



The Reality of Social Responsibility in Small and Medium-sized Enterprises

واقع المسؤولية الاجتماعية في المؤسسات الصغيرة والمتوسطة

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Abstract

This study examines the extent to which corporate social responsibility (CSR) is recognized and implemented within small and medium-sized enterprises (SMEs), using an applied, questionnaire-based survey of a sample of SMEs. The analysis assesses how far these firms are attentive to CSR and the degree to which they consider it important for contributing to the achievement of sustainable development. The findings reveal multiple indications that most managers in the surveyed SMEs show limited attention to CSR. Moreover, CSR implementation levels within the sample are weak, with neglect observed across ethical-human and environmental dimensions—pertaining to employees, suppliers, and the natural environment—as well as the legal dimension that guarantees these stakeholders several rights the firm is obliged to uphold.

Keywords

corporate social
responsibility
(CSR);
small and medium
sized;
enterprises (SMEs)

JEL Classification Codes : L39

الكلمات المفتاحية

الملخص

تبحث هذه الدراسة في مدى إدراك المسؤولية الاجتماعية للشركات وتطبيقها في الشركات الصغيرة والمتوسطة، وذلك باستخدام استبيان تطبيقي لعينة من الشركات الصغيرة والمتوسطة. ويقم التحليل مدى اهتمام هذه الشركات بالمسؤولية الاجتماعية للشركات ومدى اعتبارها لها أهمية للمساهمة في تحقيق التنمية المستدامة. وتكشف النتائج عن مؤشرات متعددة على أن معظم المديرين في الشركات الصغيرة والمتوسطة المشمولة بالدراسة يُظهرون اهتمامًا محدودًا بالمسؤولية الاجتماعية للشركات. علاوة على ذلك، فإن مستويات تطبيق المسؤولية الاجتماعية للشركات داخل العينة ضعيفة، مع ملاحظة إهمال في الأبعاد الأخلاقية والإنسانية والبيئية - المتعلقة بالموظفين والموردين والبيئة الطبيعية - بالإضافة إلى البعد القانوني الذي يضمن لأصحاب المصلحة هؤلاء العديد من الحقوق التي تلتزم الشركة بدعمها.

الشركات
المسؤولية
الاجتماعية (CSR)؛
الشركات الصغيرة
والمتوسطة (SMEs) ؛
SPSS

تصنيف JEL : L39

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I.INTRODUCTION:

Since earlier times, firms operated with considerable freedom and with limited concern for the internal and external impacts of their activities on the environments in which they functioned. However, with shifts in the business environment—market transformations, technological advances, intensifying competition—and increased attention to sustainable development, the environment, and societal needs, it has become evident that corporate decisions must be ethically framed to mitigate negative externalities affecting society. Today, the true indicator of organizational success is not merely profit generation but also the social role a firm plays in serving its surrounding community relative to the resources it draws from it; communities increasingly expect enterprises to enhance welfare and engage in social initiatives toward diverse stakeholder groups, a perspective captured by the concept of corporate social responsibility (CSR).

In his essay on free-market capitalism, Milton Friedman argued that the sole social responsibility of business is to increase its profits for shareholders—within the rules of the game. Contemporary enterprises, however, widely recognize that attention should not be confined to profit maximization but should also extend to generating public value through responsible practices.

Against this backdrop, integrating CSR programs into managerial systems becomes salient. CSR moves beyond treating profit as the firm's exclusive purpose by articulating responsibilities toward stakeholders with differing roles—as well as obligations to society and the natural environment.

Accordingly, this study poses the following core question: **What is the current reality and what are the dimensions of CSR implementation within small and medium-sized enterprises (SMEs), based on field evidence?**

Research objectives:

- Assess the degree of attention given to implementing CSR among the firms under study.
- Test the relationship between CSR dimensions and firms' legal form in shaping CSR implementation.
- Offer practical recommendations for SMEs on strengthening CSR and the associated benefits for both society and the firm when such practices are adopted.

II.Methodology overview:

The study is structured into three sections. The first outlines principal theoretical approaches to CSR; the second reviews prior empirical studies at both local and international levels; and the third presents an applied study on CSR within a group of private-sector SMEs, employing the Statistical Package for the Social Sciences (SPSS).

1. conceptual framework:

A. Theories of corporate social responsibility :

Scholarly accounts of the firm's social role typically polarize between a classical stance that rejects corporate social responsibility (CSR) as a corporate objective and a contemporary stance that incorporates CSR into corporate purpose. The frameworks below are commonly employed to conceptualize and explain CSR.

1. **Neoclassical view (shareholder model):** In the neoclassical tradition, associated with Milton Friedman, managers' sole social responsibility is to maximize shareholder profits within the "rules of the game," positioning shareholder value maximization as the firm's appropriate social objective (Friedman, 1970/2009).
2. **Political economy theory:** Political economy situates corporate social and environmental practices within broader economic, political, and social contexts. Empirical disclosure research documents that social and environmental reporting responds to stakeholder pressures, regulation, and dominant societal ideologies (Guthrie & Parker, 1990; Williams, 1999).
3. **Legitimacy theory (social contract and "license to operate"):** Legitimacy theory posits that firms secure societal approval by aligning with prevailing norms and values; CSR communication operates as a mechanism to obtain or maintain a social "license to operate," grounded in an implicit social contract (Suchman, 1995; Wilburn & Wilburn, 2011). In this view, CSR disclosure helps justify corporate activities, sustain access to resources, and support continuity of operations:
 - 1- Production function: provide useful and desired goods and services to society.
 - 2- Distribution function: distribute economic and social benefits fairly among groups that constitute the firm's resource base.

Accordingly, firms are expected to use societal resources efficiently and distribute benefits equitably, reinforcing legitimacy not solely through profit generation but also via adherence to socially endorsed responsibilities that embody the social contract (Suchman, 1995; Wilburn & Wilburn, 2011).

4. **Agency theory:** Agency theory models the firm as a nexus of contracts in which principals (e.g., shareholders) delegate control to agents (managers), creating agency costs that require governance mechanisms; extended applications relate these mechanisms to the expectations of broader stakeholders—creditors, suppliers, customers, and communities—with implications for CSR policies and implementation (Jensen & Meckling, 2019).
5. **Stakeholder theory:** Popularized by Freeman, stakeholder theory defines stakeholders as groups that can affect or are affected by the firm and argues that sustainable value creation depends on addressing their legitimate interests (Freeman, 1984/2015). Contemporary work distinguishes descriptive/instrumental orientations (characterizing firm–stakeholder relations and performance effects) and normative orientations (specifying ethical obligations), and often classifies stakeholders as primary/contractual and secondary/non-contractual (Freeman, 1984/2015; Wilburn & Wilburn, 2011).

Taken together, stakeholder theory integrates economic and social objectives at the firm level, while CSR frameworks complement it by emphasizing stewardship of public goods and shared resources (e.g., environmental protection, waste management) to sustain the conditions under which communities thrive alongside ongoing productive activity (Suchman, 1995; Wilburn & Wilburn, 2011).

2. Previous studies:

2.1 Regional studies:

- **Sedkaoui, S., & Khelfaoui, M. (2022). CSR: A reality in business strategy—A practical study on Algerian SMEs:** Sedkaoui and Khelfaoui (2022) conducted an empirical study on Algerian industrial SMEs to assess the integration of corporate social responsibility (CSR) into business strategy. Based on a cross-sectional survey of approximately 200 to 250 firms, the research focused primarily on the economic pillar of CSR and employed data mining techniques (SPAD) alongside typological analysis to classify SMEs according to their CSR posture. The findings highlight heterogeneous behavioral patterns ranging from “fatalistic” and “opportunistic” to more “proactive” orientations. However, the majority of SMEs demonstrate a selective engagement in CSR, largely constrained by limited resources, with a dominant emphasis on the economic dimension over social and environmental aspects. The authors argue that CSR instruments should be tailored to SME resource profiles and managerial orientations in order to address capability gaps and foster more balanced CSR practices.
- **Hassad, F. (2021). Corporate social responsibility and its effect on innovation:** Hassad (2021) investigated the relationship between corporate social responsibility (CSR) and innovation within Algerian SMEs. Drawing on survey data and applying structural equation modeling (PLS-SEM) using SmartPLS 3, the study conceptualized CSR across three dimensions: internal CSR toward employees, external CSR toward the community, and environmental CSR. Innovation was measured through product and process indicators. The results demonstrate a positive and significant association between CSR and innovation outcomes, with internal CSR directed at employees showing the strongest path coefficient. These findings suggest that CSR should not be viewed solely as a compliance or philanthropic obligation, but rather as a strategic lever that enhances SMEs’ capacity for innovation.
- **Maqri, Z., & Manaa, S. (2015). The importance of social responsibility in Algerian SMEs as a strategic option for sustainable development:** Maqri and Manaa (2015) examined the role of corporate social responsibility (CSR) as a strategic option for sustainable development in Algerian SMEs. Based on a questionnaire survey of 40 industrial SMEs in Batna, the study employed SPSS for reliability testing, factor analysis, and descriptive statistics. The findings indicate that CSR practices are more commonly directed toward employees and the local community, while environmental

initiatives remain limited. Reported benefits include enhanced reputation and improved stakeholder relations, although formal CSR reporting is still uncommon. The authors emphasize the need for a gradual adoption of CSR, supported by simplified measurement and reporting tools that are tailored to the specific constraints of SMEs.

- **Azouaou, L., & Lebrague, R. M. (2021). Empirical evidence of the contribution of CSR to improving the competitiveness of Algerian companies.** Azouaou and Lebrague (2021) provided empirical evidence on the contribution of corporate social responsibility (CSR) to the competitiveness of Algerian companies. Using firm-level data covering the period 2007–2016, the study applied panel econometric techniques with tools such as EViews to examine the relationship. Competitiveness was measured through both quantitative indicators, including productivity and sales, and qualitative dimensions. The results show that CSR adoption is positively correlated with enhanced competitiveness, particularly when stakeholder engagement and environmental practices are formalized. These findings reinforce the business case for CSR in the Algerian context and highlight the need for policy incentives and sectoral platforms to encourage and support CSR adoption.

2.2 International studies:

- **Nguyen, M. V. (2024). What drives construction SMEs' CSR implementation under economic uncertainty? Journal of Cleaner Production.** Nguyen (2024) explored the determinants of CSR implementation in construction SMEs operating under conditions of economic uncertainty. Drawing on an empirical study of SMEs in the sector, the research employed multivariate models to identify the key drivers of CSR engagement, including owner values, client pressure, certifications, and supply chain requirements. The findings reveal that during periods of economic downturn, CSR practices tend to prioritize cost-effective and risk-reducing measures such as workplace safety, regulatory compliance, and waste minimization. In contrast, more strategic and long-term CSR initiatives are contingent on external support and stable market demand. The study underscores the importance of developing crisis-resilient CSR toolkits tailored to the needs of SMEs.
- **European Commission (2022). Uptake of Corporate Social Responsibility (CSR) by European SMEs and start-ups.** The European Commission (2022) investigated the adoption of corporate social responsibility (CSR) among SMEs and start-ups across EU and COSME member countries. Relying on a cross-country survey that combined quantitative mapping with qualitative case studies, the study found that more than 90% of SMEs reported engaging in some form of CSR activity, though the depth of integration into core business strategy varied considerably. Key enablers of CSR uptake included managerial commitment, the availability of simplified tools, participation in sectoral networks, and the influence of public procurement requirements. The report concludes by recommending the establishment of regional multi-

stakeholder platforms and the use of light-touch assessment frameworks that are better adapted to the specific constraints and operational realities of SMEs.

- **Touate & Bennouna. Practices of CSR in Moroccan SMEs: Status and issues (2018).** This study on CSR practices in Moroccan SMEs assessed the extent and nature of CSR adoption in this context through a survey-based approach supported by descriptive and inferential statistical analysis. The findings reveal that CSR initiatives are most developed in relation to employees and community engagement, while environmental practices remain underdeveloped, largely due to cost constraints and limited organizational capabilities. Moreover, the study shows that higher levels of awareness and training are positively associated with broader CSR portfolios. The authors argue for the importance of capacity-building programs, the development of sector-specific guides, and the gradual integration of environmental indicators to foster more comprehensive CSR implementation in Moroccan SMEs.

III.How these studies inform the present research :

The reviewed studies collectively inform the design and orientation of the present research in several ways. First, with regard to construct selection, they highlight the CSR dimensions most relevant to SMEs, namely employee-related practices (e.g., training, safety, and fair treatment), community engagement, supplier relations, customer responsibility, and environmental management, with governance emerging as a transversal enabler of effective implementation. Second, in terms of measurement, prior work has commonly relied on Likert-type scales to capture these dimensions, ensuring reliability through Cronbach's alpha and assessing dimensionality via exploratory factor analysis; more advanced approaches, such as PLS-SEM, have been applied to build composite models, while simpler designs have employed multiple regression or ANOVA using SPSS. Finally, these studies guide the formulation of hypotheses, which posit positive relationships between CSR dimensions and SME outcomes such as competitiveness, innovation, and customer satisfaction, while suggesting that the effects of environmental CSR are contingent upon resource availability and external pressures, including sectoral characteristics, regulatory frameworks, and client requirements.

3. Field study:

This field study investigates whether the firms under examination correctly understand the concept of corporate social responsibility (CSR), whether they adopt CSR, the CSR dimensions in which adoption is most evident, and whether CSR relates to the firm's legal form and support for sustainable development.

3.1 Study population and sample:

The study population comprises selected private small and medium-sized economic enterprises. A simple random sampling approach was used to select the analytical sample. 160 Questionnaire forms were administered to senior staff across 80 enterprises—directors, deputy directors, and department heads—to complete the survey instrument.

- Sample description:

Table 1 reports the distribution of respondents by gender. The responses indicate a predominance of male managers among the surveyed positions.

Table 1. Distribution of respondents by gender

Gender	Frequency	Percent
Male	108	67.5%
Female	52	32.5%
Total	160	100%

Source: Computed by the authors using SPSS output.

Based on Table 1, most managerial respondents are male ($n = 108$; 67.5%), whereas female managerial respondents represent roughly one-third of the sample ($n = 52$; 32.5%). This imbalance is consistent with managerial gender distributions frequently documented in SME contexts in similar settings.

Table 2. Distribution of respondents by years of experience

Years of experience	Frequency	Percent
Less than 5 years	74	46.3%
5 to 15 years	58	36.3%
More than 15 years	28	17.5%
Total	160	100%

Source: Computed by the authors from IBM SPSS Statistics output.

Interpretation: As shown in Table 2, most managerial respondents have relatively low tenure, with 46.3% reporting less than five years of experience ($n = 74$). The segment with 5 to 15 years of experience accounts for 36.3% of the sample ($n = 58$). Respondents with more than 15 years of

experience represent 17.5% (n = 28), indicating a comparatively smaller group of highly tenured managers.

Table 3. Distribution of respondents by legal form of the enterprise

Legal form	Frequency	Percent
Sole proprietor (Personne physique)	58	36.3%
SARL	38	23.8%
SPA	30	18.8%
EURL	22	13.8%
SNC	12	7.2%
Total	160	100%

Source: Computed by the authors from IBM SPSS Statistics output.

Interpretation: The most represented legal form is Sole proprietor/Personne physique (36.3%; n = 58). This is followed by limited liability companies (SARL) at 23.8% (n = 38), joint-stock companies (SPA) at 18.8% (n = 30), single-member limited liability companies (EURL) at 13.8% (n = 22), and general partnerships (SNC) at 7.2% (n = 12). These proportions suggest a predominance of smaller, owner-managed entities within the sampled SMEs.

3.2 Scale validity and reliability :

To ensure the study's scientific rigor and measurement accuracy, the instrument was assessed for validity and reliability using Cronbach's alpha, computed in IBM SPSS Statistics; the results are reported in Table 4. The overall reliability for the CSR dimensions scale is $\alpha = 0.834$ across 48 items, which indicates good internal consistency according to common psychometric benchmarks.

Table 4. Reliability results for the CSR scale

Variable	Number of items	Cronbach's alpha
CSR dimensions	48	0.834

Source: Computed by the authors from IBM SPSS Statistics output.

Interpretation: An alpha of 0.834 suggests that item responses covary sufficiently to support the formation of a composite score for CSR dimensions, while remaining below thresholds that might suggest item redundancy; reporting dimension-level alphas (if subscales exist such as ethical, legal, environmental, employee, supplier, community) is recommended for completeness.

3.Relationship analysis:

A series of chi-square tests of independence examined associations between the firm's legal form and each CSR dimension (social, economic, ethical-human, environmental, legal). The significance level was set at $\alpha = .05$, and exact p-values are reported. Where applicable, effect sizes (e.g., Cramer's V) should be added to assess practical significance.

Chi-square test results

Table 4 summarizes the chi-square tests of independence assessing the association between legal form and each CSR dimension at $\alpha = .05$. Exact p-values are reported and used for decision rules.

Table 4. Chi-square tests of independence: Legal form $\times$ CSR dimensions

CSR dimension	p-value	Decision ($\alpha = 0.05$)
Social	0.006	Statistically significant association (reject H0)
Economic	0.024	Statistically significant association (reject H0)
Ethical–human	0.769	Not statistically significant (fail to reject H0)
Environmental	0.867	Not statistically significant (fail to reject H0)
Legal	0.680	Not statistically significant (fail to reject H0)

Source: Computed by the authors from IBM SPSS Statistics output

Interpretation by dimension:

1- Social dimension (legal form $\times$ social CSR)

Hypotheses tested were H0: no association between legal form and social CSR; H1: an association exists. With $p = .006$ ($p < .05$), the test indicates a statistically significant relationship, leading to rejection of H0. Substantively, this suggests that firms' legal form is related to practices such as material/professional support for employees, work–life balance facilitation, motivation and organizational belonging, which are salient for performance and continuity in SMEs. This aligns with literature highlighting human-resource–oriented CSR as a driver of organizational outcomes.

2- Economic dimension (legal form $\times$ economic CSR)³

H0 posited no association; H1 posited an association. With $p = .024$ ($p < .05$), results support a statistically significant association and rejection of H0. This comports with economic logic that value creation and profit orientation are central across legal forms, and with classic arguments that profitability sustains continuity (e.g., shareholder value views), while still accommodating broader stakeholder claims in CSR frameworks.[23](#)

3- Ethical-human and environmental dimensions

For ethical-human CSR ($p = .769$) and environmental CSR ($p = .867$), tests did not reach statistical significance at $\alpha = .05$; thus, H0 is not rejected. This pattern may reflect limited managerial awareness and weak external pressures from institutional and societal environments, leading to comparatively lower prioritization of these CSR dimensions in the sampled SMEs.

4- Legal dimension

For legal CSR ($p = .680$), the association was not statistically significant; H0 is not rejected. One plausible explanation is the absence of stringent internal compliance systems (e.g., anti-corruption, occupational safety), producing homogeneity across legal forms with respect to legal CSR practices.

To resume, the analysis reveals that the legal form of SMEs is significantly associated with certain dimensions of CSR. Specifically, the social dimension, encompassing practices related to employee support, work–life balance, motivation, and organizational identification, shows a statistically significant variation across legal forms ($p = .006$). Similarly, economic CSR practices, reflecting value creation and profit-oriented initiatives, also differ significantly by legal form ($p = .024$). In contrast, no statistically significant associations are observed for the ethical–human ($p = .769$), environmental ($p = .867$), or legal ($p = .680$) dimensions. These nonsignificant results may indicate either comparable levels of ethical/human and compliance practices across legal forms or constraints such as limited resources, weak external pressures, and uniform regulatory frameworks that reduce observable differences in these areas among SMEs.

IV. Conclusion:

This study examined the reality of corporate social responsibility (CSR) adoption among private small and medium-sized enterprises (SMEs), by surveying senior managers across firms with distinct legal forms (e.g., SARL, EURL, SNC). The measurement instrument demonstrated good internal consistency for the CSR construct, and chi-square tests indicated that CSR engagement varies by legal form for the social and economic dimensions, whereas no statistically significant associations were detected for the ethical–human, environmental, or legal dimensions. Taken together, these results suggest that CSR practice in the sampled SMEs is emphasized where it aligns most closely with immediate workforce needs and value creation priorities, while more formalized ethical compliance and environmental stewardship remain comparatively underdeveloped.

Substantively, the social dimension's salience is consistent with SME realities in which human resource practices—material/professional support for employees, work–life balance facilitation, motivation, and organizational identification—are viewed as levers for performance and continuity. The economic dimension's significance reflects the centrality of value creation to SME survival,

especially under resource constraints. Conversely, the absence of detectable associations on the ethical–human, environmental, and legal dimensions may reflect limited managerial awareness, capability gaps, and weak external pressures for explicit CSR policies and reporting, a pattern often noted in SME contexts that privilege implicit, ad hoc practices over codified programs.

From a managerial standpoint, embedding CSR within core strategy is essential. Senior leadership should translate CSR from slogans into actionable objectives by: clarifying the firm’s shared values and extending them to include ethical and environmental commitments; codifying basic compliance systems (e.g., anti-corruption, occupational safety) and supplier/customer standards; and formalizing employee-centered practices already underway into policies with targets and routine monitoring. These steps can convert implicit, person-dependent practices into consistent routines that support both performance and stakeholder trust.

At the policy and ecosystem levels, CSR uptake in SMEs can be accelerated by enabling legislation and practical toolkits aligned with SME constraints. This includes light-touch regulatory guidance, templates for CSR self-assessment and reporting, sectoral training and peer-learning networks, and procurement or fiscal incentives that reward measurable progress on environmental management and ethics. Developing accessible benchmarks for social performance—whether informed by national regulation, international standards, or internally defined codes—would further reduce adoption costs and signal clear expectations.

Finally, the study underscores CSR’s dual contribution to sustainable development and long-term competitiveness. By integrating CSR into strategic planning—identifying opportunities and threats, committing to the local environment and community, upholding ethical norms, combating fraud, and cultivating trust among shareholders, customers, and suppliers—SMEs can advance societal welfare while enhancing medium- to long-term profitability. Future research should complement the present cross-sectional design with longitudinal analyses and richer measures of ethical, environmental, and legal practices, alongside effect sizes and confidence intervals for association tests, to better pinpoint causal mechanisms and practical significance.

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