Exploring the Relationship between Corporate Social Responsibility and Sales Growth of Small and Medium Enterprises: A Combined Case Study in the Light of a Literature Review

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Abstract: The purpose of this study is to analyze the influence of Corporate Social Responsibility (CSR) on a firm’s sales growth and to assess the mediating role of competitive advantage and the moderating role of the employee’s individual belief of social responsibility (SR) on the relationship between CSR and sales growth of small and medium enterprises. A survey of 107 small and medium enterprises (SMEs) in the consumption and manufacturing industry of a developing country was performed. Structural equation modeling based on AMOS path was employed to test the hypotheses linked to the relationship between CSR and sales growth of SMEs. Results indicate that the link between CSR and sales growth is mediated through competitive advantage and that the positive impact of CSR on sales growth is moderated by the employee’s individual belief of social responsibility.

Keywords: corporate social responsibility; competitive advantage; employee’s individual belief of social responsibility; small and medium enterprises
1 Introduction

Corporate Social Responsibility (CSR) has been acknowledged by companies, institutions, organizations and society, as the main trend of sustainable business development providing also for competitive advantage of the companies. It has therefore sparked an interest within academic communities, both locally and globally, to study corporate social responsibility initiatives from diverse angles covering strategic goals [13, 51, 55, 76] has been referred as a term in which the multi-faceted associations between companies and societies are represented [38, 39, 80, 68].

It is obvious that there are many relations between the economic, social and environmental issues of all business activities though traditionally companies were mainly concentrated on economic aspects in their actions. The scholars [29, 43, 51, 73, 76] in their studies showed that for generation of revenue or profits companies need to address consumers’ behavior. Therefore, firms should not only be too obsessed with the profitability without giving any consideration to societies’ needs and expectations. For instance, in the present ground reality of businesses, customers appear to have a certain level of awareness and concerns about environment, leading to increased demand in environmentally friendly products and services. Thinking along these lines, it can therefore be presumed that the asserted relationship between CSR and firm execution appear to be more muddled than what the related former analyses have reported. Therefore, there is a strong need to demystify the complexities of the link between environmental, economic, and social aspects by means of rigorous empirical investigations.

In this regard, this study attempts bridge some gaps identified in the preceding investigations and to extend extending some views developed by these studies by linking economic, social and environmental issue of CSR with profitability of companies. For this reason, a competitive advantage which is closely linked to firms’ ability to increase satisfaction and loyalty of customers is being measured as the outcome of being environmentally friendly. In relation to this, a relevant question to address this aspect was asked in this study: ‘Does being responsible toward the environment lead to firms’ sales growth through the competitive advantage as a mediator?’.

It is worth noting, that most scholars investigated the benefits of CSR, by putting more attention on the financial issues linked to CSR and were not dealing the impacts on employees. However, considering the presently fast increment of CSR practices, an inquiry into the CSR, representatives’ states of mind and firms’ execution have jointly become essential. Scholars have therefore attempted to investigate how employees’ perceived CSR may affect different aspects of firms’ outcomes. Some studies analyzed the impacts of perceived CSR on employees’ commitments [63, 69]. Other scholars examined the effect of CSR on employees’ performance [25, 26, 30, 70]. Several studies analyzed the influence of CSR on
perceptions and disposition of potential employees and current workers of companies [2, 20, 33, 48]. In these studies, CSR was being considered as an independent factor and employees’ outcomes were being analyzed as dependent factors. These studies found that CSR initiatives have positive impact on relationships between the organizations and its employees however the quality of these relationships and the main drivers of it are not fully addressed in these studies.

Therefore, the current study attempts to fill this gap identified in the literature by means of investigating the level and effect of employees’ individual perceptions of social responsibilities as a moderator on CSR-sale growth relationship and to address the role of competitive advantage as mediator in relationship between CSR and sales growth of the company.

Considering the essential advances that have been made, thus far and moving to the center of CSR, one of the aspects which have received considerably less consideration within this wide research plan relates to a particular focus on small and medium enterprises (SMEs) in CSR among the developing countries. For these countries CSR issues are new but have very important impact on their sustainable development taking into account the important challenges addressed by Sustainable Development Goals (SDG). Scholars stressed that the collective grandness of small businesses has often have been underestimated in CSR studies [39, 59]. SMEs have therefore been fundamentally contributing to the creation of occupations and lightening poverty among developing nations. Estimated to represent about 90% of businesses internationally and half to 60% of occupations, SMEs have been depicted as the imperative spines of sound monetary developments and essentialness, as they help improve the livelihood, in support of the young entrepreneurial ability and significantly contribute to the systemic gainful limits that may in turn serve to encourage competitions and innovations of developing nations [40]. Additionally, SMEs are also found to be unequivocally established in their respective communities, and they are mostly nearer to their workers and group supporters [23, 39, 41, 61]. In this regard, a sample of SMEs drawn from a developing country in which, local firms are expected to actively assist their surrounding communities could be useful in relating CSR results to an overall setting [76]. Therefore, Iran has been selected for this case study as developing nation having important SMEs sector starting to implement CSR initiatives.

The rest of the paper is structured in the following way: Section 2 presents literature review and hypotheses development; Section 3 introduces methods, sampling and data; Section 4 discusses the results of study and the last, Section 5, concludes.
2 Literature Review and Hypotheses Development

The literature review performed in this section of paper aims to develop hypotheses for empirical study in Iranian SMEs. The studies dealing with CSR impacts on sales growth of the firm are discussed thereafter. The CSR is broadly defined as firm’s commitment to avoid negative consequences and to maximise long-term benefit for the society [16, 20, 49, 56, 81, 82]. Authors [44, 80] stressed ethical responsibility of companies in development of CSR concept. Carroll’s [14, 15] concept of CSR is one of the best known and accepted. It includes the main notion that the goal of the company in modern society is not only increase in profits but also its responsibility towards society. Many scholars [10, 20, 29, 76] used the same position and classification of social responsibilities of companies introduced by Caroll [14, 15]: cultural, economic, social, ethical, legal, environmental etc. The Carroll's dimension of CSR was revised by scholars [50, 51, 47, 48] in order to address the firm’s acknowledgment of CSR.

As has been discussed in the foregoing, the main aim of the company is to produce more prosperity and profits for it’s the shareholders. The revenues of companies mainly originate from their sales of products, and this is closely linked with consumer’s satisfaction and loyalty. Therefore, the customer satisfaction was defined as the main driver of firm’s long-term growth and profitability in several studies [29, 52, 67].

Conversely, some scholars [43, 80] also disputed that satisfaction of consumers itself is not directly linked with financial performance of company but it has influence on the reputation, image and brand of companies. Many studies analysed the impact of corporate reputation and consumer loyalty on competitive advantage of companies and confirmed the positive effects [7, 10, 18, 20, 33, 29]. Researchers [54, 46] pointed out that this can help to improve significantly the level of satisfaction among customers. So, shareholders may assess the level of success of the company growth not on financial performance indicators but also based on implementation of social responsibility programs as was confirmed by Barnett and Salomon [6]. Few other scholars [36, 62] highlighted that the competitive advantage is the main result of customer satisfaction due to implementation of CSR. To sum up, number of studies [46, 76, 82] indicated that firms currently understand that CSR initiative is attractive for the buyers and society and provides a favourable image influencing positively consumers’ attitudes toward the firms and increase in firms competitive advantage.

It is clear that increase in competitive advantage provides more financial benefits for companies and ensures their long-term growth. Many researchers [54, 62, 68, 75, 78] showed in their studies that firms are implementing different, new and possible marketing strategies to attract more and more satisfied customers every day with the intention increasing the competitive advantage, and that a company’s success may depend mainly on that factor. These studies have concentrated on the
expectation of new customers about products and services of companies and proved that these are no longer linked with quality and price alone but also with environmental awareness level of the society members and their increasing demands for environmentally friendly products. The studies dealing with competitive advantage [7, 9, 18, 52, 66, 67] highlighted the following factors important for assessing comparative advantage of firms: strong brand, corporate image and reputation, innovations, market position and leadership and other intangible assets of growing importance. The comprehensive review of literature to date has revealed that most of the scholars examined the relationship between CSR and financial performance of companies by dealing with its main antecedents: customer satisfaction and corporate image, however there are no studies dealing with the role of competitive advantage in the relationship between CSR and sales growth. Therefore, the first hypothesis (H1) was developed to address this gap:

H1: The competitive advantage of company is the mediator of the effect of CSR on its sales growth.

The scholars [64, 65, 84] agree that employees are the most important drivers of the company’s goal achievements. However, most studies focused on external stakeholders such as customer’s environmental awareness. Of course, all stakeholders but especially internal such as employees are tightly involved in supporting and implementing main goals of the firm’s strategy as highlighted by several studies [19, 24, 42]. Porter and Kramer [64] stressed the importance of employees in implementing CSR initiatives. It is possible to guess that awareness of the social responsibilities and acceptance by employees are necessary for delivering social and environmental objectives of companies as pointed by Bauman and Skitka [11]. Similarly, Renouard and Ezvan [71] and Greening and Turban [31] revealed that firms’ positive attitudes and imagination are interrelated with job satisfaction and less willingness on the part of the employees to consider changing their current workplace. The positive CSR perceptions may directly influence the rate of job satisfaction of managers [21]. Carrol [14] explained that perceptions on CSR, in relation to the concentration of firms on improving their quality of products and services. This may make management teams and employees to get along better and therefore lead to a better relationship on one hand, and create a better working environment in which support for current staff members and an increase in employee retention rate which may eventually lead to higher job performance level on the other [67].

Some studies [45, 63] found that CSR affects CSR perceptions and, consequently, employees’ performance, loyalty and organizational commitments. The work environment has also positive influence on employees’ performance therefore employees prefer in socially responsible companies based on several works [2, 33].
Referring to the discussion in the foregoing along with a comprehensive review of literature, there were studies which have focused mainly on examining the employees’ perceptions on companies’ involvement in social and environmental issues and their effects on their work performance on one hand and investigating the influence of CSR on attracting more qualified employees on the other. Unlike the previous related studies, the present study reasons that the relationship between CSR and firms’ sales growth are moderated positively by means of the relatively higher level of employees’ individual beliefs of social responsibilities. Accordingly, the researcher hypothesizes the following:

**H2: Higher level of employees’ individual beliefs of social responsibility makes the effect of CSR on sales growth stronger.**

Unlike the existing instruments reported in the literature which only focused on the employees’ perceptions on companies’ involvement in social and environmental issues [5, 45, 72, 79], a proper and relevant scale was therefore adapted from work by Jamali, Zanhour and Keshishian [37] for the present study. Respondents of the related previous studies were managers, whereas in this study, employees were recruited as respondents to provide their self-reported responses to the questions in the questionnaire. Therefore, questions were changed to employees’ personal attitudes and perspectives. Accordingly, fourteen items were used to measure to what extent employees believe the true nature of SR. Opinions were indicated using a five-point scale indicating by “1” (strongly disagree) and by “5” (strongly agree). Figure 1 shows the study framework.

![Conceptual Framework of the study](image)
3 Research Method and Data

Academic research by and large, has paid most of their attention to large companies while small medium enterprises (SMEs) are left with more complicated challenges facing which, gaining a competitive advantage for relatively longer periods of time is therefore more complex. As described by Jenkins [38], when these small organizations are summed, their impact on societies and environment can be potentially great. Therefore, general assumptions about CSR should be adapted to SME contexts [10, 38, 57, 59, 76]. Notwithstanding the significance, related studies reported in the literature helped discover that there is still a gap identified in CSR for SMEs, and there is still a long way ahead to manage CSR-SMEs by means of a constructed model particularly in the contexts of developing countries [4, 27, 39, 74, 84]. Consequently, upon a comprehensive review of literature along with validating new hypotheses, this study therefore, has formulated the objective of carrying out a case study of CSR-SMEs in the context of Iran as a developing country in which, CSR has not been adequately addressed both in practical and theoretical terms in other conducted studies [18, 19, 55, 78].

3.1 Sampling

Survey was considered one of the most suitable ways to gather information for this study owing to the fact that there was no comprehensive database available for SMEs in the context of Iran. About 843 SMEs within consumer and manufacturing product sectors from four big cities in Iran were shortlisted for this study. It was assumed that at least 2 managers and 4 employees of all listed firms randomly answer their respective questionnaires. Three related parts: CSR, competitive advantage and sales growth were answered by top managers, because they were more familiar with their respective companies’ affairs and had first-hand knowledge about the improvement processes, while employees’ individual beliefs of social responsibilities were answered by employees.

Upon collecting the questionnaires, firms in which only managers responded or only employees responded were eliminated from the data of the study and only firms with both managers and employees have responded were considered for analysis purposes. The overall clear response rate was 28% (i.e., 107 out of 843 firms). Even though the return rate was considered lower, it was however not unusual, because the response rate among top managers within CSR contexts is reportedly lower in general. For example, [29, 55, 48, 76] reported that their response rate was between 6% to 17%. Another scholar i.e., [84] found that the response rate is an element of how imperative the idea of CSR is seen in every nation, so that higher response rate in developed nations may indicate that CSR is an issue in relation to their business plans, while lower response rates in less developed nations may suggest that it is not a significant issue among.
entrepreneurs. Along these lines, in light of the all related evidences, a return rate of 28% ought to be adequate for a developing nation like Iran, in which CSR has not been essentially intended.

### 3.2 Measurement Model

Structural equation modelling was found to be the proper statistical analysis technique for this study and AMOS on the other hand as the appropriate analysis software to run tests. This is because; Rowley and Berman [75] and [3, 29] believed that SEM is deemed more fitting than the other conventional regression analysis in relation to CSR research. Therefore, it can be explained that the SEM is capable of simultaneously testing the causal relationships between independent variables and multiple dependent variables as opposed to the first-generation techniques which may not be able to do so. Furthermore, they also claimed that SEM is considered better because it can significantly reduce bias by taking measurement errors into account. Moreover, [37] demonstrated observationally that SEM approaches which in many cases are considered reliable, can be more capable of identifying an intercession results than the regression approach.

Confirmatory Factor Analysis CFA was employed to examine the fitness of the model in which, all variables were assigned to load on one single factor. Only items with a factor loading of greater than 0.6 were selected as belonging to a specific factor in this study. In addition to factor loading, convergent validity was likewise measured by means of Average Variance Extracted (AVE). It is considered adequate when the AVE value of each construct exceeding 0.5 [35]. Moreover, according to [34] that the value of a Cronbach’s alpha being greater than 0.7 may indicate relatively a higher level of internal reliability. It is worth noting that all Cronbach’s alpha values involved in this study were at acceptable levels. Table 1 delineates the final results of the convergent validity and reliability tests after deleting several items which were considered unnecessary.

![Table 1](image)

**Table 1**

Convergent validity and reliability
In Table 2, the AVE values for all of the study's constructs were well over the limit, and the square base of the AVE esteem in the slanting for every construct was bigger than the relationship coefficients in the comparing lines and sections. Hence, a higher discriminant validity of the collected data existed as well [28]. All discriminant, convergent validities and reliability were found to be at significant levels in this study.

Table 2
Correlations and square root of AVE value

| Variable                          | 1    | 2    | 3    | 4    | 5    | 6    | 7    |
|----------------------------------|------|------|------|------|------|------|------|
| 1) Ethical dimension of CSR      | 0.78 |      |      |      |      |      |      |
| 2) Economic dimension of CSR     | 0.21 | 0.85 |      |      |      |      |      |
| 3) Discretionary dimension of CSR| 0.08 | 0.03 | 0.74 |      |      |      |      |
| 4) Legal dimension of CSR        | 0.11 | 0.10 | 0.09 | 0.76 |      |      |      |
| 5) Competitive advantage         | 0.36 | 0.43 | 0.25 | 0.31 | 0.81 |      |      |
| 6) Employee beliefs of SR        | 0.12 | 0.11 | 0.13 | 0.29 | 0.20 | 0.84 |      |
| 7) Sale growth                   | 0.41 | 0.34 | 0.46 | 0.58 | 0.38 | 0.39 | 0.90 |

The hypotheses in this study were tested by SEM. Structural Equation Modelling is the main technique to examine and the relationships among research constructs, to test hypotheses of studies in order to identify latent variables in the conceptual model designed by researchers as well as to define the direction and significance of these relationships [3, 12]. The moderating effects were tested in this study by conducting a multiple sample analysis in the SEM competing model [42]. In addition to moderating test i.e., the mediating effects were tested according to procedures established by [8]. The findings of the study are discussed in the following sections.

4 Discussion of Results

According to the four steps approach presented by [8], the collected results from the principal model (i.e., CSR-sale growth relationship) may demonstrate that there is a positive and significant relationship between CSR as the second order and also all measurements of CSR as the main order variables and sale growth. Before running the tests, the levels of root mean square (RMR), comparative fit index (CFI) and goodness of fit index (GFI), which should be less than 0.05 for RMR, and more than 0.9 for CFI and GFI were then tested. The basic model showed that GFI = 0.951, CFI = 0.921, RMR = 0.035, Chi Square = 55.949, which indicated that the model was considered suitable for the general model fit evaluation of path direct connections. Table 3 and Table 4 provide the summary of the results of the Path direction relationships of the study.
Table 3
Path direct relationship

| Path Co | P   | Hypothesis |
|---------|-----|------------|
| **H1: CSR** | | |
| Ethical dimension | Sale growth | **0.58** | *** | Supported |
| Economic dimension | Sale growth | 0.38 | *** | Supported |
| Discretionary dimension | Sale growth | 0.49 | *** | Supported |
| Legal dimension | Sale growth | 0.18 | *** | Supported |

*** p<0.001

The initial condition of building up the mediation was created with all significant effects of CSR components on sale growth. After including the mediator variable and running the second model to test H1, it was revealed that the CSR and sales growth relationships were fully mediated relationships by means of the influence of CSR to sales growth via gaining higher competitive advantage (see Table 4).

Table 4
Main effects of variables in mediating model (H1)

| Estimate | S.E. | C.R. | P   |
|----------|------|------|-----|
| CSR      | Sale growth | 0.014 | 0.065 | 0.215 | 0.52 |
| CSR      | Ethical dimension of CSR | 0.502 | 0.146 | 3.438 | *** |
| CSR      | Economic dimension of CSR | 0.382 | 0.107 | 3.570 | *** |
| CSR      | Discretionary dimension of CSR | 0.229 | 0.051 | 4.490 | ** |
| CSR      | Legal dimension of CSR | 0.432 | 0.102 | 4.235 | ** |
| CSR      | Competitive advantage | 0.686 | 0.176 | 3.897 | *** |
| Competitive advantage | Sale growth | 0.704 | 0.132 | 5.333 | *** |

** p<0.01 *** p<0.001

By means of adhering to [8] steps to create a mediated association, it was discovered that there was a meaningful connection between CSR as the independent variable and competitive advantage as the hypothesized mediating variables (i.e., meeting second step). Competitive advantage is a predictor of the dependent variable (i.e., meeting third step). The last circumstance for establishing mediation also happened, because the relationship between CSR and sales growth in the revised model was no longer considered significant than the direct effect model. Accordingly, the gained outputs in Table 3 and Table 4 support the fully-mediated relationship and thus showed that all CSR dimensions and sales growth were connected through higher competitive advantage that may come after CSR.
In order to evaluate the moderating effects of employees’ perception on CSR, the study compared the first model (original) against the competing model. It is worth noting that in addition to testing the moderating effects on the relationship between second order variable (CSR) and sales growth, the moderating effects of the moderator on all first order variables’ relationships with sales growth were also tested.

The original model with second order variable showed that GFI = 0.951, CFI = 0.921, Chi-square = 55.949, p < 0.001. In the competing model of the second order variable, after introducing the moderating role of employee’s individual perception of SR on CSR-sales growth relationship, the results showed that GFI = 0.913, CFI = 0.912, RMR = 0.028, Chi-square = 77.277, p < 0.001. Significant increase in Chi-square confirms the moderating effect of employee perception of CSR on the influence of CSR on sales growth (see Table 5).

### Table 5

Main effects of variables in moderating model (second order variable on sale growth)

| Path relationships | construct | Chi-square | t-value | Results | Effect size |
|--------------------|-----------|------------|---------|---------|-------------|
| CSR×EB of SR       | Sale growth | 55.949     | 77.277  | 2.549   | ** 0.279 (medium) |

** p<0.01

**EB of SR:** Employee’s individual beliefs of Social Responsibility

Furthermore, in the second model, with all first order variables, the original model showed that GFI = 0.911, CFI = 0.903, RMR = 0.042, Chi-square = 61.658, p<0.001. In the competing models, of all first order variables, which were tested separately, the moderating effect of employees’ individual perceptions of CSR on the influences of all CSR components on sales growth was confirmed. The results showed that the moderator may therefore have a positive and significant effect on the relationship between all first order variables and sales growth (see Table 6). Notwithstanding, these results are not 100% clear without knowing the size of the moderator effects on such relationships. Therefore, in addition to examining the changes in Chi-square, the effect sizes of moderator were also examined through Cohen’s $f^2$.

Cohen’s $f^2 = \frac{Rsq(\text{competing model}) - Rsq(\text{original model})}{1 - Rsq(\text{competing model})}$  \hspace{1cm} (1)

Based on the Cohen’s formula, if $f^2$ is situated between 0.02 and 0.15, the effect of size can be smaller; if $f^2$ is situated between 0.15 and 0.35, the effect of size can be medium, and if $f^2$ is greater than 0.35, the effect of size can be huge [36].
Table 6
Main effects of variables in moderating model (All first order variables on sale growth)

| Path relationships | construct       | Chi-square | t-value >1.96 | results | Effect size f² |
|--------------------|-----------------|------------|---------------|---------|---------------|
|                    | Original model  | Competing model |                |         |               |
| H2c: Ethical × EB of SR | Sale growth     | 61.658    | 84.242        | 8.921  | *** 0.372 (big) |
| H2b: Economic × EB of SR | Sale growth     | 61.658    | 72.867        | 5.701  | *** 0.184 (medium) |
| H2c: Discretionary × EB of SR | Sale growth     | 61.658    | 64.908        | 3.074  | ** 0.053 (small) |
| H2d: Legal × EB of SR | Sale growth     | 61.658    | 69.007        | 3.611  | ** 0.121 (small) |

** p<0.01 *** p<0.001

EB of SR: Employee’s individual beliefs of Social Responsibility

During comparison of the results shown in Table 5 and Table 6, all Chi-squares of the competing models were found to be bigger than the original models. Moreover, all t-values were observed to be greater than 1.96. These results were used to conclude that the moderating effect of higher level of employees’ individual beliefs of CSR was all significant. Thus, H2 and its all sub-hypotheses were supported.

The effect of size showed that higher level of employees’ individual beliefs of SR as moderator may have the biggest positive effect on ethical dimension of CSR-sales growth relationship, followed by on economic dimension, then legal dimension, and at last, the smallest positive effect can be observed on the discretionary dimensions of CSR-sales growth relationship. Therefore, the findings of this study have confirmed and supported all previous studies indicating the positive influence of CSR on various indicators of financial performance of companies [1, 29, 46, 51, 76, 83]. Therefore, considering the reproach of some scholars [1, 29; 51, 73] against some studies in which the direct relationship between CSR and firm financial performance being examined along with CSR and sales growth respectively, the researcher of the present study similarly assumed that the engagement in CSR may affect the sales growth by improving the competitive advantage. Finally, the findings of this study have supported the hypothesis that the association between CSR and firms’ performance is a fully mediated relationship by the competitive advantage among SMEs in the context of Iran. These findings have also supported the most recent findings reported by [76] which was carried out among large companies in the context of Iran and have discovered mediated relationship between CSR and the sampled firms’ financial performance by means of the competitive advantage. In addition to considering
the effective roles of customers towards CSR and achieving a relatively higher level of sales growth, the researcher also examined the effects of employees’ individual beliefs of social responsibilities on CSR-sale growth link.

The findings of the present study are also supported by Resource-Based Theory (RBT). The main dependent construct of RBT is sustainably competitive advantage and the main independent constructs are assets, capabilities, and resources as in studies [17, 22, 24]. A company’s failure or success rate is substantially determined by means of the firms’ resources and the competitive advantage under the RBT theory [60]. In this regard, [53] have considered CSR as a main resource which may lead to more sales and higher financial performance of firms. Therefore, RBT is the most suitable theory to support the findings of the present study. Although CSR has not been adequately addressed in the context of Iran both practically and academically [18, 19, 55, 78], these results are, however, consistent with those of other studies which were carried out mainly in developed countries and they have found positive effects of CSR on firms’ financial performance in their respective contexts.

**Conclusions**

This case study was performed in the SME sector, of a developing country. It examined the moderating effects of the employees’ individual beliefs about SR, in the relationship between implementation of CSR initiatives and sales growth. The study also assessed the moderating role of competitive advantage in the relationship between CSR and sales growth.

The results of this study have revealed that SMEs with more socially responsible employees found it is easier to implement their strategies and CSR initiatives and consequently to achieve relatively higher sales and better results, in financial performance and profits.

The main findings suggest that for SMEs, it is advisable to implement CSR initiatives, as currently, customers are taking into account CSR practices, in their decisions to purchase products and services and most employees desire to work in socially responsible firms.

The findings of the study are consistent with results of other studies which were performed, mainly in developed countries, and they have also obtained the positive effects of CSR on firms’ financial performance in their respective contexts.

The study has significantly contributed to the CSR domain in developing countries. From the point of view of knowledge, it has contributed by means of overcoming some of the complexities surrounding the asserted connection between CSR and the performance of firms. This work has also extended the literature on CSR, for which, a framework which may potentially assist to clarify, how CSR might be related to sales growth.
In terms of the practical contributions, the study may increase the level of knowledge among firms' managers, concerning the significance of CSR, as an approach that may produce intangible benefits, such as, more experts and loyal personnel, better levels of customer satisfaction and an enhanced competitive advantage.

**Funding**

This work was supported by the Program for the Innovative Talents of Higher Education Institutions of Shanxi (PTIT) under Grant (20191043); Key R&D Program of Shanxi Province, China (Social Development) under Grant (201903D321004).

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