kohdistamia odotuksia, vaan yrittäjä muodostaa käsityksensä yhteiskuntavastuusta tehdessään tulkintoja sidosryhmien odotuksista ja suhteuttaessaan näitä tulkintoja niihin näkemyksiin, joita hänellä on liiketoiminnan moraalista ja yrityksen vastuusta.

Tutkimukseni kiinnostuksen kohteena ovat siis yhteiskuntavastuun käsitteen saamat merkitykset. Yrityksen yhteiskuntavastuun käsitteen yksiselitteinen ja tyhjentävä määrittely on mahdotonta. Kysymykset siitä, mikä on yrityksen rooli yhteiskunnassa, kenelle ja mistä yritys on vastuussa tai kenellä ylipäänsä on legitiimi oikeus esittää yritykselle vaatimuksia ja mitkä ovat yritysten vastuunkantamisen perimmäiset syyt, ovat keskeisiä yhteiskuntavastuuta määritteleviä kysymyksiä, joiden suhteen ei ole olemassa yksimielisyyttä. Yksityiskohtaisen määritelmän sijaan pyrinkin tutkimuksen teoriaosuudessa tuomaan esiin niitä laajempia keskusteluita, jotka ovat vaikuttaneet omaan ymmärrykseeni yrityksen yhteiskuntavastuun käsitteen sisällöstä ja olemuksesta ja siten rajanneet tämän tutkimuksen lähtökohtia. Näitä ovat yhteiskuntavastuun vapaaehtoinen luonne, sen suhde etiikkaan, ajatus pitkäntähtäimen taloudellisesta kannattavuudesta, yhteiskuntavastuun ymmärtäminen yrityksen taloudellisten, ekologisten ja sosiaalisten aspektien huomioimisena sekä käsitteen kontekstisidonnaisuus. Se millaiseksi yhteiskuntavastuun tarkempi sisältö määrittyy tämän viitekehyksen sisällä, on näkemykseni mukaan kunkin yrityksen subjektiivisen merkityksenantoprosessin seurausta.

Tutkimukseni on luonteeltaan tulkitseva – tavoitteeni on pyrkiä ymmärtämään tutkittavaa ilmiötä, pienyrityksen yhteiskuntavastuuta, omistaja-johtajien oman kokemusmaailman kautta. Tutkimuksen keskeinen metodologinen lähtökohta on sosiaalisessa konstruktionismissa. Yhteiskuntavastuu näyttäytyy tässä tutkimuksessa ilmiönä, joka rakentuu historiallisesti ja kulttuurisesti sidotuissa vuorovaikutusprosesseissa yrityksen ja sen sidosryhmien välillä. Tutkimuksen empiirisen aineiston muodostavat 29 pienyrityksen omistaja-johtajan haastattelut.

Ensimmäisessä tutkimusartikkelissani tarkastelen sitä, *millaiset liiketoimintapäätökset aiheuttavat pienyritysten omistaja-johtajille moraalista pohdintaa ja millaisia eettisiä argumentteja he käyttävä perustellessaan tekemiään päätöksiä.* Omistaja-johtajien eettistä argumentointia analysoin käyttäen hyväksi kolmea etiikan teoriaa, toisin sanoen utilitarismia, deontologiaa ja hyve-etiikkaa. Tutkimus osoittaa kuinka moraalinen pohdinta on kiinteä osa pienyritysten omistaja-johtajien jokapäiväistä päätöksentekoa liittyen laajasti sellaisiin liiketoiminnan osa-alueisiin kuten tavarantoimittajien valintaan, laatukysymyksiin, hinnoitteluun, markkinointiin sekä suhteisiin työntekijöiden ja muiden sidosryhmien kanssa. Pienyrittäjien eettinen argumentointi on tämän tutkimuksen mukaan usein tilanteeseen sidottua, eikä moraalista pohdintaa uloteta tulevaisuudensuunnitteluun. Päätöksenteossa käytetty eettinen argumentointi on kuitenkin myös hyvin heterogeenistä heijastaen sekä yrityksen hyötynäkökulmia että laajemmin omistaja-johtajan arvomaailmaa. Tutkimus tuo esiin myös läheisten sidosryhmien keskeisen roolin eettisen argumentoinnin taustalla. Tässä tutkimuksessa yhteiskuntavastuun merkitys rakentuu sidosryhmävuorovaikutuksena.

Väitöskirjani toisessa tutkimusartikkelissa yhteiskuntavastuullista liiketoimintaa tarkastellaan maineen käsitteen kautta. Tarkemmin sanoen tässä tutkimuksessa pyritään selventämään sitä, *miten pienyritysten omistaja-johtajat tuottavat maineelle merkityksiä käyttäen hyväkseen erilaisia diskursseja ja miten maineesta muodostuu osa pienyrittäjien liiketoimintaa*. Tutkimuksessa maine ymmärretään ihmisten välisessä vuorovaikutuksessa ja kielenkäytössä muodostuvaksi sosiaaliseksi konstruktioksi, jota tarkastellaan artikkelissa diskurssianalyysin kautta. Tutkimus osoittaa, että pienyrityskontekstissa maineen merkitys rakentuu taloudellisena resurssina, sosiaalisena tunnustuksena, kontrollimekanismina tai uhkana omistaja-yrittäjän henkilökohtaiselle statukselle. Siten maine rakentuu tehokkaana liiketoiminnan vastuuta lisäävänä tekijänä pitäen samalla sisällään sekä mahdollisuuksia että toiminnan rajoitteita. Tutkimus lisää tietoa maineen merkityksestä pienyrityskontekstissa osoittamalla miten maineen ymmärtäminen yksinomaan resurssina on liian kapea-alainen näkemys. Tutkimus tuo esiin myös maineen käsitteeseen pienyritysten omistaja-johtajien sidosryhmäkuvauksissa liitetyt negatiiviset näkökulmat. Tässä tutkimuksessa yhteiskuntavastuun merkitys rakentuu keinona saavuttaa yritykselle hyvä maine tai välttää huonoa mainetta.

Kolmas tutkimusartikkeli keskittyy pienyrityksen ja paikallisyhteisön välisen suhteen tarkasteluun. Pienyrityksiä kuvataan usein paikallisyhteisöön monin tavoin juurtuneiksi. Siten paikallisyhteisöllä on katsottu olevan myös merkittävä rooli pienyritysten vastuukäsitysten muodostumisessa. Tästä lähtökohdasta käsin tutkimuksessa pyritään selventämään sitä, *miten pienyritysten omistaja-johtajat kokevat yrityksensä ja paikallisyhteisön välisen suhteen ja miten nämä kokemukset heijastuvat heidän yhteiskuntavastuutulkintoihinsa*. Tutkimuksen keskeisenä teoreettisena työkaluna käytetään sosiaalisen läheisyyden käsitettä. Tutkimus osoittaa miten sosiaalisen läheisyyden kokemukset vaikuttavat pienyritysten omistaja-johtajien yhteiskuntavastuutulkintoihin tuottamalla vastuun joko sosiaalisten sanktioiden välttämisenä, lakien noudattamisena tai moraalisena velvollisuutena. Tutkimus tuo esiin vastavuoroisuuden merkittävän roolin yhteiskuntavastuun rakentumisessa. Tässä tutkimuksessa yhteiskuntavastuun merkitys rakentuu vastavuoroisuutena yrityksen ja sen sidosryhmien välillä.

Neljännessä tutkimusartikkelissa pyrkimyksenäni on ymmärtää pienyrityksen omistaja-johtajan identiteetin rakentumista yhteiskuntavastuukeskustelun viitekehyksessä. Tarkemmin sanottuna tutkimuksen tavoitteena on tarkastella sitä, *millaisia diskursiivisia identiteetin rakennusresursseja omistaja-johtajat käyttävät hyväkseen pohtiessaan suhdettaan yrityksen yhteiskuntavastuusta käytävään keskusteluun*. Tutkimuksessa yhteiskuntavastuukeskustelu ymmärretään kontekstiksi, joka haastaa omistaja-johtajat aktiivisesti pohtimaan ja tuottamaan käsitystä siitä millaisia he yrityksen omistajina ja johtajina ovat. Tutkimuksessa nousee esiin kaksi keskeistä diskursiivista resurssia, joita omistaja-johtajat käyttävät rakentaessaan ja legitimoidessaan omaa identiteettiään suhteessa yhteiskuntavastuuseen: altruistinen diskurssi, jossa painotus on sidosryhmistä huolehtimisessa, ja instrumentaalinen diskurssi, joka korostaa yrityksen taloudellisen hyödyn turvaamista. Näiden osittain päällekkäisten ja ristiriitaisten diskursiivisten resurssien käyttö osoittaa sen, miten haasteellista pienyrityksen omistaja-johtajalle oman itsen asemointi suhteessa yhteiskuntavastuupuhuntaan voi olla. Tässä tutkimuksessa yhteiskuntavastuun merkitys rakentuu osana omistaja-johtajan identiteettiä.

Työni keskeinen väite on, että pienyritysten omistaja-johtajat tuottavat yhteiskuntavastuun monitahoisena ja ristiriitaisenakin ilmiönä, joka toisaalta tarjoaa mahdollisuuksia mutta toisaalta rajoittaa liiketoiminnan harjoittamista. Pienyritysen omistaja-johtajien sidosryhmäkuvauksissa yhteiskuntavastuun merkitystä rakennetaan diskursiivisesti yrityksen kannattavuuden, kilpailukyvyn ja altruistisen sidosryhmistä huolehtimisen välillä. Yhteiskuntavastuun merkityksen rakentuminen taloudellisten ja eettisten diskurssien kamppailuna tuottaa haasteellisen kuvan yritysten yhteiskuntavastuusta, missä omistaja-johtaja kokee joutuvansa valitsemaan taloudellisen ja moraalisen toiminnan välillä. Pienyritysten yhteiskuntavastuun merkityksenantoprosessia kuvaa myös diskursiivinen kamppailu yrittäjyyteen usein liitettävän autonomisuuden ja sidosryhmien harjoittaman sosiaalisen kontrollin välillä. Tutkimus tuo esiin omistaja-johtajien yhteiskuntavastuuseen liittämän normatiivisen ja autonomista päätöksentekoa rajoittavan luonteen, joka on jäänyt aikaisemmassa tutkimuksessa hyvin vähäiselle huomiolle. Läheiset sidosryhmäsuhteet ja yrityksen voimakas henkilöityminen omistaja-johtajaansa lisäävät sidosryhmien diskursiivisesti tuotettua valtaa yhteiskuntavastuun merkityksenantoprosessissa. Sen lisäksi pienyrityskontekstissa vastavuoroisuuden kokemuksille perustuvia henkilökohtaisia ja yritystoimintaan liittyviä suhteita on usein vaikea erottaa toisistaan, mikä saattaa vaikeuttaa legitiimien sidosryhmävaateiden tunnistamista ja tehdä sidosryhmäjohtamisesta omistaja-johtajille hyvin haasteellista.

Tutkimuksen käytännön kontribuutioissa painottuu vastuun ymmärtäminen osana pienyrityksen liiketoimintastrategiaa ja kilpailukykyä. Siitä huolimatta, että tutkimus osoittaa yhteiskuntavastuun merkityksen rakentuvan jossakin määrin yrittäjän autonomiaa rajaavana ilmiönä, yhteiskuntavastuullinen toiminta nähdään selkeästi myös keskeisenä liiketoiminnan aineettomana resurssina. Tutkimus osoittaa kuinka ristiriitaiset tulkinnat yhteiskuntavastuun merkityksestä saattavat olla keskeinen este yhteiskuntavastuun käsitteen laajemmalle omaksumiselle pienyrityskontekstissa. Yhteiskuntavastuullisuuden perimmäinen ajatus on kuitenkin melko yksinkertainen, eikä sen toteuttaminen ole pienyritysten saavuttamattomissa. Siksi tarvitaan lisää keskustelua siitä, miten yhteiskuntavastuun ajatusta voidaan selkeyttää ja muokata siten, että siitä tulisi entistä kiinnostavampi myös pienyritysten näkökulmasta.

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PART II: THE RESEARCH ARTICLES

ARTICLE 1

When ethics matters – Interpreting the ethical discourse of small nature-based entrepreneurs

by Merja Lähdesmäki

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When Ethics Matters – Interpreting the Ethical Discourse of Small Nature-Based Entrepreneurs

M. Lahdesmaki

ABSTRACT. This article examines the unique ethical concerns faced by small nature-based entrepreneurs in their everyday business operations. By using qualitative, empirical data, six kinds of business situations were identified to bring about moral consideration for all the entrepreneurs in this study. The business situations identified were the selection of raw material suppliers, reconciling the quality of production and the lack of resources, the pricing process, the content of marketing information, the close relationships to employees and the collaboration with other entrepreneurs. The ethical argumentation used in these business situations was examined in relation to three ethical theories: utilitarian ethics, deontology and virtue-ethics. This article shows that typical for the decision-making of the small nature-based entrepreneurs in an ethical sense is the variety of ethical arguments used and the important role of customers and employees influencing the ethical views of the entrepreneurs.

KEY WORDS: Business ethics, deontology, nature-based entrepreneurship, small businesses, utilitarian ethics, virtue ethics

Introduction

Although there is an increasing interest in business ethics in the contemporary world, small businesses have received little attention as an object of ethical study (see e.g. Longenecker et al., 1995; Quinn, 1997; Spence, 1999; Vyakarnam et al., 1997). There are many reasons for the lack of research into small business ethics; one surely being the insignificant economic role an individual small firm has at the national level. All together, small businesses, however, constitute a major proportion of the national economy in many countries and can wield considerable collective power. Small businesses do not operate in an ethical vacuum either; they confront several moral issues in their everyday business operations and they also have to respond to the claims of their stakeholders. Therefore, to ignore small businesses when studying business ethics is to ignore an increasingly important slice of business activity (Quinn, 1997, p.120).

A small business entrepreneur confronts numerous business decisions that pose ethical challenges, but according to Longenecker et al. (1995) (see Dees and Starr, 1992), comparatively little is known about the types of moral issues that are the most troublesome for small business organisations. The goal of this study is to contribute to this specific area of small business ethics by describing the unique moral concerns faced by small businesses in their everyday business operations from the perspective of the small business entrepreneurs. This goal is achieved by using qualitative approach, instead of quantitative methods, which have previously been widely used in small business ethics research (Spence, 1999, p.170). The research questions of this study can be stated more concretely as follows:

- what kind of business decisions/situations are most likely to cause moral consideration for small business entrepreneurs?
- what kind of ethical arguments are used when justifying these decisions/situations?

In this study the ethical issues of small businesses are approached from the perspective of nature-based entrepreneurs. This means that the data is gathered and the interpretations are made from the viewpoint of four owner–managers who run a small nature-based business. Characteristic of nature-based entrepreneurs in general is that their business operations are based either on the resources or the experiences found in nature, i.e. on sustainable utilisation of the natural resources. Nature-based entrepreneurship offers, for example, tourism products, handicrafts and food products that have their foundation in nature. Such products can usually be described as connoting the following attributes: responsibility, domesticity, ''local,'' craftsmanship and individuality (Matilainen and Aro, 2002; Rutanen and Luostarinen, 2000). The decision to focus the study on nature-based entrepreneurs was based upon a hypothetical supposition, that entrepreneurs in this field have to face a variety of ethical issues because of the above-mentioned features of their businesses. Thus, they were thought to more or less systematically consider the ethical aspects of their businesses. The perspective of the owner–manager of a small business, rather than that of employee(s), was chosen to be the focus of this study because of the strong influence the owner–manager has on the ethical atmosphere of the whole business; i.e. the decision of what ought to be done in a certain situation is likely to be among the prime considerations of the owner–manager.

Small businesses and ethics

In order to make a contribution to the field of small business research, a rigorous definition of a small business should be given (see Spence, 1999, p.169). In this study, the defining characteristic of small businesses is that they employ less than 50 people (see Recommendation2003/361/EC). Although the number of employees (in addition to the annual turnover in some cases) is a very central definer when describing small businesses, the definitions of a small business are usually not based solely on quantitative characteristics. A definition of small businesses based solely on numeric features would simplify the complex differences between small and large businesses. Baumback (1988) for example, defines a small business as one that is actively managed by the owner(s), is highly personalised, largely local in its area of operation and largely dependent on an internal source of capital to finance growth. In this study, in addition to the certain number of employees, an essential defining feature of small businesses is an independent and active role of the owner in the business.

Small firms are usually owner–managed and hence the owners have a certain amount of freedom to run the business according to their own judgement and without the need to be answerable to other shareholders (Spence, 2000, p.10). The independence of an entrepreneur[1] is often considered to be a key aspect of ethics in small businesses. Quinn (1997, p.120), for example, points out that owner–managers should be in a stronger position to bring their own ethical attitudes to bear on business decisions than managers in larger organisations, whose actions are mediated and constrained by imposed systems and established norms. Naturally, there are certain legal constraints binding the independence of small business owner–managers, but within these constraints, for the owner–managers of small businesses the need to obey authority or to look for the approval of referent others may well not exist or be less important when compared to large businesses (Quinn, 1997, p.121). This does not, however, erase the fact that small business entrepreneurs do experience conflicts between their personal ethics and the external expectations concentrated on their business operations. According to the research done by Vitell et al. (2000, p.17) these kind of ethical conflicts are most often related to an owner–manager's relations with their customers and employees.

Besides the independence of an entrepreneur, there are other typical features of small businesses, which are regarded as also influencing the ethical aspects of doing business. One of these features is the variety of tasks a small business entrepreneur is responsible for. While taking care of the management tasks, a small business owner–manager is usually responsible for other functional tasks of the business as well. Hence, the time and task pressures on an entrepreneur are likely to be great, which usually leaves little time or energy to reflect upon the ethical issues of the business. (Spence, 2000, p.11). Small businesses are also often characterised by personal relationships between entrepreneurs and their employees, which can be a great asset for a business, for example, in terms of loyalty. On the other hand, close personal relationships between entrepreneurs and their employees can ethically be a very difficult issue, for example when making decisions concerning the downsizing of a business. Spence (2000, p.12) argues further, that typical for small businesses is also a certain mistrust of bureaucracy and a reliance on informal control mechanisms. Imposed and externally dictated standards and procedures run contrary to the needs of a small businesses, which value informal working methods, which can have the result that small firms are not likely to take up formalised controls for ethical issues.

The short description of the main characteristics of small businesses and their owners given above, aims to indicate that the qualities of business ethics among large businesses can not be directly applied to the small business context. This argument has also been demonstrated in several studies that have focused on the differences between the ethical attitudes of small and large businesses. A well-known study measuring the differences in ethical perspectives between small and large businesses in the United States is the one carried out by Longenecker et al. (1989). According to this research, small and large businesses do differ in an ethical sense, though the small businesses cannot be characterised as more or less ethically strict when compared to the larger businesses examined in the research. Thus, the situational differences led the respondents in different directions on the particular issues.

Theoretical framework

This article aims at contributing to the study of business ethics. According to Velasquez (1992, p.16), for example, business ethics is a specialised study of moral rights and wrongs. It concentrates on how moral standards particularly apply to business policies, institutions, and behaviour. This definition of the concept emphasises that business ethics cannot be understood separately from the general ideas of ethics, i.e. business life should be viewed on the grounds and through the use of the same ethical theories as any other part of social life. The theoretical background of this article is, therefore based mainly on the two major traditions dominating current thinking in moral philosophy; utilitarianism and deontology. As entrepreneurs are often attributed with different characteristics that distinguish them from non-entrepreneurs (see e.g. McClelland, 1961), virtue ethics, which emphasises the moral character, (in contrast to utilitarianism and denontology, which emphasise the consequences of actions or duties, respectively) was considered to bring about an appropriate addition to the theoretical framework of this study.

A theoretical presupposition of this study is that the entrepreneur's ethical judgement cannot be described in either utilitarian, deontological or virtue ethical terms solely, but it is a combination of several ethical approaches. In this sense, the main assumption of this study has in common with the Hunt–Vitell model of ethical decision-making. According to Cole et al. (2000), the essential tenet of the Hunt–Vitell model is that a person arrives at an ethical judgement through a combination of their deontological and teleological evaluations. According to this model, what actually seems to happen is that people use a mixture of different types of theories when justifying their behaviour in ethical sense.

Utilitarianism

Many moral philosophers, more specifically those adhering to the utilitarian views of ethics, maintain that the morality of an action can be determined by looking at the value of the consequences of an act. Thus, according to utilitarian ethics, any act is morally acceptable if it will produce the greatest net benefits (or the lowest net costs) for society as a whole. Utilitarianism differs from ethical egoism, which holds that an individual may properly serve his or her own interests. Ethical egoism argues that one should take the welfare of others into account only insofar as that helping, hurting or ignoring others would have an impact on one's own welfare. Utilitarianism regards the welfare of any single individual as no more or no less important than the welfare of any other individual, i.e. a morally right act is not necessarily one that maximises the utility of an actor but the utility of all persons affected by the action. Although utilitarianism may be considered egalitarian as it requires equal consideration to be given to all, it does not assume that all individuals should be treated in the same way. It would, for example, endorse unequal treatment whenever the general welfare would be maximised by such unequal treatment (Airaksinen, 1987; see Lyons, 1998)

Since there are many variations in utilitarianism, utilitarian theories also incorporate various conceptions of utility. Jeremy Bentham, for example, embraced a ''hedonistic'' conception, in terms of ''pleasure'' and the absence of ''pain.'' John Stuart Mill, on the other hand, believed that the pleasures, which differentiate human beings from other animals, are ''higher'' and more valuable than physical pleasures (Lyons, 1998, pp.640–641). Common to the utilitarian theories of ethics is, however, the assumption that both the advantages and the disadvantages an act bring about can be evaluated, either by measuring the quantitative consequences of an act, like the intensity and duration, or by also taking the quality of the consequences into consideration (Häyry, 1999).

Utilitarian theories have been criticised, first and foremost, because of the problematic idea of measuring the utilities of an act. For example, there are utilities that are hard to predict, and thus they are also almost impossible to measure. According to Takala and Uusitalo (1996, p. 52) there is also the problem of an unjust distribution of utility. Summarising the costs and benefits may conceal major negative effects on people in small social segments by allowing their losses to be offset against relatively minor increases in utility in larger sections of society. Thus, following the utilitarian way of thought can have morally precarious implications.

Deontology

Whereas utilitarian ethics is concerned with the consequences of an act, deontological ethics takes a rather different basis for assessing the morality, namely the motives of an actor. Modern deontological ethics owes much to Kant (1724–1804). Kant's most basic claim is that nothing can be conceived to be good unconditionally and without qualification except a good will. According to Kant, good actions that are a result of self-interest cannot be morally acceptable. On the contrary, morally right actions are those carried out with a sense of duty (Kant, 1980). Thus, Kant argues that there are certain moral rights and duties that all human being possess, regardless of any utilitarian benefits that the exercising of those rights and duties may provide for others. Therefore for Kant, if a rational will is to be good unconditionally, there must be some principle of practical rationality other than doing well only as a means to accomplish something (Harva, 1958; Kant, 1980; Marshall, 1998; Velasquez, 1992).

Kant made two demands on ethics; according to him ethics must be characterised with autonomous and categorical judgements. This means that morality has to stem from free will, binding the actions of an individual unconditionally (Häyry, 1999, pp. 226–227). Furthermore, an essential aspect of kantian ethics is the concept of universality. The role of universality can be seen particularly in Kant's core moral principle, the ''categorial imperative,'' which requires that everyone should be treated as a free person, equal to everyone else. Kant provided three ways of formulating this basic moral principle. For example, Act only on that maxim whereby you can at the same time will that it should become a universal law (Kant, 1980).

The categorical imperative is thought to explain why people have moral rights, i.e. moral rights correlate with the moral duties, although the categorical imperative does not tell us what the particular moral rights are. Thus, whether or not an interest can be treated as a moral right is not always an unambiguous question. According to Velasquez (1992, p. 71), there is also substantial disagreement concerning the limits of and the ways that each of these rights should be balanced against other conflicting rights.

Virtue ethics

The roots of virtue ethics can be found in the ethical thoughts of the classic Greek philosophers, especially in the writings of Aristotle. Virtue is not to be taken as some extraordinary or as saintly goodness (Koehn, 1998, p. 647); rather a virtue is a human trait that is socially valued, and a moral virtue is a trait that is morally valued (Beauchamp and Childress, 1994, p. 63). Human virtues, then, could be, for example, the following characteristics of human beings: courage, honesty, fairness and goodwill (Airaksinen, 1987, pp. 228–230).

Virtue ethics is interested in the personal traits, not in the particular decisions or moral principles. In other words, while utilitarian and deontological ethics are concerned with ''doing,'' virtue ethics emphasises "being." Virtues are typically good habits, which are learned through practise, i.e. we are not born virtuous, rather, we become virtuous. Thus, to become virtuous, one must see others practising good habits. Furthermore, virtues should be examined within a "community" setting, i.e. virtues are fully understood only by considering the overall context of life. Thus, a virtue is not a principle (De George, 1999; Murphy, 1999; Whetstone, 2001). How can ethical judgements, based on virtue ethics, be made then? According to Aristotle, a fully virtuous act must satisfy three conditions; the act must be done knowingly, the motive for choosing the act must be simply because it is virtuous, not for personal advantage or other undesirable motive and, the act must be consistent with the usual disposition of the actor's character (Whetstone, 2001, p. 104).

One essential problem concerning virtue ethics is, according to Airaksinen (1987, pp. 241–242), that virtues are connected to certain psychological features without any arguments for the moral goodness. A psychological characteristic cannot be a basis of ethics, per se. For example, whereas courage can be a moral virtue, a courageous person can be also a criminal. In order to avoid this false conclusion, Airaksinen (1987, p. 242) suggests that virtues should be defined in relation to certain, morally acceptable actions.

Methodological assumptions and data gathering

Goodpaster (1983, p. 3), in his article concerning corporate responsibility, divided the study of business ethics into three different perspectives. These corresponded to the divisions most frequently made in philosophical ethics, namely descriptive ethics, normative ethics and analytical ethics. Based on this division, the study of the ethical considerations of small business owner–managers presented in this article, is descriptive in its nature. The descriptive approach to ethics can be seen in the way the research questions are posed; the objective of this study is not to prescribe and defend ethical values and obligations, as is the case of normative ethics, but rather, to present a neutral portrait of the ethical conceptions of the small business owners in case.

This study is interpretative to the extent that the objective of the study is to understand the role of ethics in business from the entrepreneur's point of view (see e.g. Burrell and Morgan, 1989). According to Burrell and Morgan (1989, p. 1–19), the interpretative approach incorporates the idea of research being subjective and emphasises social order more than social change. The subjectivity of the study can be seen in the ontological and epistemological assumptions influencing the impetus behind the study. Social reality, although possessing order and regulation, does not possess an external concrete form. Instead, it is thought to be the product of intersubjective experience and relative, best understood from the viewpoint of the participant in action.

The aforementioned philosophical presuppositions naturally influenced the decisions made concerning the practical realisation of this study. In order to understand the ethical consideration of small business entrepreneurs through their own reality and from their own experiences, in-depth, face-to-face, interviews were chosen as the method for data gathering. The selection of interviewed entrepreneurs was made following the principle of minimising and maximising of the differences between the interviewees (see e.g. Glaser and Strauss, 1968; Jahnukainen, 1984). The minimisation of differences was made by carefully defining the type of entrepreneurs covered by the study. Thus, all the entrepreneurs selected for the interviews were nature-based entrepreneurs. Common to them all was also the factor of engaging in nature-based entrepreneurship as their only means of livelihood. The maximisation of the differences was achieved by interviewing those entrepreneurs employing people, those without staff as well as those engaged in goods and service production. This kind of selection of the interviewees was considered to ensure manageable, informative and thorough empirical data.

The aim of the study was not to make any generalisations concerning the data. Thus examining a small number of entrepreneurs in-depth was considered to be practical. The empirical data for this study was based on the interviews of four nature-based entrepreneurs: two female and two male. They all lived in Central Finland, where their businesses also located. Two of the interviewed entrepreneurs employed more than five people, whereas the other two were operating as private entrepreneurs. Similarly, two of the interviewed entrepreneurs were producing goods, while the other two were engaged in the service sector. They all had been in business for several years (see Table I).

The interviews were rather informal and focused on such areas as the business characteristics and marketing of the product or service, stakeholder relations and general views about responsibility in business life. As stated by Spence and Lozano (2000, p. 52), communicating ethics within small businesses is not always an easy task. The language of ethics, as moral philosophy, is often not easily a part of the business discourse of small business entrepreneurs. Thus, the interviews made in this study did not explicitly focus on ethics as such, i.e. the interviewed entrepreneurs were not asked directly about their ethical attitudes towards a certain business issue. Conversely, the interviewed entrepreneurs were asked to describe the troublesome situations in their business operations and the difficult decisions they have faced during their entrepreneurial career. Thus, the owner–managers did bring ethics into the discussions by themselves (see Spence and Lozano, 2000, p. 46).

All the interviews were tape-recorded and fully transcribed. The analysis of the data was based on careful and continual re-reading of the interviews. At first, the aim was to form a general picture of the data, i.e. to make sense of the transcribed data. During this phase, some parts of the transcribed interviews were omitted as they were obviously irrelevant within the scope of this study, and thus, the amount of data was a little reduced. Further readings of the transcribed interviews were done in order to get a deeper understanding of the data, which enabled preliminary identification of certain congruencies and themes. These preliminary ideas were reflected in the theoretical framework of the study, which, for its part either confirmed or created new ideas or perspectives. The analysis of the data was an ongoing process, and had already started in some form when the interviews were conducted. In order to make the evaluation of the interpretations made in this study easier, there are a number of quotes from the interviews throughout the main body of the text.

TABLE I
Presentation of the entrepreneurs selected for the study

	Goods	Services
Employer	Spring water	Tourism
Private entrepreneur	Woodwork	Tourism

Empirical findings

The aim of this section is to describe those business situations, which arose some ethical considerations among all the interviewed entrepreneurs. Six kinds of business decisions, or areas of business operation, were identified in the interviews that brought about ethical consideration for all the small nature-based entrepreneurs in this study. Namely:

- the selection of raw material suppliers;
- reconciling the quality of production and the lack of resources;
- the pricing process;
- the content of marketing information;
- the close relationships to employees;
- the collaboration with other entrepreneurs.

Selection of raw material suppliers

Although there are certainly many different ethical issues concerning the raw materials and their purchase, an essential ethical question for all the interviewed entrepreneurs was the place these raw materials were purchased from. The question of whether or not to buy local raw materials arose particular moral consideration among the interviewees. Although the usage of non-local raw material suppliers would, in some cases, have been economically a more profitable decision, at least in short-term, the entrepreneurs preferred the local suppliers (often even at the expense of profitability).

> ''We prefer the local raw material suppliers because in the end, purchasing local raw materials increases the benefit for everybody''.

> ''Our aim is to purchase as much raw materials as possible from the local suppliers. It is, after all, in everybody's best interest. Of course you think primarily about the success of your own region''.

This kind of moral reasoning had utilitarian like aspects. The consequences of these kinds of decisions, i.e. the utility gained for the business, the supplier and the local people in general, were emphasised. Although the decision to prefer the local raw material suppliers was strongly justified by the general utilities it brings about to the local economy, there were more egoistic arguments to be found too. The usage of local raw materials, although it was in some cases more expensive than the alternatives, was considered to be in the best interests of the business in the long run, because it was thought to increase the value of a product in the eyes of the customers. The usage of the local suppliers was thus thought to bring about economic benefits especially for the businesses themselves.

Interestingly, the considerations regarding the morality of the raw material production were not emphasised by the interviewed entrepreneurs. Among the interviewees there was only one entrepreneur who held an ethical way of production (which in this case meant organically-grown raw materials) in high regard. For others, the attitudes towards the raw material production were more instrumental, i.e. availability and quality issues were considered to be more important concerns for the interviewed entrepreneurs than the way the raw materials were produced. It should be noted though, that all of the interviewed entrepreneurs mainly used domestic raw materials, which they generally believed to be of a morally high standard. Thus, it is possible that the assumption of ethically sound production of raw materials could be built in to the decision to use domestic raw materials.

Quality of production and the lack of resources

In general, the quality issues, which for the interviewed entrepreneurs stood usually for both the high standards of production and the reliable delivery of the products, brought about moral consideration. As has already been mentioned, a typical feature attributed to small businesses is a lack of resources. For a small business with few employees, time is often a very scarce resource. According to the interviewees, the lack of time sometimes negatively influences the quality of the production. The ethical consideration concerning the quality can thus be stated as follows: how to reconcile a good quality of production with the almost continuous lack of recourses?

> ''It's our principle of business that our products are of the best possible quality, given our resources of course. We are not cheating with the quality issues''.

> ''In my opinion, it's my moral responsibility to offer a customer products of a proper quality''.

As the quotes above show, high quality was almost synonymous with morally good entrepreneurship for the interviewed entrepreneurs. According to the interviewed entrepreneurs, ''good quality'' can be legitimated in both economic and ethical terms. When regarding the quality of their products, the moral reasoning of the interviewed entrepreneurs had deontological, virtue ethical and utilitarian features. For some entrepreneurs, producing high quality products was their duty towards their customers; the customers had a moral right to expect high quality products. Thus, the entrepreneurs were not primarily interested in the consequences of high quality production, although they believed that superior quality was an essential competitive advantage for a small business and served also the best interests of their customers. Furthermore, for the interviewed small business entrepreneurs, producing high quality products was a matter of honour. As small business entrepreneurs, the interviewees saw themselves as artisans, and considered it to be a kind of virtue, a part of their craftsmanship, to produce only the best possible products for their customers.

As has been mentioned previously, the lack of resources had an effect on the issues of quality. According to the interviewees, small business entrepreneurs have to compromise on the quality of their production every now and then. This does not, however, mean, that the interviewed small business entrepreneurs had the intention of decreasing the quality of their products. Time limits and economic pressures, or ''commercial facts,'' as one interviewee stated, forced the entrepreneurs to settle for the second best solutions from time to time.

> ''Of course there are situations when it's not possible to give one's best. It's because of the lack of time that you have to cut corners a little bit''.

Pricing process

The third business situation that caused ethical consideration was the process of pricing, which was not considered to be simply an operation of calculation. The interviewed entrepreneurs had all been deliberating the price setting from the ethical point of view also. The question concerning the moral aspect of pricing process could be stated as follows: whether or not it is right to compete with the low prices? The ethical consideration of pricing was related exclusively to the issues of price competition and low prices; the questions of over pricing did not emerged during the interviews.

The interviewed entrepreneurs were quite well aware of the prices of their competitor's products. Thus, every interviewed entrepreneur admitted that there was a temptation to lower one's own prices momentarily and strengthen one's position in market in this way. The interviewed entrepreneurs had, however, a rather negative attitudes towards price competition; it was thought to cause damage both to the reputation of the business and the reputation of the whole business sector; competing with prices was thought to have a causal connection with the quality issues. Thus, according to the interviewees the more price competition there is between the businesses in the sector, the higher the risk is that the quality of the production will decrease. For the interviewed entrepreneurs the reasonable pricing of products was an indicator of everything being in a good state of business.

> "If you lower the prices to the minimum, you have to cheat somewhere in order to make it work. And this will have an effect on the reputation of all the entrepreneurs in the business sector".

It should be noted, that although the ethical attitudes of the interviewed entrepreneurs towards the pricing issues were rather clear, they did not believe that all their competitors would be sharing these attitudes. Those entrepreneurs who worked part time were, in some cases, the ones to be particularly accused of ethically questionable pricing practices. In this sense, the findings of this study are rather similar to those of the Vitell et al. (2000, p.18), who concluded that the small business entrepreneurs they studied, did not experience any ethical conflicts related to the pricing of their own products, but still thought that their competitors may not behave as ethically as they did.

As the price of the products was often seen to be an indicator of good quality, fair pricing was also related to an entrepreneur's honour. According to the interviewees, it was not considered to be appropriate for a professional entrepreneur to sell his/her products below cost value. An under priced product can thus be a sign of an entrepreneur not valuing his/her own product. Therefore, also the influence of virtue ethics can be seen in the justification of the pricing process.

Content of marketing information

A fourth business situation warranting ethical consideration was the marketing process, especially the decisions about the content of marketing information. The interviewed entrepreneurs considered the marketing of their products to be the most difficult part of being an entrepreneur, which is often the case with small entrepreneurs (see e.g. Simpson and Taylor, 2002). As is shown in a lot of research, marketing in small businesses often has unique characteristics that differentiate it from conventional marketing in large organisations. These characteristics may be determined by the characteristics and behaviours of the entrepreneur, and they may be determined by the size and stage of development of the business (for example, limited resources, lack of specialist expertise and limited impact in the marketplace) (Gilmore et al., 2001). The essential role of the marketing process, in terms of a successful business operation was, nevertheless realised by the interviewed entrepreneurs. In other words, the interviewed entrepreneurs considered it to be important to actively market their products, but the resources, both financial and human, for carrying out the marketing process were limited. In addition, the marketing process was often understood rather narrowly, mainly as disseminating information about the business's product; often it was considered simply to be the same as praising one's own products. The ethical dilemma concerning marketing can be stated, therefore, as follows: what is the right way to promote one's own products?

The truthful communication of product information had an important value for the interviewed nature-based entrepreneurs, i.e. stretching the truth with marketing information was morally disapproved of. This had some implications for the marketing processes of the interviewed entrepreneurs. All the interviewed entrepreneurs thought that, when marketing products, it is essential to give the potential customers a sufficient amount of information about the products in order for the decision to purchase to be made. On the other hand, it was considered that this dissemination of information should be done with caution; over praising one's own products was to be avoided. The interviewed entrepreneurs would sooner verbally undervalue their products than use some unnecessary superlatives.

> "We have avoided all manipulation in our marketing process. It has always been our principle that we would rather promise the customers a little less and let them be positively surprised when they use our products".

Furthermore, one of the interviewed entrepreneurs thought that the eager marketing of one's own products underestimates the customers' ability to make their own decisions about whether to buy a product or not. This entrepreneur believed only in word of mouth marketing.

> "It's not right to push your products to the customers. They use their own best judgement whether to buy or not".

The interviewed entrepreneurs used some deontological arguments when considering their marketing processes. The marketing of products can be seen to be kind of agreement between a business and its customers. That agreement brings about moral obligations and rights for the parties involved. First and foremost, it was considered to bring about a moral obligation for a business to inform the buyer properly with sufficient and truthful information, about the products in question, which the buyer, according to this view is entitled to. The utilitarian kind of argumentation concerning the marketing was, however, more common. Simply, giving truthful information was thought to be a means to win the loyalty of customers, and loyal customers were thought to be economically ideal customers for a business. Thus, ethically sound marketing was considered to be in the best interest of both the business and its customers. It should be noted that the targeting of the marketing process did not cause any ethical consideration for the interviewed entrepreneurs, i.e. the entrepreneurs did not consider any possible customer base as being ethically doubtful.

Close relationships to employees

An essential area, raising also ethical consideration for entrepreneurs in small businesses, was the relationships with their employees. It is noteworthy, that those entrepreneurs who did not have any employees at the time of the interviews, had also been thinking about the issue of employing people in ethical sense. Employing a person was thought to be a pivotal milestone in business life, something that would increase the responsibilities of an entrepreneur and, thus, influence his/her entrepreneurial role dramatically. The entrepreneurs had asked themselves what kind of responsibilities should a role of an employer include?

The relationships between the small business entrepreneurs and their employees were, before anything else, very personal and informal in their nature (see e.g. Spence, 1999). The businesses examined in this study were all located in rural areas, with small population, and therefore, the relationships between the entrepreneur and his/her employees were often more than just work related, i.e. they were often also friends, relatives, or were members of a common association, and so forth. These kinds of overlapping relationships brought about a lot of ethical consideration about the employer–employee relationship. According to the interviewed entrepreneurs, the personal relationships between the entrepreneurs and their employees manifested strong moral rights and duties for both the parties. The interviewed entrepreneurs thought that their duties towards their employees exceeded those set by the laws, i.e. it was their role not only provide wages and suitable working conditions, it was their duty to take care of their employees' comprehensive well being during the work day. From their point of view, they also expected their employees to be loyal and give their best for the business.

> "A small business like ours is different from the larger ones when it comes to the employer-employee relations. My relationship with the employees is based on

friendship. Thus, I sense all the time whether my employees are all right and whether they have some work-related problems''

A troublesome issue for the entrepreneurs, not only in an economic but also in ethical sense, is the issue of the continuity of the work relationships. Although only one of the interviewed entrepreneurs had been forced to give an employee notice, this issue also emerged in other interviews. This situation was thought to be especially difficult when economic reasons forced the entrepreneur to decrease the size of the workforce. In this situation, the entrepreneurs thought that they were in the awkward position of sacrificing the economic well-being of one individual for the economic well-being of the business. The close personal relationship between the employer and the employees made the decision to give notice to an employee even harder to make ethically, even though it was crucial to the economic survival of a business.

The ethical aspects of employer–employee relations are, therefore deontological in their nature, a question of rights and duties. It should be noted though, that the interviewed entrepreneurs did not consider that employing people, per se, as their obligation towards their local community. The decision of hiring an employee was considered carefully, i.e. the costs and benefits of hiring an employee were closely assessed. In addition to the economic costs and benefits, one of the interviewed entrepreneurs saw the increasing amount of moral responsibilities to be a particular cost of employing people. For him, being responsible for one's own work was such an important value, in respect to entrepreneurship, that the increase in moral responsibilities was a good reason for not to employ anybody, as the following quotation indicates:

> ''My moral responsibilities as an entrepreneur would increase if I employed someone. I think that the duties and responsibilities of an employer are far too broad. Therefore the economic benefits of employing someone should be enormous if I employed someone''.

Collaboration with other entrepreneurs

Finally, the issues of competition and collaboration also raised some ethical considerations for the interviewed entrepreneurs. The competition between businesses has often been given as a reason for unethical business practices. The competition for market shares, for scarce factors of production and customers, is considered to undermine the morality of business life. The entrepreneurs interviewed in this study did not, however, agree on these views. According to them, the competition, per se, does not introduce any unethical elements to business. They also often considered their competitors more as possible collaborators than business rivals. But although the collaboration between entrepreneurs was considered to be a positive thing, in practice it was rather rare and caused a lot of considerations. The ethical dilemma concerning the collaboration could be summarised as follows: whether or not to collaborate with other entrepreneurs?

In utilitarian terms, the collaboration between entrepreneurs was considered to be to the benefit of all the parties involved. The entrepreneurs interviewed in this study thought that the collaboration would increase the economical efficiency of the businesses and thus could bring about some benefits for customers as well. Although the benefits of the collaboration were usually measured only financially, in some cases the possible increase in the quality of production was considered to be the most important benefit of the collaboration. Naturally, the increased quality could have lead to economic benefits, but it was essential that the economic advantages were not the only main benefits mentioned. The utilitarian argument was, however, quite common among the interviewed entrepreneurs when the collaboration between businesses was discussed:

> ''The collaboration between entrepreneurs is like a symbiosis, everybody can take advantage of it''.

The biggest problem in collaborating pinpointed in by the interviewees was the issue of trust. Most often it became concretised by the fear of the potential partner stealing some unique business ideas. The morality of other entrepreneurs regarding the issues of quality was also doubted. All in all, the interviewed entrepreneurs had very cautious attitudes towards collaboration in practice. It was thought to be in conflict with the ideas of independence and autonomy to make one's own business decisions, which were considered to be essential parts of the entrepreneurial character. Reluctance to collaborate in practice can thus be interpreted in virtue ethical terms.

Discussion and conclusions

In this study, nature-based entrepreneurship can be described as the kind of entrepreneurship in which the ethical and economic aspects of business are well combined. The interviewed entrepreneurs had considered various business decisions from the ethical point of view. The selection of raw material suppliers, the quality issues, pricing, marketing, the employer–employee relations and the collaboration with other entrepreneurs were all issues that brought about moral considerations for the interviewed entrepreneurs. From the ethical point of view, these issues included often a utilitarian kind of thinking. However, according to this study, the ethical reasoning of the entrepreneurs was not based solely upon utilitarian ethics. Virtue ethical and deontological reasoning were also evident. A certain heterogeneity seemed to be typical to the entrepreneur's arguments (see Table II). It is especially interesting to note that the same kind of business decision was justified by different ethical arguments by different entrepreneurs. Thus, it cannot be argued that small nature-based entrepreneurs justify their moral business decisions only on certain ethical arguments.

The ethical argumentation of small nature-based entrepreneurs in this study can be described as ad-hoc and situational, and because these small businesses lack written ethical codes, it is hard to predict their ethical behaviour. This difficulty in anticipating their decisions becomes especially important if businesses consider ethics to be to their competitive advantage. If the aim of a business is to use ethics as a competitive advantage, the stakeholders of that business should be aware of the ethical principles of the business. A consistent and well-argued way of making morally sound business decisions is a way to stimulate trust between a business and its stakeholders.

There was one notable theme in the interviews that can be considered to have a major effect on the business operation of small nature-based entrepreneurs from the ethical point of view; namely the essential role of some stakeholders in the ethical decision making of the entrepreneurs. The interviewed nature-based entrepreneurs regarded customers and employees as the most important groups of stakeholders when ethical issues were considered. The role of the customers as an object of moral responsibility could be seen especially when the ethical aspects of production and organisation of a business were concerned. The moral responsibility towards the employees, on the other hand, could be seen to be either explicitly or implicitly present in a variety of business decisions.

TABLE II
A summary of the ethical business challenges and arguments of the nature-base entrepreneurs

Ethical Issue	Utilitarian Argument	Deontological Argument	Virtue Ethical Argument
Purchase of local raw materials	Increasing local economic welfare		
High quality of production	Increasing competitiveness, satisfied customers	High quality as moral duty of an entrepreneur	High quality as a matter of honour
Price competition	Damaging the image of a business and the whole branch		Indication of professional skills
Truthful marketing information	Increasing the loyalty of customers and economical benefits of a business	Marketing as an agreement between a business and its customers	
Well-being of an employee		A moral duty of an employer	
Conflicting attitudes towards the collaboration	Increasing resources and thus economic benefits for both sets of entrepreneurs		Autonomy as a virtue

The moral responsibility of nature-based entrepreneurs was, however, more extensive than the responsibility towards customers and employees. Important stakeholders and objects of moral responsibility were also the family and the local community of an entrepreneur. In the case of the family, the moral responsibility was often related directly to economic issues, i.e. to provide a sufficient livelihood to the family. The local community as an object of responsibility appeared in terms of the moral responsibility to select local suppliers or act in a charitable way towards the local community. The interviewed entrepreneurs did not consider charity as their obligation, per se, but in a utilitarian sense, it was thought to be beneficial for both for local well being as well as for the image of the business. Furthermore, it was considered to be more difficult to refuse to contribute to local charitable causes than those, for example at a national level.

Nature played an essential role in the business idea of the interviewed entrepreneurs,' and was also considered to be an important stakeholder in its own right. For the interviewed entrepreneurs, nature was not perceived simply as the resource pool for the business; rather, it was considered to have its own value. This was expressed, for example, in the ways the entrepreneurs weighed up the consequences of their business activities in the natural environment. The role of nature in business operations did not relate to any particular business situation, but it was variously present throughout.

According to the interviewees the government was the least important stakeholder in an ethical sense (see Vitell et al., 2000). By ''government'' the interviewed entrepreneurs meant all the authorities involved in someway in their business decisions and practices. This does not mean, however, that the interviewed entrepreneurs regarded the authorities with a lack of responsibility, rather that the obligations towards the authorities were nonetheless more likely legal than moral in their nature. The legal responsibilities, often referred to as ''obligatory paperwork'' in the interviews, were sometimes thought to be too time-consuming and frustrating for small businesses. Thus, it was not always considered to be a moral lapse to side step some obligations towards the authorities.

Furthermore, characteristic to the interviewed entrepreneurs was that the object of the moral responsibility of their business operation was not purely those external to the business, i.e. the interviewed entrepreneurs felt that as entrepreneurs they were also responsible for themselves. This sense of professional pride which was especially related to the high quality of production, can be considered as an expression of the entrepreneur's responsibility for himself/herself. Thus, the ethics of small business practise, according to the interviews made in this study, are a mixture of the values of an entrepreneur and the conception of the role of the stakeholders in the business operation. In other words, the business decisions an entrepreneur makes are affected both by

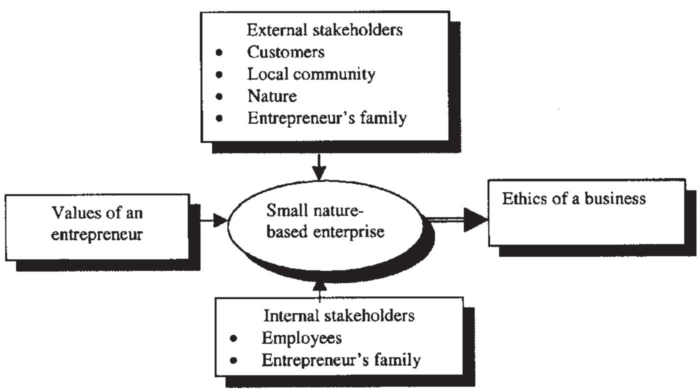

Figure 1. The moral responsibility of a nature-based entrepreneur.

the stakeholders and their own personal values (see Figure 1).

It is interesting to review the ethics in relation to the business strategies of nature-based entrepreneurs. According to this study, it can be argued that although there were not any ethical codes or other manifestations of ethical regulations of the businesses in this study, competing for customers by being ethically sound, was a conscious decision for the entrepreneurs. Operating in an ethically acceptable way, a small nature-based business was trying to legitimise its own existence in the eyes of its customers at the same time as competing with other businesses. By taking the ethical aspects of business into consideration, these small businesses tried to differentiate their business from the others operating in the same business sector. Using ethical practices as a competitive advantage was not, however, purely an instrumental decisions for the nature-based entrepreneurs. Considering ethical aspects of their business decisions was not a calculated business resolution for the interviewed nature-based entrepreneurs. Instead, it was thought to be a natural way of doing business, and using one's common sense. However, it should be noted, that the aim of this study was to examine only the ethical attitudes of the small business owner–managers. Thus it cannot be stated that these attitudes fully correspond to the actual behaviour of the interviewed entrepreneurs. Future research is therefore needed to reflect the ways the ethical attitudes of the small business owner–manager become concrete in their everyday business actions.

Note

[1] In this study, the terms small business owner–manager and entrepreneur are used synonymously, although there is a conceptual difference between these two terms, see for example, the study of Carland et al (1984).

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ARTICLE 2

Towards variety of meanings – Multiple representations of reputation in the small business context

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Towards a Variety of Meanings – Multiple Representations of Reputation in the Small Business Context

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This paper examines the discursively constructed meanings for reputation in the small business context – an area of reputation research that has so far attracted little attention. We argue that viewing reputation as a social construction makes it possible to uncover and understand the variety of meanings attached to the concept in small businesses. On the basis of 25 thematic interviews with owner-managers we (re)constructed four meanings for reputation: reputation as an economic resource, as social recognition, as a restrictive control mechanism and as a risk for personal status. We also investigate the variety of discursive events in which these meanings are created. The study further emphasizes reputation as a phenomenon in which a small business becomes identified with its owner-manager, adding to the complex and conflicting nature of reputation, including both positive and negative aspects.

Introduction

Reputation is nowadays regarded as a key feature of a successful business. Scholars in various disciplines pursuing different theoretical approaches acknowledge its importance in business relations. A number of studies have shown how good reputation may help companies to recruit and maintain qualified employees, attract investors, decrease costs in supplier relations, improve network cooperation, and attract customers, and it also promotes good relationships with stakeholders, especially with respect to corporate social responsibility (e.g. Brammer and Millington, 2005; Dollinger, Golden and Saxton, 1997; Fombrun, 1996; Fombrun and Shanley, 1990; Grant, 1991; Mahon, 2002; Rindova *et al.*, 2005; Weigelt and Camerer, 1988). Indeed, several studies have found that a good reputation is a major competitive edge in today's business world. In addition to competitiveness, legitimacy issues have been another important line of research in which reputation is seen as a result of social legitimization (de Castro, López and Sáez, 2006). The legitimacy theory posits that an organization is legitimate to the extent that its means and ends appear to conform to the prevailing social norms, values and expectations (Dowling and Pfeffer, 1975). In both research lines, businesses are seen within a larger framework including partnership and communication with their stakeholders.

Despite the considerable interest shown in organizational reputation in general, small businesses have not attracted much interest among reputation scholars (see, however, Abimbola and Kocak, 2007; Goldberg, Cohen and Fiegenbaum, 2003) since most research has focused on building

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and applying reputation ranking systems in the corporate context (Fombrun, 1998; Wartick, 2002). Consequently, the existing literature does not seriously call into question the assumption of the importance of reputation to businesses of different sizes. However, size merits consideration. For one thing, small businesses differ from large ones in that they are usually independent and owner-managed, i.e. the owner-manager usually holds a key or unifying position in relation to the firm's reputation (Abimbola and Vallaster, 2007). Moreover, small businesses are controlled by informal mechanisms and build on personal relationships. Quite often they are also characterized by limited cashflows, multitasking and a mistrust of bureaucracy (Spence, 1999, p. 164). Since small businesses also differ from their larger counterparts in character, it is fair to assume that some differences also exist in the meaning(s) attributed to reputation between small and large businesses (see also Abimbola and Kocak, 2007). It has already been shown that a good reputation is of paramount importance for the continuity of a small business (Besser, 1999), which justifies taking a closer look at reputation explicitly from this viewpoint.

Since reputation has been studied predominantly from a positivist perspective (e.g. Fombrun, 1998), emphasizing the importance it may have to large businesses, we approach reputation in the framework of social constructionism by emphasizing *the (re)construction of meaning(s) to reputation in a small business context*. Thus, we seek to understand how the meaning of reputation is constructed by small business owner-managers using different types of discourses and how these discourses (re)produce relations between small businesses and society. We consider reputation to be a concept which exists only through human interaction and language use and is embedded in a specific context (Berger and Luckmann, 1966). Therefore, we focus on the discursive elements of language use of small business owner-managers in their own social context.

Our study makes two major contributions to the literature on reputation. First, it extends research to a largely overlooked area, namely reputation in the small business context. Previous research has found that most small business owner-managers would accept the notion that a good reputation is important for acquiring legitimation from different stakeholders; however, despite the attractiveness of reputation, few small businesses follow a reputation building strategy (Goldberg, Cohen and Fiegenbaum, 2003). We extend reputation research in the small business context by reconstructing the multiple meanings reputation has to owner-managers including its dark side. Second, we contribute to reputation research by applying discourse analysis to the study of reputation. Although reputation has been referred to as continually constituted and reconstituted through dialogical processes – constituted through text and talk (Coupland and Brown, 2004) – to our knowledge this is the first discursive study to investigate the meanings attributed to reputation from the owner-managerial viewpoint. Using a non-traditional method like discourse analysis in business research, especially in the field of small business research (Rigg, 2005), offers a chance to understand different meanings of reputation that have largely been obscured by the use of traditional methods.

The paper is structured as follows. The next section discusses reputation, first, by making a conceptual distinction between reputation and other closely related phenomena, namely organizational identity and image, and, second, by emphasizing the constructionist nature of reputation adopted in this study. This section is followed by a methodological discussion on discourse analysis. We then proceed to present the empirical data and the different discursively produced representations of reputation found in the study. In the final section we discuss the conclusions and contribution of the research.

Approaches to reputation – developing the research insight

Although the subject of reputation has gained increasing prominence in various research disciplines (for reviews see for example Fombrun and van Riel, 1997; Mahon, 2002), the concept itself has proved problematic. In particular the conceptual obscurity between *reputation*, *identity* and *image* has caused some confusion among scholars. These concepts have often been used synonymously or, on other occasions, as independent albeit closely related concepts (e.g. Gotsi and Wilson, 2001; Whetten and Mackey, 2002). Therefore, to better appreciate how reputation is understood in this study, a brief overview of the links between these concepts is necessary.

Since the 1990s organizational identity has been a topic of growing interest – a trend reinforced by scholarly attention in special journal issues in the organization and management field (e.g. *Academy of Management Review*, 2000, **25** (1); *British Journal of Management*, 2007, **18** (1)). In widely cited research, Albert and Whetten (1985) defined organizational identity as that which is most central, enduring and distinctive about an organization – in other words, organizational identity answers the question 'Who are we as an organization?' Identity usually refers to the organization's presentation of itself to various stakeholders and the means by which it distinguishes itself from all other organizations (Markwick and Fill, 1997). In this study we further emphasize the narrative nature of identity construction: identity is elaborated through the narratives recounted by organizational 'authors' (see Czarniawska-Joerges, 1994; also Down, 2006). Previous research has suggested that while an organization's identity may indeed influence its reputation (Dutton and Dukerich, 1991; Rindova and Fombrun, 1998), reputation can also form an essential condition for identity development (Wickham, 2001).

Organizational identity is very close to the concept of organizational image (e.g. Gioia, Schultz and Corley, 2000). More precisely, image is what the organizational agents want their external stakeholders to regard as most central, enduring and distinctive about their organization (Whetten and Mackey, 2002). Some studies make the distinction that an organization's image describes insiders' assessments of external perceptions of the organization while reputation is perceived as the 'actual' attributes that external stakeholders ascribe to the organization (e.g. Dutton and Dukerich, 1991). This definition of organizational image has later been relabelled as 'construed external image' (Dutton, Dukerich and Harquail, 1994). Image has also been understood as the total impression made by an organization and reputation as the esteem in which an organization's image is held (Dowling, 1994). In summary, organizational image and reputation both refer to people's perceptions of a business and both can be defined as socially constructed phenomena created in interaction between a business and its stakeholders (e.g. Coupland and Brown, 2004).

Scholars have accentuated different aspects in their definitions of corporate reputation. Barnett, Jermier and Lafferty (2006) reviewed the previous literature using the ABI Inform database. They found three clusters of meanings in the definitional statements: reputation as a state of *awareness*, an *assessment* and an *asset*. Awareness encompasses definitions that refer to stakeholders' general awareness of the firm without any judgemental reference. Thus, reputation could be defined as a collective representation of an organization's past actions and future prospects (Fombrun and Rindova, 2001) or, more generally, as the overall perception of the firm (Balmer, 1998). Reputation as an assessment refers to definitions that indicate stakeholder involvement in assessing the status of a firm and see reputation as an estimation or a judgement. Such assessment is a commonly acknowledged feature of reputation and usually involves judgements between a good and a bad reputation (Dowling, 2004; Fombrun, 1996). In these terms, reputation can be defined as stakeholders' evaluation of a firm and the actions it has taken over time (Mahon, 2002) or as their evaluation of their knowledge of the firm (Lewellyn, 2002). Reputation as an asset incorporates definitions that refer to reputation as something of value and significance to the firm. Fombrun (1996, p. 72), for example, draws competitive advantage into the picture and defines corporate reputation as 'a perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all its key constituents when compared to other leading rivals'. Finally, as there exists no unanimous definition, we argue that the very diversity of research foci and terms highlights the essentially constructionist and contextual nature of reputation.

Because the distinction between image and reputation is by no means clear or inclusively accepted, we want to avoid making a strict separation, recognizing that these concepts are intricately intertwined. While we understand organizational image as stakeholder perceptions of the organization (see for example Dowling, 2004), we consider comparison and judgement as essential elements of reputation (Deephouse and Carter, 2005; Ruef and Scott, 1998). Thus, we emphasize reputation as a phenomenon which is discursively (re)constructed through more or less favourable estimations. Such estimations may shape or themselves be shaped by collectively shared stories about whether or not the business reflects the values and purposes stakeholders regard as important. Being a multidimensional construct, the reputation of a firm can have different meanings to different stakeholders depending on their individual value sets (MacMillan *et al.*, 2005; Siltaoja, 2006), their interest in social and economic goals (Fombrun, 1996), processes of interaction (Mahon and Wartick, 2003), cultural and social framework (Gardberg, 2006) and personal backgrounds (Rindova, 1997). Considering that assessments of organizational reputation are social constructions that emerge in a firm's interaction with its stakeholders in a given institutional environment (Fombrun and van Riel, 1997), it is quite surprising that studies of reputation as a linguistic construction are rare in organization and management research.

Instead of relying on already existing data sets that have received a considerable amount of attention in previous studies on reputation (see for example Fombrun, 1998; Schultz, Mouritzen and Gabrielsen, 2001; Wartick, 2002) we wanted to give voice to small business managers in order to investigate *the meaning(s)* they construct and attach to reputation in social interaction. Additionally, we emphasize the data-drivenness of our approach. According to our interpretation, owner-managers construct meaning(s) to a phenomenon – reputation – which is shaped in interaction with their stakeholder groups. Reputation is hereby constructed as an essential element of the relationship that builds between the business and its stakeholders, not merely the owner-managers' own perception of what others think of the firm. Thus the phenomenon differs, for example, from several definitions of image.

With some exceptions (Abimbola and Kocak, 2007; Goldberg, Cohen and Fiegenbaum, 2003) the current research on reputation pays hardly any attention to small businesses. For example, one of the principal aspects that characterize small businesses is the strong relationship between the owner-manager and the firm (Keasy and Watson, 1993). This means that corporate reputation tends to be identified with the personal reputation of the owner-manager (see for example Abimbola and Kocak, 2007; Lähdesmäki, 2005; Larson, 1992; Spence and Rutherfoord, 2001). An owner-manager's personal reputation can actually have as much or more importance for business and community relations than the reputation of the firm itself (Larson, 1992). Furthermore, the contacts a small business has with its stakeholders are often much more personal by nature compared to large businesses. Such personal contacts can provide small businesses with relevant information concerning their reputation within a rather short information cycle (Abimbola and Vallaster, 2007). On the other hand, small businesses frequently lack the resources to use that information in their strategic decision making (see Goldberg, Cohen and Fiegenbaum, 2003).

Attributes like trust, accountability, social capital and social responsibility have also been identified as elements that contribute to a firm's reputation (Mahon and Wartick, 2003; Swift, 2001), but their true relationship to the concept remains to be clarified. For example, a high level of trust is said to improve reputation, and the same has been proposed to hold for ethical and responsible business behaviour (Bews and Rossouw, 2002; Hosmer, 1995). Yet, it is hard to define such relationships accurately since trust emerges in a variety of forms and trust relations are full of ethical pitfalls (Husted, 1998). Dobson (1989) has claimed that reputation is a free-market solution to unethical behaviour because it can act as an effective implicit enforcement mechanism and a form of self-regulation for business. However, reputation is only one of the many criteria by which stakeholders decide whether or not to enter into a business relationship and, furthermore, unethical behaviour as such either may or may not translate into reputation (Davidson, 1990). We might also question whether everybody judges the same ethical approach as favourably.

Research design

In this section we describe the methodological choices made in the study. First we present our approach to discourse analysis and then go on to describe our data production and analysis.

Discursive approach

The approach known as discourse analysis examines how social reality is created by historically and contextually situated discourses (Alvesson and Kärreman, 2000). Discourses are specific ways of creating social reality by producing concepts, objects and subject positions which shape people's understanding of the world and reactions to it (Phillips and Hardy, 1997). Discourses construct 'reality' by 'ruling in' certain ways of talking about a phenomenon, defining an acceptable and intelligible way to talk, write or behave, but also by 'ruling out', limiting and restricting other ways of talking or behaving in relation to a phenomenon (Hall, 2001, p. 72). As discourses constitute our social reality, we argue that social interactions cannot be fully understood without reference to the discourses that give them meaning. Consequently, discourse analysis focuses on how and why the social world – in this case, reputation in the small business context – comes to have the meaning(s) that it does (Phillips and Hardy, 2002). We therefore study how reputation is represented through various discursive moves, i.e. the main focus of our research is on the different discursively produced representations of reputation. By representation we understand the construction of aspects of 'reality'. In our study, it means how (re)presenting reputation in a variety of social contexts is made meaningful. Naturally, these various social contexts may allow multiple meaning(s) for the phenomenon. Although some researchers within the critical stream of discourse studies find some representations to be more real than others (see for example Chouliaraki and Fairclough, 1999), by adopting a descriptive and constructionistic approach to discourse analysis (Phillips and Hardy, 2002) we do not attempt such a distinction.

Thus the philosophical assumptions adopted here culminate in the idea of social constructionism. From this perspective social phenomena are understood as social constructions derived and maintained through historically and culturally situated interactions between people (Berger and Luckmann, 1966). Accordingly, we treat reputation as a phenomenon that is actively produced in human interaction. We conclude that 'reality', and here, more specifically, reputation and its description, is a product of discourse, both the subject and the result of what is talked about (Edley, 2001). Since the phenomenon itself is discursively created and maintained, it cannot just exist outside the discourse for 'fair representation'. We do not claim, however, that everything relating to reputation is reducible to discourse since one would have to *know* that this is the case (e.g. Potter, 1997).

The idea proposed by van Leeuwen and Wodak (1999) that social actors use discourse to create knowledge, situations, social roles, identities and interpersonal relations among different interacting social groups is important in our study. Accordingly, the subject positions of small business owner-managers constructed in the discourses of this study are seen in relation to the construction of discourse as a whole. Discourses produce particular subject positions, which can be differentially available to the speaker. As owner-managers produce particular discursive events and representations of reputation this implies that they have to take up particular subject positions. In taking up a subject position a particular subjectivity, or relation to self, is produced (Weedon, 1987). Since discourses are the tools people use to take certain subject positions, here owner-managers adopt different subject positions in constructing their discursive representations on reputation. These subject positions are also of interest in our study.

Description and analysis of the empirical data

The empirical data of this study consist of open-ended interviews with 25 Finnish small business owner-managers: three women and 22 men. Here a 'small business' is defined as an independently owned and operated firm (Peterson, Albaum and Kozmetsky, 1986) with fewer than 50 employees and an annual turnover of 10 million euros or less (European Commission, 2003). We used purposeful selection (Patton, 2002) to ensure manageable, informative and thorough empirical data. The majority of the interviewees were engaged either in the food processing industry or in knowledge-intensive business services in different parts of Finland. We chose these two lines of business because they represent two distinctly different types of industry: product versus service, traditional versus non-traditional, location-bound versus non-location-bound. Three of the businesses employed no paid staff, while the largest one had 30 employees.

The interviews were carried out between September 2004 and January 2005. All interviews were tape-recorded and fully transcribed. They varied in length from 45 to 150 minutes. We used wide-ranging open-ended questions, covering topics such as stakeholder relationships, business and society relations, and ethical considerations in business. What is noteworthy here is that *reputation* – both the term and the phenomenon – was introduced into the discussion not by the researchers but by the interviewees themselves. This is a point worth making as it raises the authenticity of reputation talk in our study compared to studies in which the subject was brought up for discussion by the interviewer.

We proceeded with the research by reading and rereading the interview transcripts several times to form a comprehensive picture of the data. During this phase, parts of the transcripts that were obviously irrelevant to this study were omitted, which reduced the body of data to some extent. In other words, we deleted parts that did not contain any dimensions or references to reputation. During this phase, both researchers individually scrutinized the texts and began to organize them in relation to reputation by means of content analysis (see Tesch, 1990). However, the words were not detached from their original context of appearance. Our aim was not to look for any results yet at this point but to squeeze the data into more manageable chunks.

After this we did further readings of the transcripts to gain a deeper understanding of the data and to identify congruencies and expressions in them to see how reputation was described, framed, and made meaningful. The discourses showed different kinds of content and utilized diverse means to frame specific issues. We further investigated the contexts in which the interviewees brought the concept of reputation into the discussion and paid special attention to the use of words in a particular discourse. In examining the subject position within the discourse, we focused on the choice of active or passive voice: whether interviewees spoke of 'me' or 'us' or whether they used impersonal forms. This gave an indication of how owner-managers constructed their subject position either by involving themselves personally (active voice) or by excluding themselves (passive voice) in relation to a certain discourse (Fairclough, 2003).

After identifying and analysing the discourses, we presented our analyses to each other and carefully discussed them together. When any disagreements occurred we re-analysed them jointly until a consensus was reached. In this context we also expanded our analysis and renamed the discourses. As is usually the case with discourse analysis, our analysis was by no means a straightforward process (e.g. Phillips and Hardy, 2002), meaning that in order to reconstruct the representation constructed by the owner-managers, we had to go back and forth over the data several times. Our preliminary analyses were also presented to colleagues at conferences and the comments that we received inform this paper.

Discursive representation of reputation in a small business context

Four distinctive representations of the meanings of reputation in the business relations of small business owner-managers were reconstructed from the data: reputation as an economic resource, as social recognition, as a control mechanism or as risk to the owner-manager's personal status. These representations were (re)produced by using four types of discourses, namely marketing, stakeholder-oriented, control and social exclusion discourses.

Reputation as an economic resource

The marketing discourse emphasizes the *economic aspects* of reputation and occurred commonly in our data. This discourse underlines the importance of entrepreneurial activity and economic possibilities. The prevalence of marketing discourse is consistent with the discussion within corporate reputation research that interprets a good reputation as a competitive advantage (e.g. Fombrun and Shanley, 1990). The purpose of the marketing discourse is to (re)present reputation as a resource, as something of value and a key strength for the business. Reputation is (re)presented as a means to achieve a certain economic status by attracting more customers and thereby improving the profitability of the business. A good reputation is seen as a result of the business having carefully fulfilled its obligations to its stakeholders, particularly its customers. This discourse represents reputation as something that must be earned and reflected in all the activities of the business, as the product of a long-term process, of demonstrated competence and creditable conduct. The following citations illustrate this discursive construction of reputation.

> In other respects, too, these things are like . . . if you place an advertisement on Hesari's [leading daily newspaper in Finland] front page, well, who's going to become your customer that way? But if you do a

job well and are active yourself, like, do more than the customer expects you to do, well, then you get . . . like, 'I heard [about you] from so-and-so, would you help me with this or that . . .' (Interviewee 22)

And it's all about us being so different from a traditional accounting firm, because with us, it's the customer service that's the main thing, not the fact that we know accountancy . . . of course, that basic know-how, it's that strong professional competence that goes much further than in many other accounting firms, so that growth can continue, and . . . our current customers are our best marketing tool. So when we . . . when they're real satisfied with our service, well, they'll go and tell about it. Word gets around. (Interviewee 17)

If there was a new customer, or if I phoned . . . and introduced myself and [asked them] if they were interested in our products, and then I'd say 'why don't you phone so-and-so, if you know that person, go ahead and phone and ask [that person] what kind of actors we are'. (Interviewee 7)

After all, we're so far off the main road, seeing as we're six kilometres away, so whoever comes this far, well, we'll try and take such good care of them that they'll come back to us again and tell their friends and bring them along too. (Interviewee 3)

It's perhaps like – and I do know this – that there are stories about us out there: 'if there's something that might go wrong they'll take care of it, they can be trusted, these women, they take care of things'. And I think that's the kind of recommendation that if people know that you're careful to hold on to quality, it's like they know that even if there were some problems they know that we'll do everything we can to prevent any problem. (Interviewee 11)

By representing reputation as a resource, this discourse aims to convince its recipients that reputation is vital to gaining a competitive advantage and fortifying the economic value of the business. In other words, a firm is considered to achieve a superior position over its competitors by acting in a certain way when few rivals in the market engage in similar action. The economic value thus gained is usually associated with an ability – or potential ability – to earn persistently higher profits (Grant, 1991). Hence, the concept of competitive advantage is firmly tied to economic success and profitability. Reputation is considered essential for the formation of competitive advantage, as it is thought to demonstrate the business's attractiveness in the eyes of potential customers.

This discourse reconstructs reputation in a positive sense because it assumes that reputation can be managed through customer relationships. The discourse emphasizes the importance of reputation for small businesses by applying traditional business and marketing language. It reflects a desire to gain more customers by using a good reputation as a marketing means: reputation is assumed to spread by word of mouth from existing to potential customers in the market. A satisfied customer is regarded as the best source of marketing and a good reputation as a more effective tool than newspaper advertisements or other kinds of commercials could ever be. Here reputation is tied to the belief that as reputation spreads it will attract new customers and make the business grow. In this discourse, the personal reputation and the reputation of the business are often strongly intertwined, as the owner-manager utilizes his/her own personal role when marketing the business. Thus, the personification of a business to its owner-managers is produced as a positive aspect in relation to reputation.

Owner-managers who constructed reputation in relation to competitiveness and economic profitability presented themselves as growth-oriented people utilizing reputation as a strategic tool to enhance the status of their business. They further (re)produce the reputation of the business in terms of its identification with the manager, i.e. by knowing the owner-manager, people know the business too. In this subject position, the owner-managers constructed themselves as successful strategic entrepreneurs. This emphasizes their position as autonomous actors seeking competitive advantage. Such a position is close to the traditional idea of entrepreneurship in structuration theory, seeing entrepreneurs as not only alert to existing opportunities, but also dynamically creating new opportunities and new ventures through action based on subjective interpretations (Sarason, Dean and Dillard, 2006).

Reputation as social recognition

The stakeholder-oriented discourse emphasizes the communal aspects of reputation by reconstructing the business in a reciprocal relationship with its surrounding community. The purpose of the discourse is to represent reputation as social recognition of the business. The main focus here is not on economic resources and possibilities, compared to the marketing discourse, but rather on continuity and long-term business. Reputation is understood as a result of acting as a trusted community member and reliable partner and thereby fulfilling stakeholder expectations. Within the stakeholder-oriented discourse, reputation is closely related to the pursuit of legitimacy. From a theoretical viewpoint, society confers legitimacy on a business through a social contract by which companies agree to perform in line with social norms (Wood, 1991). This is often associated with socially responsible actions, which are similarly expected to increase the legitimacy of the business (de Castro, López and Sáez, 2006; Zyglidopoulos, 2003). Legitimacy is often used to refer to minimum entrance requirements for functioning in a particular social system (Deephouse and Carter, 2005). Reputation as a social recognition refers to a legitimate business that is recognized as 'a good community member', more than 'just legitimate'. This discourse also explicitly distances itself from the 'grand discourse' of neoliberalism (see for example Fairclough, 2003), making the specific clarification that the goal of business is not profit maximization alone, but also societal acceptability. This is an important specification, since it shows what these owner-managers construct as the tasks and roles of small businesses in society. By using stakeholder-oriented discourse, owner-managers also produce stakeholder demands for legitimacy as morally right. This discourse, however, was not frequent in our data and was clearly more often associated with businesses with over ten employees. The following citations exemplify the discourse.

> We, of course, need this recognition from all the stakeholders, that they consider us a worthwhile cooperation partner. Of course, there's got to be more to it than just the purely economic aspect, especially in a long-term sense. (Interviewee 21)

> Still, it's a very big aspect here, to get that aspect to go smoothly, and it's just . . . that this image of ours is [that we are] reliable and expert [at what we do]. So that's kind of a big aspect. Naturally, the economic aspect is just as important, but still I think that it's, like, for very many small entrepreneurs like us, image is really important, being considered a good firm, and [one that gives] good and reliable services. (Interviewee 14)

> Because this is where we operate and we're the biggest actor in the field here, so we have to earn our place also in the eyes of the township. (Interviewee 15)

The discourse emphasizes the role of trust in stakeholder relations with the intention of strengthening the legitimacy and acceptability of small businesses in society as a whole. Observance of the norms and rules of society is considered to increase accountability and strengthen trustful partnerships. Whereas the marketing discourse emphasizes the economic benefits associated with reputation, the stakeholder-oriented discourse highlights the societal role of business. The discourse is constructed on the assumption that social recognition reinforces trust. Although the trust literature is somewhat confusing, most definitions seem to share the idea of predictability (Hosmer, 1995; Lewicki and Bunker, 1996). Similarly, the stakeholder-oriented discourse sees trust relationships as based on the predictability of the behaviour of the relationship partners, on a cognitive evaluation and knowledge of the compatibility of their values. However, the desire for trust is not purely a question of goodwill. Operating as a trustworthy agent also constitutes a means to improve relationships and ensure flexible working conditions for the business.

Here owner-managers constructed their position as trustworthy, recognized community members who do not need to be controlled or pushed in a certain direction. They view reputation in relation to mutual reciprocity. The use of the pronoun 'we' in the discourse positions small business owner-managers as members of a larger group – and also gives the impression of a bigger and more influential business fulfilling an important societal role. In this discourse owner-managers constructed themselves as trustworthy agents able to legitimate their own position. The stakeholder-oriented discourse contains an implicit assumption concerning the manageability of reputation – which in this case means that the managers portrayed themselves as accountable and influential. On the other hand, they positioned themselves as recognized members of the community who weighed the consequences of their business decisions both from an economic and a social point of view.

Reputation as a control mechanism

By using the control discourse, the owner-managers construct reputation as restrictive in character as its nature and (re)production are tied to the existence of certain social norms relevant to the running of a business. Reputation was portrayed by the owner-managers *as a control mechanism* because it tells others about compliance with these norms and even about how they conduct business from the moral point of view. Within this discourse, norms are also equated with morality, with defining what is right and wrong in business and further implying standardization and boundaries on business activity. In this normative sense, the discourse is based on the idea that any failure on the part of owner-managers to follow the norms of society is likely to result in sanctions like a bad reputation, followed by economic punishments, loss of customers, even an end to the whole business. The discourse reflects the kind of social control which Leifer and Mills (1996, p. 117) describe as 'a regulatory process by which the elements of a system are made more predictable through the establishments of standards in the pursuit of some desired objective or state' and is therefore understood as a mechanism to ensure compliance with norms. The idea here is not the 'growth' of reputation but rather its maintenance. The following citations exemplify this.

> Sure, if you do a poor job for some customer, s/he'll be sure to remember it for three years and won't order a single product. That's the way s/he'll remember, naturally, and then, since we're operating in a small locality, and if it's in the area, then these people will be sure to remember it for a very long time. So, in a way, a small producer will suffer from something like this, from doing something morally questionable, for much longer than some big company would. (Interviewee 4)

> But here, too, this environment we're operating in, the circles are so small that you really have to mind that fame and glory, your corporate image must be right, you just can't do anything that's morally questionable. (Interviewee 18)

> . . . we've been operating long [enough] here in this Bothnia market area, which is fairly small, [to know that] if you produce anything of inferior quality, it'll be known real soon around the neighbourhood, 'such and such a thing happened over there', 'this person didn't get such and such service', so then at least they won't be doing business with a firm like that, and pretty quickly you'll realize that you aren't getting any new customers and even the old ones are beginning to move elsewhere. (Interviewee 15)

> Reputation is actually a measure of the way you operate, that's where it derives from, and from tradition, and it won't be built in a day – unless it's [a question of] bad [reputation]. There's no way you can make it good in a day or two, but it'll turn bad in no time. Like last spring we made this change and for a couple of weeks had difficulties in getting the goods dispatched on time. Then what happened was that we were one hour late in receiving goods from a large wholesale company, while there were at least 15 of our lorries packed with goods waiting at the other end. And that's something that people still remember. It's past history, but people remember it still. (Interviewee 20)

> I think that what makes a good gig isn't getting a lot of money for it, no, a good gig is one that succeeds so well that it spawns new good gigs. Someone might say 'you're crazy, why don't you go there?' but I'd rather leave one or two thousand euros alone than go there, [if] then some talk will start to go around that she wasn't as good as they say she is. (Interviewee 11)

The discourse further constructs small firms as sensitive to social norms and principles in their business for they try to conserve their reputation. This becomes particularly evident when owner-managers compare their businesses with large companies, constructing small businesses as more susceptible to criticism in the local community. Furthermore, as small business owner-managers often refer to the smallness of the business environment, the discourse utilizes very negative aspects of the idea of communalism, with emphasis on the inconveniences of intimate stakeholder relationships. Thus while the stakeholder-oriented discourse constructs the community as a positive resource in relation to reputation, this discourse sees the community in the opposite light.

The existence of this type of social control has not received explicit attention in small business reputation research; the subject was emphasized by Larson in 1992 in her study on network dyads. Hosmer (1995) and Swift (2001) also refer to (social) control in the reputation context, especially when it comes to managerial opportunism. More recently little interest has been shown in control as a focus of reputation research. The control discourse strongly portrays the idea of reputation as a phenomenon that limits and regulates the actions of small business owner-managers: their entrepreneurial freedom, autonomy, and possibilities to influence the goals of their work and the way the work is done. Therefore, reputation is not understood in a very positive sense. Indeed, compliance with externally imposed standards undermines an individual's autonomous self-concept (Maguire, 1999). In the owner-managers' view, stakeholders (including other businesses) impose certain restrictions and moral norms on their business activity. Although the discourse highlights moral obligations, economic necessity is produced as the main reason for 'accepting' this social control which, paradoxically we would claim, does not increase moral understanding in business. Control talk that emphasizes ethical compliance, ignoring owner-managers' autonomy, does not necessarily increase morality for it is not associated with moral community and moral development (see also Maguire, 1999).

In this discourse, the subject position of owner-managers is constructed as subordinated to the requirements of the community. They construct themselves as externally regulated agents meaning that external expectations and pressure are described as having a focal point in their decision making. Such a subject position also shifts the main responsibility for the actions away from the owner-manager since, instead of producing themselves as active business persons trying to influence society, they merely emphasize the adaptive aspects of their subject positions. Furthermore, such owner-managers often represented themselves in relation to businesses that act in a morally precarious manner. That is, they sought to distinguish their businesses from larger businesses, which are described as more tolerant of reputation threats in the business environment.

Reputation as threat to personal status

In the social exclusion discourse reputation is constructed as a reflection not only of the status of the business but, more importantly, of the personal status of its owner-manager, thus strongly emphasizing the identification of the owner-manager with the business in a negative sense. Thus, in contrast to the marketing discourse, the personification of a business to its owner-manager is seen in negative terms. That is, since corporate and personal reputation are seen as one and the same, the reputation of the business represents a potential risk to the owner-manager's own status in the community and emphasizes thus his/her vulnerability as an entrepreneur. Any black marks against the business would tarnish the owner's personal reputation as well and endanger his or her social status. Reputation is viewed as a means of evaluating the respectability of the small business owner-manager as a community member. Owner-managers often associated reputation with a fear of losing their social status due to bankruptcy, downsizing or other business hardship. Financial problems were assumed to have a very negative effect on the social status of small business owner-managers. The following citations illustrate the discourse and representations.

> I don't know about rural [versus] urban, but if I compare the countryside or some place in the densely populated area of Finland, well, there's nobody there who'll make note of how your firm does, but then, when you first lose your money and then your reputation, well, it's quite a tough spot, and then with your relatives and family and acquaintances around, and maybe you used to be some kind of important person in that community, and . . . suddenly you're, like, scum . . . in this Finnish practice. (Interviewee 15)

> A few years back I tried to arrange premises for a production plant whose owner had gone bankrupt earlier. And the attitude in that town was 'oh, that's one of those entrepreneurs who've gone bankrupt, it won't be possible to arrange anything for him'. (Interviewee 5)

> [Downsizing], it's not easy for anyone. Some people may think you just kick off people but it's not like that . . .. It's a different story, these international businesses where they move products around, but these locals . . .. But for a smaller [enterprise] it's a tough spot, and it's got far-reaching consequences. And, with your relatives in there, too . . . those relationships will be ruined in the same bargain. (Interviewee 12)

> A lot of people are afraid of the idea of becoming an entrepreneur because of the huge responsibilities. And there are actually these cases where the Grim Reaper has visited both the enterprise and the entrepreneur at the same time, because the entrepreneur has lost his personal reputation there. I think these [bankrupts] should be lived down. Perhaps those people who had been involved in business themselves don't judge bankrupt, but those who haven't think that either the entrepreneur has tried to cheat or otherwise s/he is only so stupid. (Interviewee 5)

The discourse clearly foregrounds the personal risk embedded in the decisions and actions of a small business owner-manager. This is done by producing an implicit distinction between the stability of wage work with a regular income and the economic risks of entrepreneurship and self-employment. Traditional Finnish values are grounded in the security and well-being provided by permanent employment contracts which tend to prize work-related values (Julkunen and Nätti, 1999; Puohiniemi, 1995). Although entrepreneurship is highly respected in Finland, it is not a very popular career choice (Nurmi, 2004); as a matter of fact, entrepreneurship is usually considered a fairly insecure way to earn a living. By mobilizing the discourse within these features, it seeks to promote the appreciation of entrepreneurship.

In this discourse words referring to family ties were used and emphasis was laid on negative emotions like guilt and shame and on the interwovenness of business and personal relations. Close relationships between owner-managers and stakeholders were also stressed in this discourse and made the fear of social exclusion even more 'concrete'. Since small businesses do not usually have grounds for downsizing as a means to respond to the expectations of external shareholders, managerial decisions cannot be framed as compulsory actions demanded by 'faceless' shareholders. And in any case, according to Zyglidopoulos (2005), downsizing would have a negative impact on the reputation of the business.

The social exclusion discourse in many respects resembles the control discourse. Both incorporate the idea of social control and assume that stakeholders set certain norms regarding how the business should be run. However, while the control discourse emphasizes the control aspect of reputation mainly from the business perspective, the social exclusion discourse considers it at the individual level. Therefore, the control imposed by stakeholders and the surrounding society is felt to focus on the owner-manager personally, rather than on the business. Furthermore, the risk elements of reputation relate to the fear of social sanctions, loss of social status and exclusion from social networks. This may have something to do with the assumption of a social contract between owner-managers and the community. As Deegan and Rankin (1996) note, a breach of this social contract – failure to comply with societal expectations, for example – can lead to refutation of the contract. The business will then have to face whatever sanctions are imposed upon it by society. In a small business context such a contract is constructed in close relation to the owner-managers as persons. Thus, the refutation of this contract not only concerns the business but also the owner-managers as members of the community.

To sum up, the social exclusion discourse reconstructs reputation in somewhat negative terms, assuming it to have the power to constrain an entrepreneur's social life in the community. Although the owner-managers believed they did possess some means to manage reputation, like trying to meet the needs and expectations of stakeholders, reputation in this discourse is not totally manageable. By constructing reputation as a personal risk, owner-managers underline the crucial role of their external stakeholders in building and maintaining reputation. They represented themselves rather as 'victims' of reputation. It is worth noting that in constructing their subject position, the owner-managers mostly used impersonal expressions, leaving the 'identified' actor in the discourse undefined. By excusing themselves through the use of the passive voice, they are drawing a dividing line between themselves and entrepreneurs who had suffered bankruptcy or downsizing, while at the same time indicating the shameful nature of such occurrences. Another purpose of their use of the passive voice (translated from the Finnish using the indefinite 'you') is to invite the listener to adopt their viewpoint on the phenomenon being talked about. They stressed the difference between small and big business, and portrayed themselves as exponents of small businesses in today's demanding business world.

Discussion and conclusions

In this paper we have focused on the different meanings that reputation can have in the Finnish small business context. We sought to understand how the meanings of reputation were (re)constructed by small business owner-managers using different discourses and how these discourses further constructed the relations between small businesses and society. In the analysis we identified four types of discourses, namely those of marketing, stakeholder-oriented, control and social exclusion, producing various representations of reputation in the business relations of small firms. These discourses differ from each other in their portrayal of reputation as an economic resource, as social recognition from the local community, as a control mechanism or as a risk to the owner-manager's personal status, thereby forming a reputational framework in the small business context from the owner-managerial viewpoint.

Each discourse type uses a different discursive frame in constructing the meaning for reputation in the small business context. The marketing discourse represents reputation as an *economic resource* emphasizing the competitive advantages of a good reputation. This discourse uses traditional business and marketing language such as profitability and customer satisfaction to show that it 'pays' to act responsibly. The marketing discourse also seems to be related to owner-managers' aspirations to expand their business – although the link between discursive business practices and actual fact is highly ambiguous. Any assumptions concerning a link between a certain discourse and business motivation call for further research. The stakeholder-oriented discourse produces reputation as social *recognition* from the local community, underlining the importance of trust and collaboration in business relations. The discourse which views reputation as a *control mechanism* is based on the idea of social control. It sees communal norms and moral criteria in a restrictive sense as undermining individuals' decision making power and their autonomy as business owner-managers. Finally, the social exclusion discourse relates reputation to the owner-manager's *personal reputation* pointing to the personal risk that is embedded in the context of a small business, in which the reputations of the firm and its owner-manager are intertwined. However, it should be mentioned that the discourses presented in this study were not mutually exclusive but overlapping. This means that the boundaries of each discourse are somewhat fluid and that each owner-manager can also be engaged in several, even contradictory, discourses.

In constructing a certain reputation discourse, owner-managers (re)produced subject positions for themselves. They presented themselves as *strategic entrepreneurs*, *recognized members of the community*, *externally regulated agents* and *exponents of small businesses*, respectively. Table 1 summarizes the main features of the four reputation-constituting discourses found in the study.

From the viewpoint of small businesses, when constructing the different meanings for reputation, the owner-managers discursively distinguished themselves from larger businesses. Each discourse and representation emphasizes the difference between small and big businesses. The marketing discourse emphasizes personal identification and entrepreneurial activity in relation to reputation since small businesses cannot advertise in the same way as large businesses. The

Table 1: Framework of the owner-managerial construction of reputation

Type of discourse	What is the representation of reputation?	What kind of meaning is given to reputation in the discourse type?	How is the discursive representation constructed?	What is the owner-managerial subject position in the discourse?
Marketing discourse	Economic resource	Reputation is essential for competitive advantage	Emphasis on traditional business and marketing language about profitability and customer satisfaction	Strategic entrepreneur
Stakeholder-oriented discourse	Social recognition	Reputation results from acting as a trusted business partner	Emphasis on business as an integral part of the local community	Recognized community member
Control discourse	Restrictive control mechanism	Reputation limits and regulates the actions of small businesses	Emphasis on social control imposed by norms and moral criteria	Externally regulated agent
Social exclusion discourse	Risk to personal status	Reputation risks the owner-manager's personal status in the community	Emphasis on the negative aspects of the interwovenness of the business and its owner-manager	Exponent of small businesses

stakeholder-sensitive discourse portrays small businesses as similar to large businesses in seeking social recognition while simultaneously aiming to create an impression of having substance in the community. The control discourse portrays small businesses as more susceptible to criticism than large businesses, if performing unethically. Finally, the social exclusion discourse emphasizes personal risk and fear of social exclusion, especially in relation to small business owner-managers compared to large companies. Moreover, owner-managers aim at increasing public valuation of their businesses by emphasizing the special features of the small business environment compared to those of large businesses, further stressing the importance of interaction and interdependence between a business and its stakeholders.

Our analysis demonstrates the inherently complex, even conflicting, nature of reputation. While reputation holds opportunities, it can also have restrictive effects. Reputation in this study was not reconstructed exclusively as a resource but also as a liability: its negative and dark side was described as well. The social exclusion discourse (re)constructed the inherent negativity of reputation in the small business context. Reputation was constructed as bearing a potential risk to the owner-managers' good personal relations with society in a situation where the reputation of the business is tarnished. On the other hand, the control discourse dispelled the idea of the autonomy of the owner-manager and entrepreneurial freedom, thus emphasizing the dark side of reputation. Furthermore, we argue that since the discursive construction of reputation is a social process, emotions are an inherent part of reputation (Goss, 2005). Reputation was emotionally constructed especially in relation to the fear of shame. Although some researchers (see Goss, 2005) state that the feeling of shame can actually work as a motivator of entrepreneurial activity, we conclude that shame, being a strongly culturally bound concept, can also hinder the risk taking of small businesses. Thus, we propose that the negative aspects of reputation may actually construct limitations and boundaries in the cultural representations of owning and managing a small business. More specifically, such representations can marginalize the interest towards small-scale entrepreneurship as a career choice since they limit the idea of entrepreneurial freedom and autonomy, which actually are important incentives for people to engage in entrepreneurial activities (see for example Brenner, Pringle and Greenhaus, 1991).

In the present study, ethics was attached to reputation especially in the stakeholder-oriented discourse, which constructed the meaning of reputation in relation to morally rightful stakeholder expectations. Furthermore, our study also pointed out how social control is an integral part of the reputation framework. Control talk that emphasizes ethical compliance, ignoring owner-managers' autonomy, does not, however, necessarily increase morality for it is not associated with moral community and moral development (see also Maguire, 1999). We suggest that a strong emphasis on the controlling aspects of reputation can be seen as a discursive tactic to partly shift the responsibility of morally questionable or problematic actions from a business to the community. Therefore, the importance of reputation as a control mechanism does not necessarily increase moral development in business but may work as a boundary or excuse for individual moral deliberation. This is actually quite an important finding since some studies indeed suggest that reputation increases moral decision making in business (see for example Paine, 2000).

On the basis of the findings, we argue that reputation forms an established part of stakeholder and responsibility discussions in the small business context. Furthermore, our study indicates that a good reputation is associated with trustworthy business behaviour. Similarly, trust is an economically rational decision by the business to act according to the agreed contract; otherwise the business can suffer a loss of reputation and, hence, of contracting opportunities (see Hosmer, 1995). Trust was discursively represented in this study as an inherent element of reputation, enhancing commitment between a business and its stakeholders. Yet, although trust was highly stressed, it was not described as true confidence in the goodwill of other actors (see Ring and Van de Ven, 1992, 1994). The discourses found in this study actually constructed trust in rather a calculating and instrumental sense as a means to gain something. Trust, both as a term and a phenomenon, seems, however, to exist in an ambiguous relation to reputation, and we propose that further research attention should be addressed to control and trust mechanisms in reputation talk. We also suggest that the current interest in reputation can actually have negative impacts on trust from the ethical viewpoint. Discourses constructing reputation are likely to place more emphasis on trust but it is equally likely that they will be brought into the discussion for instrumental reasons – that is, if trust is considered an essential tool in achieving a good reputation, the authenticity of trust discourses will suffer and trust relations may develop in an artificial direction.

Although in our data one type of discourse seems to be related to a certain representation of reputation, we acknowledge that other representations are also possible. Therefore, we do not want to posit a deterministic relation between discourse and meaning. The particular representations we have provided are just some among others and it is hoped they will encourage further research in a variety of different contexts.

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ARTICLE 3

Keeping at arm's length or searching for proximity? Corporate social responsibility as a reciprocal process between small

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Keeping at Arm's Length or Searching for Social Proximity? Corporate Social Responsibility as a Reciprocal Process Between Small Businesses and the Local Community

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Abstract This article examines the relationship between corporate social responsibility and locality in the small business context. This issue is addressed by studying the interplay between small businesses and local community based on the embeddedness literature and using the concept of social proximity. On the basis of 25 thematic interviews with owner-managers a typology is constructed which illustrates the owner-managers' perceptions of the relationship between the business and the local community. The findings emphasize the importance of reciprocity as it is suggested that corporate social responsibility in relation to locality is constructed as a response to the interpretations of reciprocal community support between small business owner-managers and local community.

Keywords Small business · Corporate social responsibility · Locality · Local community · Reciprocity · Embeddedness · Social proximity

Introduction

This article examines the relationship between corporate social responsibility (CSR) and locality in the small business context. The prevalent views on CSR challenge the idea of a business being responsible only for supplying goods and services to society (see Friedman 1970), by reflecting both the social imperativeness and the social consequences of a business (Crane and Matten 2004). Corporate social responsibility can be described as a commitment of businesses towards the economic as well as social development of the communities where they operate. This interest in the social role of businesses is based on the idea of businesses being closely interconnected in communication and adjustment processes with their different stakeholders (Bathelt and Glückler 2003). Instead of being understood as an isolated entity, businesses are considered to be 'constituted by or operate under influences originating from various social spheres' (Oinas 1998, p. 39). This interconnectedness is often described by using the concept of embeddedness, which, according to Granovetter (1992, p. 33), refers to the fact that 'economic action is affected by actor's dyadic relationships and by the structure of the overall network of relations'. According to this view, the economic sphere cannot be considered as separable from other social spheres, which provide supplementary motives and enacts alternative realities (Johannisson and Mönsted 1997). Businesses are seen as agents or actors influenced by their wider social environment and are able to shape it. In this study, we approach this idea of wider social environment by adopting the concept of social network, which refers to the finite set of actors and the specific relations defined on them (Wasserman and Faust 1994, p. 20).

The rise of embeddedness has been an organic part of the so-called cultural turn or 'new' economic geography which has focused on cultural, institutional and evolutionary perspectives of regional development (Hudson 2003, p. 742; Bathelt and Glückler 2003, p. 119). Analyses representing this paradigm are strongly inspired by institutional and evolutionary economics and economic sociology. The vantage point of these institutional analyses has been on relational links between regions' actors and institutions, structures of trust, and in broadest sense, the whole

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dynamics of social relationships (DiMaggio and Powell 1991). The development and success of the specific regions or individual enterprises are seen to be conditional on and interdependent on the systems of meaning and patterns of social relations (e.g. Simonsen 2001, pp. 41–50; Boggs and Rantisi 2003, p. 109). Thus, cultural systems of meaning like ethics and CSR can be considered to affect the success of individual enterprises and regions.

Small businesses have often been characterized through/by the embedded nature of their business relations. According to some views, small businesses are considered to be strongly embedded in their local communities (e.g. Castka et al. 2004; Werner and Spence 2004), and their success is often related to their degree of legitimacy and approval from local stakeholders (Perrini 2006), whilst others emphasize their disassociation from their surroundings (e.g. Curran and Blackburn 1994; Curran et al. 2000). In any case, it can be argued that local community, through different norms, social expectations, as well as monitoring and sanctioning mechanisms, has noticeable effects on the decision-making of small business owner-managers and therefore their conception of CSR and ethical business behaviour. Several studies show that individuals who operate their own business are significantly influenced by the community where their firms are located (Brown and King 1982; Serwinek 1992; Smith and Oakley 1994). However, in this article, we advance that it is not merely the geographical locations or features of community that are meaningful to different interpretations of responsibility, but also rather the interaction processes between business owner-managers and local community within certain locality, are those which count (e.g. Steyaert 1997).

Although there is a vast amount of literature concerning both locality and CSR, the interrelationship between these two concepts, especially in the small business context, has rarely been the focus of research. As an exception to this, Besser (1998) has argued for the significance of local community to the small businesses social responsibility by demonstrating that the business operators' perceived level of collective action is associated with their commitment to and support for the community and, consequently, to the success of their businesses (see also Besser 1999; Besser and Miller 2001; Kilkenny et al. 1999). There is still, however, a need to further consider those aspects and conditions of local community that, according to small business owner-managers, either encourage or discourage socially responsible business behaviour (see Campbell 2007). In order to address this issue, the relationship between small businesses and their local communities is studied here by examining *business owner-managers' perceptions of the relationship between their business and the local community and the reflection of those perceptions on the interpretations of CSR.*

This study aims to deepen the understanding concerning the operation of small businesses as part of local communities, by investigating the role of socially embedded relations in the process of constructing interpretations of local responsibilities, and as a consequence contribute to the theoretical discussion about small business CSR. Locality is addressed here by using the theoretical concept of proximity, which originates from embeddedness literature (Granovetter 1985; Torre and Gilly 2000) referring to the feeling of social, cultural, psychological or physical closeness between the business and its stakeholders (McMahon and Harvey 2006). Even though the proximity discussion is often connected with innovative performance at the organizational or regional level (e.g. Knoben and Oerlemans 2006), it is considered here as a prominent and applicable theoretical concept to examine CSR in the small business context. Accordingly, this study makes an empirical effort to apply the concept of social proximity in the framework of small business CSR. Indeed, there is lack of knowledge concerning the social responsibilities of small businesses since most research has focused on CSR in the large business context (e.g. Perrini et al. 2007; Spence 1999). Finally, as Besser (1998, p. 413) and many other scholars have noted, businesses represent a major source of resources for community development. That is why deepening the understanding about small business–local community relationships can offer tools for regional development as well.

Theoretical Framework: Embedded Relations and Social Proximity Between a Business and its Local Community

In this study, CSR is examined in the relationship between small business owner-managers and the local community as a single stakeholder group (e.g. Freeman 1998). Corporate social responsibility is defined here in line with the Observatory of European SMEs (2002) as the voluntary integration of social and environmental concerns in an enterprise's daily business operations and in the interaction with its stakeholders. In previous studies the responsibilities of small businesses towards the local community have often been divided into two or more categories. Besser et al. (2006), for example, distinguished support and leadership in the community as essential elements of the local responsibilities of small businesses, whilst Niehm et al. (2008) ended up with three different categories, namely commitment to community, community support and a sense of community. It should be noticed though, that the precise essence and manifestation of CSR lies at the discretion of each business, thus depending not only on the core competencies and stakeholder interests, but also on the cultural and institutional context of the business (Crane and Matten 2004).

In the small business context, the size of a business often followed by rather personal relationships between the business and its stakeholders can be considered as an important factor affecting its perceptions of its local responsibilities (e.g. Courrent and Gundolf 2009; Lepoutre and Heene 2006; Spence 1999; Vyakarnam et al. 1997). Similarly, the coincidence of ownership and control and the mixing of personal and organizational relationships are often typical for small businesses and influence their relationships with the local community. The owner-manager is therefore in the key position when trying to understand the relationship between the business and the local community (Quinn 1997). Several studies show that individuals who operate their own business are significantly influenced by the community where their firms are located (Brown and King 1982; Smith and Oakley 1994).

Interest in the question of proximity can be linked to a recent trend in economics, and in particular in spatial and industrial economics, which are increasingly dedicated to the analysis of the environment of enterprises. According to this approach, the behaviour of businesses is explained to a great extent by their productive and institutional environment and by the relations of exchange, competition and cooperation, which they maintain with other economic actors, often located a short distance away. As a whole, the discussion about proximity addresses the location of a firm in relation to its stakeholders: whether the firm must be localized close to or far from other actors and what are the consequences of this location (Torre and Gilly 2000, pp. 169–171). As Rallet and Torre (1999, p. 379) point out, the history of local relationships counts ('proximity matters'), but so does the history of non-local relationships ('distance matters'). It is acknowledged that non-local relationships may be as important as local ones for the success of firms and their regions (Oinas 2002, p. 66; see also Grotz and Braun 1997). Therefore, neither local nor non-local relationships are taken here as a decisive factor.

Although proximity is often used to refer to the spatial or physical distance between economic actors other dimensions of proximity can be identified as well. Boschma (2005a), for example, breaks proximity down into five categories, namely cognitive, organizational, geographical, social and institutional proximities (cf. Knoben and Oerlemans 2006). The categorization of proximity into different dimensions functions to draw attention to different bases of interaction between social actors; that is, businesses can build on various dimensions of proximity when trying to coordinate their actions and improve their economic performance (Boschma 2005b). Furthermore, the different dimensions of proximity are not unrelated to the other dimensions, but can either reinforce or substitute for each other. Geographical proximity, for example, is most likely to stimulate social proximity, because a short geographical distance is seen to favour social interaction and trust building (Boschma 2005a, p. 67). It is suggested here that in the case of local communities, these two dimensions are closely related.

The terms of local community and locality are conceptually somewhat overlapping (Cox 1998). In this study, locality is understood as a theoretical concept, similar to Cooke (1990, p. 296) who states that '(l)ocalities are not simply places or even communities, they are the sum of social energy and agency resulting from clustering of diverse individuals, groups and social interests in space'. In other words, various actors produce localities through their social relationships over space (see also Cox 1998; Cox and Mair 1988). In this study, the concept of locality thus includes the idea of local community as the embodiment of the existence of a certain geographical closeness and social proximity in terms of feelings of belonging and similarity (see also Torre and Rallet 2005) as well as the idea of reciprocity that is essential for the existence of communities and holds them together (e.g. Hamilton 1965). Indeed, reciprocity can be considered as indispensable in generating and sustaining productive social exchange (Becker 1986, p. 132).

The focus of the study is on the social dimension of proximity. Social proximity refers to the actors who belong to the same space of relations. The concept is thus strongly linked with the concepts of structural equivalence and embeddedness (Knoben and Oerlemans 2006, p. 78). Boschma (2005a) defines social proximity in terms of socially embedded relations between agents at the micro-level. 'Relations between actors are socially embedded when they involve trust that is based on friendship, kinship and experience' (Boschma 2005a, p. 66). Boschma's definition of social proximity comes very close to the definition of social embeddedness (Granovetter 1985; 2005). The main assumption in this article is the focal idea that most behaviour (including thus economic behaviour) is closely embedded in networks of interpersonal relations and that such an argument avoids the extremes of under- and oversocialized views of human action (Granovetter 1985, p. 504).

Boschma's definition of social proximity does not include situations in which people share the same sets of values, such as ethnic and religious values. This aspect of cultural proximity at a more macro-level will be associated with the notion of institutional proximity. Social proximity thus concerns the idea of embeddedness at the micro-level since similar to North (1990), Boschma (2005a) makes a distinction between the institutional environment at the macro-level (such as norms and values of conduct) and institutional arrangements at the micro-level where these norms and values are embodied in specific exchange relations. The latter aspect is covered by the notion of social proximity. In this study, these institutional arrangements are perceived at the micro-level as settings for local norms and expectations, embodied in (dyadic) relationships between actors. Therefore, the aim is not to analyse the presumed virtues of the localization of enterprises in a limited area as such, but the question is about social proximity or distance in relation to the local community as a stakeholder.

In contrast to neo-classical economics, embeddedness literature suggests that the more socially embedded the relationships of a firm are, the more interactive its learning, the better its performance. Embeddedness is also related to the ethical considerations of business behaviour, as it is argued to be one of the factors that decrease, though not eliminate, unethical business behaviour (e.g. Courrent and Gundolf 2009). However, Uzzi (1997) and Boschma (2004; 2005a) argue that too much social proximity (socially overly embedded relations between actors) may also have adverse impacts on business activities. First of all, those kind of embedded relationships in which much loyalty is involved may lead to an underestimation of opportunism when relations are based on the emotional bonds of friendship and kinship (Uzzi 1997). Secondly, long-term relationships, or too much commitment may lock buyers and suppliers into the established ways of doing things, at the expense of their own innovative and learning capacity.

Aforementioned is the key of the whole proximity discussion here: too much social proximity is expected to be detrimental to the firm's learning capacity and regeneration and therefore forms a hindrance to its economic success. Similarly, if a business is socially too distant from its local community, this is seen to cause problems too. Thus, it can be argued that the social dimension of economic relationships has a positive influence on the performance of a business up to a certain threshold (contrary to neo-classical thinking), after which these positive effects can turn negative when the social relationships become too closely tied (Boschma 2005a, p. 67; Boschma et al. 2002, p. 21). Following Uzzi (1997), Boschma (2004; 2005a) has argued that a network consisting of both market relationships (keeping a social distance) and embedded relationships (involving social proximity) may circumvent these problems and increase innovative performance. Uzzi (1997) and Boschma (2005a) make an argument against both neo-classical economy and the embeddedness model by introducing a model of social proximity as described in Fig. 1. According to this, there is an inverted 'U' relationship between embeddedness and innovative performance at the firm level.

This study is built to a large extent upon Uzzi's and Boschma's reasoning. Although used in a slightly different context, their logic was adopted and perceived as a useful conceptual and theoretical tool for contemplating community–business relationships in localities. More precisely, based on the ideas of Uzzi and Boschma, we assume that in

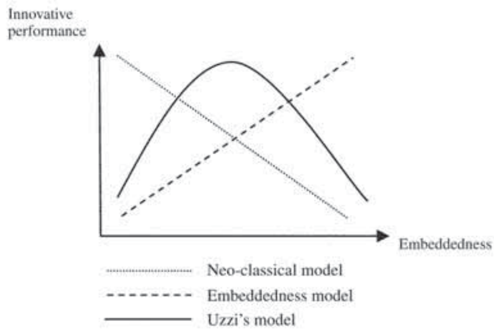

Fig. 1 The relationship between the degree of embeddedness and the innovative performance of a firm (source Boschma et al. 2002, p. 31)

addition to its positive effects, social proximity between a business and its stakeholders (in this case local community) can also have a negative influence on the interpretations of CSR. Since social proximity is largely perceived as a social construction, the aim is not to identify or measure proximity or distance between actors as such (e.g. Alba and Kadushin 1976; Courrent and Gundolf 2009). Instead, the focus here is on the logics of belonging and similarity in exchange relations, which is the essence of social proximity. Furthermore, even though the exchange relations examined in this study take place in the economic context, in the realm of exchange of money for goods and services, it is emphasized here that economic exchange relations cannot be understood without the social aspect being involved (e.g. Granovetter 1992). The social aspect focuses on the relations amongst the actors that shape the exchange of resources and benefits (Das and Teng 2002). Similar to economic exchange relations, typical for social exchange relations is the aim for 'balanced' exchanges through the process of reciprocity (Becker 1986). Thus, the balance in the exchange relations stems from the costs invested and benefits derived from the exchange; the important point here is that the exchange should be perceived as balanced by the participants involved (Becker 1986, pp. 111–113). Thus, it is the multifaceted process of interpretation between the business and the local community that is decisive. By using the term *proximity*, social 'nearness' between actors is emphasized and by referring to *distance* the other end of the continuum is described; that is, social 'farness' between actors. Therefore, it is the question of social proximity–social distance gradation.

Methodological Framework

The empirical data of this study is based on interviews with 25 Finnish small business owner-managers: 3 women and

22 men. Here a 'small business' is defined as an independently owned and operated firm (Peterson et al. 1986) with fewer than 50 employees and an annual turnover of 10 million euro or less (European Commission 2003). The selection of the interviewed small business owner-managers was done by applying the purposeful sampling method to ensure informative and rich but still manageable data (Patton 2002, pp. 230–246). The main criterion for the purposeful selection was the line of business (food manufacturers and knowledge intensive service providers). These two lines of businesses were chosen because they represent two distinctly different types of industry: product versus service, traditional versus non-traditional, more location-bound versus less location-bound. By setting these criteria, the idea was to obtain variation in the data to understand the process of sense-making of small business owner-managers and to capture the equivocality of the phenomenon with a manageable number of informants. Within these criteria, the interviewed businesses were randomly chosen from public business registers. This kind of selection of interviewed businesses was made to increase the credibility of the empirical data, not to foster representativeness (ibid. 240–241). (See Appendix, Table 1).

The largest business employed 30 people, whilst in three of the interviewed businesses the owner-manager worked as a sole trader. The interviews were conducted between September 2004 and January 2005. All the interviews were tape-recorded and transcribed verbatim. The length of the interviews varied from 45 to 150 min. Wide-ranging open-ended questions were used, covering topics such as owner-managers' perceptions on community support, i.e. how is a business contributing to the community and vice versa, their commitment to the community at personal and business level and their views on the local atmosphere for entrepreneurship.

The qualitative analysis of the data was based on the construction of heuristic ideal types, which were formed by synthesizing and arranging the empirical data into a unified thought-construct (see Patton 2002, pp. 457–462). In order to accomplish this, the analysis was based on the readings of the data through two different theoretical frameworks, namely CSR and social proximity. First, the transcribed interviews were read through several times to form a comprehensive picture of the data. During this phase analytic case descriptions were created of each interview (ibid., pp. 437–440). In these case descriptions attention was particularly paid to the ways CSR in relation to the local community was described by focusing on the small business owner-managers' attitudes towards local community, the relationship between a business and local community and local responsibility (e.g. Niehm et al. 2008 for the similar categorization of local CSR in the small business context). However, the aim was not to look for any results at this point but to organize the data in more manageable chunks describing CSR towards local community. Second, the case descriptions were reread to gain deeper understanding about the data in relation to social proximity. During this phase of the analysis, we paid attention to the expressions of closeness, togetherness, similarity and local norms and identified any congruencies and discrepancies in the descriptions of local CSR in relation to social proximity. Based on these congruencies and discrepancies, the empirical data was organized into three different categories, which were derived from the proximity theory and constructed the types of social proximity in business–local community relationships.

Every phase of the analysis was first conducted individually by each author, after which the ideas and interpretations that emerged during the process were jointly discussed to reach the consensus. Although rather laborious, this way of utilizing analyst triangulation is often considered to increase the credibility of the research (Patton 2002). We also presented our analyses and findings to colleagues and the feedback comments that we received served the purpose for this article. Similarly, we use citations from the interviews in the main body of the text to make it easier for the reader to evaluate the interpretations we have made.

Empirical Analysis: Typology of Social Proximity in Business–Community Relationships

In this section, the three types that describe social proximity between a business and local community are introduced. These are called: (A) too much social proximity, (B) too much social distance and (C) optimal social proximity. Although these types are constructed on the basis of the empirical data, they do not represent any particular business per se, but each interviewed business reflects the essence of a type, and they should not necessarily be assigned to one of them. The headings referring to each type are named in the spirit of the proximity discussion (e.g. Boschma 2005a) which explains their unintended normative nature.

Type A: Too Much Social Proximity

The idea of too much social proximity between a small business and local community is usually related to those businesses strongly embedded in their localities with a multifaceted network of personal and business ties. The businesses are located in close geographical proximity to all the important stakeholders. Although local relationships are an essential resource for the operation of these businesses, the role of the local community is still considered mostly as a disturbing factor. The local community is described using words like enviousness and lack of appreciation and encouragement.

> But it's just the way that the rest of the society sees us small entrepreneurs. I think that local people have a lot to learn, in a positive way, so that they would stop being jealous of nothing. (Interviewee 1)

In this type, the relationships between the business and the local community are presented by emphasizing the restrictive nature of local norms and the social sanctioning mechanism. Social norms refer here to a guide for behaviour established through social interaction and feedback. The non-adherence to social norms and contradictions of expectations are considered to lead to sanctions (Spencer 2005). Thus, the local community is considered to limit the entrepreneurial autonomy of small business owner-managers by strictly defining the role of a small business as a part of the local social structure. This normative pressure is further built on the idea of isomorphism, as deviations from the local social expectations lead to sanctions. In particular, the economic success or failure of a small business can be strongly sanctioned as they both are related to the idea of inappropriate utilization of community resources, and thus, are seen as threats to the community. Bankruptcy, for example, is described as the ultimate failure of social expectations, which can sometimes lead to rather drastic social sanctions, like the loss of personal status in the local community. The following citations illustrate the normative pressure felt by the small business owner-managers:

> …when you first lose your money and then your reputation, well, it's quite a tough spot, and then with your relatives and family and acquaintances around, and maybe you used to be some kind of important person in that community, and… suddenly you're, like, scum… And in the city it's of course easier to start over, nobody knows you, nobody is interested in whether your business has gone bankrupt or not. (Interviewee 15)

The relationships with too much social proximity are also described with asymmetry in reciprocal community support. Similar to Kilkenny et al. (1999, p. 232) reciprocated community support is understood here as the joint occurrence of the business supporting the community and the community supporting the business. Thus, although there is intense interaction between the business and the local community, the objectives of these two parties either do not coincide, or the community is thought to treat local businesses in an unequal manner and to favour some businesses at the expense of others. These interpretations of asymmetry have, in turn, an effect on the small business owner-manager's attitudes towards the local community, which include intensive negative emotions that can trap businesses in the self-defeating cycles of behaviour (see Uzzi 1997).

> They've been clamouring here about impartial treatment on that issue but it isn't all that impartial. […] When we've been arguing about the three thousand [euro] and I've declared in reply to the municipality that I'm not employing anyone [living in the municipal area]. […] Everybody gets the kind of reply from me that they themselves give me. (Interviewee 7)

Within this type, participation in local political decision-making and social influence in general are considered to increase social proximity and are seen as weaknesses for the business. Taking part in these kinds of public activities is considered to increase the amount of different, often contradictory, expectations towards the owner-manager, and thus increases the potential for negative sanctions when failing to fulfill these expectations. Non-participation in social affairs is justified by defining social involvement beyond the role of a business.

> I think that [an entrepreneur] shouldn't go poking into societal affairs because then those groups will emerge, one group will say that' by the way, I'm not buying from that guy because of what he said about that issue'. […] Not in a small locality, at any rate. I don't know about larger localities, it may be different there, but this is what is likely and quite certain to happen in a small locality. (Interviewee 3)

In this type, CSR is based on the adherence to local norms defining what is right and wrong in business and further implying standardization and boundaries for business activities. The main reason for the small business owner-managers to acknowledge their local responsibilities is to avoid any social or economic sanctions; that is, to survive, the business owner-managers do not consider having any other choice but behaving in a responsible manner towards the local community. Besser (1999, pp. 17–19) presumes that the interrelation between CSR and businesses within small cities or sparsely populated (rural) communities is based on their greater self-sufficiency in terms of the labour market, services, customers, etc. Therefore, it is compulsory for the firm to be ethical in the local economy. The fear for local sanctioning mechanisms is greater in small communities because of the fact that those mechanisms are likely to work more easily and their consequences are more crucial for businesses (difficulties in obtaining labour, the loss of community support, etc.). This makes CSR rather externally stimulated and does not necessarily include any moral considerations. Indeed, control talk that emphasizes ethical compliance and ignores owner-managers' autonomy does not necessarily increase morality, for it is not associated with moral community and moral development (see also Maguire 1999).

> …then, since we're operating in a small locality, and if it's in the area, then these people will be sure to remember it for a very long time. So, in a way, a small producer will suffer from something like this, from doing something morally questionable, for much longer than some big company would. (Interviewee 4)

Although the interpretations of responsibility towards local community culminate in the adherence of local norms, this does not mean that making responsible business decisions would always be easy for small business owner-managers. On the contrary, in some cases close relationships and strong social norms can hinder the small business owner-managers from making decisions as they cannot be made on the basis of economic factors only. In some cases, the owner-managers consider the social proximity between their businesses and the local community as an obstacle to rational decision-making. For example, when making decisions concerning downsizing, the expectations and normative pressure of a local community can endanger the sustainability of a business as the owner-manager tries to avoid the disapproval of the community. In the worst case, too much social proximity can block enthusiasm for establishing a business.

> But the attitude for entrepreneurship is such that a lot of people are afraid of the idea of becoming an entrepreneur because of the huge responsibilities. And there are actually these cases where the Grim Reaper has visited both the enterprise and the entrepreneur at the same time, because the entrepreneur has lost his personal reputation there. (Interviewee 5)

In conclusion, it is typical for this type that asymmetry of reciprocity characterizes the small business owner-managers' relationships with the local community. Although small business owner-managers contribute to their communities by operating in accord with local norms and avoiding any harm, they do not feel sufficiently supported by the community. On the contrary, too much social proximity is considered to hinder the operation of a business because of the existence of a strong social sanctioning mechanism restricting entrepreneurial freedom and autonomy. As a consequence, the owner-managers who are overly embedded in the local community do not initiate socially responsible actions towards the community. Rather the aim of responsible business behaviour in such relationships is to avoid social sanctions. Still, local responsibilities cannot be totally ignored because the community plays such an important role in the operations of a business.

Type B: Too Much Social Distance

The second type represents the opposite to the first one, as the relationships between a small business and the local community are described with too much social distance. The role of the local community as a stakeholder of the business was diminished by presenting the community as an insignificant actor in business life. In some cases, this was due to a difficulty in properly discerning the existence of the local community. Even though the existence of the local community was acknowledged, the business was depicted through its embeddedness in non-local networks. The local community was described above all through lack of the feeling of togetherness.

> I belong to the local entrepreneurial association, but I don't have much in common with those people and that's why I haven't participated in its operations a lot. (Interviewee 8)

In case of too much social distance between a small business and its local community, lack of reciprocal relations is highlighted. While the previous type illustrated the idea of asymmetrical reciprocity, here the existence of reciprocal relationships is not recognized at all. The local community is thought to have rather indifferent and ignorant attitudes towards the businesses—it does not know about or is not interested in the operations of such local businesses. Thus, despite the geographical proximity, the social distance between these two parties hinders the development of reciprocity.

> …if they ask you what you're doing in concrete terms, well, I'm sitting over there at the computer and staring at the screen, that's how the locals see it. I'm not doing anything, am I? […] I don't have any kinds of commitments here. After all, to me this locality is more or less… I don't have anything to do with this locality, so to say. (Interviewee 8)

As a result, the small business owner-managers are not particularly committed to the area and are unwilling to invest any voluntary resources in the development of the local community. Therefore, besides the taxes paid by the business, the local community and local economy do not necessarily benefit from the operation of the small business. The following citation demonstrates the small business owner-manager's perceptions of reciprocity in social exchange relations. The citation shows that the owner-manager recognizes the logic of reciprocity, and regards it as a necessary element in exchange relations. Still, as a result of social distance reciprocal social relationships between a business and local community are not established at all.

> Nobody's ever taken any contact on behalf of the town to ask if things are running well here in [name of town]. Not that you'd be thinking yourself about your relation with the public sector in any way. You just concentrate on your own operations and take care of your customers. (Interviewee 18)

In this type, the independence and autonomy of the small business owner-managers are strongly emphasized. Too much social distance from the local community is not considered as a problematic issue, but the anonymity it entails is appreciated, and the value added that the local community could bring to the operation of the business cannot be envisaged. Indeed, it is suggested here that close relationships with the local community can be even seen as a threat to the value of independence as they can be interpreted as showing over-dependence on others. According to Curran and Blackburn (1994, p. 113), this produces a 'fortress enterprise' mentality when articulating with the wider environment, which suggests that levels of linkages with external economic contacts, as well as any local relations, which have implications for their business contacts, will be limited. The following citation exemplifies this aspect of anonymity in business:

> I reckon it would be more difficult to do business in the countryside. In the city, there are so many different firms operating here that one can really concentrate on minding one's own business. But in a small community, jealousy would easily occur there. A firm can succeed but if it is be too successful it would have to be put back into line… But it's possible to operate here, like, in a wide environment quite anonymously, in certain sense. (Interviewee 18)

When describing relationships with too much social distance, the core activities of the business operation are often highlighted and the descriptions somewhat reflect the neo-classical ideas of the role of a business as a producer of goods and services in the framework of the legal system. Thus, responsibility towards the local community and paying one's taxes are often regarded to be one and the same thing, and no other responsibilities are considered necessary.

> I don't feel that this firm is otherwise responsible at the moment, otherwise than through these taxes, by paying value-added taxes and then income tax, so… so that's really the only interest that society has in my enterprise. That's the way I've understood it. […] It's mainly a question of whether the enterprise feels responsible for ensuring that it generates a maximal amount of tax income. (Interviewee 8)

In conclusion, it is typical for this type that the non-existence of reciprocal relations between the small businesses and the local community detached them from each other. Even though the businesses have a geographical proximity in relation to the local community, this does not lead to a sense of mutuality because of the feeling of social distance between the two parties. Similarly, the responsibility towards the local community is adjusted to a non-existent level within the legal framework. Too much social distance between a business and the local community seems not to be, however, a problem from the businesses' point of view, as businesses have reciprocal relationships with other stakeholders, such as non-local customers and other business partners. Anyhow, too much social distance can be interpreted above all as a problem for the local community as it cannot take advantage of the businesses' potential success and their voluntary contributions to the development of the local area. Furthermore, as the businesses are not very committed to the area, decisions about relocating a business are easier than they would be in the first type. This can also turn out to be a threat to the economic sustainability of a local community.

Type C: Optimal Social Proximity

The third type represents the situation where optimal social proximity exists between a small business and its local community. Similar to the first type, optimal social proximity requires the idea of close social relationships between a business and the local community. In this type, as distinct from the first type, local social networks are considered an essential resource and a competitive advantage for a business. Often, the identity of a business is strongly related to the locality and the business is considered an important actor in the local social structure. The mutual interaction between a business and its local community is acknowledged and the idea of a business as an isolated fortress is explicitly denied.

> I don't get it that some people want to isolate themselves from society or lock themselves up and try to operate in there… After all, this is about interaction and dependence on the environment. (Interviewee 15)

Characteristic of relationships within optimal social proximity is the idea of reciprocity working well. Reciprocity between a small business and its local community can be described as a partnership in which the local community and the local authorities contribute to the success of businesses by purchasing their products or services, providing supportive services and being interested in their operational preconditions. The important aspect is also the fair treatment and appreciation of local businesses. Thus, the businesses are, for example, encouraged to take part in local development by asking their opinions and giving them a chance to comment on local affairs. This evokes positive responses amongst small businesses, as they are committed to the local community and willing to invest resources in the economic development and well-being of the locality. In this type, reciprocity thus works as a powerful motivator for collaboration between small businesses and the local community.

> And yes, they've asked for our opinion, there's been interaction of that kind with the town management and major officials, and I do feel that in certain respects we do have a certain responsibility to [name of town]. So as to earn or obtain our right of existence, which I think today doesn't require you to live in the municipality in question. (Interviewee 15)

In this type, taking part in local activities is seen as a natural part of the role of a business owner. The small business owner-managers do not feel any need to try to distance or externalize themselves from the community. On the contrary, involvement in local activities is also an important means of contributing to the success of their own business since the economic well-being of the local community is considered to reflect upon the operation of all local actors. Emphasis on this kind of ripple effect is common when small businesses with optimal social proximity describe their role in the local community. Thus, local involvement is not considered a threat to rational business operation, but optimal social proximity between a small business and its local community is beneficial for both parties.

> The town did go along with this extension very readily as a guarantor, and in principle, as long as there are alternatives available in [name of town] the workers will be hired from here. (Interviewee 13)

Responsibility towards the local community is also strongly articulated through the economic success and survival of the local area. It is considered an obligation of a business to take part in local activities to contribute to the welfare of the local community. This can be done, for instance, by supporting local suppliers, giving money to local charity or taking part in local development activities. Although responsibility towards the local community is often considered a compensation for community support, it can similarly be seen as a way to gain legitimization for business activities from the local community.

> Of course, you try to consider the success of your own municipality… The inhabitants of our own municipality should see to it that we always carry our responsibility for the community if at all possible. […] That'll keep it rolling. (Interviewee 4)

In this type, responsibility is more than an adjustment under normative pressure or taking care of the legal obligations of a business. In other words, the core functions of the business are extended from the pure production of goods and services to contributing to the welfare of the local community as a stakeholder of the business. The justification for responsibility towards the local community is often based on the idea of enlightened self-interest—bearing responsibility for the local community is thought to be in the best interests of the business. According to this view, the main motivation for local involvement is the awareness of the positive outcomes a business will gain in the long run (see Besser 1999; Besser et al. 2006; Kilkenny et al. 1999; Miller and Besser 2000). These positive outcomes seldom are, however, of any direct financial benefits, and the actual benefits can often be rather difficult to measure, like positive reputation and smooth local collaboration.

> … the idea was that it would support the development of the locality or region, and then again, the entrepreneur will naturally wonder 'how will it support my enterprise?', so it has to support both. With these earnings you can't afford to get involved in very large functions for the public good, but shall we say, if it supports the operations of the enterprise, then we'd deem it reasonable—let's hope that it will be just that. And the main idea is, namely, to develop this region. (Interviewee 15)

In conclusion, in this type reciprocity is understood similarly to Gouldner (1960) as a moral norm, which is an essential constituent in social life. Indeed, the relationship between a small business and its local community leads to a 'virtuous circle of reciprocity' where both parties can easily acknowledge the benefits of the interaction. Thus, both consider it essential to invest in the success of each other. In this type, small businesses are considered a natural part of the local community. The owner-managers realize that an essential part of running a business is local involvement and responsibility towards the local community. Similarly, for the local community, the existence of small businesses is something worth valuing.

Conclusion and Discussion

This study concentrated on CSR amongst small businesses owner-managers and their interpretations of their responsibilities towards their local communities. The relationships a small business has with other stakeholders, such as employees, customers and suppliers were not explicitly emphasized here. Therefore, whether social proximity has such a crucial role in the construction of the responsibilities towards other stakeholders or not should be further examined. Likewise, the aim of this study was not to make any normative distinctions between different kinds of interpretations of local responsibilities emerging in the different types. Rather, the aim was to show how the interpretations of these responsibilities arise in the continual interaction between a small business and its local community as a stakeholder.

The three types described above shed light on the processes by which small businesses and local communities are interrelated in the context of CSR. The interpretations of the responsibility towards the local community are adjusted in line with the interpretations of community support through the idea of reciprocity. As reciprocity aims to balanced exchange relations, the subjective perceptions of the functioning of reciprocity are an important aspect in assessing the relationship. According to Becker (1986, p. 107), for example, in order to 'create and sustain balanced social relationships, the good returned will have to be good for the recipient, and (eventually) *perceived* by the recipient both as good and as a return' (italics added by the authors). Accordingly, our results show that the perceptions of symmetry, asymmetry and the lack of reciprocal relationship influence the interpretations of CSR that small business owner-managers hold towards local community and justify their level of involvement in local development. The perceptions of the balance of reciprocity in exchange relations, on the other hand, are influenced by the perceptions of social proximity between a business and local community. Our study has thus illustrated the process in the relationship between the business owner-manager and the community within which s/he is embedded. It has also demonstrated the significance and complexity of the local community's role in the construction of the owner-managers' interpretations of CSR. As a summary, the basic logic of this interaction is shown in Fig. 2.

In the figure, the *y*-axis represents the perceived balance of reciprocity between a business and the local community whilst *X*-axis stands for social embeddedness (social distance–social proximity). The three types that describe the relationship between social proximity and CSR in the small business-local community context create an inverted 'U' in this figure. As the figure demonstrates, CSR is constructed as a response to the interpretations of a sense of community (social embeddedness) and community support (the perceived balance of reciprocity) either as avoidance of social sanctions (Type A), as adherence to law (Type B) or as a moral obligation (Type C). The figure should not be

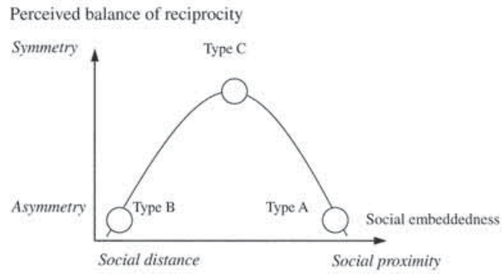

Fig. 2 The relationship between perceived balance of reciprocity and social embeddedness

understood as a static one though. On the contrary, we suggest that transitions in the inverted 'U' are possible. Accordingly, adjustments in the social proximity between small business and local community affect the perceptions of reciprocity which reflect in the interpretations of local CSR.

The local community is not, however, a sole source of this interpretation process because all the relevant social networks are not geographically localized. It can be assumed that the very same logic of the 'circles of reciprocity' and the regulation of distance is valid within other contexts as well—for example, when it is the question of businesses' relationship to customers or other businesses in the same branch but elsewhere. This was illustrated in cases where the owner-managers were more worried about relationships elsewhere within the same line of business, which was the case in type B. The latter is also typically present in type B, where businesses are detached from their local community, but responsible for the society in the form of paying their taxes. Therefore, the asymmetry or symmetry of reciprocity can be traced to many other relationships as well.

We acknowledge that the small business owner-managers' interpretations of local responsibilities can be affected by various personal and business-related variables. Similarly, whether a business is located in rural or urban area may have an effect on the owner-managers' local responsibilities. According to our analysis, it seems, for example, that those businesses described by too much social proximity (Type A) were mainly operating in small rural localities. Although the potential role of different variables in owner-managers' interpretations of local responsibilities poses an interesting question, it is beyond the aim of this study and could be a task of future research. As we have demonstrated, the geographical location of the firm, business-related variables or features of the community are not the sole explanatory factors for the interpretations of local responsibilities, but the reciprocated interaction processes between business owner-managers and local community within certain locality are those that count. Therefore, this study has addressed the essential process of reciprocity as an underlying element in the formation of CSR between small businesses and their localities.

The essence of the proximity framework is that interaction is a precondition for economic success. Optimal social proximity brings about trust and therefore knowledge exchange is better between economic actors. This eliminates the risk of opportunistic behaviour and promotes durable relationships opposed to pure market relationships and arm's length ties (Boschma 2005a). This follows Uzzi's (1997) reasoning, who suggested that both embedded and market relationships are needed at the network level to secure social proximity and distance. At the network level, this means a balance or mixture of arm's length ties and embedded relationships (see also Boschma 2005a, pp. 66–71). This optimal mixture underpins enterprise competitiveness. Besser (1999, pp. 26–27) has stated that there is a significant link between business social responsibility as measured by the commitment by business operators to and support for their community and their assessment of their success (see also Kilkenny et al. 1999; Miller and Besser 2000). Although the performance or success of the firms as such were not explicitly measured here, there were owner-managers' interpretations of the firms' operating conditions, which led us to inferences about success. Actually, the typology presented and especially type C deepens the understanding about the interrelationship between CSR and success by showing how optimal proximity 'adjusts' social responsibility, and how this virtuous circle of reciprocity may lead to welfare and economic success for the whole community.

This study confirmed Uzzi's (1997) and Boschma's (2005a) theorizations and findings concerning embeddedness and proximity discussions to some extent. In sum, social proximity seems to stimulate economic interaction in a positive way up to a certain threshold, after which the negative effects appear. Anyhow, detrimental impacts of social distance on businesses were not observed, at least in the short run, as Uzzi's model and Boschma's reasoning may predict. That might look like the confirmation of the neo-classical model at first glance, but it can be assumed that actually it is the local economy that suffers, which may, in the long run, be pernicious for the small businesses as well. Yet, one should be cautious as regards to contribution to the theory of proximity because of the fact that it was used here within an applied context. Therefore, it cannot be said that the theory was tested here as such but the aim was to bring conceptual and theoretical discussion about proximity onto empirical grounds. Secondly, as many scholars have put it, different forms of proximities are intertwined with each other. Therefore, it is an exaggeration to say that it is optimal *social* proximity/distance that is the decisive factor for the success of small businesses.

As a practical implication, this study indicates that those responsible for developing small businesses (small business developers, intermediary organizations, etc.) in local communities should recognize the logic of reciprocity, which has a significant role in shaping CSR. Small businesses will respond to the community in a way that is commensurate with the perception of how they are treated. When seeking advantage and economic success in small businesses and the entire local community, the ability to sustain the virtuous circle of reciprocity has a decisive role.

Appendix

See Table 1.

Table 1 Description of the interviewed small business owner-managers

Number of the interview	Main business activity	Year of establishment of business	Number of employees	Location of the business[a]	Population of the municipality of the business location
1	Tourism and food supplies (manufacturing and service)	1994	3	Core rural municipalities	10,000–50,000
2	Food supplies (manufacturing)	1992	2	Rural municipalities close to urban areas	<10,000
3	Food supplies (manufacturing)	1980	2	Sparsely populated rural municipalities	<10,000
4	Tourism (service)	1980	6	Sparsely populated rural municipalities	<10,000
5	Food supplies (manufacturing)	1989	6	Sparsely populated rural municipalities	<10,000
6	Engineering (service)	2002	1	Core rural municipalities	<10,000
7	Building (service)	1988	1	Core rural municipalities	10,000–50,000
8	Food supplies (manufacturing)	1990	15	Sparsely populated rural municipalities	10,000–50,000

Table 1 continued

Number of the interview	Main business activity	Year of establishment of business	Number of employees	Location of the business[a]	Population of the municipality of the business location
9	Engineering (service)	2002	1	Core rural municipalities	<10,000
10	Food supplies (manufacturing)	1962	25	Core rural municipalities	10,000–50,000
11	Food supplies (manufacturing)	1995	5	Core rural municipalities	<10.000
12	Education (service)	1993	20	Regional centre	10,000–50,000
13	Food supplies (manufacturing)	1983	2	Core rural municipalities	<10,000
14	Food supplies (manufacturing)	1998	12	Core rural municipalities	<10,000
15	Administration (service)	1986	12	Core rural municipalities	10,000–50,000
16	Administration (service)	1993	11	Core rural municipalities	10,000–50,000
17	Administration (service)	1996	10	Metropolitan area	>500,000
18	Administration (service)	1997	12	Metropolitan area	>500,000
19	Marketing (service)	1996	16	Metropolitan area	100,000–500,000
20	ICT (service)	1984	10	Metropolitan area	100,000–500,000
21	Food supplies (manufacturing)	1991	23	Metropolitan area	100,000–500,000
22	Food supplies (manufacturing)	1974	30	Metropolitan area	>500,000
23	Food supplies (manufacturing)	1956	8	Metropolitan area	>500,000
24	Administration (service)	1988	5	Metropolitan area	>500,000
25	Food supplies (manufacturing)	n.a.	30	Metropolitan area	>500,000

[a] The categorization of rural municipalities is based on the established and often cited tripartite division of Finnish rural municipalities developed by Malinen et al. (2006)

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ARTICLE 4

Construction of owner-manager identity in corporate social responsibility discourse

by Merja Lähdesmäki

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Construction of owner–manager identity in corporate social responsibility discourse

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This article examines the different discursive resources on which small business owner–managers draw when understanding their sense of self in relation to corporate social responsibility. In the small business context, identity provides a justifiable framework to study corporate social responsibility, as decisions regarding socially responsible activities are mainly taken by managers and stem from their sense of who they are in the world. On the basis of 25 thematic interviews with owner–managers, two broad discursive resources were found that describe how they actively seek to create and legitimise their sense of self within the discussion on corporate social responsibility. These discursive resources are called being altruistic and being instrumental. The findings emphasise that the essential and also the most challenging feature in small business owner–managers' identity work is the process of reconciling economic values with the social and ethical aspects of business life.

Introduction

This paper examines the construction of small business owner–manager identity in the framework of corporate social responsibility (CSR). Despite the lack of a commonly accepted definition of the concept, it is widely argued that being a socially responsible business necessitates meeting objectives that produce long-term profits while using business power in a responsible way, integrating social demands into the business and/or contributing to the good of society by doing what is ethically correct (Garriga & Méle 2004: 65). The precise essence and manifestation of CSR lies, however, at the discretion of each business, depending on core competences, stakeholders' interests and the cultural and institutional context of a business (Crane & Matten 2004).

CSR has predominantly been studied at the level of large firms even though the size of a business has been shown to be an important contextual factor affecting the essence of CSR (e.g. Spence 1999, Lepoutre & Heene 2006). In particular, the special position that the owner–manager usually holds in a small business, above all the combination of ownership and control, is thought to have a large impact on the perceptions and realisations of CSR. Indeed, in owner–managed small firms, control usually remains in the hands of the owners, enabling the decision-making process of the business to reflect their personal values (Quinn 1997, Spence & Rutherfoord 2001, Jenkins 2006). Previous studies have also indicated that factors such as embeddedness in the local community, the personality of business relationships, the desire for autonomy and mistrust of bureaucracy, multi-tasking and resource poverty are all important in setting the framework in which small business owner–managers make decisions concerning CSR (e.g. Spence 1999, Lepoutre & Heene 2006). Despite the acknowledged importance of owner–managers to the development of CSR in the small

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business context, there is still a need to further study how, and through what kind of processes, their personalities influence CSR (Spence 2007).

In this study, CSR is examined as an owner–manager sense-making process. In other words, CSR is understood here as the result of small business owner–managers' discursive processes rather than a reflection of external demands (see Basu & Palazzo 2008). More specifically, CSR is addressed from the viewpoint of owner–manager identity construction. The aim of this study is, therefore, to *examine the different discursive resources on which owner–managers draw when understanding their sense of self in relation to CSR*. Here, identity refers to subjective meanings and experiences of self formed by entwining feelings, values and behaviour and focusing them in particular directions (Alvesson *et al.* 2008) – it simply constitutes what is the core of a person's being. It is understood as a relational concept that involves two different dimensions: one of difference and the other of similarity in relation to other people. Although the concept of identity has been applied to organisation studies for some time already, it has rarely been used in the field of small business research (Hytti 2003, Down & Reveley 2004). It is suggested here that in the small business context, identity provides a justifiable framework to study CSR since decisions regarding socially responsible activities are mainly taken by managers and stem from their sense of who they are in the world (e.g. Basu & Palazzo 2008). Thus, this study contributes to the CSR literature by demonstrating how individual self-constructions are important factors in organising CSR processes and outcomes. By incorporating the idea of discursive identity construction into the focus of the research, this study emphasises the complex and dynamic process through which the interpretations and meanings of CSR are produced by small business owner–managers.

The remainder of the paper is structured as follows. The next section discusses the construct of identity by emphasising the discursive nature of identity adopted in this study. This section is followed by a description of the methodological choices, empirical data and its analysis. The fourth section presents the results of the empirical data analysis. A discussion and conclusions appear in the final section of the paper.

A discursive approach to the study of identity in the context of small business CSR

In business studies, identity has predominantly been examined at the organisational level in order to stimulate and facilitate people's reflections on who they are and what they do (Alvesson *et al.* 2008) and what are the central, enduring and distinctive characteristics of an organisation (Albert & Whetten 1985). In the small business context there is, however, an obvious overlap between the individual and organisational levels of identity as the organisational identity of a small business is considered to be, to a large extent, a reproduction of the identity of the owner–manager (e.g. Scott & Lane 2000, Abimbola & Vallaster 2007, Arregle *et al.* 2007). While other organisational members also have a role in the creation of organisational identity, their role can be regarded as minor when compared with owner–managers (Arregle *et al.* 2007). For this reason, this study does not attempt to make any clear-cut distinctions between these two concepts. It is also acknowledged here that the discussion concerning CSR is but one of the many possible identity materials that owner–managers can use when establishing a sense of who they are. Thus, it is not suggested here that the CSR discourse is the sole basis for identity building for a small business owner–manager. Similarly, it is recognised that the same identity material can be crafted into different life stories, which have a different impact on people's identity, depending on how they are related to other identity material (Kärreman & Alvesson 2001).

Economic values or goals, independence, a firm's size and attitudes towards growth and profits have traditionally been considered the central dimensions of self-definition and identity for small business owners and entrepreneurs (e.g. Stanworth & Curran 1976, Vesper 1990). Thus, the perceptions towards profits were seen as an essential element to categorise small business owner–managers also in the study of Spence & Rutherfoord (2001). In addition to the profit factor, the authors used owner–managers' activity in issues that are not directly related to the commercial success of the business in order to build a typology of small business owner–managers in relation to social and ethical business decisions.

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Although Spence and Rutherfoord do not explicitly use the concept of identity, they still aim to identify the owner–managers' personalities and their sense of themselves in relation to social issues in business. Consequently, they categorise small business owner–managers into four different groups according to the way of understanding their social and ethical business orientation. These groups are called profit maximisation priority, subsistence priority, enlightened self-interest and social priority. But even though the means and goals attached to each group should be understood as predominant rather than exclusive, Spence & Rutherfoord's (2001) study represents the small business owner–manager personality as a relatively stable set of certain characteristics. Instead of examining the special attributes that constitute identity, this study adopts a different view on identity by concentrating on the processes through which identities are manufactured in the context of CSR. Since identity is considered here a discursive accomplishment, the way it is accomplished becomes a more important question than the produced identity *per se* (Kärreman & Alvesson 2001).

Thus, the theoretical framework of this study is based on the argument that the social world, including identities, is built from historically and contextually situated discourses (Alvesson & Kärreman 2000, Hardy 2001). Discourse refers here to a more or less integrated, prefabricated line of reasoning and language use in which phenomena are constructed rather than revealed or mirrored (Sveningsson & Alvesson 2003). Discourses can thus be understood as specific ways of creating social reality by producing concepts, objects and subject positions that shape people's understanding of the world and their reactions to it (Phillips & Hardy 1997). The discursive approach to the study of identity emphasises the constructive elements of language use by perceiving identity as a continuous casting and recasting of 'selves' through attendance and mobilisation of different discourses (Humphreys & Brown 2002). Instead of the essentialist view of identity as the set of fixed characteristics of a person, the discursive approach highlights the temporary, context-sensitive and evolving nature of identity (Alvesson *et al.* 2008). In this study, an essential aspect of the examination of small business owner–manager's identity construction is the process by which different representations become imbued with meaning and are adopted as part of a person's identity (Beech 2008). An owner–manager's personal identity is thus by no means treated as an asocial matter; rather, personal identities are negotiated through ongoing interaction and they necessarily draw on available social discourses on who one can be and how one should act (Alvesson *et al.* 2008).

As is the case with Cohen & Musson (2000), this article is based on the idea that owner–managers appropriate those aspects of a certain discourse, in this case, CSR discussion, which are relevant to them and which complement their particular kind of common sense, their view of the world and their own place in it. An overly deterministic view of owner–managers as the passive objects of discursive pressures is thus avoided by perceiving them as active agents who have the ability to engage in the construction of discourses as well as being subjected to them (e.g. Alvesson & Willmott 2002, Thomas & Linstead 2002). It should be noted, though, that despite their active role in identity construction, individuals are not considered completely free to choose which discourses they appropriate when constructing their identities. According to Rose (1989), for example, individual identity narratives are not solely private concerns but are intensely governed by social conventions, community scrutiny, legal norms, familial obligations and religious traditions. Thus, to a certain extent, owner–managers are considered to be both constrained and enabled by the social structure which dictates whether certain discursive choices are acceptable or not in given contexts.

The focus of this study is on the dynamic, processual ways the identities of small business owner–managers are constructed in relation to CSR. In other words, the main interest is in the identity work of owner–managers, which refers to the process of forming, repairing, maintaining, strengthening or revising the constructions that are productive of a sense of coherence and distinctiveness (Sveningsson & Alvesson 2003: 1165). Identity work is understood here as a more or less continuous process. Nevertheless, it is suggested that certain specific events or encounters can compel people on more 'serious' identity work. In other words, people can be seen to engage in more conscious and concentrated identity work when the routinised reproduction of self-

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identity in a stable setting is discontinued (Alvesson *et al*. 2008: 15). In this study, the discussion concerning CSR as an 'embryonic and contestable concept' (Windsor 2006: 93) dealing with the relationship between a business and its environment was viewed as such a trigger for owner–managers to engage in concentrated identity work. Indeed, given there are no ready-made answers concerning the essence and manifestation of CSR among small businesses (e.g. Murillo & Lozano 2006, Perrini 2006), it is suggested that while discussing and consciously deliberating the role of social responsibilities in their business life and when producing statements concerning CSR, owner–managers simultaneously construct their own self-identities (cf. Phillips & Hardy 1997). In this study, identity work concerns the way people position themselves in relation to CSR and attach themselves to certain issues by using and combining texts and materials in order to articulate and give meaning to themselves and their actions (cf. Fournier & Lightfoot 1997).

Research methodology

As Fournier and Lightfoot (1997: 25) have stated, in order to illustrate and understand the negotiated, fluid, shifting nature of identity work, research needs to focus on the repertoires small business owner–managers draw upon to present themselves and their activities. Repertoire is understood here as a synonym for the concept of discourse (e.g. Talja 1999) and is defined similar to Wetherell & Potter (1992: 90) as a 'broadly discernible cluster of terms, descriptions and figures of speech often assembled around metaphors and vivid images. They are some of the resources for making evaluations, constructing factual versions and performing particular actions'. Thus, the article takes a constructionist perspective in which social phenomena are understood as social constructions derived and maintained through historically and culturally situated interactions between people (Berger & Luckmann 1966). Identities are thought to be created and sustained through ongoing interaction between people. In accordance with the constructionist-influenced approach adopted here, the aim of the study is to understand the fundamental nature of the social world at the level of the subjective experience of small business owner–managers. Indeed, using the dichotomy of Deetz (1996), which focuses on the origin of concepts and problems, this study adopts a local/emergent rather than an *a priori* stand. This means that instead of bringing the fixed concepts and ideas to the research interaction, the theoretical vocabulary was regarded as a guide to proceed to new meanings based on the interaction in the research process (Deetz 1996).

In this study the process of identity construction is examined in the context of an interview situation, which, in agreement with Thomas & Davies (2005), is considered to offer a reflexive engagement for exploring the meaning ascribed to CSR by small business owner–managers, and their own positioning within these meanings. The selection of interviewed small business owner–managers was made by purposeful selection (Patton 2002: 230–246) in order to ensure manageable, informative and thorough empirical data. The majority of the interviewed entrepreneurs operated either in the food industry (i.e. food processors/manufacturers) or as knowledge-intensive business service providers, in three different provinces in Finland (see Table 1). These two lines of business were chosen because they represent two distinctly different types of industry: product vs. service, traditional vs. non-traditional, location-bound vs. non-location-bound. The main reason for setting these criteria was to obtain variation in the data in order to understand the process of sense-making among small business owner–managers and to capture the equivocality of the phenomenon with a manageable number of interviewees. This kind of selection of interviewed businesses was made in order to increase the credibility of the empirical data, not to foster representativeness (Patton 2002: 240–241). Furthermore, it should be noted that the study is not 'sample-to-population' generalisable (cf. Coupland & Brown 2004), but instead, this detailed examination of small business owner–managers' identity construction aims to make generalisations about processes managers get involved in. Thus, it is a matter of generalising theoretically rather than empirically (Watson 1994: 7).

The empirical data in this study are based on interviews with 25 small business owner–managers: three women and 22 men. Here, a 'small business' is

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Table 1: Description of the interviewed small business owner–managers

Interview number	Main business activity	Year of establishment of business	Number of employees
1	Tourism and food supplies (manufacturing and service)	1994	3
2	Food supplies (manufacturing)	1992	2
3	Food supplies (manufacturing)	1980	2
4	Tourism (service)	1980	6
5	Food supplies (manufacturing)	1989	6
6	Engineering (service)	2002	1
7	Building (service)	1988	1
8	Food supplies (manufacturing)	1990	15
9	Engineering (service)	2002	1
10	Food supplies (manufacturing)	1962	25
11	Food supplies (manufacturing)	1995	5
12	Education (service)	1993	20
13	Food supplies (manufacturing)	1983	2
14	Food supplies (manufacturing)	1998	12
15	Administration (service)	1986	12
16	Administration (service)	1993	11
17	Administration (service)	1996	10
18	Administration (service)	1997	12
19	Marketing (service)	1996	16
20	Information and communication technologies (service)	1984	10
21	Food supplies (manufacturing)	1991	23
22	Food supplies (manufacturing)	1974	30
23	Food supplies (manufacturing)	1956	8
24	Administration (service)	1988	5
25	Food supplies (manufacturing)	not available	30

defined as an independently owned and operated firm (Peterson *et al.* 1986) with fewer than 50 employees and an annual turnover of 10 million euros or less (European Commission 2003). Thus, in this study, the largest businesses employed 30 people, while in the three smallest interviewed businesses, the owner–manager worked as a sole trader. The interviews were conducted between September 2004 and January 2005. The aim of the interviews was to allow the owner–managers to be involved in shaping the course of the interview and give them an opportunity to reflect on issues they considered important in relation to CSR (e.g. Spence & Rutherfoord 2001). Consequently, the interviews were composed of wide-ranging, open-ended questions covering topics such as stakeholder relationships, business and community relations and ethical considerations in business. The interviewees were asked, for example, to describe their relationships with the stakeholders they perceived essential from the business point of view, how they understood CSR in general and more specifically in their own stakeholder relationships, and how they perceived their own role as executors of CSR. All the interviews were tape-recorded and transcribed verbatim in order to maintain the accuracy and authenticity of the data. The length of the interviews varied from 45 min to 150 min.

Using an approach similar to Alvesson's (2003), the interviews in this study are viewed as social events in which the identities of small business owner–managers are constructed in the dialogue between the researcher and the interviewee. Dialogue is understood as a process whereby people 'mobilize language by talking, listening and constructing meaning' (Rhodes 2000: 217). Therefore, it is important to acknowledge that the interview talk was not decontextual; rather, the way in which the interviewer constructed the questions and provoked the

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interviewee clearly had a certain effect on the construction of owner–managerial identities. In order to address this issue, the interview extracts provided in this study are presented in the local context in which they occurred, along with the questions that prompted the comments (Rapley 2001: 319). In this way, readers of the study can see how the talk is co-produced collaboratively by the researcher and the owner–managers and therefore, judge the reliability of the analysis.

The analysis of the data was inductive and iterative in nature. At the first phase, the interview transcriptions were read several times in order to form a comprehensive picture of the data. During this phase, the transcriptions were also organised and classified in relation to owner–managerial identity by paying attention to the ways in which the owner–managers defined themselves directly or how they defined themselves by defining others in relation to CSR. Close attention was also paid to instances where the owner–managers described their motives and morals and the values of their business operation as well as to the original context of the definitions (e.g. Alvesson & Willmott 2002). However, at this point, the aim was not to look for any results but to organise the data into more manageable chunks. After this phase, the classified text instances were examined to gain a deeper understanding of the data and to identify any congruencies or discrepancies in them (e.g. Patton 2002: 465–466). As a result, the instances were grouped into more general, abstract categories. Finally, the integrative sets of two key themes were synthesised, those of being altruistic and instrumental. These broad themes describe how owner–managers seek to create and legitimise their sense of self within the discussion of CSR.

Discursive identity construction within the framework of CSR

On being altruistic

The idea of being altruistic emerged as a discursive resource used in small business owner–managers' identity production in relation to CSR. This discursive resource was produced by emphasising stakeholders' well-being as having an intrinsic value in business. Thus, small business owner–managers explicitly used expressions like 'being interested in' and 'taking care for' their main stakeholders without reference to economic or other business benefits. They produced themselves as managers being concerned with the human aspects of the business by discursively distinguishing themselves from the idea of profit maximisation. The following paragraphs show in more detail how the discursive resource 'on being altruistic' was produced by the owner–managers.

The idea of being altruistic was produced in reference to the owner–managers' relationships with their employees, although the family and local community were also mentioned. Indeed, the fact that a business is small can diminish the sense of its impact on external stakeholders; therefore, the imperative for socially responsible action is mostly felt in regard to employees (Lepoutre & Heene 2006). The small business owner–managers often described their relationships with employees by comparing their business to a family, where they aimed to produce a community with close, personal, caring relationships between the people involved. The owner–managers also stressed the importance of a flat organisation structure in order to reinforce the idea of flexible collaboration between the employer and employees and to blur the ideological boundaries between these two groups. Concern for the well-being of employees was often linked with continuity of employment (Spence & Rutherfoord 2001). According to the owner–managers, the main responsibility they had towards their employees was to provide an opportunity for long-term, economically safe jobs. The decision to employ a person was strongly seen as a promise to fulfil this responsibility. In the following extract, an owner–manager was asked to provide the definition of a successful business. He constructed his definition by emphasising the well-being of employees as a measure for success, and then proceeded to his own responsibilities towards them.

> I have tried to communicate, one way or another, the fact that I'll try to take care of them [employees] to the last. No matter how the economic situation fluctuates, it's the entrepreneur whose income will yield first. [. . .] I don't know, I have sometimes thought that it may be a trivial, self-evident thing but still it can matter that I say it aloud. They can

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then count on that. But then if I were to let them down. (Interviewee 22)

Close, personal relationships with the main stakeholders, such as employees, are often characterised in a positive manner and are even described as the key element for the existence of small businesses (Worthington *et al*. 2006). However, in the context of challenging employment decisions, they can also be produced as a threat to the business. Due to the personal nature of the employer–employee relationships, owner–managers are very much aware that the livelihood of their employees and their families often strongly relies on the success of the business decisions they make (Moore & Spence 2006). Because of this awareness, the owner–managers in this study strongly constructed the breakdown of the employment relationship as a personal failure. Out of the fear of these feelings of failure, close relationships can prevent small business owner–managers from making difficult decisions concerning, for example, downsizing the business. Similarly, they can also make the decision to hire a new employee much harder since an owner–manager cannot be sure whether he or she will be able to provide work on a long-term basis. Therefore, despite the close nature of their social relations, the owner–managers still produced themselves as rather lonely in their decision-making concerning employees. This can be seen in the following quotation, in which an owner–manager was asked to describe the process of firing an employee.

> In a small enterprise without exception the employee is your pal, his family are your pals, you know his wife, she'll be from the same little village and you'll know their children, too, and their, shall we say, their chances of survival here in the countryside are quite obvious, like where could they work if they were fired from this firm. [. . .] It would be better to [give them their notice] but you just can't. So it's just like that here in the countryside, the weight of responsibility is too much, we know each other too well, [we are] too close. (Interviewee 15)

In addition to employees, the family and local community were also often mentioned when the owner–managers were constructing the identity of being altruistic. The owner–managers constructed themselves as embedded members of a certain social structure, such as the work community, family or local community (see Werner & Spence 2004, Perrini 2006). The discursive attachment to these positions entailed the idea of being responsible and concerned for others who were also produced as a part of the community. In the following interview extract, the interviewee was asked what kind of responsibilities he considered he had towards the local community as a small business owner–manager. He first identified the business as being an embedded part of the local community, which resulted in the necessity of acquiring legitimacy from that community.

> I don't get it when some people want to isolate themselves from society or lock themselves away and try to operate from there. After all, this is about interaction and dependence on the environment. [. . .] I feel a strong responsibility for the development of this town because this is where we operate and we're the biggest actor in the field, so we also have to earn our place in the eyes of the townsfolk. (Interviewee 15)

The discursive distinction between small and large businesses was also frequently used to enhance the idea of being altruistic. This distinction was constructed by emphasising profit maximisation as being an intrinsic and overruling value in the large business context, while small businesses were produced as being more versatile in their values (see Spence 2004). The idea of large businesses incorporated here somewhat reflects the assumptions of the neoclassical discourse on CSR, in which the maximisation of shareholder value is often taken to extremes as reflected in the views, for example, of Milton Friedman (Friedman 1970). The owner–managers thus explicitly aimed to distance themselves from the neoclassical discourse by specifically clarifying that the goal of business is not profit maximisation alone; businesses also aim for social acceptability. This is an important specification since it shows what these owner–managers constructed as the tasks and roles of small businesses in society, as the following extract shows. In this extract, an owner–manager was asked whether he had experienced any contradictions between economic values and other values when making business decisions. In his answer, the owner–manager produced himself as being different from

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those managers who make business decisions solely based on the economic facts.

> It's easy, well, to a point, to make a profit with a calculator, if you quite callously only think about money and only money. But that's not my way [of thinking], that cold-hearted economic thinking. I do consider how this thing will affect people and the environment and everything. (Interviewee 6)

When arguing the difference between small and large businesses, the owner–managers aimed to appeal to the emphatic emotions of the audience. They did not use any factual statements to construct the difference, nor did they individualise their arguments very specifically. Small businesses were described using words such as intimate, human and benevolent, while cold and inhumane were the adjectives most often attached to large businesses. This dichotomy was traced back to the idea of quarterly business planning, which was produced as the prevalent business ideology in large businesses. It was viewed as requiring business decisions based on rather short-sighted financial arguments. The small business owner–managers distinguished themselves from this ideology by emphasising the importance of long-term planning and sustainability as the key preconditions for responsible business behaviour (see Spence & Rutherfoord 2001). This kind of discursive distinction can be seen in the following extract, where an owner–manager was asked to describe his relationship with his employees. His answer was based on a rejection of large firms' 'cold' way of doing business, by highlighting humanity and long-term orientation as the key characteristics of employee relationships in his business operations.

> If we just thought about the cold business, then we wouldn't have anything else but numbers on paper. If we take some professional manager, I'm sure he would have a different attitude towards his firm's employees than I have. Then you just think 'well we could fire a couple of employees here or there' [. . .] But in a small business like ours, everybody knows each other and we work side by side all day. Then the relationship is different compared to large businesses where their employees are nothing but numbers on paper. It's the human aspect that I also have to take into consideration. (Interviewee 13)

To conclude, the idea of being altruistic incorporated here somewhat reflects the ideas expressed in the theory of care ethics, which emphasises the relational nature of ethics and caring for the concrete well-being of those particular persons with whom we have close relationships and on whom we consider ourselves to be dependent (Velasquez 1982). Therefore, the focus on relationships can, in turn, be seen as emphasising the moral worth of those relationships and, by extension, the responsibilities inherent in them (Burton & Dunn 1996). Furthermore, in order to enhance the human aspects of being an owner–manager, the interviewees discursively constructed their identities as different from those of their counterparts in larger enterprises in relation to CSR. This was achieved by making the small business positively distinct from large businesses. It can be argued that this kind of discursive bias enhances one's self-esteem through social comparison. According to Oktar (2001: 319), for example, people are generally inclined to hold favourable ideas about the groups to which they belong. Therefore, the difference between small and large businesses was produced by constructing the small business as the better entity and explicitly excluding the difficulties they might have in engaging in CSR. It is also worth mentioning that in this study, the characteristics of competitors or other small businesses were very rarely used as constructive elements in the discursive process of differentiation. Thus, the emphasis on positive self-presentation and negative other presentation may stem from small business owner–managers' attempts to promote the appreciation of small business entrepreneurship.

On being instrumental

The idea of being instrumental emerged as another discursive resource used in small business owner–managers' identity production in relation to CSR. This discursive resource was produced by emphasising the owner–managers' independence and autonomy in relation to CSR and it was characterised by economic language. Thus, small business owner–managers explicitly used expressions such as 'economic cost', 'good reputation', 'survival of business' and 'market pressure' when producing the discursive resource of being instrumental. The following paragraphs show in more detail how this discursive resource was produced by the owner–managers.

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The idea of being instrumental was discursively produced by highlighting the autonomy often incorporated in the idea of being a small business owner–manager (van Gelderen & Jansen 2006). Here, autonomy was produced by emphasising small business owner–managers' legitimate right to determine the extent and content of CSR themselves, without interference from external parties. In other words, the interviewees considered that external claims and standards for CSR undermined their decision-making power and autonomy as business owner–managers. In the following extract, an owner–manager was asked to describe how he understood the concept of CSR in small businesses. In his answer, he produced external pressure and autonomy as conflicting aspects of CSR by arguing that more responsibilities have been shifted onto small businesses than they are able to address.

> I think that more and more responsibilities have been offloaded onto small business owners and will continue to be offloaded, but we aren't Santa Clause and we can't save the whole world. [. . .] Social responsibility . . . everybody takes care of their responsibilities themselves. I'm sure that everybody is doing their very best. (Interviewee 1)

The idea of being instrumental refers here to a process of reasoning whereby owner–managers aim to adopt the best possible way of doing business in order to secure the survival of the business. When utilising this discursive resource, responsible business behaviour was justified by using instrumental, business-oriented reasoning. The emphasis was on the instrumental value of responsibility, that is, its usefulness in achieving conventional business goals such as increased profitability (e.g. Donaldson & Preston 1995, Cragg 2002). Thus, according to this view, stakeholders are taken into account in the decision-making process of a business but as external environmental forces, as potential sources of either goodwill or retaliation (Goodpaster 1991). Responsibility was produced as a means to ensure the satisfaction of the stakeholders and thus the continuity and economic success of the business. This is exemplified in the following interview extract in which an owner–manager was asked what responsibility meant for him in business. In his answer, he justified the idea of being a responsible owner–manager with rather pragmatic reasoning by suggesting that misconduct can be very costly; indeed, it can spell the end of the business.

> But if it comes to light that he has done something wrong . . . For me one time would be enough and I would be an ex-businessman. For that reason I can't do . . . I just have to be honest. [. . .] I just can't afford to be caught red-handed, so everything has be exactly as I say, whether it is good or bad. [. . .] If you wish to do business on a long-term basis, you can't cheat in anything. (Interviewee 1)

The continuity of the business was produced as being strongly related to its reputation. In other words, responsible business behaviour was constructed as the prerequisite for a good reputation, which was considered to lead to continuity and better economic performance (see Besser 1999). Consequently, when constructing the identity of being instrumental, the owner–managers often discussed small businesses as being very susceptible to the criticism of stakeholders and emphasised the avoidance of bad reputation. The owner–managers also constructed their small geographical market area as accentuating any damage to their reputation. In other words, because of the small market area, information concerning the reputation of a business was thought to spread fast among its stakeholders. Furthermore, the personal and organisational levels of reputation were usually produced as being closely intertwined. A black mark against the name of the business was therefore seen as damaging the personal reputation of the owner–manager as well. Therefore, although the importance of autonomy was emphasised in relation to the idea of being instrumental, reputation was, to a certain extent, discursively constructed as a social sanctioning mechanism restricting the autonomy of the owner–manager through the existence of certain norms and values. In the following interview extract, an owner–manager was asked what he thought were the reasons why his customers wanted to do business with him. The owner–manager produced his answer by constructing reputation as the essential element for the continuity of business relations.

> But we've been operating long enough here in this market area, which is fairly small, [to know that] if you produce anything of inferior quality, it'll be known real soon around the neighbourhood, 'such

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> and such a thing happened over there', 'this person didn't get such and such service', so then at least they won't be doing business with a firm like that, and pretty quickly you'll realize that you aren't getting any new customers and even the old ones are beginning to move elsewhere. (Interviewee 15)

In a similar manner, the pressures of global economic markets were thought to have a great impact on small local businesses and on the autonomous decision-making power of owner–managers by placing increasing demands on them to be cost-effective. The owner–managers used expressions such as 'you have to operate on the market's terms' and 'it's all about keeping track of global development' when describing their views on small business CSR. Indeed, being part of the global market was, in some cases, considered as forcing business owner–managers to make ethically questionable decisions just to keep up with the competition, as the following extract shows. In this quotation, an owner–manager was asked whether he had encountered any unethical business practices in the industry in which he operated.

> This system, at the present moment, it's a bit too complicated to be able to operate honestly and still manage to cope. (Interviewee 5)

In addition to reputation, reciprocity was also strongly produced as one essential impetus for constructing oneself as instrumental in relation to CSR. Here, the idea of reciprocity was produced by arguing that the more a small business succeeds in reducing the negative effects it has on stakeholders, and, respectively, the more it can increase the positive effects it has by performing in a socially responsible manner, the more it can rely on the assistance of the stakeholders to accomplish its economic goals (see Dentchev & Heene 2004). Reciprocity, or the lack of it, was also used to legitimise a lack of responsibility towards stakeholders. Consequently, if a stakeholder was considered to have a negative or indifferent attitude towards the business, the responsibility on the part of the business towards that person was produced as being low. In the following interview extract, an owner–manager first described the role of ethics in business. He was then asked whether the moral standards he described varied between the stakeholders in question. The owner–manager constructed morality in business as a case and context-sensitive issue based on feelings of reciprocity.

> Well, it varies. Everybody gets the kind of response from me that they give me. We used to cooperate with a certain meat supplier who had very slippery morals. I'd be just as crooked towards him. We'd play by his rules. If you see that the other guy is lying all the time, why should you speak the truth to him? (Interviewee 7)

It should be noted that the idea of being an instrumental decision-maker concerning business responsibilities was not only produced as a simple adjustment to the needs and expectations of the stakeholders. It also required the capacity to make difficult decisions in those situations where the interests of the business or the owner–manager were not in accordance with those of the stakeholders and where adjusting to the needs of stakeholders could harm the business or conflict with the personal values of the owner–manager. Therefore, being instrumental was produced as the ability to make far-reaching decisions in the best interests of the business even though this could lead to short-term economic losses. This is exemplified in the following interview extract where an owner–manager was asked to describe his responsibilities towards his customers. The owner–manager first produced his business as being responsible for keeping the best interests of the customers in mind when doing business with them. He then proceeded to construct his business as also being loyal to those values important to the business and produced the instrumental approach to customer responsibility with reference to this kind of integrity.

> But we're not going to do what the customer asks if it's against our thinking. In fact we will not do it. The customer may then have the work done through someone else, but in the end it can turn out that the customer comes running back to us when he realizes it wasn't sensible after all. And situations like that are good for us, of course, and on the other hand, it strengthens trust between us and the customer, because we've dared to say what we thought instead of merely going after a higher profit. So that's where responsibility comes in. (Interviewee 18)

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In some cases, however, the idea of being instrumental was produced by constructing any value other than economic values as being detrimental to the business. This can be seen in the following extract where an owner–manager discusses whether or not responsibility includes the idea of contributing to the national economy by preferring domestic suppliers. The idea of being instrumental was produced in her answer as the legitimate right to act in the best interests of the business.

> I'm an entrepreneur to the core, I've been an entrepreneur since 1985, that is always, so if I had a clothing factory and could get about the same quality for half the cost that I paid in Finland, then I wouldn't hesitate a moment. That's the entrepreneur's standpoint on this issue; you buy the product where you can get good quality at the cheapest price. [. . .] Business is business and there's no place for pity. Pity is bad for a firm's cash flow. (Interviewee 17)

To conclude, the idea of being instrumental was accomplished by producing owner–managers as flexible operators with the ability to consider the consequences of their business decisions from the viewpoint of the survival of the business. The kind of instrumental justification for responsible business behaviour produced here is often based on the idea of enlightened self-interest, which allows for a potential contradiction between the economic goals of a business and morally responsible business behaviour. Put simply, the idea of enlightened self-interest means that a business, while operating in a responsible manner, can simultaneously pursue its own economic interests (Besser & Miller 2004). However, the idea of being instrumental was strongly based on the idea of owner–managers' autonomy and their right to make the decisions concerning CSR. The discursive construction of global economic forces and local social norms as restricting factors for this autonomy can therefore be interpreted as the interviewees' attempt to partly transfer the responsibility of their business decisions concerning CSR to their firms' external stakeholders. In other words, enhancing the view of small businesses as being somewhat powerless in the face of global economic forces can sometimes be implicitly used as a justification for not accepting any responsibilities other than the economic ones.

Discussion and conclusions

During the last few decades, the discourse on CSR has challenged the idea of businesses merely being responsible for supplying goods and services to society by producing them as active actors who contribute to the well-being of society. This discourse, however, often tends to implicitly present CSR as an atomised problem, solvable through straightforward application of the rules and codes of conduct, in which the complex role of agency is underestimated or even neglected (Haigh & Jones 2006). In order to overcome this criticism, in this study, CSR was examined as the process of sense-making of small business owner–managers. By incorporating the idea of discursive identity construction into the context of CSR, this study emphasised the complex, dynamic process through which meanings of CSR are produced by owner–managers. Therefore, the study contributes to the existing knowledge of small business CSR by providing insights into how a macro-level discourse such as CSR is produced and reproduced at the micro level.

There are no ready-made, fixed answers to what CSR means for small business owner–managers; instead, it is produced as a context-related phenomenon that is constantly produced and reproduced in the interaction between a small business and its different stakeholders. Therefore, it seems that individual self-constructions are important factors for organising CSR in the small business context. To summarise, small business owner–managers utilise different, partly overlapping, and sometimes contrasting, discursive resources to produce accounts of self in the framework of CSR. Thus, depending on the context and situation, the same owner–managers could discursively detach themselves from the idea of profit maximisation as being the overruling value of business life. Instead, they presented themselves as intrinsic incorporators of social and ethical values in their business decisions. They saw themselves as autonomous decision-makers who had concern for the well-being of their main stakeholders as well as the economic survival of the business. At the same time, however, the owner–managers produced general global market forces as limiting their autonomous decision-making power and thus preventing them from reflecting their own values in business.

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Here, it is suggested that the variety of contrasting discursive resources available to owner–managers demonstrates the inherently complex nature of CSR in the context of small businesses. The existence of two contradictory discursive resources reflects CSR discourse at the macro level, that is, the idea that in addition to their economic and legal obligations, businesses are also expected to have certain social and ethical responsibilities that extend beyond those obligations. This study shows, however, that for small businesses owner–managers', reconciliation of these two aspects of CSR is rather challenging as the expectations of CSR can confuse the small business owner–managers' perceptions of themselves.

According to this study, the essential feature of small business owner–managers' identity work is the process of reconciling economic values with the ethical aspects of business life. The ethical aspects of business were often constructed as belonging to the realm of feelings and emotions, which were seen as a potential source of weakness for the economic well-being of a business. Consequently, the economic and ethical aspects of business were often seen as mutually exclusive, and the owner–managers produced themselves as forced to make a choice between being economic or ethical. The owner–managers constructed this kind of discursive struggle as being a challenge especially typical for small businesses because of the convergence of ownership and control, in other words, because the small business owner–manager acts simultaneously as both the principal and the agent. Thus, the responsibility for reconciling economic and ethical values cannot be transferred to other actors, nor can it be depersonalised through a complex organisation structure or a wide network of 'faceless' owners.

Although the discursive struggle between economic and ethical concerns is suggested to be a very clear element of business in small business owner–managers' identity construction, this result cannot be used to draw the conclusion that small business owner–managers neglect their social and ethical responsibilities. Such a conclusion would go beyond the scope of this study, as the focus was on examining the process of identity construction, not on the actual behaviour of small business owner–managers. Nevertheless, it is worth noting that there is extant research on small business attitudes and behaviour, which indicates that they frequently and willingly engage in a variety of social, ethical and environmental activities that involve interactions beyond any direct economic concerns (Spence & Rutherfoord 2001, Jenkins 2006, Worthington *et al*. 2006). What the results of this study do show, however, is that despite the suggested popularity of the discourse on CSR in the contemporary business world, the idea of two separable and contradictory economic and ethical business spheres is still rather strongly embedded in the views of small business owner–managers. It is suggested here that as long as small business owner–managers produce CSR through the conflict between ethical and profit-driven motives, when CSR is claimed to be an inseparable element of business life, it will be too often understood as an imperative to make an explicit choice between these two values.

This study further contributes to small business CSR research by clarifying the role of owner–managers in constructing CSR. It shows that CSR is produced as a challenging phenomenon strongly related to the decision-making power and autonomy of an owner–manager. Furthermore, based on the results of this study, it can be stated that small business owner–managers are active actors when it comes to CSR. The discussion on CSR has been justly criticised for ignoring the perspective of small businesses and for trying to apply the knowledge gained from the large business context to the operation of small businesses (Jenkins 2006). However, this study shows that small business owner–managers do not copy the ideas of CSR prevalent in large businesses but instead actively adapt and adjust their own views on the matter. This study further shows that small business owner–managers do not make decisions concerning CSR in a vacuum. On the contrary, the social environment in which the owner–manager is embedded plays an important role in the decision-making process by setting the framework for small business activity.

Owner–managerial identity was studied here within the framework of CSR among Finnish small businesses. It should be noted that small business owner–managers sometimes find the concept of CSR confusing and something they cannot identify with or more, threatens their perceptions of themselves as owner–managers (e.g. Murillo & Lozano 2006). For

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this reason, CSR discourse is viewed as a trigger for owner–managers to engage in concentrated identity work. It should be noted though that because of the contested nature of the concept, the research findings are dependent on the way the research questions are phrased, that is, how the researcher has used the concept of CSR. In order to address this question, this study has paid particular attention to the role of the researcher in the construction of the questions. Furthermore, it is commonly acknowledged that identity is discursively produced and that identity discourses are inseparable from other discourses. Therefore, the broader social and cultural framework in which small businesses operate has an effect on the process of identity construction. For example, the interviews in this study were conducted during an economic boom, which certainly had some influence on which discursive resources were available and which were emphasised. Indeed, it has been suggested that the recession is likely to have a greater impact on small businesses than on large ones, as the survival of the business is paramount (Vyakarnam *et al*. 1997). For this reason, it would be important to compare the impact of different contextual factors on the process of small business identity construction and CSR.

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