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A SMALL BUSINESS LEADER'S PERCEPTION OF CORPORATE RESPONSIBILITY AND BUSINESS ETHICAL CONCEPTS

YVES FASSIN

ANNICK VAN ROSSEM

Annick.VanRossem@vlerick.be

MARC BUELENS

Marc.Buelens@vlerick.be

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YVES FASSIN

Ghent University

ANNICK VAN ROSSEM

Vlerick Leuven Gent Management School

MARC BUELENS

Vlerick Leuven Gent Management School

Contact:

Annick Van Rossem

Vlerick Leuven Gent Management School

Tel: +32 09 210 97 63

Fax: +32 09 210 97 00

Email: Annick.VanRossem@vlerick.be

ABSTRACT

Recent academic articles point to an increased vagueness and overlapping of the concepts around business ethics and corporate responsibility. However, the perception of these notions in the entrepreneurial world can differ from the original academic definitions. This paper focuses on entrepreneurial cognition, a research stream which is increasingly being recognized as a perspective for understanding entrepreneurship related phenomena. Given the impact of the entrepreneur as owner of his venture, corporate responsibility and ethical issues can take a different breadth in SMEs. The entrepreneur has the possibility to shape the corporate culture and to enact values other than profit.

This paper centers its attention on the cognitive study of a specific topic of management and entrepreneurship: the process of how CSR and business ethics related concepts are perceived or interpreted. For this research, the Repertory Grid Technique (RGT) is used, a method with limited applications in the business and society field.

Our findings partially reject the confusion in terminology noticed in the academic literature. Entrepreneurs, pragmatically and rather clearly differentiate the various corporate responsibility and business ethics related concepts. These findings add to a better understanding of how entrepreneurs think and integrate corporate responsibility and ethical issues into their decision-making.

INTRODUCTION

The majority of academic research in management has been realized within larger corporations. This observation also applies to the domains of corporate social responsibility (CSR) and business ethics. Whereas entrepreneurship research has emerged as an independent discipline (Shane & Venkataraman, 2000; Stevenson & Jarillo, 1990), important issues have not yet been addressed in this young academic discipline (Baron & Ward, 2004). Amongst those, the issue of corporate responsibility and ethics in small and medium-sized enterprises (SME) has only received limited attention in the literature (Spence, 1999).

Business ethics and corporate responsibility have indeed be given increased consideration from both academics (e.g., Carroll & Buchholtz, 2006; Epstein, 1987; Vogel, 1991) and practitioners in the last decades. Over a hundred concepts have been proposed describing how ethical issues in business should be defined (Egels, 2005; van Marrewijk, 2003). This explosion of concepts and definitions lead towards an increased vagueness and ambiguity (van Marrewijk, 2003). With an unclear semantic and special terminology, concepts are continuously mixed up in terms of context, content and perspectives (Attarça & Jacquot, 2005; Epstein, 1987; Fisher, 2004; Wheeler, Colbert, & Freeman, 2003).

The objective of the present analysis is to achieve clarity and distinctiveness in the perceptions of the small business leader on concepts in this important field of business and society. Hence, we focus this article on entrepreneurial cognition, a research stream which is increasingly being recognized as a perspective for understanding entrepreneurship related phenomena. Studying which unique knowledge structures (or mental models) entrepreneurs have and how these develop in order to process information adds to a better understanding of how entrepreneurs think and make strategic decisions. It may add credence to the assumption that entrepreneurship concerns itself with distinctive ways of thinking and behaving (Mitchell et al., 2007) and may give fruitful insights in the thinking-doing connection of entrepreneurship. The highly economic orientation of strategy research led many studies to equate entrepreneurial motive with desire for profit (Mitchell et al., 2004). A better understanding of how small business leaders interpret CSR and business ethics related topics, might give a better insight in how other motivations than profit maximization influence their decision-making.

This paper develops as follows. The first section introduces the theme of entrepreneurial cognition. The second section elaborates on the confusion about the different concepts around business ethics and corporate social responsibility and to the lack of consistency in the use of these concepts. The research question formulated in section three points to the objective of this exploratory study, i.e. a study of entrepreneurial cognition of CSR and related topics addressed in a combined qualitative and quantitative approach. Next, the fourth section deals with the methodological issues, the research design and sample. The empirical results are summarized in the following section. The results of our research are discussed in the sixth section. Limitations and perspectives for further research are present in section 7. Concluding remarks are made in the final section.

ENTREPRENEURIAL COGNITION

Incorporating a cognitive perspective into entrepreneurship may help in explaining specific phenomena within the entrepreneurship domain (Baron, 1998; Mitchell et al., 2004), since entrepreneurs who live within different contexts and environments, think differently than non-entrepreneurs (Baron, 1998; Busenitz & Barney, 1997; McGrath & McMillan, 1992). Over the years researchers such as Simon (1947) and Weick (1995) have advocated cognitive perspectives in management that have coexisted with economic views. Cognitive psychology emerged to explain the mental processes that occur within individuals as they interact with other people and the environment around them (Mitchell et al., 2002a). The term *cognition* refers to knowledge *structures* or mental models (mentally presented concepts and relationships) and to the cognitive *processes* whereby these mental models are constructed, manipulated and used in decision-making (Swan, 1997: 184). According to several authors (e.g., Daft & Weick, 1984; Forbes, 1999; Weick, 1995), organizational sensemaking proceeds from scanning of information sources, through interpretation of data to action. Mental representations or models then guide cognition and action relative to strategic choices (Daft et al., 1984; Stubbart, 1989). Herein lies what is called the thinking-doing link (Mitchell et al., 2007). In addition, it has been argued that managers shape their environment through "enactment", which assumes a reciprocal influence between subjects and objects by constructing interpretations and than acting as if such interpretation is true (Daft et al., 1984; Porac, Thomas, & Baden-Fuller, 1989; Weick, 1995). Entrepreneurial cognition then focuses on "*how entrepreneurs acquire knowledge about the*

environment and how knowledge is processed in the minds of the entrepreneurs" (Busenitz & Lau, 1996: 28). Hence, "*Entrepreneurial cognitions are the knowledge structures that people uses to make assessments, judgements, or decisions involving opportunity evaluation, venture creation, and growth*" (Mitchell et al., 2002a: 97). Continuous reciprocal interactions occur between the context and the cognitive perceptions and behaviour of entrepreneurs (Bandura, 1986; Corbett & Hmieleski, 2007). Here, entrepreneurial expertise, which posits that entrepreneurs develop unique mental models and process information differently than non-entrepreneurs, can be considered a key concept. Entrepreneurs can be seen experts in the entrepreneurial domain and possess and acquire through deliberate practice mental models that enable them to use information significantly better than non-entrepreneurs (Krueger, 2007; Mitchell et al., 2007).

This paper focuses then on the cognitive study of a specific topic of management and entrepreneurship: the process of how CSR and business ethics related concepts are interpreted. Interpretation involves the development or application of ways of comprehending the meaning of information once it has been gathered (Thomas, Clark, & Gioia, 1993). This paper is especially concerned with the individual cognitive factors that precede or accompany decisions dealing with CSR and business ethics issues. It emphasizes the content of individuals' mental models or knowledge structures or termed differently, this research considers the entrepreneur as unit of analysis. Content of mental models plays an important role, since it is argued that individuals' beliefs influence entrepreneurial intentions (Ajzen, 1991) and action (Mitchell et al., 2007). As contended, there is evidence for the existence of *entrepreneurial* cognition, which is often seen as a distinctive set of thought processes that entrepreneurs use to interpret data (Busenitz et al., 1996). Research suggests that mental models play a critical role in enabling entrepreneurs to structure behavior in their organizations (Forbes, 1999). Hence, cognition research has the potential to shed new light on many aspects of how CSR and business ethics related topics are perceived including the initial identification and interpretation of such topics and the processes by which representations become templates for structuring and engaging in business activity.

THE CONCEPTS AROUND BUSINESS ETHICS AND CORPORATE RESPONSIBILITY

A number of recent articles in the business and society literature have drawn attention to the lack of consistency and incoherence in the definitions on the one hand, and to certain similarities in the use of the concepts on the other hand (Dentchev, 2005; Egels, 2005; Fisher, 2004). *"… there exists different but most of the concepts are fairly similar"* (Vogel, 1991: 104). For example, business ethics has become "*a healthy discipline full of controversy, rich intellectual discussions, and the beginning of several research traditions*"(Werhane & Freeman, 1999: 1). CSR has evolved from a vague to a confused notion. The term is utilized in different interpretations, with different breadth and scope (Garriga & Melé, 2004). Several authors analysed the differences between major concepts such as stakeholder theory, corporate social responsibility, corporate citizenship, corporate social performance, sustainable development and business ethics in terms of context, content and perspective and pointed out how these different concepts relate to each other (De Bakker, Groenewegen, & Den Rond, 2005; Egels, 2005; Valor, 2005). Especially two concepts, corporate social responsibility and business ethics manifestly showed an overlap and tended to be used almost interchangeably in the academic literature (Epstein, 1987; Ferrell, 2004; Vogel, 1991). Other authors conceived rather corporate responsibility, sustainable development and stakeholder approach as interwoven concepts (Wheeler et al., 2003). Also sustainability and CSR have converged to very similar concepts in recent years (Staurer, Langer, Konrad, & Martinuzzi, 2005; Waddock, 2004). The interrelation between these concepts is also illustrated by the central place of ethics in CSR and in the stakeholder concept (Garriga et al., 2004: 61).

Besides these major concepts, additional related concepts with a broad scope as triple bottom-line, corporate governance and accountability have emerged, while many fragmented and more specific notions such as safety, product liability, human rights, codes or charters, philanthropy have developed as sub-domains (Carroll et al., 2006; Crane & Matten, 2004). Philanthropy is included as the fourth stage in Carroll's pyramid of Corporate Social Responsibility, after the economic, legal and ethical responsibilities (Carroll, 1991; Crane et al., 2004; Porter & Kramer, 2006). In the European Commission vision (EC, 2001), philanthropy was explicitly excluded from CSR (Luetkenhorst, 2004) while the real objective of CSR was sustainable development (Eberhard-Harribey, 2006).

Many of these social issues in management have numerous different definitions as they can be interpreted narrowly or more broadly. For the major concepts, Table 1 proposes a definition, selected from authoritative handbooks or reports. A brief selection of articles of authoritative scholars in organization and management, leads to the obvious conclusion that there exists a lot of confusion in this area with vagueness and ambiguity between the concepts: *" no core in terms of content is to be found in any of the concepts and even less among the six different concepts*" (Egels, 2005: 25).

Insert Table 1 about here

The confusion between CSR-Business Ethics related concepts

The confusion between CSR and business ethics related concepts increases when academic literature is copied into business daily life and in the press (De Wilde, 2007; Verbeke, 2007). The vast CSR literature offers little practical guidance to corporate executives (Porter et al., 2006). Many CSR and business related concepts have evolved in parallel universes of companies and academy, sometimes overlapping but sometimes separately (Waddock, 2004). "*Management literature treats these concepts in one way and business ethics literature in another way*" (Fisher, 2004: 391). References to CSR, sustainable development and corporate governance in corporation's mission and value statements are increasingly confounded. The numerous press articles on the introduction of the various codes of conducts on corporate governance (e.g., Cadbury in the United Kingdom, Tabaksblatt in the Netherlands, Lippens in Belgium) engender, explicitly or implicitly, the liaison between ethics and corporate governance. After the financial scandals of the recent years, the (reduced) message launched with reasonable success was: "we have corporate governance, so the company is ethical again"; or "we have a CSR policy, so our company is ethical" (X, 2003, 2004). Brochures and websites of large companies refer ever more to these notions making use of the terminology in the most varying forms (Schlegelmilch & Pollach, 2005). A succinct look at the websites of the largest stock-quoted companies of the Brussels stock market did not distinguish a single pattern. The same observation is confirmed by a survey on CSR in the European Banking Sector (Rare, 2006). It

was also demonstrated that most companies emphasize one or two major overall concepts. In this, practice does not differ from theory where scholars from different disciplines put their own diverse emphasis on the sub-policies encompassed by the CSR concept. In addition, consultants who promote new concepts and programs sometimes launch new products as a variation upon the same theme, but with a new fashionable name (e.g., Berglund & Werr, 2000; Gill & Whittle, 1992; Huczynski, 1993; Scarbrough, 2003). This selectivity in choice of emphasis raised the confusion.

More over, some inconsistency and ambiguity stem from language problems (van Marrewijk, 2003), terminology or semantics, translation and also from cognition (e.g., Barnes, 1984; Grandori, 2001; Mitchell et al., 2002b; Schwenk, 1984, 1986, 1995; Starbuck & Mezias, 1996; Winter, 2003). "*Terminological emphasis reflects not merely semantical quibbling but substantive differences cross-culturally in management thought and practice*"(Epstein, 1989: 583). In addition, perception of concepts and interpretation varies according to the entrepreneur's or manager's education, experience and training as well (Van Rossem, 2005).

The dissemination of concepts

Also the different ways of dissemination of the various concepts concerning business ethics and corporate social responsibility adds to inconsistency and confusion. In the academic world, dissemination generally occurs through conferences and peer-reviewed journals (Abrahamson & Fairchild, 2001). But these concepts have also been conveyed to the industrial and business world through various other channels. For example, professionals such as consultants and professional organizations use their own channels such as business conferences, books and specialized business press in order to disseminate these concepts (Fincham, 1995; Fineman, 2001; Scarbrough, 2003). The general press and media transmit these new concepts, increasingly since the regained interest from the media in business and entrepreneurship after the series of scandals at the end of the 20th. Century (Buelens, 2002; Elliot & Richard, 2002; Fassin, 2005). This involves popularisation of such concepts (Abrahamson, 1996; Alvarez, Mazza, & Strandgaard, 2005; Berglund et al., 2000; Mazza & Alvarez, 2000; Scarbrough, Robertson, & Swan, 2005). Especially, mass media can account for mass popularization (Mazza, 1998; Mazza et al., 2000). Each channel puts its own spin and emphasis on the concerned concepts (Abrahamson, 1996; Abrahamson et al., 2001). Moreover, just as in the field of product

development or innovation, the dissemination of concepts does not always occur in the same pace in different countries (Hansen, Bode, & Moosmayer, 2004; Schlegelmilch et al., 2005).

RESEARCH QUESTION

Owing to the recent development of theories and methods for the study of managerial cognition (Huff, 1997), researchers have the potential to improve understanding of entrepreneurial thinking. Hence, it may be stated that the central question of entrepreneurial cognition is "*How do entrepreneurs think*?" (Mitchell et al., 2007).

If academic researchers are not able to delimitate CSR and related concepts, how can one expect the business community to understand the real meaning and the differential characteristics of these concepts and how can journalists with a non-specific education comprehend all nuances? No wonder then, that these notions once conveyed by non-specialists such as general business authors and journalists, give raise to more vagueness, ambiguity and confusion (Abrahamson et al., 2001; Meyer, 1996). CSR and related concepts have first gradually been introduced in the larger companies not without any difficulty. Now, various initiatives at European, national and regional level, tend to introduce and disseminate these notions in the smaller organization. But if the large companies with better informed executives and higher educated managers experience difficulties in understanding and adopting these concepts, how can we imagine that the SME leader is able to distinguish the precise impact of the various concepts? Or stated inversely, is it possible that contrary to the academic confusion, there is some degree of sensemaking and pragmatism amongst entrepreneurs (Weick, 1995)

Most ventures have only one or a few key managers at their core and relatively few levels of hierarchy. Thus, their beliefs and decision-making processes are likely to become more concentrated than those of large organizations. A lower number of hierarchical levels permit a closer contact with all personnel. The effects of managerial cognition are likely to be more directly in venture settings than in the context of larger, more established organizations (Forbes, 1999) and the impact of the SME leader on his organization is extremely important, maybe even more important than in large organizations (Bucar & Hisrich, 2001). Often as sole or major decision-maker, the SME leader has the possibility to shape the corporate culture and to enact values other than profit. Constraints and pressures differ along size and context of the company. Whereas executives in larger corporations may experience more internal pressures to realize

short-term results, the owner of a family company in his perspective of continuity, may strive for a more long term approach. The combination of risks of the owner in terms of his/her personal financial investment, his/her job security and his/her status, may lead to psychological pressures of different kinds, where conflict of interests cannot be excluded. Subject to rationalization, he/she may therefore be tempted to save his/her firm with unethical means. This is more likely than a manager who has only his job to save (Bandura, 1986; Fassin, 2005). Corporate responsibility and ethical issues consequently take a different breadth in SMEs.

The aim of this study then, is to uncover how the small business entrepreneur understands the notions of corporate responsibility, business ethics and other related concepts. What is his/her perception of the different concepts around business ethics and CSR? How does he/she differentiate the various notions? Which concepts does he/she associate with each other? The purpose is to examine whether small business entrepreneurs possess a mental model about CSR and business ethics related concepts. Particularly, the inquiry will determine whether entrepreneurs see business ethics and CSR as interchangeable concepts, and whether in their mind CSR and sustainability cover similar issues. A better knowledge of these issues will add to a better understanding of how entrepreneurs think and make strategic decisions. As contended, it may add credence to the assumption that entrepreneurship concerns itself with distinctive ways of thinking and behaving (Mitchell et al., 2007). The relation between business ethics and other concepts such as corporate governance, stakeholder management and sustainability will determine the (degree of) interwovenness of those concepts in the entrepreneurs' mind. In addition, the analysis will verify how entrepreneurs position philanthropy in relation to CSR and business ethics related concepts.

This complex issue is addressed by using a combined qualitative and quantitative approach: through the application of the Repertory Grid Technique (RGT), mental models of the small business leaders will be drawn. These mental models will be discussed and confronted to the recent academic literature.

METHODOLOGY

Cognitive approach

As pointed out, a cognitive approach will be used offering the advantage of well suiting the general research question addressed. In line with the cognition theory as set above, entrepreneurs' mental models about CSR and related concepts will be drawn and compared.

As contended above, mental models are mental representations created to help to process information, make sense and make decisions (Walsh, 1994). They guide the attribution of meaning and significance to organizational events (Isabella, 1990) as they mirror reality as perceived through the senses by reducing information-processing demands and structuring experience (Walsh, 1988). Mental models emerge from social construction processes such as (in)formal communication processes (Porac et al., 1989) and exposure to common environments such as associations, consultants (Gill et al., 1992; Reger & Huff, 1993) and the press (Lamertz & Baum, 1998). Mental models may change over time. It has been argued (e.g., Denison, Dutton, Kahn, & Hart, 1996; Dutton, Walton, & Abrahamson, 1989; Dutton & Webster, 1988) that mental models make that the same stimuli are interpreted differently in different organizations.

Repertory Grid Technique

Methods that are used to elicit and represent these mental models on various levels are known as *cognitive mapping techniques* and the resulting representations as cognitive or *mental maps*. Fiol & Huff (1992: 267) defined a map as "*a graphic representation that provides a frame of reference... for what is known and believed*". The intention in drawing a cognitive map is to describe an individual's or collectivity's conscious perception of reality with sufficient detail to capture the idiosyncratic world view, while filtering out the myriad of details (Langfield-Smith, 1992).

Several methods for eliciting maps co-exist such as classic interviews and surveys. In a very sensitive area as business ethics and corporate responsibility, classic interviews and surveys present an important risk of bias of socially acceptable response. Hence, in this paper, the methodology employed for elicitation of mental models is the Repertory Grid Technique. It has been argued that the RGT is very appropriate for analyzing the composition of mental models (Hodgkinson, 1997) and that the primary strength of the RGT lies in its inherent flexibility, both

from the point of view of data collection and of data analysis (Hodgkinson, 2005). The repertory grid is a proven technique minimizing researcher bias compared to other cognitive mapping techniques (e.g., Easterby-Smith, Thorpe, & Holman, 1996; Ginsberg, 1989). In addition, RGT allows eliciting dimensions that should be lost using other methods (Huff, 1997) and is useful for participants who are not likely to fill in surveys such as directors and senior managers (Brown, 1992). RGT has many applications within different disciplines, especially in management research (Daniels, Johnson, & de Chernatony, 1994; Reger & Palmer, 1996), but very limited utilization in the business and society fields (e.g., Bendixen &Thomas, 2000).

Three essential features are generally discerned within repertory grids (Easterby-Smith et al., 1996): (1) elements that are "*things or events which are abstracted by a construct*" (Kelly, 1955: 137); (2) constructs or dimensions that are the qualities of the elements and that are used to differentiate; and (3) linking mechanisms or different ways how elements and constructs are linked.

Design of the study

The elements were supplied, since the intention was to learn more about a given set of elements, to test hypotheses and to compare responses of respondents (Reger, 1990b). The elements, i.e. all concepts related to CSR and business ethics since this is the topic of research, were chosen on the basis of importance in the academic literature and of degree of acceptance of the concept in the broader business society.

Insert Figure 1 about here

The initial selection contained 20 elements that included the six major concepts from Egel's (2005) analysis, some additional sub-domains and some opposite concepts as shareholder value. Elements that were close to each other were combined to one single element (e.g., CSP, corporate social responsiveness and corporate citizenship were combined into CSR; sustainable development and corporate sustainability were combined into sustainability). At this stage, 13 elements were retained covering a mix of business and society related subjects, and practical and strategic topics. A test case with these 13 elements was carried out. Due to the time needed and

difficulties when supplying 13 elements for RGT purposes and since it is argued when using triadic combinations the number of stimuli (in our case elements) may be relatively small (Bijmolt & Wedel, 1995), it was decided to continue with 9 elements[1]. These 9 elements were selected from the list of 13 elements by consultation with three independent researchers. It was taken care of that the list of 9 elements was representative and provided adequate coverage of aspects being examined (Easterby-Smith, 1980; Easterby-Smith et al., 1996). The retained elements included the five central elements, in alphabetical order: business ethics, corporate governance, CSR, stakeholder management and sustainability. In addition, the list included the notion shareholder value as opposed to stakeholder management (Hendry, 2001) which allowed better differentiation, and two sub-domains ethical code or charter and safety. Finally, the notion of philanthropy was explicitly retained in order to investigate its relation to CSR, since the classical view conceives philanthropy as an element of CSR (Carroll, 1991) versus the European Commission view which excludes this concept from CSR (EC, 2001). As the study was realized in the Dutch-speaking part of Belgium, all elements were supplied in the Dutch (Flemish) translation completed with the English terminology. Corporate citizenship was not retained by the independent experts as a central concept to be included in the nine concepts, since it has been introduced quite late in management literature (see the citation analysis) and is focused on the larger corporations. Corporate citizenship is regarded being related to CSR, also by academics. This term of corporate citizenship, although included in most of the recent comparative studies, has only been partially introduced in the Belgium business world, and definitely not in SME circles. Until now, there is no general accepted Dutch translation.

The constructs were elicited using the random triad elicitation and difference instruction forms (the minimum context form) (for a detailed description of various options see Neimeyer, 2002). This method yields higher levels of differentiation and less opposite poles, and is used in many management studies (e.g., Aranda & Finch, 2003; Daniels et al., 1994; Dutton et al., 1989; Pavlica & Thorpe, 1998; Reger, 1990a).

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[1] A suggested guideline for stable Weighted Multidimensional Scaling solutions is to have more than four times as many objects as dimensions desired in the perceptual map (Hair et al, 1998).

Six constructs (relevance for my company/not relevant; practical concept/theoretical concept; opportunism, marketing or public relations/sincere, genuine conviction; ethical concept/has nothing to do with ethics; decency of governance/has nothing to do with decent governance; fashion or hype/classic concept) were supplied *after* elicitation of the constructs, as far as the respondent did not give this construct[2]. Rating as *linking mechanism* was selected as it allows the most flexibility of responses (Reger, 1990b; Tan et al., 2002), making use of a seven point Likert scale.

Content Analysis

Content analysis was employed for comparing the constructive systems across individuals. A construct inventory was conducted by listing constructs named by a group of participants and plotting their relative frequencies or identifying the set of constructs held by the majority of the members of the group. First, a category system was carried out following the procedure as set out by Janckowicz (2003). Two researchers independently repeated the categorization procedure. After this exercise, both researchers negotiated and obtained 100 % accordance. This agreed coding by the two researchers was used in subsequent analyses.

Weighted Multidimensional Scaling

Statistics which assume conformable dimensions may not be used for parallel analysis of data which have been aggregated across the different individual grids, since the dimensions (constructs) of each individual repertory grid tend to differ as is the case with the 23 elicited RGT matrices (Dunn & Ginsberg, 1986; Ginsberg, 1989). Hence, in order to draw actors' mental models, RGT was used in conjunction with a method of exploratory statistical analysis, three-way scaling or Weighted Multidimensional Scaling (WMDS). The purpose of WMDS is to draw a multidimensional space. This allows the researcher to determine the perceived relative image or

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[2] Easterby-Smith (1980) suggested to proceed in this way in order to avoid influence on type of constructs that the respondent is thinking of. Constructs with emergent and implicit poles (bipolar constructs) were elicited till the interviewee dried up. There is no formula which indicates the right number of construct to be elicited from an interview (Easterby-Smith et al., 1996: 11). Since Easterby-Smith and colleagues (1996) cautioned against bad recording of constructs, constructs were recorded on pre-printed sheets. In order to assure consistency (sequence, interview structure, timing, etc.) between RGT interviews, a proceedings paper was drawn containing amongst others the definition of elements, the proceedings, the questions asked and the example for triading given.

key dimensions of a set of objects (such as for example CSR and business ethics-related concepts) (Hair et al., 1998). The assumption is that a given group of actors share a common set of underlying dimensions in their mental models of a particular domain, which can be compared with constructs in the sense of Kelly's personal construct theory (Kelly, 1955). Using WMDS, a *group space* (i.e. a kind of master or reference) is formed by the union of all the dimensions that the subjects use, spanned by a fixed set of shared common dimensions, but there are critical differences. Each subject differentially weights or attaches a relevance to each of the fixed dimensions. This differentially weighting is expressed in individual source weights ranging between zero and unity. The pattern of these subjects' (individual) source weights is represented in *the subjects' space*.

Sample

As mentioned, the target group for the study was small business leaders or entrepreneurs-owners of small or medium-sized companies. Given the variety of SMEs (Longenecker, Moore, & Petty, 1996), it was necessary to further delimit the target group. Only SMEs that possessed a certain organizational structure were withheld. The organizations should at least cover three functional areas and should possess a minimum of hierarchy with different functional staff collaborators. In addition, except for one or two recent starters, the owners should have gained an experience of at least five years running their business and enjoy a certain degree of professionalism. The entrepreneurs should be owners or major shareholders of their company that should be located in four Dutch-speaking provinces of Belgium. In addition, since the research topic relates to business ethics, corporate responsibility and related fields, certain knowledge of the management jargon was considered as a minimum requirement. A sample size of 15–25 interviewees within a population generates sufficient constructs to approximate the universe of meaning surrounding a given situation, and is therefore sufficient for RGT (Easterby-Smith, 1980; Ginsberg, 1989; Kaish et al., 1991; Stewart & Stewart, 1981). The group was recruited via a database of 200 entrepreneurs who had followed a short general management course at a local business school. It was first verified that the entrepreneurs fulfilled the conditions as described above and then at random 30 entrepreneurs were selected and invited by a letter to participate to the RGT interviews. 15 entrepreneurs reacted positively. To obtain a sufficient variety of sectors represented, four additional entrepreneurs were selected out of the committee of the national

federation of industries and four additional SMEs were added through referral by the first group. Hence, we RGT interviewed 23 highly diversified small business leaders.

More than half of the 23 interviewees took over the family business, which half of them seriously transformed. A few entrepreneurs started their own company, five of them acquired their business or did a management-buyout. Nearly half of the SMEs are production firms, one third owns pure distribution activities, and twenty percent of them are in services business. Except for the construction business (4) and IT sector (3), the sample counted no more than two representatives per sector. Employee size varied from 5 to 170 employees, with the vast majority between 15 and 50 employees. Only four SMEs exceed 50 employees, and four counted less than 10 employees. Half of the interviewees obtained a university degree. Their age varied between 35 and 60, with a majority around 40-45. Of the 23 interviewees, there were two female entrepreneurs.

DATA ANALYSIS

In total, 226 constructs were elicited by the 23 respondents, such as for example strategic/operational, essential/nice to have, manipulative/neutral. The rating process resulted in 23 (being the number of interviewees) two dimensional matrices of numerical values (Grice, 2002:338). Each individual 9 * n matrix, where 9 is the number of elements and n is the number of constructs, was subjected to a content analysis and to calculation of basic and explorative statistical analysis. The number of constructs produced per interviewee varied between 6 and 14 ($M = 9,26$; $Me = 10$; $SD = 2,12$).

Content analysis

The content analysis was carried out as described above. Based on the categorization of the two raters, a reliability table was drawn following Janckowicz (2003). Analyzing the reliability table, following figures were obtained: Total elicited constructs: 226; Total of common constructs: 165; Number of constructs that have been allocated to categories agreed on by both researchers: 221; Number of constructs outside the agreed categories: 61. Following measures of agreement were computed: Agreement as a percentage of all constructs (165/226*100) = 73,0%; Agreement as a percentage of the constructs that have been allocated to categories both agreed on

(165/221) = 77,8%. These findings indicate that the content analysis may be considered being reliable.

The agreed coding by the two researchers resulted following categories as shown in Table 2 indicating construct category names, the number of constructs within each category, the percentage of constructs within the corresponding category, the number of interviewees mentioning constructs in this category and the percentage of interviewees mentioning constructs within this category.

Insert Table 2 about here

Weighted Multidimensional Scaling

We used WMDS procedures (ALSCAL in SPPS 12) enabling a comparison of the elicited grids from the 23 respondents. Based on the individual RGT matrices for every interviewee Euclidean distances for elements were calculated. This was the input in the WMDS analysis (Hair et al., 1998; Hodgkinson, 2005). For ALSCAL, the routine was set to compute solutions from five down to two dimensions. Various levels or transformations were computed: level = ordinal (untie), level = ordinal (tied) and level is interval. Level = ordinal (tied) demonstrated the best results.

Figure 2 shows the screeplot indices of fit for different dimensions of the group model of all elements for all interviewees.

Insert Figure 2 somewhere here

In the screeplot one can see that a two- or three dimensional common space can not ideally capture the mental model of the 23 interviewees of the CSR and business ethics related concepts, although a two-dimensional space explains 34 % of the variance accounted for. A three-dimensional space increases the variance accounted for to 43 %. In the screeplot it is shown that there is especially improvement in goodness of fit when the number of dimensions is increased from two to three. Hence and for reasons of clearness, a three-dimensional solution will

be withheld; nonetheless this solution does not optimally represent how the 23 interviewees mentally capture CSR and business ethics related concepts.

Group space configuration

The aggregated judgments of the 23 interviewees with respect to each management concept are plotted in Figure 3 along three dimensions of the group space configuration.

Insert Figure 3 about here

Figure 4 shows the first two dimensions of the three-dimensional solution.

Insert Figure 4 about here

The maps representing *the group spaces* do not demonstrate a degenerate solution which is characterized by either a circular pattern in which all objects or elements are shown to be equally similar, or a clustered solution, in which the objects are grouped at two ends of a single dimension (Hair et al., 1998). Degenerate solutions are most often caused by inconsistent data, which may imply that objects (elements) and/or attributes (constructs) offered have no meaning for the respondents (Hair et al., 1998).

Table 3 shows the stimulus coordinates associated with the three-dimensional solution. The stimulus coordinates of the common space are analogous to factor loadings in a conventional principal component analysis, in the sense that the greater the magnitude of a given dimension weight, the greater the relevance (negative or positive indicating the applicable pole of the dimension) of the associated element.

Insert Table 3 about here

The first dimension of the three-dimensional common space for the 23 interviewees seems to represent "abstract vs. concrete" dimension as reflected by high stimulus coordinates for corporate governance (1,22), ethical code (1,01) and business ethics (0,94) at one side of this dimension, and for stakeholder management (-1,29), shareholder value (-1,26) and philanthropy

(-1,41) at the other side of this dimension. The second dimension appears to reveal "the corporate vs. societal" dimension as demonstrated by high stimulus weights for philanthropy (1,35) and business ethics (0,95) at one side of this dimension, and for shareholder value (-1,49), safety (-1,35) and corporate governance (-1,16) at the other side of this dimension. The third dimension seems to indicate the "general vs. specific" focus. This is demonstrated by high stimulus coordinates for CSR (1,33) and sustainability (1,33), stakeholder management (0,81) at one side of this dimension, and high stimulus coordinates for safety (-1,34), ethical code (-1,12), business ethics (-0,88) and philanthropy (-0,79) at the other side of this dimension. Shareholder value (0,09) seems the most neutral concept on this dimension.

The common space of the nine elements for the 23 interviewees as revealed in Figure 4 showing the two first dimensions of the three-dimensional solution, demonstrates that the elements CSR and sustainability are found relatively close together indicating that these elements are interpreted in the same way. Table 3 showing the stimulus coordinates associated with the three-dimensional common space indicates as well that these elements are considered to resemble, since their respective stimulus coordinates are similar. Both concepts are considered being "abstract-societal" since they load on the abstract-side (respectively 0,22 and 0,58) of the "abstract vs. concrete" dimension and on the societal side (respectively 0,63 and 0,30) of the "the corporate vs. societal" dimension. The Euclidean distance within the three-dimensional space between CSR and sustainability amounts to 0,49. In the same way, business ethics and ethical code are found close together as well. The Euclidean distance within the three-dimensional space between these concepts is 0,44. Both concepts are also revealed in the "abstract-society" quadrant. Safety is found at the high end of the corporate side of the "corporate vs. societal" dimension (-1,35). Safety scores neutral on the abstract side of the "abstract vs. concrete" dimension (-0,02). Corporate governance is positioned in the "abstract-corporate" quadrant loading high on the corporate side of the "corporate vs. societal" dimension (1,22) and on the abstract side (-1,16) of the "abstract vs. concrete" dimension. Shareholder value and stakeholder management are both considered as concrete elements, loading respectively (-1,26) and (-1,29) on the concrete side of the "abstract vs. concrete" dimension. However, what the second dimension is concerned, these concepts are different. Shareholder value is definitely corporation oriented (-1,49), whereas stakeholder management is rather neutral (0,19).

Business ethics is positioned at an approximately equal distance of CSR and corporate governance (see Figure 3). The Euclidean distance within the three-dimensional space between business ethics and CSR is 2,35 and between business ethics and corporate governance is 2,59. The difference between business ethics and CSR is mainly due to differences within the third dimension ("general vs. specific" focus), while the difference between business ethics and corporate governance stems from the second dimension ("the corporate vs. societal" dimension). The Euclidean distance between CSR and corporate governance amounts to 2,18, also stemming from the second dimension. The Euclidean distances between at one hand stakeholder management and at the other hand business ethics, corporate governance and CSR are respectively 2,90; 2,86 and 1,66.

Philanthropy seems to be the einzelganger as this concept is found standing alone in the "concrete-societal" quadrant, with high stimulus coordinates (-1,41 in the concrete dimension and 1,35 in the societal dimension). Philanthropy shows also a high load (-0,79) on the specific side of the "general vs. specific" dimension. Philanthropy presents the highest Euclidean distances compared to the preceding concepts.

Insert Figure 5 about here

Descriptive statistics of constructs

Table 4 exhibits the descriptive statistics of ratings per element-construct combination for the six supplied constructs and for the elicited constructs mentioned by the most interviewees.

Insert Table 4 about here

Comparing the nine concepts, table 4 shows the most extreme means for shareholder value, philanthropy, safety and business ethics. Shareholder value is considered the most strategic (M=5,43), goal-oriented (M=5,13) and internal concept (M=5,31). Safety is regarded as the most formal (M=5,69), practical (M=5,87), operational (M=3,36) and less voluntary (M=4,88) concept. Philanthropy is perceived being the most voluntary (M=3,00), informal (M=2,54), narrow

(M=3,08) and less essential element (M=2,67). Business ethics is considered as the broadest (M=5,92), value-oriented (M=5,69) and most ethical element (M=6,57).

CSR is conceived as the most theoretical of the nine concepts (M=3.83) as opposed to safety (M=5,87), business ethics (M=5,48) and shareholder value (M=5,17) being perceived as being "very" practical. Shareholder value (M=2,58) and philanthropy (M=2,92) address to one single stakeholder, while the other concepts address to various (multiple) stakeholders.

Business ethics (M= ,57), ethical code (M=5,43), sustainability (M=5,17) and CSR (M=5,13) are believed being very ethical concepts. All concepts, except for philanthropy (M=2.35), are considered to highly relate with decency of governance, especially corporate governance (M=6,61), business ethics (M=5,65) and stakeholder management (M=5,35). Most concepts are believed being pursued by conviction and not by opportunism or marketing reasons, since for all concepts "the conviction pole" applies (M<4). Most concepts are perceived as rather classical notions, except for CSR which is regarded as the most fashionable ("buzz"word) of the nine concepts (M=4,09).

Additional analysis of average standard deviations of the nine concepts and constructs brings further information on how meanings of interviewees converge or diverge. Opinions about CSR (sd=1,58), sustainability (sd=1.62) and stakeholder management (sd=1.63) disclose the lowest average standard deviations, indicating that perceptions about these concepts are in accord. On the contrary, ethical code and philanthropy, display the highest divergence in perception, since they reveal the highest average standard deviations (respectively sd=2,05 and 1,99). As far as the dimensions or constructs are concerned, most interviewees agree on the practical vs. theoretical dimension since this dimension shows the lowest average standard deviation (sd=1,42), followed by the internal vs. external dimension (sd=1,55) and values vs. profitability dimension (sd=1,56). On the other hand, interviewees disagree more on the goal vs. mean dimension (sd= 2,24), on the degree of compliance dimension (sd=2,05) and on the strategic vs. operational dimension (sd=2,02).

When considering only the five central concepts out of the nine concepts (business ethics, corporate governance, CSR, stakeholder management, sustainability) (see Figure 5), an important delimitation of the various constructs is noticed. The differences between maximum mean and the minimum mean of the five concepts were calculated. These differences betweens means range from 2,5 for ethical content to 0,50 for strategic character. High differences between means are

noticed for following dimensions: the degree of formality, businesslike or private character, values vs. profitability, relevance of the own situation, practical vs. theoretical aspect, and decency of governance. Low differences between average means are noticed for strategic content, the long term approach, goal vs. mean, multiple stakeholders' attention, conviction and breadth of the concepts.

Of the five central concepts, business ethics shows the most extreme means for the dimensions values (vs. profitability) (M=5,69), essentiality (M=5,56), breadth (5,92), voluntariness (vs. compliance) (M=3,12). CSR exhibits the most extreme means for businesslike (M=6,00), goal-oriented aspect (M=4,67) and corporate governance shows the most extreme means for formality (M=5,31), internal orientation (M=5,23), strategic oriented (M=5,14) and mean (vs. goal) (M=4,00). Sustainability is regarded as the less strategic (M=4,64), most external (M=3,85) and less essential (M=4,50) element of the five concepts. Stakeholder management is perceived as the most long term (M=5,73) and most profitability oriented (M=4,00) of the five major concepts, but attains a middle range score on all other dimensions.

The five central concepts all exhibit high means for the dimensions long term orientation (M>5,09) and strategic importance (M>4,64). Business ethics is considered the most essential concept (M=5,56), followed by corporate governance (M=5.39) and stakeholder management (M=5,16). Small business leaders consider almost unanimously (sd=0,82) business ethics as being very relevant for their company (M=6,30), followed by safety (M=5,57) and shareholder value (M=5,17). The radar graph (see Figure 6) better visualizes the differences in perception on the various constructs for the concepts business ethics and CSR. The radar view on Figure 7 illustrates the close association in perception between CSR and sustainability. This graph also visualizes the rather important segregation between CSR and philanthropy.

Insert Figure 6 about here

Insert Figure 7 about here

DISCUSSION

Since the above group space configuration does not show any degenerate solutions, it is demonstrated that entrepreneurs posses a mental model about CSR and business ethics related concepts. The small business entrepreneurs show to have a rather clear perception of the concepts concerning business ethics and corporate responsibility. Hence we may conclude that there is sensemaking amongst entrepreneurs and that there is less confusion than what academic theory feared as has been set out above. Within literature, the most frequently mentioned characteristics of entrepreneurs are locus of control, need for achievement and tolerance of ambiguity (Begley, 1995; Begley & Boyd, 1987). Since the concepts surrounding ethics and corporate responsibility are rather ambiguous as demonstrated by the academic scholars, the higher tolerance of ambiguity of entrepreneurs might explain that they are relatively well able to distinguish differences between the concepts (Morris, Schindehutte, Walton, & Allen, 2002). The fact that entrepreneurs have a clear perception of these concepts may also indicate that small business entrepreneurs are pragmatic (Busenitz et al., 1997). Even with a limited knowledge of the theory, they are able to make a rather clear differentiation between these concepts. As a clear three-dimensional group configuration could be drawn, this finding corroborates previous research that revealed "significant" differences in cognition among entrepreneurs (Cooper, Folta and Woo, 1995; Forbes, 1999).

The general mental model (Figures 3 and 4) reveals that there is definitely more differentiation between the five central elements (business ethics, CSR, sustainability, stakeholder management and corporate governance) than the interwoven use by the press and other media lets presume.

The study illustrates that CSR and sustainability are very closely associated in the entrepreneur's mind. The latter finding confirms that entrepreneurs consider that CSR and sustainability roughly cover similar issues, as illustrated in the radar graph in Figure 7. Both notions show high similarities and only differ on a few dimensions. Sustainability is perceived as more practical than CSR. In addition, sustainability possesses a longer term vision, is regarded as less voluntary, more operational and less goal axed, more formally oriented and addresses more stakeholders. This finding also confirms both the general academic and corporate discourse where the notion of CSR that was traditionally focused towards social issues, has gradually integrated societal and environmental issues. In fact, CSR encompasses sustainability. In view of

this evolution, "*corporate responsibility*" (without the term *social* or *societal*) seems the most appropriate term (Enderle, 2004).

The group mental model also clearly delineates CSR from corporate governance on the one hand, and from stakeholder management and business ethics on the other hand. This conclusion differs from the frequent arguments of vagueness and ambiguity of these concepts as proposed by many academic studies (cfr. introduction).

Figure 6 illustrates that the interchangeability of the terms such as business ethics and CSR is not perceived as such by the Flemish entrepreneurs. CSR is considered more external, more theoretical, more opportunistic, and more businesslike than business ethics, as shown in Table 4. Therefore, contrary to the statements of a number of recent articles, business ethics and CSR cannot be considered as interchangeable concepts.

When looking at Figure 4, representing the two first dimensions of the three-dimensional group space it seems that the Flemish entrepreneurs position business ethics at equal distance of corporate governance and CSR. Business ethics and corporate governance differ the most when the dimensions ethical content, formalism, and business orientation are concerned. Corporate governance also differs substantially from CSR as far as the dimensions ethical content, theoretical, conviction, internal orientation and degree of formalism are concerned (see Table 4). This finding emphasizes the distinction made between "the principles of governance" and "the practice of management".

Contrary to the interwoven aspect of stakeholder management and CSR in literature (Wheeler et al., 2003), stakeholder management is not perceived by small business entrepreneurs to be as closely associated with CSR. Looking at Table 4, stakeholder management is found somewhere between CSR, business ethics and corporate governance, and is awarded the long term perspective.

Entrepreneurs seem to consider shareholder value as a stand alone concept and attach the most strategic importance to it. Contrary to the academic discussion between the stakeholder theory and the shareholder theory of the firm (Hendry, 2001), they do not perceive shareholder value and stakeholder management as totally opposite concepts. In their mental model, stakeholder management is more closely linked with shareholder value, at least for certain dimensions. This outcome corresponds to abundant press articles and consultants statements in support of the prevailing academic discourse that consideration for stakeholders leads to superior

long term performance and as a consequence, also to shareholder value. This may indicate, that entrepreneurs in a pragmatic approach, still realistically recognize profit as an important prerequisite for social responsibility. The general mental model shows that ethical code is positioned close to business ethics and is seen as a tool to achieve ethical behaviour.

Safety and philanthropy are perceived in the mental model of the small business entrepreneurs as rather separate or being different from the other supplied elements. The singularity of philanthropy is demonstrated by the most extreme scores for most descriptive statistics of ratings per element-construct combination (Table 4), while safety has formal, operational and compliance characteristics. This observation was also made during the RGT interview, as these concepts were often indicated as being the implicit pole within the triad. The implicit pole is the element within the triad perceived as being different from the two other elements (Neimeyer & Hagans, 2002). Philanthropy is also considered to be distanced from CSR, as illustrated in Figure 7. Only the theoretical aspect and the voluntary approach seem somehow coincide. In the social environment of a Western-European continental country, philanthropy is considered as basically a private activity.

Several suggestions for explanation of our findings can be presented. First of all, the clear and differentiated views that the interviewees had even without deep theoretical knowledge may indicate that indeed entrepreneurship concerns itself with distinctive ways of thinking and behaving (Busenitz et al., 1997). In addition, this finding may question the practical added value of many academic discussions concerning CSR and business ethical related fields, especially for small and medium-sized firms. The fact that the small business entrepreneur has a relatively clear view concerning these concepts may also indicate that apparently the various concepts have been rather well introduced and disseminated in the business world by other channels than academic literature. It could possibly signify that practitioners form their cognitive models independent from academic research (e.g., Eric Abrahamson & Eisenman, 2001; Clarkson, 1995; Newell, Robertson, & Swan, 2001).

LIMITATIONS AND PERSPECTIVES

The present research of entrepreneurial cognition investigates the interpretation of small business entrepreneurs of corporate responsibility and ethical related concepts. Further comparative research should examine whether CEOs of larger companies or non-entrepreneurial groups would engender the same differentiation in their perception. It has been argued that entrepreneurs develop unique knowledge structures (Baron, 1998; Mitchell et al., 2007; Mitchell et al., 2002a) and show distinctive entrepreneurial mental processes such as for example alertness (e.g., Busenitz, 1996; Kaish et al., 1991) and effectuation which depicts entrepreneurs as change agents specialized in recognizing and exploiting opportunities available to them (Shane and Stuart 2002).

The generalizibility of the study is constrained by the nature of the sample. Although this sample was sufficient for the purpose of eliciting constructs reflecting the universe of meaning surrounding a given situation (Ginsberg, 1989), this sample is not amenable for general inference.

In addition, further research should investigate whether the conclusions of distinctive perception of the concepts can be extrapolated for all small business leaders in the various countries. Whereas the fragmentation between individual views will probably be confirmed, the degree of differentiation in the aggregated analysis can vary according national, regional or linguistic criteria. This presumption stems from the studies on the impact of language and terminology in the perception of concepts (Hansen et al., 2004). The results of the present study therefore cannot be extrapolated just like that to all European countries. The present study was conducted in the Flemish (Dutch) speaking part of Belgium. The translation of the original English terminology of new management terms in local languages always leads to slight differences and nuances, nonetheless for the present study the translation of the terms into Dutch have been agreed on by three independent experts and the original English terminology was added to the Dutch translation when performing the RGT interviews.

The clear link between CSR and sustainability and the clear delimitation from corporate governance and business ethics on the one hand, and from stakeholder management on the other hand may possibly have been influenced by the content and format of the terms in the Dutch language: CSR (Maatschappelijk Verantwoord Ondernemen or MVO) and sustainability (Duurzaam Ondernemen) are used in Dutch in the verb-form 'ondernemen' (to enterprise), while corporate governance (deugdelijk bestuur) uses the noun 'bestuur' (governance). Those three

terms have received considerably market attention during the last years, from different sides such as professional associations and the press. The verb-form of CSR and sustainability compared to the noun-form of the other concepts can also contribute to elucidate the perception of synonymous meaning between both concepts, hereby reinforcing the encompassing characteristic of CSR. This interconnection may be less pronounced in other languages.

Hence, we recommend an international comparison of interpretation of small business entrepreneurs of corporate responsibility and ethical related concepts involving different languages. Such an international comparison will make more clear whether or not the degree of differentiation between the various concepts is influenced by the language and the appropriate translation of the English terms. Furthermore, international research could investigate the effect of marketing and dissemination of concepts and terms in different countries and the influence of culture. In this vein, Mitchell and colleagues (2002b) observed in their study of entrepreneurial cognition and culture a universal culture of entrepreneurship, but also noticed differences among countries. Similar differences may be found in entrepreneurial cognition of CSR and business ethical related concepts. The dissemination process of the concepts also leads to different patterns of adoption and often delays reception (Newell, Swan, & Galliers, 2000; Sturdy, 2004). For example, the notion of stakeholder management "Anspruchsgruppe", has only recently been introduced in Germany (Hansen et al., 2004) and in France under the term "les partis prenantes". Both German and French terms have not yet reached the same popularity as the American term "stakeholder".

The use of cognitive mapping techniques implies that general critiques on cognitive theory and cognitive mapping techniques are applicable to this research. Also more particular critiques using spatial techniques such as WMDS and the applied algorithm ALSCAL are relevant. The common space of WMDS is an aggregated map, which has been criticized to ignore the influence of group dynamics (Schneider & Angelmar, 1993). However, it was not our objective to look for intra-organizational differences within the entrepreneurial mental models. In addition, the used algorithm (ALSCAL) bears an influence on the common spaces they generate (Hair et al., 1998). Also source weights associated with three-dimensional scaling procedures lack true independence. The source weights are only independently distributed from one another conditional upon a given, unchanging stimulus configuration (Hodgkinson, 2005).

Another limitation is the use in our research of the nine concepts as elements. It must be said that many more concepts have been developed in the academic and business sphere. Nonetheless we took great care in choosing the elements, it would be useful to repeat this study with other CSR and business ethics related concepts as well. It would be worthwhile to integrate the concept of corporate citizenship in a study in the U.K, where the concept is more knowledgeable.

CONCLUSION

Small business entrepreneurs are uninformed and ignorant of the discussion on vagueness and confusion that monopolize many research literature on CSR and business ethics. In fact, they are totally unaware of this academic debate, in which they actually do not participate. But, in a pragmatic manner, practitioners form their cognitive models independent of academic research, based on their own perception, even without a thorough theoretical knowledge. They receive information through other channels, mainly business associations and vulgarisating articles in the business press. This repertory grid analysis on entrepreneurial cognition concludes that there is indeed sensemaking amongst entrepreneurs.

The study also illustrates a certain disconnect between academics and practitioners. A minimum understanding of the managerial world should be required for scholars engaged in management research, as well as cognisance of the specific issues in small business and entrepreneurship (Das, 2003).

The present research work based on the repertory grid technique– which can be considered an innovation in the business and society field - analysing the small business entrepreneurs' perception, confirms the academic literature stating that there is a close link between CSR and sustainability, but rejects the interchangeability of the terms business ethics and CSR. The small business entrepreneur plainly embraces the distinction between three basic complementary concepts: corporate responsibility, corporate governance, and business ethics. This triad corresponds to three crucial dimensions: management, governance, and values.

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TABLE 1:

Definitions

Business Ethics *is the study of business situations, activities, and decisions where issues of right and wrong are addressed* (Crane and Matten, 2004: 8).

Corporate Social Responsibility (CSR) involves *the standards and the conduct that an organization sets itself in its dealings within an organization and outside with its environment* (Lynch, 2006: 367). CSR encompasses *the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time* (Caroll and Buchholz, 2006: 35).

Stakeholder management is the management of the relations with the various stakeholders, "*any group or individual that can affect or is affected by the achievement of an organisation's objectives*" (Freeman, 1984: 46).

Sustainable development *is development that meets the needs of the present without compromising the ability of future generations to meet their own needs* (World Commission on Environment and Development, 1987).

Sustainability *refers to the long term maintenance of systems according to environmental, economic, and social considerations* (Crane and Matten, 2004: 24).

Corporate citizenship *is the contribution a company makes to society and the environment through its core business activities, its social investment and philanthropy programmes, and its engagement in public policies* (World Economic Forum, 2007).

Corporate governance *refers to the method by which a firm is being governed, directed, administered, and controlled and to the goals for which it is being governed.* Corporate governance is *"doing the right things, and doing the things right" (Tim Melville Ross, 1996). Corporate governance is concerned with the relative roles, rights, and accountability of such stakeholders groups as owners, board of directors, managers, employees, and others who assert to be stakeholders* (Carroll and Buchholtz, 2006: 609).

Shareholder value is the management principle that puts forward the interests of the shareholders to increase the value of the company, calculated as the net present of future cash-flows plus non-operating assets minus future claims.

Philanthropy all those issues that are within the company's discretion to improve the quality of life of employees, of social communities, and ultimately society in general; it includes charitable donations, the building of recreation facilities for employees and their families support for local schools, or sponsoring of art and sports events (Crane and Matten, 2004: 44)

Safety concerns all the measures to be taken to prevent injury of employees, harm of customers and damage of environment.

TABLE 2:

Content analysis indicating category names, category description, examples of best fitting

constructs (N=23)

Construct Category	Nbr. of Constructs within category	% of Total Nbr. of Constructs	Nbr. of Interviewees mentioning constructs in this Category	% of Interviewees mentioning Constructs within this Category
Relevance for the own situation	19	8.41	17	73.91
Essentiality	18	7.96	14	60.87
Degree of Voluntariness vs Compliance	17	7.52	14	60.87
Profitability vs. Values	17	7.52	14	60.87
Goal vs. mean	15	6.64	13	56.52
Operational vs. strategical	14	6.19	12	52.17
Degree of Formality	13	5.75	12	52.17
Ratio materiae: broad vs. narrow	12	5.31	12	52.17
Single vs. multiple stakeholders	12	5.31	12	52.17
Internal vs. external	13	5.75	11	47.83
Short vs. long term	11	4.87	11	47.83
Ethical content	11	4.87	11	47.83
Practical vs. theoretical	9	3.98	9	39.13
Private vs. businesslike	8	3.54	8	34.78
Opportunism vs. conviction	9	3.98	7	30.43
Clearness	7	3.10	6	26.09
Fashion vs. classic concept	6	2.65	6	26.09
Decency of governance	5	2.21	5	21.74
Degree of solidity (vs. deviability)	6	2.65	4	17.39
Positive vs. negative	4	1.77	3	13.04
Total (N=23)	226		23	

TABLE 3:

Stimulus Coordinates associated with the Three-dimensional Group Space representing the 9 Elements for the Full Sample of Interviewees (N=236; Stress =0,21; RSQ =0,43) (ALSCAL Level = ordinal)

Element	Dim 1	Dim 2	Dim 3
Corporate Governance	1.22	-1.16	0.59
Safety	-0.02	-1.35	-1.34
Business Ethics	0.94	0.95	-0.88
Ethical Code/Charter	1.01	0.59	-1.12
Stakeholder Management	-1.29	0.19	0.81
Shareholder Value	-1.26	-1.49	0.09
Sustainability	0.58	0.30	1.33
Philanthropy	-1.41	1.35	-0.79
CSR	0.22	0.63	1.33

Descriptive Statistics of Ratings per Element-Construct combination of the supplied constructs (N=23)

Dimension	Supplied/ elicited construct	n Respon-dents	n Con-structs	Business ethics		Corporate governance		CSR		Stakeholder management		Sustainability		Philanthropy		Shareholder value		Safety		Ethical code/ charter		Avarage sd
				M	sd	M	sd	M	sd	M	sd	M	sd	M	sd	M	sd	M	sd	M	sd	
Relevance for the own situation	Supplied	23	23	6.30	0.82	5.04	2.06	4.61	1.53	5.04	1.72	4.74	1.86	3.52	2.15	5.17	1.47	5.57	1.56	4.04	1.92	1.68
Ethical content	Supplied	23	23	6.57	0.66	4.52	1.73	5.13	1.49	4.04	1.94	5.17	1.56	4.13	2.26	2.61	1.47	4.09	2.07	5.43	2.04	1.69
Decency of governance	Supplied	23	23	5.65	1.43	6.61	0.58	5.04	1.49	5.35	1.11	5.13	1.46	2.35	1.58	5.13	1.25	5.26	1.63	4.39	2.23	1.42
Practical vs. theoretical	Supplied	23	23	5.48	1.38	4.65	1.82	3.83	1.56	4.39	1.85	4.87	1.79	4.00	2.30	5.17	1.70	5.87	1.46	4.39	1.92	1.75
Opportunism vs. conviction	Supplied	23	23	2.52	1.65	2.61	1.64	3.26	1.45	3.04	1.43	2.87	1.46	3.65	1.90	3.00	1.78	2.70	1.64	3.43	1.97	1.66
Fashion vs. classic concept	Supplied	23	23	2.70	1.99	3.57	2.11	4.09	1.62	2.83	1.56	3.52	1.95	2.83	1.70	2.26	1.63	2.52	1.65	4.00	2.02	1.80
Essentiality	Elicited	14	18	5.56	1.46	5.39	2.03	4.61	1.29	5.17	1.29	4.50	1.58	2.67	1.53	4.61	1.54	5.06	2.10	4.50	1.92	1.64
Degree of compliance vs. voluntariness	Elicited	14	17	3.12	2.20	3.53	2.12	3.41	1.94	3.71	2.08	4.06	1.60	3.00	2.32	4.59	1.73	4.88	1.90	3.88	2.57	2.05
Goal vs. mean	Elicited	13	15	4.20	2.43	4.00	2.30	4.67	2.23	4.13	2.20	4.27	2.34	3.27	2.34	5.13	1.85	5.00	2.27	3.20	2.24	2.24
Strategic vs. operational	Elicited	12	14	5.00	1.62	5.14	2.38	5.00	1.52	4.79	2.19	4.64	1.91	4.36	2.21	5.43	2.06	3.36	2.34	4.86	1.99	2.02
Values vs. profitability	Elicited	14	13	5.69	1.32	4.69	1.49	5.00	1.22	4.00	1.47	4.92	1.44	4.38	2.40	1.85	1.14	4.15	1.72	5.46	1.81	1.56
Internal vs. external	Elicited	11	13	4.46	1.81	5.23	1.36	3.92	1.32	4.15	1.77	3.85	1.21	2.46	1.39	5.31	1.97	5.15	1.46	4.54	1.66	1.55
Degree of formality	Elicited	12	13	3.15	2.38	5.31	2.02	3.69	1.93	4.08	1.80	4.38	1.85	2.54	2.07	5.31	1.55	5.69	1.18	4.85	2.08	1.87
Broad vs. narrow	Elicited	12	12	5.92	1.08	5.25	1.36	5.50	1.62	5.17	1.27	5.08	1.51	3.08	2.35	3.08	1.68	4.17	2.08	4.25	2.01	1.66
Multiple vs. single stakeholders	Elicited	12	12	4.50	2.02	4.42	2.35	4.17	2.08	4.75	1.82	4.83	1.85	2.92	2.07	2.58	1.88	5.58	1.08	4.08	2.39	1.95
Long vs. short term	Elicited	11	11	5.09	2.02	5.27	2.00	5.36	1.50	5.73	1.10	5.55	1.21	3.09	1.92	4.27	1.95	3.73	2.10	4.82	1.54	1.71
Businesslike vs. private	Elicited	8	8	4.13	2.36	5.88	1.89	6.00	1.07	5.63	1.19	5.88	0.99	1.75	1.39	5.75	1.91	5.13	1.25	3.75	2.43	1.61
Average sd per Element					1.68		1.84		1.58		1.64		1.62		1.99		1.68		1.73		2.04	

Total N Respondents = 23

FIGURE 1:

Quantitative Literature Overview (Citation analysis) of CRS- and Business Ethics

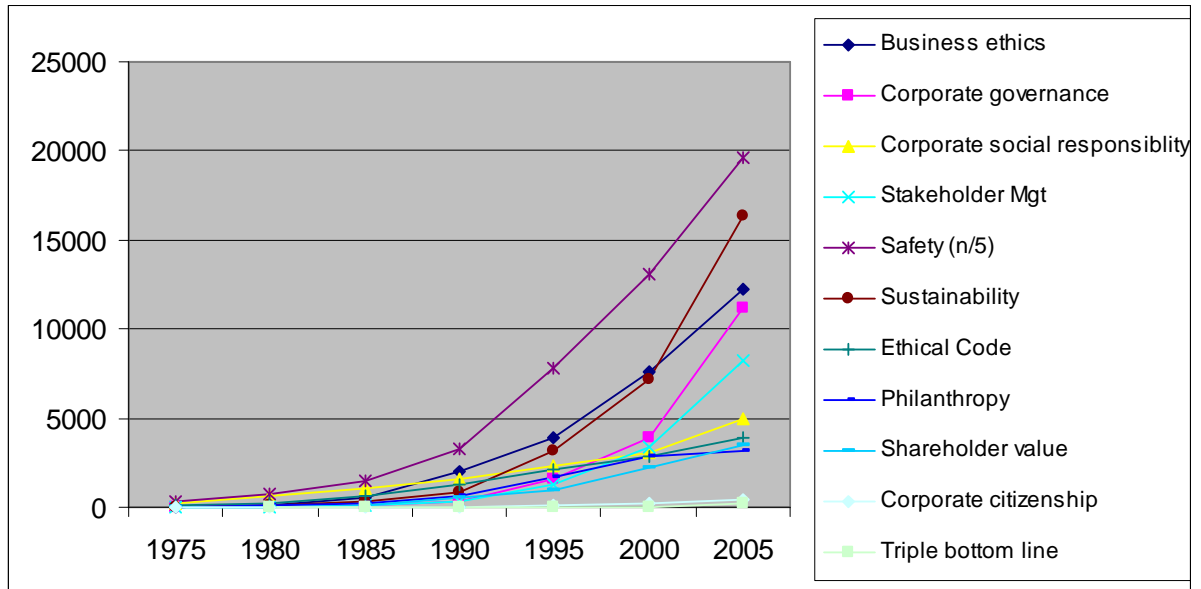**Related Concepts between 1975-2005 (Umi-Proquest database)**

FIGURE 2:

Changes in Indices of Fit for Dimensions of Common Space of all Elements for all

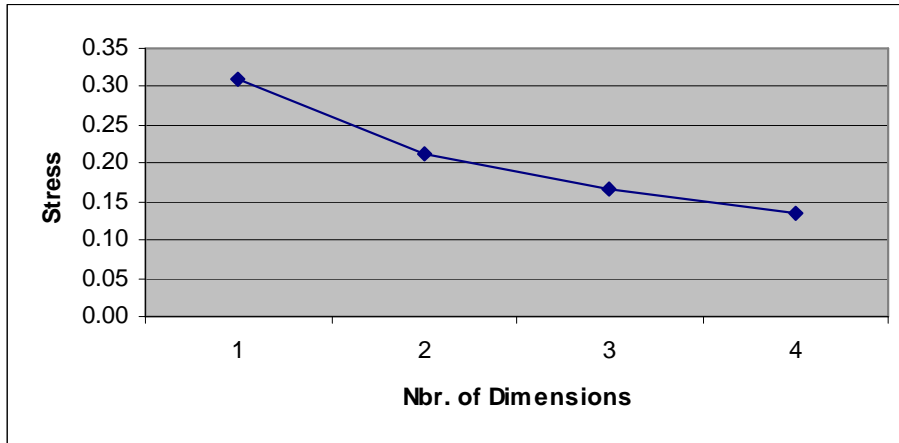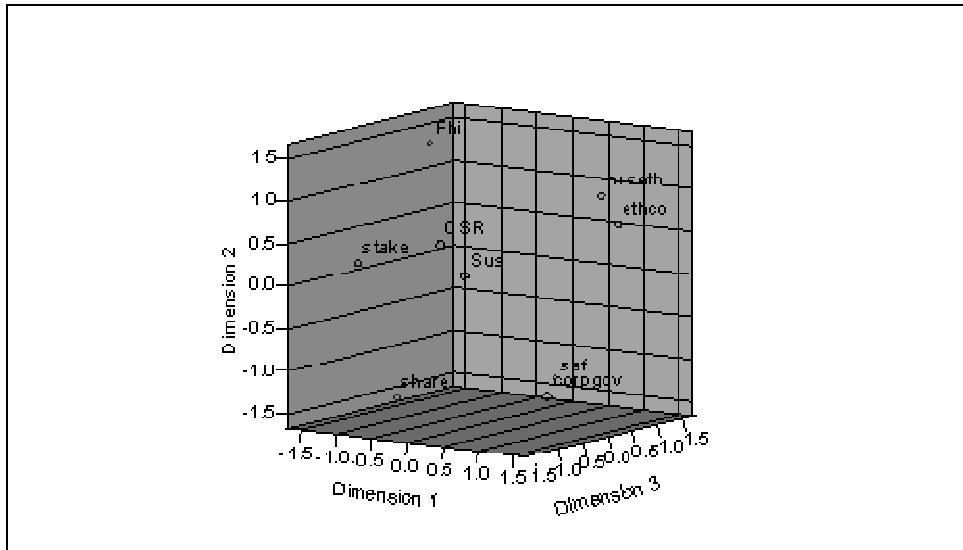**Interviewees with Decreasing Dimensionality (N=23) (ASCAL)**

FIGURE 3:

Three-dimensional Group Space representing the 9 Elements for the Full Sample of

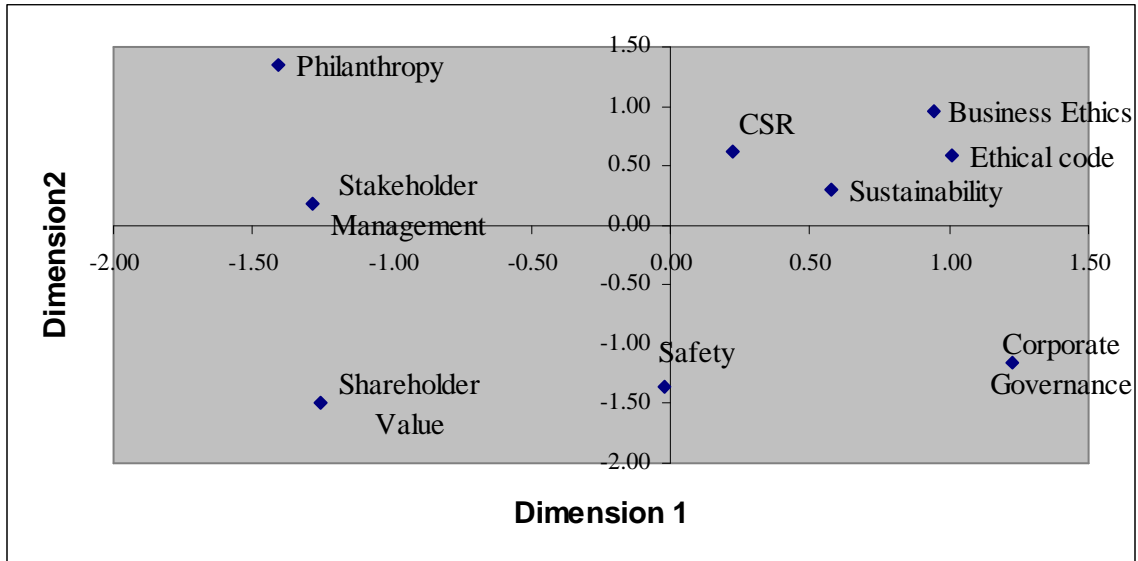**Interviewees (N=23; Stress =0,21; RSQ =0,43) (ALSCAL Level = ordinal)**

Derived Stimulus Configuration

Individual differences (weighted) Euclidean distance model

FIGURE 4:

Two first Dimensions of the Three-dimensional Group Space representing the 9

Elements for the Full Sample of Interviewees (N=23; Stress =0,21; RSQ =0,43)

(ALSCAL Level = ordinal)

FIGURE 5:

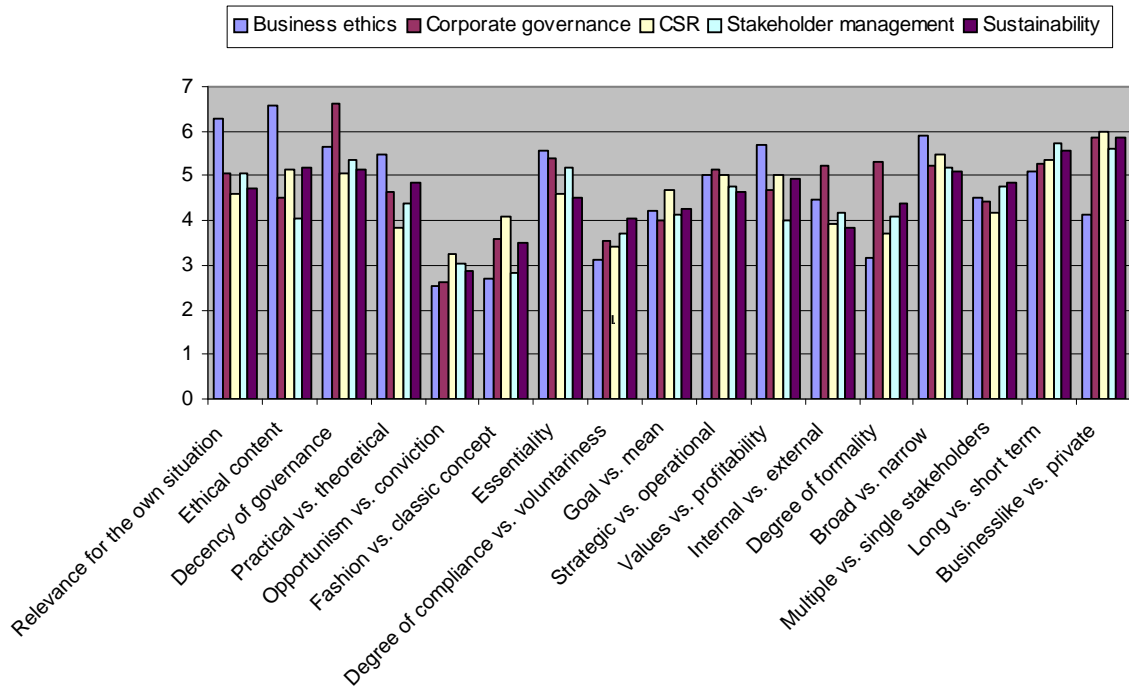**Construct comparison for the five central concepts**
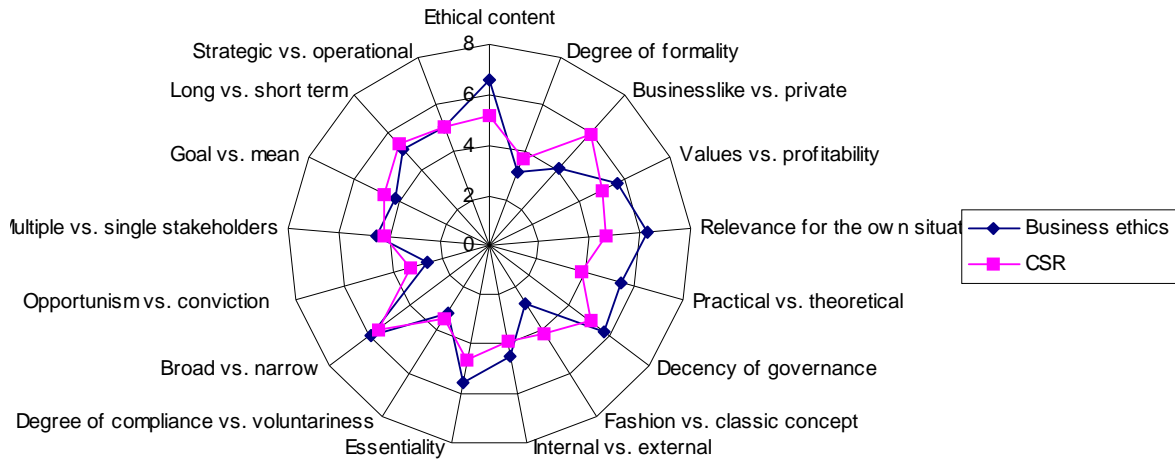
FIGURE 6:

Business ethics versus CSR

FIGURE 7:

CSR, Sustainability and Philanthropy