

VOL. 1 NO. 1, DEC., 2015



ISSN - 2536-7358

IJAD

ILORIN JOURNAL OF ADMINISTRATION AND DEVELOPMENT



**JOURNAL OF THE DEPARTMENT OF PUBLIC ADMINISTRATION
UNIVERSITY OF ILORIN, NIGERIA.**

Prof. Abdulganiyu Ambali (OON)
Vice Chancellor, University of Ilorin

Editorial Board

Dr. Osezua Ehiyamen M.
Founding Editor-in-Chief

Prof. Jackson Olujide
Chairman, Editorial Board

Prof. S. T. Babatunde
Language Editor

Editorial Assistants
Bello Muhammed Lawal
Abdulkareem Abdulrazaq

Production Managers
Samuel Oyedele
Akindele Iyiola Ph.D

Umar Abubakar

Editorial Advisory Board

Prof. Haruna Diakwa
Department of Political Science,
University of Maiduguri
Prof. Saliu Hassan
Department of Political Science,
University of Ilorin

Prof. Matthew Okotoni
Department of Public Administration
Obafemi Awolowo University, Ile-Ife

Prof. Adejo Odoh
Department of Local Government
and Development Studies,
Ahmadu Bello University, Zaria

Prof. Kunle Ajayi
Department of Political Science,
Ekiti State University

Prof. Shehu Dalhatu
Department of Political Science,
Bayero University, Zaria

Prof. Gberrebie Daniel
Department of Public Administration
Covenant University, Ota

Prof. Sat. Obiyan
Department of Political Science
Obafemi Awolowo University, Ile-Ife

Prof. Mrs. Juliana Taiwo Makinde
Department of Public Administration
Obafemi Awolowo University, Ile-Ife

Prof. Charles Ukeje
Department of International
Obafemi Awolowo University

Dr. Akin Olufowose
Institute of Public Administration of Nigeria,
Abuja

Prof. Albert Isaac Olawale
Institute of African Studies
University of Ibadan, Ibadan

Prof. Sharlene Swartz
Human Social Research Council
South Africa

Prof. Amusan Lere
Department of Political Science
North-West University, Mafikeng
South Africa

Prof. Solomon Akinboye
Department of Political Science
University of Lagos, Akoka

Prof. Fajonyomi Banji
Department of Public Administration
Lagos State University, Ojo

Editorial Advisory Board

INCULCATING VALUES, ORGANIZATIONAL ETHICS AND CORPORATE SOCIAL RESPONSIBILITY INTO THE SMALL AND MEDIUM SIZED ENTERPRISES

¹ S.B. Isiaka, Ph.D

sybyaka@yahoo.com

² A.S. Abdullah

abdullah.as@unilorin.edu.ng

³ A.P. Abogunrin

abogunrin.ap@unilorin.edu.ng

Abstract

The current economic situation in Nigeria has facilitated an increasing clamour for the creation and proliferation of the small and medium sized enterprises (SMEs). The importance of the SMEs cannot be overemphasized in any given economy. Therefore, the need to bring the awareness of existing SMEs owners as well as prospective business individuals to the pertinence of establishing ethical standards in their businesses is much relevant. This research investigates the creation of business ethics and corporate social responsibility (CSR) in developing businesses using four successful SMEs in Kwara State. Both the 'integrity strategy' and the 'legal compliance strategy' have been utilized by these businesses to protect their policies with respect to the stakeholders of the business. The values of the head in each of these SMEs have been entrenched into the firm through written policies and by the patterns of ethical behaviour created and modelled by the business leaderships. The study employed the qualitative research methodology as the frame for both data collection and analysis. Findings of the study showed that most SMEs owners are aware of ethical standards but in most cases, decide to find a way round for profit purposes. The paper concludes that SMEs is a complex process that is only attainable over time by a series of decisions, each of which gradually contributes to the ethical framework of the business. Identifying and describing the most crucial of these incremental decisions may give the key to the backgrounds of ethical businesses. It therefore recommends that when prospective entrepreneurs are starting business, organizational values should always reflect founder's values. This will further spur a strict awareness of responsible business entrenched with values and ethics.

KEYWORDS: Corporate Social Responsibility, Ethics, SMEs, Values

INTRODUCTION

The clamour for the creation and proliferation of SMEs in Nigeria has been on the increase due to awareness of the sector's value of high economic generation as well as the need for job creation in order to prevent the growing rate of unemployment within the country and to reduce the rate at which graduates source for employment in 'white collared' jobs and other government owned organizations. Importantly, the SMEs contribution to the economy can only be better seen through the proliferation of the sector. However, there is the need to also take into consideration the level of ethical standards the SMEs

use in running their businesses (Stodder, 2011). Albeit, several researches have been done on the larger organization's conformity to ethical business standards, little of such has been conducted on the ways that SMEs establish and maintain their ethical standards as they grow in most countries especially in Nigeria.

Meanwhile, the contribution that a business makes to the context within which it operates is viewed by many to be as pertinent as the 'gains' it derives. According to Stodder (2011: 118), "many statistics support the premise that, discussions about ethics,

¹ Associate Professor, Department of Business Administration University of Ilorin, Nigeria.

^{2,3} Department of Industrial Relations and Personnel Management, University of Ilorin, Nigeria.

values, integrity and responsibility is not only becoming acceptable in the business community, it's practically required." If, in fact, the behaviour of a business with respect to its ethics and social responsibility is pertinent to society in general, it behoves academics and practitioners alike to delve deeper into how organizations develop their ethical stances and the values that are the 'building-blocks' of their decision-making frameworks. How do business proprietors actually inculcate values, business ethics, and corporate social responsibility into their SMEs? Little research has been done so far on how the SMEs become socially responsible and how they actually maintain their ethical standards as they develop. Research on currently growing SMEs may present a picture of the early decisions that start firms on the road to ethical behavior over time. Of particular interest with upcoming businesses is the role of the leader (often a founding entrepreneur) who guides the process. Because it often takes time to build a management team, founding entrepreneurs may hold the key to the inculcation of ethical decision-making in such businesses. This research was conducted to identify ways in which business leaders instil values and ethics into their firms and make these businesses socially responsible to the wider community around them.

CONCEPT DEFINITION

There have been discussions and debates in recent times regarding the meaning of the terms, values, ethics and corporate social responsibility (Joyner, Payne & Raiborn, 2012; Stodder, 2011). For the purpose of consistency, and developing on past study into social management topics, the following definitions are used in this paper. *Values* are defined as the deep set of beliefs and principles deemed to be acceptable (by groups) of persons (Andrews, 1987; Mason, 1992). Values are derived from one's affiliation or membership in a culture or community. Linked with attitudes, beliefs, and behaviours, values add-up to form a continuous spiral of society culture (Adler, 1999). They portray what individuals think is pertinent or worthy in decision-making.

Ethics are defined as the conception of what is right, acceptable or appropriate and fair conduct or behaviour (Carrol, 1991; Freeman and Gilbert, 1998). Ethics can also be equated with the concept of morals (an individual's ability to decide between right and wrong, good and bad, acceptable and unacceptable). DeGeorge (1999) gave a brilliant definition to what business ethics should mean. He defined business ethics as a field of "special" ethics,

dealing especially with ethical dilemmas arising in the context of doing business. Examples of other such fields include medical ethics, engineering ethics and legal ethics. Business ethics however, combines core business values known to be held by many companies in the developed nations (i.e. United States and United Kingdom) such as pragmatism, efficiency and freedom (DeGeorge, 1999). Velasquez (1999: 13) perceived business ethics to be "a specialized study of moral right and wrong. It concentrates on moral standards as they apply particularly to business policies, institutions, and behaviours."

Corporate social responsibility (CSR) is defined as categories of legal, economic, discretionary and ethical actions or activities of a firm as made more fitted to the expectations and values of a society (Andrews, 1987; Joyner et al, 2002). In another definition, Costin (1999) perceived CSR as the basic expectations of the firm regarding ideas that takes the shape of protection of the public well-being, safety, and the environment. He linked corporate leadership with CSR, taking into cognizance leadership and support of publicly pertinent issues such as community services, sharing of non-proprietary quality-related information, education, resource conservation and improvement of business and industry practices.

Values, ethics and CSR are majorly interrelated and in some ways interdependent but they are not mutually exclusive. This is because; values influence the extent of a corporation's perceived social responsibilities and are also directed by community activities and the accepted standards and norms of such society. A part of CSR is a business's ethical responsibility, which is also influenced by the values of society (Carrol, 1991). Conversely, ethical or unethical activities of business can influence the values held by inhabitants of the society where such business exists. The intertwining of culture, wherein culture influences values which influences beliefs and in turn influences attitudes; which influences behaviours; and which shapes culture, continues to evolve.

LITERATURE REVIEW

Researchers have shown relatively little interest in entrepreneurial values and ethics; including the ethical factors that guide business owners to act the way they do until recently (Joyner et al, 2010; McKinney & Moore 2012). A lot of academics note the little attention given to ethical challenges of SMEs (Joyner, et al., 2010; Humphreys et al., 1993;

Payne & Duhon, 1990). A lot of the available researches have included comparisons of attitudes and behaviours between large and small firms. Wilson (1980) compared a number of elements of CSR in SMEs and large firms. In their study, 541 statements were used, however only seventy-three statements referred specifically to ethics, and none was actually linked to business or entrepreneurial discussions (Joyner et al., 2010). In another comparison of small and large firms by Chrisman and Fry (2011), it was revealed that the smaller firms such as the SMEs are quite more averse of the issues of CSR than their larger counterparts. According to Brown and King (2011), different internal and external factors usually cause differences in the ethical behaviour of these organizations. A further investigation by Longenecker, McKinney and Moore (2012) contrasted the perceptions of managers from small and large firms regarding ethical practices, using a scale against which participants responded.

The survey conducted in the U.S by John Case in 1990 of some selected small and large firms, where he provided brief literary description concerning ethical issues that usually come up in new business growth and development, revealed that while ethical problems seem difficult, in the end, the ethically agreeable choice would be made. There are however three limitations to his survey. First, the participants in his survey were mostly self-selected group. Second, the participants may have very high ethical standards due to the fact that were business owners who had no choice but to respond to the survey due to their believe in high ethical standards. Third, the participants knew the survey focused on ethical issues. This therefore shows that it is only human for respondents to believe they would make the right ethical choice in any given situation. The fact that they know that their ethical responses were being judged may have made their answers lopsided in the path of more ethical, rather than less ethical decisions.

In a later study by Smith and Oakley (1994) where the ethical values SMEs proprietors were assessed, it was revealed that the size of the context in which the SMEs owner do business was a determining factor in their ethical decision-making process, coupled with other demographic factors which may include age, education and the SMEs owner's previous or early environment. Their findings showed that the ethical values of SMEs owners in non-urban areas were higher than in urban areas and that formal education is beneficial, if not totally required, in driving legal and ethical behaviour. According to Welsh and Birch

(2012), SMEs owners perceived themselves as less likely to partake in exploitative power behavior for the purpose of meeting personal based or organizational based objectives. This further argued would only take place where the business owner is ethically unaware of the implications of his actions on the business. However, where a business owner is duly conscious of the repercussion of an unethical behavior which brings profits to the business at the expense of the community where they do business, then they should be prepared to face the consequences of their actions.

Several other researchers have approached the issue of business ethics and values in a more normative manner. These were primarily extracts from write-ups by entrepreneurs or those gotten from interviews with them that strive to proffer guidance to upcoming entrepreneurs as to how to navigate through the 'turbulent waves' of business ethics. Such guidance most times took the form of recounting experiences through storytelling (Joyner et al., 2012; Foote, 2001; Haney, 1996; Stodder, 2011). Similarly, various observers have come up with what amounted to guidelines for acceptable behavior, canvassing strongly for the application of ethics in business activities (Joyner et al., 2010; Murphy, 2013; Stodder, 2011).

A. STRATEGIC FRAMEWORKS FOR MANAGING ETHICS

Several opinions have been proffered to show why ethics matters to businesses (See Table 1). According to Friedman (1962), a company's fiduciary responsibility is solely to its stakeholders and not to any other group. The perception of pursuing shareholder interest alone is not the approach most ethicists or most business people would normally take (Foote, 2001). Organizations tend to realize that they must participate in society in an ethically agreed manner. The tendency is to engage in ethical business practices for one or two reasons, one ethical in nature and one more Machiavellian.

The ethical motivation guiding business is related to a desire to do the right thing, not because there are external pressures or governmental hindrance. As the research evidence presented later in this article illustrates, and as many researchers have proposed, firms often chose this approach willingly. Lowry (2006), a popular business ethicist, argued that many believe businesses are amoral, when in fact businesses generally embrace the values of ethics in practising their trade. He further cites several factors that serve to validate his position; among such factors are society, which expects moral behavior of its firms

when it revolted against immoral employment or labour practices, environmental unaware practices and other environmental policies. Firms today are seen to be taking proactive steps to ethics, one has only to see the amount of corporate codes of conduct that have been provided and respected over the past two decades or more (Joyner, et al., 2010).

Several other researchers (Carrol, 1996; Valesquez, Andre, Shanks and Meyer, 1996; Hanania, 1997) have also asserted that good ethics is good business. The more Machiavellian view as to why firms follow a more ethical path has its foundations in a desire to convince consumers and loyalist alike that the business is doing the acceptable thing. The business end here is either to (a) avoid litigation consequences of its actions or (b) persuade stakeholders that they seek to serve their interests rather than that of the firm solely (Joyner, et al., 2010). Additionally, it is worthwhile to hinge on the argument of Valesquez et al., (1996) that the cost of unethical behavior is high; therefore, not being ethical may be detrimental. According to Paine (1994), if managers fail to identify their responsibilities in molding firm's ethics and go after opportunities to provide climates that

strengthen important business relationships and image, they expose themselves to the risks of individual and corporate liability in the unforgiving legal business context. Experiences from the sport equipment producer, Nike, and electronic product manufacturer Samsung, each endured a public reputation disaster when unethical and corrupt labor practices were linked to their contract manufactures in the third world countries. She further noted that the initial strategy exposed to firms, which is more of a Machiavellian strategy, is the Legal Compliance Strategy. In addition, although legality generally begins from what society accepts is morally right or wrong; instance of legality does not usually mirror the totality of its perceived morality. This categorization mirrors the classic differences between the spirit of law (morality) and the letter of the law (legality). Laws affecting business operations and behavior are abundant enough to overwhelm any firm to the point of its demise. Public protest over observed illegal or immoral acts is as harsh, if not worse as trust is lost and public reputation tarnished.

Table 1: Rationale to Engage in Ethical Practices

Author	Rationale for Ethical Decision
Friedman (1962)	_____
DeGeorge (1999)	Society expects moral behavior and demands
Machavelli	Avert legal altercations Persuade stakeholders that company serves their interests
Nash (1995)	Entice consumer favor and loyalty
Paine (1994)	Legal compliance Integrity- does not exploit potential loopholes in law

Source: Joyner et al., (2012).

Paine's second strategy is closely related to adherence with the 'spirit of the law'. Appropriately 'christened' the Integrity Strategy, the 'spirit of the law, is a more difficult standard than the letter of the law. This strategy contains five features. First, the guiding values and commitments of the organization must be elaborately communicated to the employees. These values mirror the important business

obligations and shared organizational commitments (Joyner, et al., 2010). The entirety of the staff must show obedience to these guidelines and should be comfortable with discussions surrounding them. Second, management itself must exhibit personal interests to the values and commitments and should be willing to act accordingly (Joyner et al., 2010).

Table 2: Paine Ethical Framework

Strategy type	Rationale for Strategy	Activities within Strategy
Legal Compliance Strategy	Following the letter of the law. Desire to avert societal outrage, loss of public trust and destruction of image.	(a) Adhere to the letter of the law
Integrity Strategy	Following the spirit of the law. Desire to avert exploitation of loopholes within the law.	(a) Communicate values and commitments (b) Personally committed management (c) Integration of values into strategic decision-making (d) Structure supports and reinforces principles (e) Managers trained to use values and commitments

Source: Joyner et al., (2012).

Business leaders must be ready to assess and review their own behavior. Consistency in the process of decision-making is important to avert staff cynicism and rejection of the ethics program. Additionally, when ethical obligations conflict, managers must be take responsibility for the decisions they made (Foote, 2001). Another element according to Foote (2001) responsible for the achievement of the integrity strategy is the integration of values as identified above into the identified channels of strategic decision-making.

Most times and for all decisions, these commitments and values ought to be taken into consideration in the business key activities. Such activities among others may include the establishment of goals, the distribution of resources, generation of plans, the exploration of opportunities, the calculation of performance, the collection and distribution of information and the training and development of staff. Another characteristic of the integrity strategy borders on the fact that the organization's structure should support and reinforce adherence to these guiding rules or principles (Foote, 2010). Measures should be put in place to determine if adherence to the guiding principles has really taken place within the firm. The organization should at all times make sure the guiding values and commitments have been developed in consonance to how the firm conducts its business, both outside and inside the context of the

firm (Joyner et al., 2010). Lastly, it is worthy to note that managers within the business should be well informed through training in decision-making skills that imbibes the core values and commitments of the organization. This feature of integrity strategy requires that managers have required know-how and competencies to consider and implement the decision made using the business's core values and commitments.

METHODOLOGY

Due to the identified gap in the extant study and insights on how entrepreneurs in the SMEs build values, ethics and CSR into their growing business, this current research attempts to approach this shortcoming in the literature, based on the strategic framework outlined above. Due to the differences in each framework, the results of analysis will vary as a result of the adopted framework. The Paine framework was adopted for this study due to its quality of being specific and not general (Joyner et al., 2010). Specific activities within each strategy enable the researcher to code data to the specific strategy, thereby enabling a quicker data analysis process. Four research questions were used to direct the analysis. First, do business owners follow a legal compliance strategy? If so, what actions do they take to do so? Third, do business owners follow an integrity strategy? Fourth, if so, what actions do they

engage in to do so?

A key concern in this study is the necessity to gather data without leading the participants in their responses. Most of the participants want to appear ethical in their countenance and to be seen by others as possessing strong values. This desire might influence responses to questions if participants know that they were being studied in those areas. Therefore, the interview questions were shrouded with underlying sub-questions which will avoid leading the respondents in the responses they give. The study utilized a semi-structured interview format with the long interview technique to seek responses about the conception and development of a new SME over time. The business owners themselves freely expressed their perceptions about ethics without the stimulant of a prompt or the ability that they would be specially analyzed with regards to their ethical positions or underlying values. The respondents were however, informed that all the data in their responses would be analyzed to give a three-dimensional view of the SMEs creation and development process. Therefore ethical issues were embedded within the realm of the data collection even though they were not specifically shown as such to the respondents.

This methodology has some merits as it: (a) does not introduce the researchers' biases with respect to what areas of business might require ethical choices, (b) does not lead the respondents to provide information on only those individual areas of choice probed by the researcher, (c) does not ask for discussion of decisions without regard to the environment within which those decisions were taken, (d) does not lead the respondents to individually select areas for discussion where they feel they have acted more ethically than others, and (e) does not allow the respondents to identify and discuss those areas of ethical concern they found to be more pertinent throughout the SMEs development process. This methodology also looked into the concerns of many researchers in the field of ethics for a degree of contextual sensitivity.

The sample selected and utilized for this research consisted of four founding business owners who had established and develop successful, high potential SMEs within Kwara State. Each business owner was required to meet the following criteria: (a) had been involved with the business for a period of at least 3 years; (b) had steered the business towards sustained growth rather than income replacement; and (c) had been recognized as a successful founding business owner within the industry they operate as well as the

public they serve. The age of the business owners in the research ranged from a low of 25 years to a high of 59 years with the mean of 38 years. The age of the business at the period of interviews ranged from 3 to 15 years with mean of 7.3 years. Annual sales revenue of all the SMEs exceeded N1 million.

Data from the past activities of the businesses as well as the history of the venture creation was also utilized for crystallization and elaboration of interview data. An interview guide was utilized to ensure that each of the interviews covered all relevant areas with respect to building and development of the SMEs in the study. Each interview was recorded using an audio tape and transcription of responses was made verbatim. Copies of the written text were then used for coding the data. Once the interviews had been transcribed, the data pertaining to ethical issues confronted by the business owners were coded and analyzed using content analysis. The content analysis enabled the researchers to identify wide categories where the business owners made ethical decisions. Additionally, statements with explicit or implicit business owner values embedded in them were also aggregated. All data with relevance to ethical decisions and embedded values were coded in comparison with the Paine's ethical concepts framework (see Table 3) to ascertain whether the business owners had used either the legal compliance or integrity strategy in making decisions or not. Decisions were coded to one or the other strategy when activities identified by Paine were within description of business building supplied by business owners during the interview.

Issues relating to reproducibility (the extent to which classification produces similar outcomes when the text is coded by more than a single coder) which is the most pertinent reliability scope in this research was addressed by developing and using a dictionary of words, concepts, categories and relationships in coding the qualitative data. There is however two major limitations of this research design. One, the sample size was small making generalisability of the study's findings to the larger population of SMEs in Nigeria difficult. The other important issue in sample size is the need for depth versus breadth. In the case of larger samples, the investigator has more chance at understanding differences. With smaller, data-rich samples however, the investigator is more likely to achieve an in depth understanding. In this research, the authors decided to investigate for depth of understanding with the hope that future researches may be carried out on a larger scale to achieve greater generalisability and understanding of differences.

FINDINGS

a. Legal Compliance Strategy

While there are responsibilities enforced by laws, the temptation to ignore these responsibilities is often present, especially when the chances of getting caught are very little. All four of the SMEs investigated here adhere to the legal compliance strategy. One SME went to great lengths to instill respect for legal responsibilities in the business. Respondent A explained thus:

We decided to articulate our value system and we've come up with an eight point deal about all the things that we value....and one of our eight value system stuff is that we will obey the law. An incident once happened when we had a staff meeting where one of our colleagues from the marketing department called our attention to some of the practices that our marketers have been doing which might not align with our ethical standards. We found out that they have actually been doing that and there and then we called the parties involved and warn them to stop.

The articulation of the value system for this business also portrayed the use of integrity strategy, as the guiding values and commitments of the firm are reviewed and communicated. The use of the phrase "our" shows the third and fourth elements of the integrity strategy: the company's staff themselves feel committed to the core values and use them in decision making. An example of the willingness to comply with promulgated legal standards was exhibited by another organization's actions. The need for safety in the workplace led this firm to institute programs to test for physical wellness of our staff.

One of the respondents (respondent B) has this to say:

This organization has made it compulsory for any staff to be employed here to bring a medical fitness test certificate due to nature of our operations. When a member of staff goes on a scaffold for instance, you will know the person who erected the scaffold is well and at the right frame of mind, because we want to assure staff that their place of work is as safe as possible.

This portion of the report is included to exemplify the comprehension of compliance with the spirit of the law rather than only the letter of the law. It protects a handful of sets of stakeholders: the potential labourer who erects the scaffold, the potential victim (fellow

staff), and others who may be injured.

b. Integrity strategy

All of the four SMEs in the research went beyond legal compliance and portrayed evidence of Paine's integrity strategy, although, two of them showed evidence of going beyond legal compliance. The other two all had gone far beyond just legal compliance. Each of these businesses had internal records containing the values of the firm. However, the implementation of those values could not be pointed out through the written documents. It was only in the business owner's discussion of the various actions of each firm that the application of stated values could be found. One of the values explicitly detailed in the internal documents of a construction firm was quality. The proprietor spoke of how he was able to communicate the necessity for quality to his workers:

I remembered that I had gone to supervise about two to three of our recent works in town and I was back at the office and it struck me that I just was not satisfied with them. So I got to thinking and doing a little study on what you do about it. Do I need to employ different workers? Why is it that some builders do good jobs and some don't? I realized that the same individuals that build it well also build it crooked. The difference is my expectations of what they are doing. So we brought up what we called the Proprietor's Award for Excellence... it's a workmanship award that is given to supervisors attending to job who has the responsibility for ensuring adherence to quality. This step greatly helped in improving the quality of subsequent jobs.

Implementation of Paine's integrity strategy is clearly evidenced in the above quotation. The Proprietor's Award for Excellence exemplifies the first element in the strategy: the clear and complete communication of the company's core value and commitment. The business evidently committed to quality work and the communication of this commitment is in the form of this award. The business is telling its employees that doing a quality job will in fact be rewarded since it is one the most pertinent values the firm holds.

From all the findings above, it is evident that SMEs owners who adhere to ethical standards and

communicate same to their employees would consciously encouraged awareness of the corporate culture regarding how organizations should act in light of its moral responsibility to communities in which they exist and operate. All of these implications can be drawn from the very telling statement of "who we are."

CONCLUSION AND IMPLICATIONS

This study has shown the presence and implication of values, business ethics and CSR actions within the four organizations investigated. Both the legal compliance strategy and the integrity strategy were utilized in creating the values of the proprietor throughout the SME. The actions taken by the business owners studied in this research can serve as examples to potential SME owners as they start their own businesses. The pertinence of supporting, modelling, and rewarding ethical actions during the growth of new SMEs cannot be overemphasized. Those SMEs, whose proprietors steered them by making ethical decisions shaped by well-articulated values, were able to grow and develop well grounded cultures. The countenance of the proprietors was employed to guide decision-making of the employees for a long time in the process of its growth.

While the researchers expected to discover that the business owners were indeed complying with legal requirements, it is easy to perceive that non-compliance can come up more easily than expected. Making sure a firm maintained compliant in even the minutest issues can be time-consuming and costly. It needs vigilance and dedication but pays off in the message it disperses to workers. Those SMEs that created and articulated policies to assure legal compliance, set in place the mechanisms as well as the cultural framework to assure that all staff knew that legal compliance was not an option. Rather, it was an important and required component of "doing business" in their firms. It is pertinent to note that the proprietors who made the required, and at times expensive, decisions to assure legal compliance in their organizations were the key in guiding the countenance of the staff in their respective businesses. A decision to "cover up" or "boycott" at any period might have been seen by other organizations as a green light to indulge in illegal or "sharp" practices.

The most important discovery in this research was that during the growth of their enterprises, none of the SMEs was satisfied to simply meet the legal requirements of the challenging situations they are

confronted with. They reiteratively went beyond the specific requirements of the law in their activities with stakeholders. Though they varied in extent to which they moved beyond legal compliance, it was glaring that the majority of business owners felt a need to "pay back" their communities, workers, consumers or clients, and other stakeholders. In so doing, they were not only responsible corporate citizens and workers. They also impacted the lives of those with them positively. Keeping down dust and fumes at jobsites, reducing carbon emission, supporting the community schools in term of funding, helping the arts, assisting in local festivals and providing supplies and food to the needy and vulnerable were just an example of the numerous activities these organizations did to pay back to their communities or contexts.

Conclusively, this research has shown that the two-faced framework of Paine (1994) serves as an appropriate tool for analyzing data of such. However, other researches that may come up in the future should attempt to utilize a variety of other available frameworks to investigate and probe for the abundant elements of the process used to develop ethical, socially responsible firms. By using other frameworks, a more complex and far-reaching analysis can be performed. One thing that this research has evidently shown is that creating values, ethics and CSR into the growing SMEs is a complex process that is only attainable over time by a series of decisions, each of which gradually contributes to the ethical framework of the SMEs. Identifying and describing the most crucial of these incremental decisions may give the key to the backgrounds of ethical businesses.

RECOMMENDATIONS

It is therefore recommended that SMEs should take into consideration ethical values in their bid to register their image in the minds of their stakeholders when embarking on CSR. This can be done by driving into the mindset of the employees' of SMEs those values that the business founder and stakeholders hold of utmost importance as described by Robbins, Judge & Vohra (2013).

REFERENCES

- Adler, N. (1999). *International dimensions of organizational behaviour*. Cincinnati, Ohio: South-western.
- Andrews, K.R.(1987). *The concept of corporate strategy*. New York: Richard. D. Irwin, Inc.
- Brown, D. J & King, J. B. (2011). *Small business ethics: Influences and perceptions*. *Journal of Small Business Management*, 2 (5): 11-18.
- Carrol, A. B. (1991). *A three-dimensional conceptual model of corporate performance*. *Academy of Management Review*, 4 (4): 497-505.
- Costin, H.(1999). *Strategies for quality improvement*. Forth Worth, Texas: The Dryden Press.
- Chrisman, J. J. & Fry, F. L. (2011). *Public versus business expectations: Two views on social responsibility for small business*. *Journal of Small Business Management*. 2 (5): 19-26.
- DeGeorge, R. (1999). *Business ethics*. Upper Saddle River, New Jersey: Prentice-Hall.
- Freeman, R. E. & Gilbert, D. E., Jr. (1998). *Corporate strategy and the search for ethics*. Englewood Cliffs, NJ: Prentice-Hall.
- Friedman, M. (1962). *Capitalism and freedom*. Chicago, IL: The University of Chicago Press.
- Hanania, J. (1997). *Conscientious Objector*. *Los Angeles Times*, June 8.
- Haney, W. M. (1996). *The power of invention*. *Daedalus*, 125(20): 87-95.
- Humphreys, N., Robin. D. P., Reidenbach, R. E & Moak, D. L. (1993). *The ethical decision making process of small business owner/Managers and their customers*. *Journal of Small Business Management*, 31(3): 5-19.
- Longenecker, J. G., McKinney, J. A., & Moore, C.A. (2012). *Ethics in small business*. *Journal of Small Business Management*, 2(5): 31-45.
- Lowry, C. (2006). *HR Managers as ethical decision makers: Mapping the terrain*. *Asia Pacific Journal of Human Resource Management*. 44(20): 211-221.
- Mason, D. E. (1992). *Values for ethical choices: Rate yourself*. *Non-profit World*, 10(3), 23-25.
- Murphy, A. (2013). *The seven (almost) deadly sins of high-minded entrepreneurs*. *Inc.Online*, 13(5): 47-54.
- Joyner, B. E., Payne, D & Raiborn, C. A. (2012). *Building values, business ethics and corporate social responsibility into the developing organization*. *Journal of Developmental Entrepreneurship*, 7(1): 113-128.
- Paine, L. S. (1994). *Managing for organizational integrity*. *Harvard Business Review*, 12(4): 106-117.
- Payne, S. L & Duhon, D. (1990). *Hard time ethics and the small business entrepreneur*. *Business Insights*, 9(2): 29-32.
- Robbins, S. P, Judge, T. A & Vohra, N. (2013). *Organization behaviour*. (15th ed.). NY: Pearson Ed. Inc.
- Smith, P.L & Oakley, E. F. (1994). *A study of the ethical values of metropolitan and non metropolitan small business owners*. *Journal of Small Business Management*, 32(4): 12-24.
- Stodder, G. S. (2011). *Goodwill Hunting*. *Entrepreneur*, 2(5): 118-121.
- Velasquez, M.G. (1999). *Business ethics: cases and concepts*. Englewood Cliffs, NJ: Prentice-Hall.
- Welsh, D. H & Birch, N. J. (2012). *The ethical orientation of U.S. small business decision makers: A preliminary study*. *Journal of Small Business Strategy*, 2(2): 41-51.
- Wilson, E. (1980). *Social responsibility of business: What are the small business perspectives?* *Journal of Small Business Management*, 12(2): 17-24.