The worth of corporate social responsibility in SME growth to large corporate size

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ABSTRACT

This study investigated the relationship between corporate social responsibility (CSR) and the growth of small and medium-sized enterprises (SMEs). It examined the extent to which SMEs can engage in CSR to achieve larger sizes. A purposive study selected three large corporates that started as SMEs and grew to become large corporates through CSR. Interviews with managers leading CSR in these corporates revealed that CSR can be a key driver of growth, leading to larger sizes. The study concludes that CSR can be effectively used by SMEs to enhance their growth, potentially even to multinational enterprise levels. Recommendations include training employees in CSR knowledge, integrating CSR into business operations, prioritizing CSR initiatives, exposing management to CSR, and incorporating CSR into the mission for strategic status.

Introduction

Sepasi et al. (2021) explain that Corporate Social Responsibility (CSR) has become an increasingly important part of the business environment over the past few years. This change has been driven by the globalization of trade, the increased size and influence of companies, the repositioning of government, and the rise in strategic importance of stakeholder relationships, knowledge, and brand reputation (Ijabadeniyi & Govender, 2024). The relationship between companies and civil society organizations has evolved from paternalistic philanthropy to a re-examination of the roles, rights, and responsibilities of business in society.

Despite the myth that CSR is an activity exclusively restricted to large corporates, some Small and Medium-sized Enterprises (SMEs) may be able to build a strong business case for improving and demonstrating their social responsibility (Čera & Ndou, 2024). Benefits might include better alignment with consumer concerns, partnership opportunities with large corporations, improvements in productivity, and improved capacity for learning and innovation. However, these benefits may not be significant for every company. For SMEs in developing countries, upgrading the quality of their technology, management, and marketing are likely to be equally pressing concerns, which need to be addressed in parallel with social and environmental impacts.

According to Aharoni (2024), it is crucial to understand the basis for viable, appropriate ‘small business responsibility’. The lessons and approaches of CSR cannot be simply transferred to SMEs. Sarna (2024) edifies that many of the concerns underlying calls for CSR do not apply to SMEs, which lack the power to influence governments, dictate standards, or move across national boundaries in search of lighter regulation. At the same time, many SMEs already practice some kind of ‘silent social responsibility’ (Jiménez et al., 2021). SMEs generally have a greater understanding of local cultural and political contexts, more links with local civil society, and a greater commitment to operating in a specific area (Paiva et al., 2024). Family-owned companies often exhibit strong ethical and philanthropic approaches.

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For clarity and consistency in the use of CSR and SME growth, these concepts are both defined next. CSR is defined as the actions and initiatives taken by businesses to positively impact society and the environment beyond their immediate financial goals, involving a commitment to ethical and socially responsible practices, such as environmental sustainability, social welfare, and community engagement, in addition to their core business operations (Berniak-Woźni, et al., 2023). CSR can be viewed as a strategic advantage for companies because it can enhance their reputation, improve stakeholder relationships, and contribute to long-term sustainability. CSR is a critical aspect of modern business, and its relevance extends beyond large corporations to include SMEs, which can play a significant role in promoting social and environmental responsibility in their local communities. SME growth, on the other hand, involves the expansion and development of SMEs through strategic business decisions and the implementation of CSR initiatives that enhance their operations, market reach, and overall performance (Lee et al., 2021; Sundström et al., 2020).

The problem and subject matter of the research entails the implications of CSR for SMEs in developing countries. The study aims to investigate how SMEs in these countries conduct CSR and how it affects their performance. The research focuses on the challenges and benefits of implementing CSR in SMEs, including the financial burden, lack of resources, limited knowledge, and understanding of CSR. The study also explores the motivations of employees for engaging in CSR and the perceived business rationale of CSR activities. The findings are expected to contribute to the development of a business case for CSR in SMEs, which can help them adopt and maintain CSR practices, and contribute to their growth and development.

**Literature Review**

This section continues by clarifying CSR in SMEs in unlocking SME growth using CSR to give details on the SME growth concept that was defined in the introduction. It then proceeds to presentation of sections “Theoretical and Conceptual Background” and “Empirical Review and Hypothesis Development”.

**Unlocking SME Growth through CSR**

SME growth refers to the expansion and development of SMEs in terms of their operations, market stretch, and overall performance (Lee et al., 2021). This growth can be driven by various factors, including strategic business decisions, market conditions, and the implementation of CSR initiatives. Odoro et al. (2024) explain that SMEs can benefit from CSR by aligning their business practices with social and environmental concerns, which can lead to improved brand reputation, increased customer loyalty, and enhanced employee engagement. Effective CSR strategies can also help SMEs build partnerships with larger corporations, improve productivity, and foster innovation (Williams & Murphy, 2023). However, the specific benefits of CSR for SMEs may vary depending on their context, such as their location in developing countries where upgrading technology, management, and marketing capabilities may be more pressing concerns.

In the context of SMEs, CSR is particularly important due to their significant role in local economies and their potential to create positive social and environmental impacts (Yáñez-Araque et al., 2021). While SMEs may not have the same level of resources or influence as larger corporations, they can still demonstrate social responsibility through various practices, such as community involvement, employee welfare, and environmental conservation. Palacios-Manzano et al. (2021) clarify that the importance of CSR for SMEs is driven by several factors, including globalization, increased stakeholder expectations, and the need for sustainable development. SMEs can benefit from CSR by improving their brand reputation, attracting customers and investors, and enhancing their competitive advantage. However, the specific challenges and opportunities for SMEs in developing countries may differ from those in more developed economies, requiring tailored approaches to address local needs and contexts.

**Theoretical and Conceptual Background**

SMEs have a general tendency to believe that they cannot be generous in extending help as they earn less. This is the reason many of them do not engage in CSR. CSR is a contemporary management concept where companies incorporate social and environmental aspects into their business operations and interactions with stakeholders (Camilleri, 2017). It entails reaching a balance of economic, environmental, and social essentials while ensuring fulfillment of the expectations of shareholders and stakeholders. In its simplest form and in the eyes of beneficiaries, CSR manifests itself as charity or philanthropy. However, its distinctiveness stems from that it goes beyond ordinary donations. Rastogi and Shilpi (2024) describe CSR as an intent for a strategic approach to business management that benefits society and the environment while conducting its core business. CSR is therefore the initiative of businesses to voluntarily take responsibility for their impact on society and the planet, beyond what it is legally required to do, and beyond its mission and vision. CSR activities can include environmental sustainability, ethical practices, philanthropic activities, and economic development efforts to create a positive impact on communities and address societal issues such as poverty and inequality. Companies that engage in CSR unconsciously or unknowingly enhance their brand identity, attract top talent, drive employee engagement, and contribute to a more sustainable world.

Throughout history, the CSR programme evolved and has been shaped from distinctive theories and approaches. From the African perspective, humanity (botho or ubuntu) as a community concept in a nutshell, was meant to ensure that those in who have should help those who do not have (Makwara et al., 2023). Initially, CSR was typically used when evaluating the effects of business on society and the environment. As a matter of fact, the earliest contributors had associated CSR with corporate philanthropy, stewardship principles and business ethics. However, CSR nearly took a different definition when the businesses’ way of thinking
transformed radically to entertain that the companies' only responsibility was to maximize their owners' and shareholders' wealth (Yan, 2019). Despite these, CSR has persisted in retaining its focus on developing people and the environment. Some companies do not engage in CSR, as they view it as a burden for the company. Many SMEs consider CSR as activities that must disburse money, which many do not have in abundance.

Empirical Review and Hypothesis Development

One challenge of incorporating CSR in SMEs includes high cost, lack of resources, and limited knowledge and understanding of CSR (Kasradze et al., 2023). SMEs seem to repeatedly struggle with the financial burden of introducing CSR in the business, and they may be lacking suitable resources that larger corporations dedicate to CSR (Mahmood et al., 2021). Moreover, SMEs tend to lack the required minimum level of knowledge or understanding of CSR as larger corporations, which can make it problematic for them to execute and manage CSR programs effectively.

Another challenge that SMEs have may be lacking a strong business case for CSR (Wentzel et al., 2023). While larger corporations may see the value in CSR to improve their public image and attract customers, SMEs may not see the same direct benefits (Nygaard et al., 2022). Nonetheless, research (Baptista & Brito, 2023; Bieławska, 2022; Williams & Murphy, 2023) has shown that CSR can have a positive impact on SMEs' financial performance and reputation, and can help attract and retain employees and customers.

Despite these challenges, SMEs can still benefit from implementing CSR initiatives. By prioritizing environmentally friendly business practices and promoting diversity, equity, and inclusion, SMEs can improve their public relations and brand image, attract loyal customers, and keep their employees engaged at work (Calder et al., 2019; D'Agostin et al., 2020). Furthermore, SMEs can use CSR to align their brand with relevant social causes and issues that matter to their stakeholders, which can positively impact sales, employee motivation, and brand positioning.

To integrate CSR in SMEs effectively, it is imperative to create an inclusive strategy and implementation plan that is consistent with the SME's stakeholders, culture, and values (Fatima, & Elbanna, 2023; Pillai et al., 2022; Zou et al., 2021). This can include identifying relevant social causes and issues, setting clear goals and metrics for success, and engaging employees and stakeholders in the CSR process. Additionally, SMEs can seek out resources and support from organizations that specialize in CSR and sustainability, which can help them overcome the challenges of implementing CSR initiatives.

Research and Methodology

A qualitative study design was used in this study to allow the researcher to explore the complex and multifaceted nature of CSR in SMEs, and to generate insights that inform the development of more effective and customized CSR strategies (Guillén et al., 2021). According to Akinlar (2024), qualitative research is a method of inquiry that aims to understand and interpret the meaning of social phenomena in their natural setting. In this study, the researcher conducted interviews to gather rich and detailed data on the experiences, perceptions, and attitudes of SME owners and stakeholders regarding CSR. Qualitative research is particularly useful for exploring complex and multifaceted concepts, which can have different meanings and implications for different stakeholders (Berger & Blanka, 2024; Priya, 2021). It helped the researcher to capture the tones and context of CSR practices and to understand how they are influenced by the social, cultural, and economic environment of SMEs.

Ibrahim et al. (2012) add that qualitative research can provide insights into the motivations, barriers, and outcomes of CSR initiatives in SMEs, which can inform the development of more effective and tailored CSR strategies. Qualitative research can also help researchers to identify the challenges and opportunities of CSR implementation in SMEs, which can contribute to the advancement of CSR theory and practice. Respondents who are actively involved in SMEs and have direct experience or knowledge related to CSR practices within their organizations are relevant for informing this study. Specifically, the researcher was looking for individuals who hold top positions in SMEs that have graduated to become large corporates, such as CEOs, business owners, CSR managers, or employees responsible for CSR initiatives as they could be valuable respondents for this study. Their insights and perspectives on the implementation, challenges, benefits, and outcomes of CSR activities within SMEs would provide crucial data for understanding the impact of CSR on the growth and development of SMEs. Thus, a size $n = 3$ purposive sample of large companies that started as SMEs was used. A bank, a grocery shop, and a pharmaceutical company agreed to participate, with the proviso that ethical conditions of anonymity, confidentiality, and informed consent, among others, are agreed with them.

Data analysis included units of meaning from content analysis. According to Abhishek (2024), content analysis is a research method involving the systematic exploration and interpretation of textual data to identify patterns, themes, and trends. In the content analysis context, units of meaning are to the smallest units of text that convey an expressive idea or concept (Alhamshary, 2024). These units can be a single word, a phrase or as long as a paragraph. This study used short phrases.
Findings and Discussions

Findings

Respondent A

CSR engagement

The respondent was a senior official of a bank tasked to manage the CSR division and was responsible for CSR in the bank from the time it was an SME. That bank started as a small bank in South Africa. It has currently grown into one of South Africa's largest retail banks, boasting close to 15 million customers.

‘A’ informed that during the time that the bank was a SME, it became socially responsible by committing to creation of social and environmental good. The bank did not focus exclusively on profit, it funded community and environmental development activities, ensuring that every activity that was funded was not harmful. She said that the CSR activities included lending and investment choices that aligned with the values of socially conscious individuals and groups. She indicated that the bank proved its impact through external associations that reflected its commitment to social and environmental justice.

‘A’ also claimed that she motivated employees to engage in CSR activities for several reasons, including personal values, a desire to make a positive impact, and the potential benefits to the business, such as attracting customers and enhancing the company's reputation.

‘A’ stated that the business rationale of engaging in CSR activities from the time it was a SME, included to improve the reputation of the bank, to attract customers who share similar values, and to comply with all the regulations that were related to environmental and social risks. For example, she cited an example where their CSR activities helped some small businesses with funds to reduce their carbon emissions and transition to more sustainable businesses, which were beneficial for both the environment and the business.

CSR contribution to growth and development of SMEs

‘A’ explained that CSR can contribute significantly to the growth and development of SMEs by improving their performance, creating value for stakeholders, and providing access to finance. She said that SMEs can overcome challenges by engaging in CSR and by understanding the drivers and barriers to engagement, implementing dedicated budgets and structured procedures, and taking advantage of opportunities in the global value chain. She advocates a relationship between CSR and SMEs performance and indicates that it is confirmable by considering alternative measures of value creation and contingency factors such as industry dynamism and competitiveness. She explains that CSR is a treasured tool for SMEs to address grave problems such as access to finance, which is crucial for their growth and development. She claimed to have witnessed their SMEs contribute significantly to global economic growth and employment when CSR helped to improve their performance and created value for stakeholders. According to her, that was when they were also moving away from SME status to medium and then to large corporate.

‘A’ stated that the benefits of CSR for their bank SME included improved brand reputation, increased sales and profit, happier employees, better access to finance, and differentiation from competitors. She also informed that CSR assisted their SME to attract and retain customers, and that participating in CSR assisted their SME to start participating in the global value chain (GVC), which then led to access to high-quality information. She claims that these opened doors to growth, visibility, integration, and growth within GVCs.

‘A’ credited adopting strategic alliances and addressing community and environmental issues by SMEs as an opportunity they took advantage of when they started engaging in CSR. She continued that CSR led their SME to value creation, such as employees’ growth.

Respondent B

This respondent was a CSR manager for a retail giant that started as a small grocery store in South Africa, which has since grown to become one of Africa's main food retailers, with many operations in foreign countries.

CSR engagement

‘B’ informed that this large grocery retailer, when it was still a SME, decided to engage in socially responsible activities due to being responsive to factors such as consumer preferences, ethical values, and envisaged business benefits. He identified those activities as ranging from environmental measures such as recycling and energy conservation, to more complex initiatives that include ethical sourcing, fair labour practices, and community development.

He claimed that some employees ‘did not have CSR in them’, so he inspired them during the SMEs days to engage in CSR. He provided reasons that included personal values, a sense of purpose, and the desire to contribute to positive social and environmental impact. He reported that the CSR initiatives showed to have led to heightening of motivation levels, job satisfaction, and loyalty.
‘B’ indicated that the CSR inception showed to have improved brand reputation, increased sales and profit, happier employees, and better access to finance. He found CSR to have helped their SME to attract and retain customers who value social and environmental responsibility, and differentiate themselves from competitors, leading to its current state.

**CSR contribution to growth and development of SMEs**

‘B’ stated that SMEs engaged in CSR activities, and these led to the experiences of positive outcomes such as increased innovation, improved image, reputation, and financial results. He said that the CSR practices enhanced their SME standing in the community, and contributed to economic, ecological, and communal development, making their SME an integral part of the CSR movement. He informed that when they incorporated CSR strategies, their SME could identify market opportunities, to increase market shares, to decrease costs, and to align their operations with societal needs and values. This, he said, ultimately fostered sustainable growth and positive relationships with stakeholders. He reiterated that CSR initiatives led to enhanced business performance, customer loyalty, and improved relationships with workers and the local community, and positioned their SMEs for long-term success and competitiveness in the market.

**Respondent C**

Respondent C was a CSR manager representing another multinational pharmaceutical company that started to operate as an SME. The company was already a leading international corporate in the industry, with branches in close to 60 countries.

**CSR engagement**

‘C’ stated that their SME engaged in socially responsible activities to varying extents. Their focus was to improve the SME image, increase profitability, enhance market position, competitiveness, build trust, customer relationships, promote social engagement, sustainability, business ethics, attract investors, and participate in social and environmental initiatives. As being responsible for CSR, he encouraged employees to engage in CSR because of factors such as business ethics, competitiveness, codes of ethics, customer relationships, employee volunteering, environmental initiatives, health-related initiatives, improved image, investor interest, local community initiatives, market position, organizational culture, philanthropic initiatives, profitability, social campaigns, social engagement, sustainability, and trust-building.

**CSR contribution to growth and development of SMEs**

‘C’ stated that their pharmaceutical SME was elevated to high performance because of their CSR in which he said it signaled a positive association between CSR practices and firm performance. He highlighted that for their SMEs, CSR may not be directly associated with profitability or overall performance, suggesting that SMEs often need to make tradeoffs when engaging in CSR activities. He identified factors such as ethical corporate culture, contribution to society, and improvement of corporate image as the results of implementation of CSR. ‘C’ added that their CSR balanced responsibilities to society with enterprise growth, potentially creating a competitive advantage and contributed to the SME’s economic interests that led to its growth, and it is now a large multinational enterprise.

**Discussion**

**Engagement in CSR**

The findings show that socially responsible banking of SMEs involves bank SMEs making lending and investment choices that align with the values of socially conscious individuals and organizations. Győri et al. (2021) concur that socially responsible banking SMEs can bank and lend investment using choices that align with the values of socially conscious associates. Such banks often adopt these approaches when they prioritize environmental and social responsibility in their operations. They grow by supporting progressive causes, social justice, and sustainable organizations, while avoiding unethical conduct (Chen & Huang, 2018). According to Ahmed et al. (2020), employees may be motivated to engage in CSR activities for a variety of reasons, and the perceived business rationale of CSR activities includes improving the bank's reputation, attracting customers, and complying with evolving regulations. They also counsel that CSR activities can also help bank SME reduce their carbon emissions and transition to more sustainable business models.

The grocery SME considered its impact on society and the environment in its operations and decision-making, engaging in CSR activities from environmental measures (recycling and energy conservation) to more complex initiatives (ethical sourcing, fair labour practices, and community development). This finding is consistent with Odoro et al.’s (2024) attitude, which explains that the CSR model for SMEs has over the years demonstrated that practical strategies that SMEs can apply have potential to enhance their growth. The finding was extended to that CSR efforts also urged the SME to reduce food waste and minimize its environmental impact. Also, Thorisdottir and Johannsdottir (2020) explain that CSR compel the SMEs to ensure that products are sourced from suppliers who adhere to fair labour practices and environmentally responsible production methods, thereby enforcing ethical practice. This led to the sustainability, and the eventual growth of the SME to a large corporate. The identified CSR benefits for the SMEs included improved brand reputation, increased sales and profit, happier employees, better access to finance, and differentiation from competitors, leading to eventual current large size. Hongxin et al. (2022) echo the finding by explaining that CSR could help an SME to elevate to a higher level of competitiveness, financial generation, performance, financial and subsequent profits. A finding about
The grocery SME was that CSR assisted in attracting and retaining customers who valued social and environmental responsibility, leading to a positive impact on the community and the environment. Camilleri (2022) concurs that SMEs that implement CSR and environmentally sustainable behaviours usually pursue their profit-making activities, are inspired to engage in ethical behaviours, responsible human resources management and to invest in environmentally friendly initiatives. When embarking in CSR, the SMEs can create value to their companies, to society and to the natural environment as these contribute these SMEs’ growth. Strategic credits of CSR behaviours and of environmentally sustainable practices, as responsible businesses, can improve SME growth prospects and increase their long-term competitiveness. Therefore, indications are that for the grocery SME, CSR contributed to the community beyond core business operations, built social capital, and improved workplace diversity, equity, and inclusion.

CSR is a treasured tool for SMEs to address grave problems, such as access to finance, which is crucial for their growth and development. According to Bhattacharyya and Kumar (2022), CSR enables SMEs to contribute significantly to global economic growth and employment, and CSR activities can help them improve their performance and create value for stakeholders. A strategic approach to CSR, puts forward a model of CSR activities that enhance SMEs’ growth, and argues that by aligning CSR activities with the competitive strategy of the firm, SMEs enhance firm growth. Additional benefits of CSR for SMEs include improved brand reputation, increased sales and profits, happier employees, better access to finance, and differentiation from competitors (Mu et al., 2024). CSR can also help attract and retain customers who value social and environmental responsibility, leading to a positive impact on the community and the environment. Stoian and Gilman (2017) point out that CSR is an alternative measure of SMEs to create value, and grow employees, and to make SMEs to benefit from their participation in the GVC and provides them with access to high-quality information that contributes to their integration and growth within GVCs. Thus, SMEs can adopt CSR strategies such as strategic alliances and address community and environmental issues and benefit from opportunities in CSR engagement.

SMEs that engage in CSR seem to demonstrate business ethics; attract investors; build image, trust, loyalty, customer relationships and growth; improve market position and competitiveness; increase profits and investor interest; promote social engagement and sustainability; and engage in social and environmental initiatives. These are supported by Tiep Le et al. (2023) who add that CSR contributes to SMEs by enhancing brand trust and brand loyalty.

**CSR contribution to SME growth**

The study showed that CSR can impact greatly to the SME growth and development by improving their performance, creating value for stakeholders, and providing access to finance. This is echoed by that Lechuga Sancho et al. (2020) when SMEs engage in socially responsible practices, they can enhance their business operations, build stronger relationships with stakeholders, and gain access to financial resources that can support their growth and development. It also came out that engaging in CSR help to understand the drivers and barriers to engagement, implement dedicated budgets and structured procedures, and exploit opportunities in the global value chain. Corazza (2018) echoes that CSR is a valued means for a SME to address critical problems that are crucial for its growth and development. Moreover, CSR can improve SME performance and create value for stakeholders on the way to medium, and then large corporate. The benefits of CSR for SMEs include brand reputation, increased sales and profit, happy employees, better access to finance, and differentiation from competitors. Cuesta-Valiño et al. (2022) agree that CSR in SME enhances consumer happiness in brand loyalty, satisfaction and brand image. Engaging in CSR helped SMEs to attract and retain customers, to participate in the GVC, access high-quality information, and growth.

CSR practices play a substantial role in the growth and development of grocery SMEs. In accord, Pulker et al. (2018) indicate that when SMEs engage in CSR, they experience positive outcomes such as increased innovation, improved image, reputation, and financial results. These practices enhance the SMEs standing in the community and contribute to economic, ecological, and communal development, making SMEs an integral part of the CSR movement (Bahta et al., 2021). Elford and Daub (2019) add that by integrating CSR strategies, SMEs can identify market opportunities, increase market shares, decrease costs, and align their operations with societal needs and values, ultimately fostering sustainable growth and positive relationships with stakeholders. Bahta et al. (2021) further clarified that CSR initiatives can lead to enhanced business performance, customer loyalty, and improved relationships with workers and the local community, positioning SMEs for long-term success and competitiveness in the market.

At its prime level, CSR incorporation into SMEs seems to be creating an ecosystem, which is a system formed by environments and their organisms interacting with each other (Tsujimoto et al., 2018). Formation of an ecosystem in this sense is the case of a SME where components of CSR manifesting as benefits interact to form a bubble of SME life for sustainability, and growth the SME.

**Implications**

The study shows that CSR can be an effective strategy for SMEs to achieve larger sizes and potentially even grow into multinational enterprises (MNEs). It found that SMEs that engage in CSR activities can experience enhanced growth as a result. To leverage CSR for growth, SMEs should train employees in CSR knowledge and best practices; integrate CSR into core business operations and strategy, not just treat it as an add-on; prioritize CSR initiatives that create the most value for stakeholders and the business; expose management to CSR concepts and how to implement them effectively; and incorporate CSR into the company mission and values to give it strategic importance. The SMEs can proactively manage CSR and build a strong reputation, attract, and retain talent, improve stakeholder relationships, and ultimately drive business growth. However, SMEs face challenges such as limited resources and skills.
that can hinder CSR implementation. Therefore, this study suggests that SMEs should view CSR as an opportunity rather than a cost, and strategically leverage it to achieve scale and competitiveness, even to the level of MNEs. With the right approach, CSR can be a powerful engine for SME growth.

Some specific practical examples of how SMEs can effectively implement CSR strategies are to integrate CSR into business strategy, engage employees in CSR, support local community initiatives, communicate CSR efforts transparently, and measure and improve CSR performance, as elucidated below:

i. **Integrate CSR into business strategy:** SMEs could integrate CSR into the company mission, vision and values to give it strategic importance; align CSR initiatives with core business operations and competencies; and set clear CSR goals and key performance indicators that are measurable and time bound.

ii. **Engage employees in CSR:** SMEs need to form a CSR steering committee with representatives from different departments; train employees on CSR concepts and how to implement them; and provide opportunities for employees to volunteer and give back to the community.

iii. **Support local community initiatives:** SMEs could sponsor community events, support local charities, and partner with non-government organizations; prioritize CSR initiatives that create the most value for stakeholders; and collaborate with other SMEs and larger companies on CSR projects.

iv. **Communicate CSR efforts transparently:** SMEs could regularly report on CSR performance and impact to stakeholders; use multiple channels like website, social media, newsletters to share CSR stories; and seek feedback from stakeholders on CSR priorities and initiatives.

v. **Measure and improve CSR performance:** SMEs may develop a system to monitor and evaluate CSR efforts and outcomes; benchmark CSR performance against industry peers and best practices; and continuously improve CSR strategies based on learnings and stakeholder input.

**Conclusions**

CSR is important for SMEs, and not only for large corporates. SMEs, because of their size, can be more socially responsible due to their close involvement with owners, founders, employees, and local communities. The study also insinuates that the approach to CSR in SMEs is often implicit and informal. The study also suggests that the evaluating CSR activities among SMEs could be explored using alternative frameworks as well. That is, in assessing the link between CSR and company performance among SMEs, the assessment could include non-financial rather than exclusively using financial performance measures. The case of incorporating CSR into the participating SMEs in this study entailed these former SMEs establishing divisions to undertake CSR as a full and complete activity of the business entities, and even appointing dedicated personnel to undertake CSR activities. CSR can bring numerous benefits to SMEs in various areas, such as brand recognition, public trust, customer loyalty, employee retention, and financial performance. Herewith follows a basket of some specific benefits of CSR for SMEs. The study shows that the SMEs can be rewarded with accelerated capital growth, bolstered public trust, boosted company reputation, deepened competitive advantage, employee retention rates, enhanced financial performance, exposure of SMEs to more markets, happier employees, improved business performance, improved customer loyalty, improved but free marketing, increased brand recognition, increased opportunities for projects, increased partnerships, positive impact on the community and the environment, prospects for being subcontracted on large projects, and so on. The study shows that even when at the beginning of CSR, an SME can take a brief of short-term knock in finances, the long-term benefits can create an ecosystem with the SME for growth to become a large corporation. The study, therefore, recommends that SMEs should incorporate CSR in full where feasible, or components of CSR according to priorities in the communities of CSR focus.

**Limitations and Future Research**

Methodological constraints of this study impact the interpretation of research findings. These limitations can arise from issues with research design, methodology, materials, and researcher-related factors. Purposive sampling and insufficient small sample size restrict the study from being representative of the population and generalizability.

Future research in CSR recommends transdisciplinary approach, contextual consideration, methodological rigor, longitudinal studies, expansion of research topics, and enhance CSR reporting along the following details:

i. There should be future research that adopts a transdisciplinary perspective, integrating insights from areas such as political science, philosophy, and economics to enhance the understanding and implementation of CSR activities.

ii. There needs to be research to delve deeper into the contextual factors that influence CSR practices, especially in developing countries and emerging economies. This includes examining sociocultural variables, and the impact of political and governance systems on CSR outcomes.

iii. Academics are encouraged to enhance the methodological rigor of quantitative CSR research by using innovative methods to explore the micro-level mechanisms of CSR and reveal patterns hidden in unstructured big data.
iv. Conducting longitudinal studies to examine the process of economic development alongside CSR practices in rural areas and townships of South Africa, can provide valuable insights into the evolution of CSR in different settings and the economies that CSR contribute.

v. Researchers in entrepreneurship and SMEs should explore under-researched topics that are forward-looking and socially oriented, such as the role of CSR in generating social impact, the influence of disruptive technologies on CSR, and the relationship between political polarization and CSR activities.

Future research should focus on improving CSR reporting practices by considering the specific contexts in which CSR activities take place, ensuring that the value of these activities for society and the environment is accurately captured and communicated.

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References


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