



**Corporate Social Responsibility Antecedents and Practices
as a path to enhance organizational performance: The case
of Small and Medium sized Enterprises in an emerging
economy country**

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6 **Corporate Social Responsibility Antecedents and Practices as a path to**
7 **enhance organizational performance: The case of Small and Medium sized**
8 **Enterprises in an emerging economy country**
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17 **Abstract**
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19 The impact of stakeholders' pressure and business uncertainties on the correlation between
20 corporate social responsibility (CSR) and organizational performance within small and medium
21 sized enterprises (SMEs) is under researched. This study aims to derive the correlation of CSR
22 antecedents, CSR practices, stakeholders' pressures, business uncertainties, and organizational
23 performance of SMEs in the UAE. The data was collected through a survey from 117 SMEs in
24 the UAE, and analyzed using structural equation modeling. The study reveals that the level of
25 importance SMEs attach to CSR antecedents influences positively the extent of SMEs
26 involvement with CSR practices; and these, in turn, translate into significant performance
27 outcomes for SMEs. Business uncertainties are proved to moderate both relationships (CSR
28 antecedents-CSR practices; and CSR practices-SMEs performance); while stakeholders' pressure
29 is found to have no moderating effect on CSR antecedent-CSR practices relationship. The
30 proposed framework could be adopted in any economy for enhancing performance through CSR.
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40 **Keywords:** *corporate social responsibility, antecedents, stakeholders' pressures, business*
41 *uncertainty, organizational performance, SMEs*
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49 **1. Introduction**
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51 The contribution of small and medium-sized enterprises (SMEs) to Gross Domestic Product
52 (GDP) is well known, but their cumulative negative contributions to the environment and the
53 welfare of society are of concern to policy makers across the world. Extant literature reveals that
54 SMEs are little engaged with corporate social responsibility (CSR) practices, owing to focusing
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3 on other priorities such as intense competition, increasingly demanding customers, and
4 challenging supplier management (Lawrence et al., 2006; Lee et al., 2015; Dey et al., 2018).
5 Unlike larger firms, SMEs are rarely involved in CSR activities due to their lower visibility and
6 weak financial resources (Jenkins, 2004; Lee et al., 2015). SMEs' approach to CSR is rather
7 informal and lacks a systematic strategy (Lee et al., 2015) and many SMEs have neither a budget
8 nor a department dedicated to CSR (Pastrana and Sriramesh, 2013; Lee et al., 2015). SMEs'
9 managers often perceive that CSR practices are cost intensive and have no direct positive impact
10 on their organizational performance (Dey et al. 2020a). Therefore, most SMEs' managers and
11 owners believe that they should adopt CSR practices only under pressure from regulatory bodies
12 or customers (Gadenne et al., 2009; Tang and Tang, 2012). The present study challenges these
13 beliefs by positing and demonstrating that CSR practices might translate into CSR outcomes for
14 SMEs and asserts that the relationship between CSR practices and firms' performance is not
15 straightforward (Gond et al, 2018). Indeed, there are multiple underlying approaches and factors
16 that need to be clarified for an in-depth understanding of the relationship (Lai et al., 2010;
17 Farooq et al., 2017).

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Extant literature on the business factors influencing the association between CSR and SME performance has showed the relevance of examining the moderating roles of several organizational variables (Torugsa et al., 2012; Arend, 2014) and institutional factors (Jamali and Neville, 2011; Yin and Zhang, 2012; Grimstad et al., 2020). While extant literature has pointed out that such an association cannot be straightforward, it remains that it is characterized by (1) divergent and highly aggregated findings with regard to the role played by stakeholders' pressures and (2) omission of the role played by another critical factor, that is, business uncertainty. The latter is particularly essential for understanding the entire decision context in which CSR is practiced. It is argued that "potentially false perceptions managers have about uncertainty" affect their organization's decisions and actions (Schmid and Kotulla, 2011; Helm and Gritsch, 2014), because the business environment is hard to comprehend and evaluate. Given that uncertainty conveys doubt, it is likely to affect managerial actions as well as the outcomes of such actions (McMullen and Shepherd, 2006; Helm and Gritsch, 2014). One can posit that managers' perceptions of uncertainty are likely to influence both the CSR practices and their consequences in terms of organizational performance.

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3 To the best of our knowledge, there has been no study on the relationships of “CSR antecedents–
4 CSR practices–SME performance” in light of the effects of both business uncertainty and
5 stakeholders’ pressures as moderators. Moreover, the majority of studies on CSR was often
6 dedicated to either the relationship between CSR and its antecedents (e.g. Banerjee et al.,
7 2003; Grimstad et al., 2020) or the relationship between CSR and ‘aspects’ of a firm’s
8 performance (e.g. Luo and Bhattacharya, 2006; Lai et al., 2010; Perrini and Russo,
9 2011). Furthermore, the limited number of studies that looked simultaneously at both the
10 relationships has shortcomings. These studies have one or several of the following four
11 limitations: (1) they considered the drivers as antecedents to CSR practices and omitted the
12 impediments (e.g. Torugsa et al., 2012; Tang et al., 2012; Arend, 2014; Govindan et al., 2021);
13 (2) they were restricted to only a part of the organizational context (i.e., the supply chain
14 setting only) (e.g. Jean et al., 2016; Govindan et al., 2021) they were limited to one
15 performance dimension or only a few, instead of all the performance dimensions (Tang et
16 al., 2012; Torugsa et al., 2012; Jean et al., 2016; Govindan et al., 2021); (4) they focused on
17 large firms to the detriment of SMEs (e.g. Tang et al., 2012; Jean et al., 2016; Govindan et
18 al., 2021). In addition, these studies omitted the key role of such moderating variables as
19 business uncertainty.
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33 To bridge the gap, the present study contributes a realistic and holistic framework to support
34 the view that pro-CSR attitudes and beliefs might translate to responsible conscious behaviour,
35 and, in turn, CSR practices may well translate to performance outcomes for SMEs. The study is
36 even more relevant as the extent research on CSR practices mainly focused on developed
37 countries (Zhang and Zhu, 2015; Worthington et al., 2006). Although CSR was initiated and
38 fostered by Western businesses, its understanding and practices are contingent on the
39 institutional environment of countries all over the world (Fifka and Pobizhan, 2014). For the
40 commentators, the limited CSR studies that have been set in emerging economies countries
41 highlight that country differences (e.g. geographic, political, and economic settings) trigger
42 variations in the understanding of CSR practices and their assessment (Griesse, 2007; Zhu et al.,
43 2016). Accordingly, this study investigates whether: 1) the extent of importance SMEs place on
44 CSR antecedents influences their involvement with CSR practices? (Study Objective One); 2)
45 SMEs involvement with CSR practices influences their organizational performance? (Study
46 Objective Two); and 3) the relationships of tryptic of ‘CSR antecedents–CSR practices–SME
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3 performance' could be moderated by stakeholders' pressure and /or business uncertainty (Study
4 Objective Three).
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7 The present study contribution to CSR literature is fourfold. First, it concurrently investigates the
8 underlying mechanisms by which CSR antecedents translate to CSR behaviors, and those by
9 which these behaviors in turn translate to performance outcomes; which helps in preventing from
10 implementing a partial perspective of CSR implementation in SMEs. Indeed, a few researchers
11 cautioned against the drawbacks of studies considering only the effects of CSR practices on
12 performance without including CSR drivers and impediments. These studies are limited by the
13 fact that they would result in an incomplete picture of the phenomena and even inconsistent
14 findings (Jean et al., 2016).
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21 Second, this study contributes to contingency research by considering the impact of business
22 uncertainty, which is an omitted factor in CSR research. More interestingly, this study examines
23 this factor in conjunction with stakeholders' pressures. The latter has been considered in a
24 number of CSR studies but never in conjunction with business uncertainty. Therefore, this study
25 aims to show that CSR research adopting stakeholders' theory may gain from combining their
26 theoretical approach with a contingency perspective.
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32 Third, this study responds to suggestions by several authors to deploying a multidimensional
33 construct for capturing organizational performance. Extant studies on CSR have seldom rarely
34 considered the effects of CSR on the overall performance. Instead, researchers often voluntarily -
35 or because of methodological issues - have focused on specific aspects of performance and
36 neglected others. Therefore, by deploying a multidimensional construct of performance, the
37 present study captures the potential outcomes of CSR practices in terms of broader dimensions of
38 organizational performance. This research is also distinguished by integrating CSR management
39 control tools with CSR initiatives to measure the construct of CSR practices.
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46 Fourth, the study is expected to contribute to the discussion on the investigation of SMEs'
47 practices in emerging countries such as the UAE. This is even more opportune, because no study
48 has so far dealt with any questions related to CSR in UAE. UAE offers an interesting national
49 context for study because its CSR practices are shaped by not only its specific regulatory and
50 normative settings but also the diverse cultures and backgrounds of employees within the same
51 organization and the rapid growth of the SMEs sector (Al Hadhrami, 2013).
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3 The study is presented in five sections. Section 2 presents the literature review and development
4 of hypotheses, followed by methodology in section 3. Section 4 presents the findings and section
5 5 discusses the results. Section 6 presents conclusions, including implications for theory and
6 practice, the limitations of the study, and suggestions for further research.
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10 11 **2. Literature Review and Hypotheses**

12 13 **2.1. Background**

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16 There has been a drive, in Western developed countries, for governments to engage with SMEs
17 on the topics of CSR and the environment (Castka et al., 2004). The justification is that the
18 SMEs combined have a major impact on the environment and society and are often well placed
19 to engage with communities (Castka et al., 2004). Literature report findings of several studies
20 investigate CSR practices in European SMEs (Gelbmann, 2010); however, these are criticized to
21 be neither conclusive nor convergent (Lee et al., 2015).
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27 On the other hand, the United Nations Industrial Development Organization (UNIDO) explored
28 CSR among SMEs in emerging economies countries, and noted that this is shifting toward
29 Western-style CSR through the companies' measurement and management of their
30 environmental and social impact (Raynard and Forstater, 2002). Ciliberti et al. (2008)
31 investigated the obstacles to integrating CSR in SMEs in developing countries and found several
32 issues, such as lack of knowledge on legislation and laws, cultural differences, little interest from
33 companies, poor communication, and corruption.
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40 Regardless of the national setting, some SMEs have been quick to adopt environmental measures
41 because of market opportunities to increase profits (Masurel, 2007; Pastrana and Sriramesh,
42 2013), while others do so because of legislation requirements (Gadenne et al., 2009; Lee et al.,
43 2015). Researchers are increasingly concluding that the greatest motivational factor for CSR
44 practices is external pressure (Lawrence et al., 2006; Tang and Tang, 2012, Pastranaa and
45 Sriramesh, 2014). Not only SMEs may not have an environmental policy or socially aware
46 annual reports (Williamson and Lynch-Wood, 2001), but also they are often portrayed as being
47 unaware of the benefits of CSR practices in terms of performance enhancement (Ciliberti et al.,
48 2008; Gadenne et al., 2009). SMEs, unlike large corporations, also often practice CSR informally
49 (Murillo and Lozano, 2006; Gelbmann, 2010).
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3 Studies on CSR practices of SMEs in emerging countries are limited. Hitherto, no studies appear
4 to have examined simultaneously the multiple facets of CSR (antecedents, practices, and
5 outcomes) in light of SMEs' responses to business uncertainty and stakeholders' pressures.
6 Knowledge on this topic is particularly important because the extended value chains of several
7 firms in Western countries are now integrated with SMEs in emerging economies countries. The
8 rapid progress in technology and infrastructure in emerging countries such as the UAE also
9 present an opportunity to implement best societal and environmental performance practices to
10 sustain the organizational performance of SMEs. Furthermore, recent internationally legally
11 binding societal and environmental targets, such as enhancing employees' well-being and
12 reducing GHG, have increased the importance of CSR agendas in tandem with economic
13 performance for SMEs.
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2.2. Hypotheses Development

CSR antecedents and CSR practices

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28 There is lack of empirical evidence to support the assumption that pro-social and environmental
29 attitudes and beliefs may translate into socially and environmentally conscious behaviour. This is
30 in part because only few studies have focused simultaneously on the drivers and outcomes of
31 CSR initiatives (Jean et al., 2016). Scholars contend that CSR practices are conditioned by
32 both motives for and impediments to CSR (Muller and Kolk, 2010; Zhu and Zhang, 2015; Zhu et
33 al, 2016). Antecedents of CSR may or may not persuade companies to implement CSR practices
34 (Balzarova and Castka, 2012; Surroca et al., 2013; Madueno et al., 2016).
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41 The review of literature shows three main philosophical approaches to antecedents of CSR.
42 First, CSR may be connected to a purely altruistic aspiration of the firm to be a good citizen
43 (moral philosophy or the normative perspective of CSR) (Jenkin, 2004; Lee, 2008; Perry and
44 Towers, 2009; Aguinis and Glavas, 2012). Second, CSR may be linked to an economic profit-
45 maximization approach (the business case or utilitarian philosophy) (Jenkin, 2004; Perry and
46 Towers, 2009; Aguinis and Glavas, 2012). Third, there has been recently a shift to reconciling
47 strategic management goals (e.g. stakeholder management and legitimacy) with moral
48 considerations (Lee, 2008; Perry and Towers, 2009). This shift has been qualified as the
49 "enlightened self-interest" perspective (for an extensive review, see Lee, 2008).
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3 On one hand, the extant literature points out several impediments to CSR within SMEs. It is
4 increasingly admitted that SMEs are barely keen to get involved in CSR activities because of the
5 lower visibility of such activities and smaller financial and human resources in comparison to
6 large firms (Jenkins, 2004; Lee et al., 2015; Pastrana and Sriramesh, 2013). In addition, recent
7 literature has revealed that SMEs often do not have a systematic strategy (Jenkins, 2004; Lee et
8 al., 2015) nor even integrate CSR into their master budget (Pastrana and Sriramesh, 2013; Lee et
9 al., 2015). In developing countries, it is reported that SMEs mainly deploy CSR practices for
10 philanthropic reasons. Amongst the most frequently encountered barriers for implementing CSR
11 within SMEs, authors highlight the lack of knowledge on legislation and laws, lack of awareness
12 about the benefits of CSR, and the struggle of firms to consider CSR as a business priority
13 (Ciliberti et al., 2008; Gadenne et al., 2009; Gelbmann, 2010; Tang and Tang, 2012).

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Scholars have emphasized several CSR drivers, in particular top management leadership and
values (Waldman et al., 2006; Duarte, 2010; Lee et al., 2016). Such drivers are increasingly
recognized as motivating CSR practices by large firms (Waldman et al., 2006; Duarte, 2010) and
non-large firms (Jenkins, 2004; Lee et al., 2016). Researchers concluded that intrinsic drivers are
more powerful than extrinsic ones in shaping SMEs' CSR practices (Lee et al., 2015; Grimstad
et al., 2020). It is suggested that a key driving factor for SMEs to engage in CSR is directors'
motivation to "*do the right thing or to put something back into the society*" (Jenkins, 2004, p. 6).
The perceptions of the top management/owners about reputation outcomes expected from
deploying CSR activities are likely to influence the extent and type of such activities
(Hemingway and Maclagan, 2004; Pastrana and Sriramesh, 2013; Lee et al., 2015). It is argued
that when it comes to adoption of CSR practices and reports, decision makers are motivated by
improving a company's image (Bhatia, 2012; Pastrana and Sriramesh, 2013).

On the basis of the above, hypothesis 1 can be proposed:

H1. CSR antecedents contribute positively to the extent of CSR Practices in the surveyed SMEs.

CSR practices and organizational performance

This study responds to call from several authors to adopt a multidimensional framework for the
characterization of organizational performance (Kirby, 2005; Neely, 2007; Richard et al, 2009).
The latter is defined as a set of both financial and non-financial, internal and external indicators

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3 capable of measuring the extent to which organizational goals have been accomplished (Kaplan
4 and Norton, 1992; Singh et al., 2016). As such, the research on CSR needs to tap on the multi-
5 facets of CSR outcomes (Marín et al., 2012; Reverte et al., 2016).
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9 A key question for researchers and practitioners in CSR remains “does it pay to behave
10 responsibly?” (Ambec and Lanoie, 2008). Past literature concurs that companies can improve
11 competitiveness and financial performance through their CSR efforts (Tang et al., 2012;
12 Madueno et al., 2016). Empirical evidence suggests that the implementation of CSR practices is
13 positively associated with firm performance among enterprises in both developed and developing
14 countries (Li et al., 2013; Rodgers et al., 2013; Hou, 2019, Kim et al., 2018, Crifo et al., 2016).
15 For instance, Jean et al. (2016) concluded that CSR in the supply chain positively influences
16 customer satisfaction in both Chinese and Taiwanese institutional contexts and, thus,
17 suggested that in all institutional contexts CSR matters in improving customer satisfaction.
18 Interestingly, the results portrayed in empirical studies seem to converge with the findings
19 of a number of review papers. For example, Aguinis and Glavas (2012) asserts that sustainable
20 development has fairly positive nonfinancial consequences at the institutional, organizational,
21 and individual level. In the same vein, Perrini and Russo (2011) review 250 contributions using
22 stakeholder-based approaches and show that CSR activities may impact revenue and cost related
23 performance outcomes through.
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36 The literature review in the present study reveals four conclusions. First, while some
37 academics affirm the existence of a positive association of CSR especially with financial
38 performance (Flammer, 2015), several authors call for caution in accepting this assertion. Some
39 critics highlighted that the CSR–performance relationship is either partial (Prado-Lorenzo et al.,
40 2008) or curvilinear (Barnett and Salomon, 2006); while some others denounced the failure to
41 agree on measures of a firm’s performance, the divergences in defining CSR, and the existence
42 of measurement errors in empirical studies (Linnenluecke and Griffiths, 2010; Lueg and
43 Radlach, 2016). Interestingly, a small number of authors emphasized that the size of the positive
44 relationship between CSR and financial performance has diminished over the past few years
45 (Margolis et al., 2009). According to these authors, this could be either an objective observation
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3 Second, while several studies have highlighted that it does pay to be green (Zhu and Sarkis,
4 2007; Albertini, 2013) and socially responsible (Li et al., 2013; Reverte et al., 2016), others
5 contend that in creating corporate performance the type of initiative (Vachon and Klassen, 2008)
6 does matter. For instance, for Colombian managers, the most important initiatives are the
7 development and adoption of charities and not-for profit causes, the employee welfare and
8 training; and the least important is corporate volunteering (Pastranaa and Sriramesh, 2014).
9 Interestingly, although these managers engage in some activities much more than others, they
10 believe that the most activities engaged in are not necessarily the most beneficial ones (Vachon
11 and Klassen, 2008; Pastranaa and Sriramesh, 2014).
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19 Third, our literature review shows that academics often examined the effects of CSR practices on
20 only one or a few dimensions of SMEs' organizational performance. Some dimensions also
21 attracted wider interest than others. In particular, past literature has focused on financial
22 performance (Cegarra-Navarro et al., 2016), customer satisfaction (Jean et al., 2016), and
23 corporate reputation and image (Kucukusta et al., 2013; Zhu et al, 2016). In our study, we argue
24 that the definition of organizational performance is a 'surprisingly open question', with few
25 studies using consistent measures (Kirby, 2005; Richard, 2009). Therefore, we build on seminal
26 studies in management control (Kaplan & Norton, 1996) and in management sciences (Richard
27 et al., 2009) and adopt rather a multidimensional construct to measure organizational
28 performance. The multidimensional construct we adopt aims to allow for assessing the effect of
29 CSR on the overall performance of a firm.
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39 Fourth, the expected positive association between CSR practices and organizational performance
40 has not been fully established in the context of small firms (Morsing and Perrini, 2009; Fassin,
41 2008). In the field of SMEs, the few existing studies have shown tenuous positive relationships,
42 in particular, between CSR and innovation, CSR and competitiveness (Battaglia et al., 2014;
43 Madueno et. al, 2016; Martinez-Conesa et al., 2017), and CSR and growth (Stoian and Gilman,
44 2017).
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49 With reference to the aforementioned, the study poses the following research hypothesis:

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51 *H2: CSR Practices influence positively the organizational performance of the surveyed SMEs.*
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Moderating role of stakeholders' pressures

Stakeholders¹ pressures implicate the interest and impact of various groups (Henriques and Sadorsky 1999). It is argued that firms' decisions are affected by these groups, and since these groups have different interests, it is important that firms identify their stakeholders and appropriately respond to their demands (Russo and Perrini, 2010, 2010; Abdel-Maksoud et al., 2020). CSR is said to help firms integrate social and environmental concerns in interacting with their stakeholders (CEC, 2006).

There has been a growing pressure on firms to improve environmental and social communications with stakeholders (Simons 2000; Russo and Perrini, 2010; Rodrigue et al. 2013). The contingency literature, for instance, contends that social and environmental actions are considered by managers in response to stakeholders' pressures (see, Henri and Journeault 2010). Moreover, the legitimacy theory argues that managers tend to implement managerial changes, and communicate them, to satisfy powerful stakeholders through various methods².

Such pressure is said to have motivated the implementation of environmental and social practices (Schaltegger and Burritt 2000, Pondeville et al. 2013; Abdel-Maksoud et al., 2020). This can be explained as a result of managers' tendency to implement managerial changes, and communicate them, to satisfy influential stakeholders (Deegan et al. 2002, Islam and Deegan 2010). For instance, Islam and Deegan (2010) claimed that organizations tend to distance themselves from suppliers who are proved to be violators of community social and environmental expectations. Interestingly, the same view is supported in environmental disclosure literature (see, for instance, Moneva and Llana, 2000).

However, prior literature is scarce on studies addressing the stakeholders' pressures influence on managers decision to implement CSR practices, with few past empirical studies reported a significant positive association between stakeholders' pressures and the adoption of

¹ Stakeholders refer to "any group or individual who can affect or is affected by the achievement of the organisation's objectives" (Freeman,1984,p.46)

² Three methods for managers to legitimate their organisations are identified in the literature (de Villiers and Van Staden 2006, p.765): "adapt outputs, goals, methods; communicate in order to change societal expectations, and/or communicate in order to identify with symbols, values or institutions with legitimacy". Notably, the last two methods refer to disclosure of environmental/social information to stakeholders, while the first method implies implementation of managerial practices.

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3 environmental and social responsibility practices (see, Doran and Ryan 2012, Pondeville et al.,
4 2013). This is consistent with the findings reported in past studies, indicating an increasing
5 tendency by stakeholders to access organizational environmental and social information to exert
6 some influence on SMEs' decision to adopt CSR practices (Fassin, 2009; Zhu et al., 2012).). In
7 particular, suppliers and customers as stakeholders play significant roles in the sustainability of
8 an enterprise For example, buyers increasingly focus on the CSR practices of SMEs (Baden et
9 al., 2009). Similar to large firms, SMEs appear to be pressurized often by customers and
10 suppliers and thus direct their CSR responses to these stakeholders. However, unlike large firms,
11 SMEs appear to largely heed to the government (Pastranaa and Sriramesh, 2013) and pay less
12 attention to shareholders and employees. This is consistent with Lee et al. (2016), who suggested
13 in their literature review that, compared with large corporations, SMEs perceive themselves as
14 mainly responsible to a few and/or different stakeholders rather than several of them and to the
15 local community rather than the overall society.
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19 Interestingly, CSR literature is said to be scarce on empirical studies investigating how
20 stakeholders' pressures could influence the relationship between CSR antecedents and CSR
21 practices in SMEs (Helmig et al., 2016; Adebajo et al., 2016). Previous empirical studies, in
22 CSR literature, have focused on a stakeholder approach in examining CSR in SMEs across the
23 world³. However, these studies are said to have fallen within the scope of descriptive stakeholder
24 theory⁴, which called for more empirical studies to consider investigating how stakeholders
25 pressures could influence management's tendency to implement relevant environmental and
26 social managerial practices (Guenther et al., 2016; Abdel-Maksoud et al., 2020). Accordingly, in
27 our study, we address this gap in literature and investigate whether stakeholders' pressures could
28 moderate the relationship between CSR antecedents and CSR practices in SMEs. By testing for
29 moderation, we investigate whether the hypothesized direct positive relationship between level
30 of importance SMEs place on CSR antecedents and the extent of their involvement in CSR
31 practices (i.e. H1) changes as a function of stakeholders' pressures. The third hypothesis posed
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51 ³ For more details, the reader can refer to: Longo et al. (2005) in Italy; Abreu et al., (2005) in Portugal; Uhlaner et
52 al., (2004) in Spain; and Jamali (2008) in Lebanon and Syria.

53 ⁴ Descriptive stakeholder theory 'seeks to outline participants' views of what the business organization is doing vis-
54 a-vis its stakeholders, as well as the mechanisms through which different views come into being (Brickson, 2007)'
55 (Jamali, 2008, p. 219).
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3 *H3: Stakeholders pressures moderates the relationship between CSR antecedents and CSR*
4 *practices within SMEs.*
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8 ***Moderating role of business uncertainty*** 9

10 An important factor for the performance of SMEs is the role of perceived business uncertainty
11 (Sturdy et al., 2013; Lee and Klassen, 2015; Kim and Chai, 2016). The latter is defined as the
12 perceived risk of the general business environment (Lee and Klassen, 2015) or the effects of
13 imprecise predictions about environmental change on normal operational efficiency of the
14 organization (Martin-Tapia et al., 2008, p. 60).
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19 Several past studies have suggested that perceived business uncertainty attributes impact both the
20 adoption of environmental practices and firm's performance (Lo, 2013; Cormier & Magnan,
21 2015; Vachon and Hajmohammad, 2016). The present study contends that perceived business
22 uncertainty constitutes a variable that could be used as a confounding factor in the hypothesized
23 modelling framework, which could absorb a significant part of the variation in the relationships
24 between CSR antecedents and practices and organizational performance. The majority of the
25 studies that explored perceived business uncertainty concluded that it hinders a firm's
26 performance, regardless of whether the firm is large or an SME. However, a few recent studies
27 have suggested that such a conclusion may be less straightforward (Lee and Klassen, 2015).
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35 An evidence might be found in the literature of a direct and positive association between
36 business uncertainty (i.e., technological) and strategic performance in the specific context of
37 green supply chains (Wu, 2013). For instance, a high level of perceived business uncertainty is
38 characterized by the rapid technological progress, the rise of many new products, and the
39 increasing technical complexity of product development within an industry (Land et al., 2012).
40 Meanwhile, business uncertainty, in terms of demand, is said to attenuate the positive effect of
41 supply chain integration on delivery performance (Boon-itt and Wong, 2011; Wu, 2013) and also
42 favor particular types of environmental initiatives (Lo, 2013; Vachon and Hajmohammad, 2016)
43 and environmental information disclosure (Cormier & Magnan, 2015). Similarly, industry-
44 related uncertainty reduces the effectiveness of operations management practices (i.e., reverse
45 supply chain) (Kocabasoglu et al., 2007), while technological uncertainty has a bearing on
46 customer delivery performance (Boon-itt and Wong, 2010; Vachon and Klassen, 2002). More
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3 closely to CSR, Wu (2013) shows that demand uncertainty positively moderates the association
4 between green supply chain and green innovation. However, no significant moderating effect
5 was found for technological uncertainty. In the same vein, Roper and Tapinos (2016) emphasize
6 the importance of business uncertainty in shaping firms' willingness to undertake green
7 innovation.
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12 Curiously, to the best of our knowledge, no previous literature has investigated whether the
13 relationship between CSR practices and organizational performance is affected by perceived
14 business uncertainty. The present study proposes that the outcomes generated by adopting CSR
15 practices in SMEs may be more pertinent when business uncertainty increases. For instance,
16 firms that proactively engage in environmental activities may be more rewarded in unstable
17 business environment rather than in a context of stability (Martin-Tapia et al., 2008; Wu, 2013;
18 Roper and Tapinos, 2016).
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25 Accordingly, the following two research hypotheses are posited on the moderating role of
26 business uncertainty on relationships between CSR antecedents and CSR practices (H4); and the
27 CSR practices and organizational performance (H5).
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31 *H4: Perceived business uncertainty moderates the relationship between CSR antecedents and*
32 *CSR practices within SMEs.*
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35 *H5: Perceived business uncertainty moderates the relationship between CSR practices and*
36 *organizational performance within SMEs.*
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41 Figure 1 illustrates the conceptual model.
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50 **3. Methodology and Analysis**

51 **3.1. The survey** 52 53 54 55 56 57 58 59 60

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3 This research follows several studies on CSR in SMEs literature (Madueno et al., 2016; Lopez-
4 Perez et al., 2017; Martinez-Conesa, 2017, Dey et al. 2018, Dey et al. 2020b) in deploying a
5 questionnaire to offer a broad overview of the extent of CSR practices, their antecedents, and
6 their performance outcomes. This study responds to the call by a number of scholars to examine
7 SMEs and explore different national contexts (e.g., Jamali and Neville, 2011). Hence,
8 investigating SMEs initiatives in the UAE extends the scope of current research to new micro
9 and macro contexts⁵. Although CSR was initiated and fostered by Western businesses, the
10 understanding and behaviors toward CSR depend on the institutional environment of countries
11 across the world (Fifka and Pobizhan, 2014). For researchers, the limited CSR studies focusing
12 on emerging countries strengthened the view that differences in geographic, political, and
13 economic settings lead to variations in the understanding of CSR initiatives and their
14 measurement (Griesse, 2007; Jamali and Neville, 2011; Zhu et al., 2016). The Emirate of Abu
15 Dhabi offers an interesting context for testing our model because of its generous governmental
16 policy that support the deployment of CSR initiatives, an increasing unpredictability in terms of
17 market prospects, a difficult credit market conditions for SMEs, the coexistence of Western and
18 Arabic cultures cohabiting at the micro and macro levels, and, overall, a rapid growth of the
19 SMEs sector (Al Hadhrami, 2013; OECD 2016).

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22 Following a literature review on CSR practices of SMEs across the world to identify the issues
23 and challenges they face, the policies adopted, the strategies deployed, and the frameworks used
24 to ensure superior performance, a questionnaire was designed to study the ethics, environmental
25 and social practices, and performance of SMEs (the survey questionnaire can be found at the
26 supplement). This study posits that environmental management can be considered as a separate
27 dimension of CSR practices (Zhu and Zhang, 2015), and thus treats it as a distinct construct.

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30 To ensure data relevance, the sample consisted of SME owners or managers. It was verified that
31 they all had sufficient information about the deployment of MCS and CSR initiatives. Data were
32 collected through a web-based questionnaire administered to a target sample of SMEs operating
33 in various industries during June–September 2017. The sample consisted of the firms listed in
34 the directory of the “Economic Development Authority” of Abu Dhabi.

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⁵ For more details on SMEs in UAE, the reader can refer to the Supplementary Materials.

We have adopted a nonrandom purposive sampling. This technique is adequate with the newness of the study topic in the region (CSR antecedents and practices in the UAE) as well as the study purpose (i.e. assessing the diffusion of business practices and contingent factors). Overall, the final target sample consisted of 501 SMEs. The respondents were SME's owner/manager. Concretely, the introduction section of the survey indicated that respondents could tick a box if they wished to receive a summary of the results. The survey was administered through online questionnaire. To guarantee the completion of the questionnaire, respondents needed to answer every question/row in order to be able to submit their completed questionnaire.

Knowing that in the middle-east, direct contact is a preferred means of communication (Al Hadhrami, 2013), we have not only followed up by email and phone but also met respondents on site. This active strategy for collecting data led to the collection of 113 responses (22.5%). This rate is similar to relevant empirical studies in the CSR–management literature (Madueno et al., 2016; Lopez-Perez et al., 2017; Martinez-Conesa, 2017).

3.2. Variables measurement

The study variables were measured using indices consisting of multiple survey items derived from the literature review. Each item was measured using a five-point Likert scale. The items were also pretested with a few performance measurement experts and CSR professionals.

CSR antecedents

A series of items depicting CSR antecedents, such as CSR motives, CSR beliefs, and impediments to CSR were used (Banerjee et al., 2003; Williamson et al., 2006; Muller and Kolk, 2010; Lo, 2013; Zhu and Zhang, 2015; Jean et al., 2016; Dey et al., 2018). Further, antecedents of environmental practices and those of the other CSR practices (social, ethical, and charity) were distinguished. Respondents were asked to assess the importance of CSR motives, CSR beliefs, and impediments to CSR in their organization. Their response was expressed on a Likert scale ranging from 1: “very low” to 5: “very high”.

CSR practices

The literature identifies numerous types of CSR practices as important in SMEs. Measurement items were chosen based on a careful literature review (Martinez-Conesa et al., 2017; Dey et al., 2018; Crifo et al., 2014). We followed Dey et al. (2018) and classified CSR practices into two

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3 categories: nonenvironmental CSR and environmental CSR. The select items have the merit of
4 summarizing the long list of CSR initiatives described in the extant literature while reflecting the
5 range of SMEs' initiatives in reality. Interestingly, this study is distinguished by considering both
6 'initiatives' (actions) and 'management control tools' to measure overall CSR practices. It is
7 admitted in the management control literature that the assessment of organizational practices
8 should cover the use of "management control tools", without which organizational initiatives can
9 hardly be activated (Kaplan and Norton, 1996). Overall, we used 2 categories and 17 items to
10 measure 'nonenvironmental CSR practices' (9 items for 'nonenvironmental CSR initiatives', and
11 8 items for 'nonenvironmental CSR management control tools'), and 2 categories and 15 items
12 to measure 'environmental CSR practices' (7 items for 'environmental initiatives/usage', and 8
13 items for 'environmental management control tools').
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22 Respondents were asked to assess how far their organizations were involved with CSR practices;
23 their response was expressed on a Likert scale ranging from 1: "very low involvement" to 5:
24 "very high involvement."
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28 *Organizational performance*

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30 For experts on performance measurement (e.g., Kirby, 2005; Neely, 2007; Richard et al, 2009),
31 the construct of *organizational performance* is neither being accurately defined nor did the
32 studies use consistent measures (Neely, 2007). Therefore, seminal studies in management control
33 (Kaplan & Norton, 1996), operation management (Neely, 2007), and management sciences
34 (Kirby, 2005) were followed in the study and a multidimensional construct was used to measure
35 the SMEs' organizational performance. The construct included 16 items classified into five
36 categories: financial, operational, market, learning, and network performance. The aim was to
37 represent SMEs' performance without neglecting dimensions that might be affected by CSR
38 initiatives. Respondents were asked to assess their organization's performance on these 16 items.
39 A Likert scale was used (ranging from 1: "very poor" to 5: "very high"). Although the selected
40 items are derived from extant literature (Aragón-Correa et al., 2008; Gelbmann, 2010; Tang and
41 Tang, 2012; Lee et al., 2015; Singh et al., 2016), the present study underlines that perhaps this is
42 the most comprehensive list of items used to measure performance in the field of CSR. The
43 breakdown of performance into the five categories is also a first in the current literature.
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Moderators

Business Uncertainty

Following several authors (Parnell et al., 2000; Wu, 2013; Roper and Tapinos, 2016), a set of questions was used to measure strategic uncertainties; respondents were asked about their perceptions on five areas of uncertainty: suppliers, customers, workforce, technology, and the financing. The present study posits that organizational strategies and actions are mainly a response to key perceived uncertainties about strategic factors (Parnell et al., 2000; McMullen and Shepherd, 2006; Wu, 2013).

Stakeholders' pressures

Respondents were asked to indicate whether pressures to consider CSR originate from literature-based classes of stakeholders. Consistent with the extant literature, nine classes of stakeholders were retained (Doran and Ryan 2012, Balzarova and Castka, 2012; Pondeville et al., 2013; Dey et al., 2018). Respondents were asked to rate the importance of these stakeholders on a scale of 1 “very low” to 5 “very high.”

Exploratory factor analysis (EFA) has been adopted to reduce the dimensionality of the data to a few representative subfactors, and therefore summarize the multivariate information in a simpler form for subsequent submission to structural equation modelling (SEM) analysis. All EFA analyses were conducted using statistical package SPSS 21.0 (IBM Corp. Released, 2012).

A detailed description of all the observed items that build constructs and subconstructs used in the research analysis is provided in the Appendix, along with corresponding descriptive statistics. We also include the percentage of variance explained by the corresponding subconstructs as given by EFA as well as the Cronbach's alpha values, for evaluating the validity and reliability of the questionnaire.

Details of items included in each construct are provided in Table A in the Appendix.

3.2 Descriptive Statistics for Control variables and testing for non-response bias

The sample for the current survey consisted of 117 small-and-medium sized enterprises located in the UAE. Four main controls were – based on existing literature – included: industry type, size

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3 of workforce, annual sales growth and values, organization type (e.g. Pondeville et al., 2013;
4 Madueno et al., 2016; Reverte et al., 2016).

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7 Descriptive statistics for the collected sample of SMEs as regards their basic characteristics is
8 presented in Table 1. The sample covers firms from various industries and of different sizes.

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18 The results from the Mann-Whitney U test for non-response bias on the basic control variables
19 described in Section 3.1 are presented in Table 2. They indicate the absence of non-response bias
20 in the collected data, since the p-value for the four selected items does not reject the null
21 hypothesis that the distributions of the latter items are similar for the first 24% and the last 24%
22 of the sample of SMEs, at the 5% significance level ($p\text{-value} > 0.05$).
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34 **3.3 SEM modeling**

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36 This study adopts a SEM modelling (Bollen, 1989) to investigate the hypotheses posed in
37 subsection 2.2 and the validity of the corresponding conceptual model (see Figure 1). Such a
38 methodology allows for explanations of the possible causal relationships derived from the
39 conceptual model and simultaneous analysis of the relationships of different proxies on the
40 dependent measure(s). In contrast to a typical regression modeling approach, the distinctive
41 feature of the SEM is that the dependent and independent variable(s) can be either observed or
42 latent and that complex interrelations between the independent variables can be also imposed.
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49 The fitted SEM model using the data of the SMEs in the UAE was estimated through AMOS
50 software program (Arbuckle, 2006). Generalized least squares method was suitable for the nature
51 of the collected data, which is dichotomous and derived from Likert-scale answers. The collected
52 data were fitted via the SEM model, as described in Figure 1. To indicate the relative strength of
53 the statistical associations between the latent and observed items of the hypothesized SEM
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3 model, the standardized path coefficients that are constrained to the $[-1, 1]$ interval are
4 presented, with values close to 1, indicating a high positive causal effect and values close to -1 ,
5 indicating a high negative causal effect.
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9 Finally, we examine the validity of moderation hypotheses H3–H5, by testing the significant
10 effects of the interaction between the moderator and the independent variable (see Baron and
11 Kenny, 1986). Moderation tests have been performed with the AMOS software using the latter to
12 compute separate confidence intervals for each moderating effect of interest.
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16 17 **4. Results**

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19 The SEM is fitted to the data to examine the validity of research hypotheses. The validity of the
20 fitted SEM model was initially examined through the inspection of the goodness-of-fit statistics.
21 As presented in Table 3, the results show that the fit of the SEM model is adequate.
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27 **Insert Table 3 here**
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32 Figure 2 presents the estimates of the standardized path regression coefficients measuring the
33 significance and magnitude of the hypothesized associations between the latent constructs of
34 interest. Dashed lines in the diagram indicate that the specific connection is not statistically
35 significant.
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46 Figure 2 shows that SMEs' CSR antecedents factor is highly positively associated with CSR
47 practices (beta coefficient = 0.851, p -value < 0.001), thus verifying H1. Similarly, it is also
48 evident that the latent factor of CSR practices positively influences the organizational
49 performance (beta coefficient = 0.983, p -value < 0.001), hence H2 is also fully verified. With
50 regard to the remaining associations of the fitted structure to the data, it is seen that Business
51 Uncertainty affects negatively the organizational performance of SMEs (beta coefficient =
52 -0.246 , p -value < 0.1) at the 10% level of statistical significance, whereas Stakeholders
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3 Pressures and Business Uncertainty moderately positively affect the CSR antecedents factor
4 (beta coefficient = 0.166 and 0.123, respectively). No associations were observed between
5 Stakeholders Pressures and Business Uncertainty with CSR Practices.
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9 Table 4 provides the results of the fitted model. In particular, Table 4 shows the standardized
10 path coefficients for all constructs and related subconstructs included in the fitted model.
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15 **Insert Table 4 here**
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20 According to these results, the highest contribution to the latent construct of organizational
21 performance is through its corresponding subconstructs, Learning and Operational performance
22 (beta coefficient = 0.887 and 0.883, respectively), whereas less contribution is because of the
23 observed item of “Financial performance” (beta coefficient = 0.572). As regards Business
24 uncertainty, the item of “Uncertainty of access to financing” is seen as the least important item
25 for the construction of the factor of Business uncertainty (beta coefficient = 0.358). Finally, the
26 item of “Management control tools” is the least contributing item on the “Non-Environmental
27 CSR practices” factor.
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33 Next, the moderating effects of stakeholders’ pressures and business uncertainty were analyzed
34 and calculated through the moderation testing (Baron and Kenny, 1986). Table 5 presents the
35 corresponding results. Essentially, the three moderation effects in the SEM model are tested by
36 the introduction of the additional association of interaction between each pair of independent and
37 moderator items and the dependent item, being evaluated as significant or non-significant
38 depending on the statistical significance of the corresponding standardized estimated coefficient
39 (see Table 5).
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49 **Insert Table 5 here**
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53 The obtained moderation test results indicate that hypothesis for the moderation of stakeholders
54 pressures on the relation between CSR antecedents and CSR practices (H3) is not verified ($\beta =$
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0.005; p -value > 0.1). However, there is evidence for a significant positive moderation effect of Business Uncertainty on the association between CSR antecedents and CSR practices in SMEs ($\beta = 0.512$; p -value < 0.05), verifying the research hypothesis H4, while a partial verification holds for the H5 hypothesis regarding the moderation effect of Business Uncertainty on the association between CSR practices and organizational performance ($\beta = 0.28$; p -value < 0.1).

5. Discussion

In the present study, two relations were empirically analyzed between CSR antecedents and CSR practices, and between the CSR practices and SMEs' performance. In addition, the confounding roles of stakeholders' pressures and business uncertainty in the previous associations were investigated. Data collected from 117 SMEs in the Emirate of Abu Dhabi, UAE, were used for the purpose of analysis. Based on the results of the SEM empirical model presented earlier, the study aimed at testing if the research hypotheses H1–H5 of section 2.2 are verified by the analysis results of the collected SMEs' data.

To start with, the results fully verified research hypothesis H1 that poses the positive effect of CSR antecedents on SME CSR practices (H1: $\beta = 0.851$). The positive and statistically significant associations of CSR practices with the antecedents, which have been observed in the present study, are adding to some previous works and verify their findings (e.g., Muller and Kolk, 2010; Zhu et al., 2016). In particular, the study results showed that for the case of the SEM fitted model (Table 4), CSR Motives and Beliefs translate indeed to CSR practices in SMEs. Moreover, the impediments are negligible as contributors of the antecedents' factors, which implies that there is no other cause that could reduce or stop CSR practices from being implemented in SMEs in UAE than the specific factors examined in this study. Our findings are partly in agreement with some studies on SMEs, highlighting the need to consider the extensive role of personal values and ethics of SMEs' managers and owners in the diffusion of CSR practices (see, e.g., Lee et al., 2015; Grimstad et al., 2020).

Regarding the research hypothesis H2, the findings point toward the high positive effect of CSR practices on organizational performance (comprising the aspects of financial, operational, market, learning, and network performance; hypothesis H2: $\beta = 0.983$). The results are in

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3 accordance with a growing body of research, which suggests that SMEs may improve their
4 organizational performance through CSR practices (e.g., Tang and Tang, 2012; Madueno et al.,
5 2016). Interestingly, the present study reveals a more significant positive effect than
6 demonstrated by the extant research conducted in developing countries. The underlying reasons
7 could be attributed to legislation requirements or other external pressures (Lawrence et al., 2006;
8 Lee et al., 2015) or voluntary efforts by SMEs to increase their market opportunities (e.g.,
9 Masurel, 2007).

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11 However, this finding is contradicting those of several studies on SME which find that managers
12 do not perceive CSR practices as positively influencing their performance (Tang and Tang, 2012;
13 Gadenne et al., 2009). In addition, this study suggests that this strong positive association may be
14 also attributed to specific country characteristics, such as the emerging UAE infrastructure or the
15 recently adopted international social and environmental targets on standards that UAE SMEs
16 should conform to.

17
18 The most important subconstruct for nonenvironmental CSR practices is ‘Actions and initiatives’
19 in comparison to ‘Management control tool’ highlighting that SMEs emphasize more on the
20 implementation of CSR initiatives and on infrastructure than on control. On the other hand, UAE
21 SMEs give equal weight to both subconstructs of environmental CSR practices, that is,
22 ‘Management control tools’ and ‘Usage’ (See Table 4). Finally, observing the subconstructs of
23 the SMEs organizational performance factor, it is obvious that most emphasis is given on the
24 aspects of ‘operational’ and ‘learning’ performance. This indicates that SMEs in UAE should
25 focus on improving these aspects of organizational performance to enhance their overall
26 performance.

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28 The model testing also revealed a negative direct effect of Business Uncertainty on
29 Organizational Performance, since the outcome of our analysis showed a negative coefficient
30 (beta coefficient = -0.246). This finding of a negative effect of business uncertainty on SME
31 performance is consistent with a few research findings (e.g., Schmid and Kotulla, 2011; Helm
32 and Gritsch, 2014). With regard to the subconstructs of uncertainty and their effects on the
33 overall Uncertainty factor, the fitted model showed that the uncertainty regarding access to
34 finance is the less important factor for UAE SMEs, which is unsurprising because of the good
35 and steady progress of UAE key banking indicators and lending market (refer to Table 4). On the
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3 other hand, uncertainties associated with business technology and workforce recruiting appeared
4 to have a higher impact on SMEs. This reflects empirical observations that hiring employees is a
5 key HR challenge in the UAE due to the unclear role played by recruitment agencies and a high
6 turnover rate (Hays' 2017 Report, "The DNA of an HR Leader").
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10 Next, considering hypothesis H3, the study results tend to reject the hypothesis of the effect of
11 stakeholders' pressures (considered as a moderator) on the positive association between CSR
12 antecedents and CSR practices of SMEs. Indeed, the results based on the moderation test showed
13 nonsignificant effects (Table 5). In other words, the direct positive association between CSR
14 antecedents and CSR practices, verified in H1 above, is not influenced by stakeholders' pressure.
15 We recall here that only a few empirical studies investigated how stakeholders' pressures could
16 influence the relationship between CSR antecedents and CSR practices in SMEs (Helmig et al.,
17 2016; Adebajo et al., 2016). Our finding regarding H3 differs from those studies in showing a
18 non-significant effect played by stakeholders pressures. This finding could implicate the need for
19 further emphasis - by policy makers in Abu Dhabi - on implementation of CSR practices in
20 SMEs operating in the Emirate. Further empirical studies will definitely help in recognising
21 various ways stakeholders' pressure could influence SMEs management's tendency to
22 implement such practices - for instance imposing more voluntary or compulsory regulations.
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33 Regarding H4, a positive statistical significant effect of the moderator of business uncertainty on
34 the relation between CSR antecedents and CSR practices was derived from the moderation test
35 for indirect effects (H4: $\beta = 0.512$; p -value < 0.05). These results confirm and extend the findings
36 of Lo (2013) and Vachon and Hajmohammad (2016), who have found that business uncertainty
37 positively affects particular types of environmental practices. We extend those findings to
38 nonenvironmental (social and ethical) CSR practices as well.
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44 Finally, the research hypothesis H5 cannot be rejected because business uncertainty was found to
45 be a statistically significant moderator of the association between CSR practices and
46 organizational performance in UAE SMEs (H5: $\beta = 0.28$; p -value < 0.1). Interestingly, even in
47 the context of an uncertain environment, CSR practices by SMEs can provide performance
48 outcomes. We argue that in an uncertain environment, socially and environmentally proactive
49 firms may have a better chance of detecting and mitigating problems,
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3 that would have been either hidden or less relevant in a stable business environment (Martin-
4 Tapia et al., 2008).
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8 **6. Conclusion**

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10 The research investigates empirically the concurrent effect of CSR antecedents on CSR practices
11 and that of CSR practices on organizational performance of SMEs in an emerging economy, the
12 Emirate of Abu Dhabi. The study contributes further and investigates the influence that two key
13 variables, namely stakeholders' pressures and business uncertainties, could excerpt, as
14 moderators, on such relationships.
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18 The findings provide empirical evidence on positive relationships between CSR antecedents and
19 CSR practices, on the one hand, and CSR practices and SMEs performance, on the other.
20 Interestingly, business uncertainty is proved to positively moderate both the relationship between
21 CSR practices and SMEs' performance in UAE and the relationship between CSR antecedents
22 and CSR practices. At the opposite, stakeholders' pressures do not affect the association between
23 CSR antecedents and CSR practices.
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30 The study findings contribute significantly to both literature and practice. The contributions
31 made by the study to literature are fivefold: first, the simultaneous investigation of the
32 relationship between CSR and its antecedents (Banerjee et al., 2003) and the relationship
33 between CSR and firm's performance (Lai et al., 2010) has allowed an integrative analysis
34 not considered hitherto in the literature. The study findings provide conclusive empirical
35 evidence that CSR attitudes and beliefs (i.e., antecedents) translate to responsible behaviours
36 (CSR practices) (Grimstad et al., 2020) which in turn, translate to multiple positive performance
37 outcomes.
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45 Second, the study provides empirical evidence of the influence that business uncertainty exerts,
46 as a moderator, on the relationship between CSR practices and SMEs performance. The
47 relationships of the tryptic of "CSR antecedents-CSR practices-organizational performance"
48 were found to be contingent on the extent of Business Uncertainty faced by the SMEs.
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52 Third, the study is distinguished by developing a valid and reliable scale for measuring each of
53 CSR practices and organizational performance; in that: (1) the construct of CSR practices
54 integrates both CSR initiatives and CSR management control tools, and (2) the construct of
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3 organizational performance is multidimensional encompassing financial, operational,
4 market, learning, and network facets. By considering all the multiple facets of performance,
5 this study has clarified how CSR practices contribute to alleviate the overall performance of
6 a firm.
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10 Fourth, this paper has shown that the study of CSR practices in nontraditional contexts such
11 as in SMEs in emerging economies, (e.g., UAE), may call for reconsidering the conclusions
12 of the extant literature with less certainty. In Abu Dhabi, a rich oil and gas Emirate, the
13 study shows that SMEs succeed in deriving substantial performance outcomes from
14 deploying CSR practices. It is known that SMEs in the UAE have much higher gross margin
15 than in many developed countries. This is due to adopting high selling prices while
16 incurring cheap labor costs and almost no taxes. Therefore, the investments costs in CSR
17 appear to be absorbed by the high premiums of products and services. This high premium
18 charged by SMEs can also explain why even under high business uncertainty, SMEs
19 continue to get benefit from investing in CSR. Another characteristic of the Emirate of Abu
20 Dhabi is that the ownership and top management of SMEs is frequently reserved to local
21 Emirati investors. Emirati investors are often guided by Islamic values that cherish charity,
22 morality and environment preservation (Williams and Zinkin, 2010). This could explain the
23 importance of the motives for CSR compared to the impediments to CSR.
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35 Fifth, this study contributes to both contingency research and stakeholders theory. By
36 considering the roles played by business uncertainty in conjunction with stakeholders' pressures,
37 this study showed that CSR research adopting stakeholders theory may gain from combining
38 their theoretical approach with a contingency perspective. No previous study has concurrently
39 examined their effects in the CSR literature.
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45 The study findings also provide practical implications, which are expected to enhance the
46 awareness among SMEs' managers and government officials regarding the importance of
47 considering business uncertainty in shaping CSR practices and organizational performance.
48 This finding shall also contribute to the practice, particularly in emphasizing the paths
49 through which CSR beliefs and motives as well as CSR initiatives and management control
50 translate to performance improvements. Moreover, studying CSR antecedents (motives and
51 impediments) is essential for policymakers should they aim to foster the diffusion of CSR
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3 practices (Grimstad et al., 2020). If motives for CSR dominate its impediments, then
4 policymakers should implement institutional reforms that focus on further improving the positive
5 perceptions of leaders towards CSR rather than addressing barriers to CSR. At the opposite, if
6 leaders perceive that impediments to CSR bypass its motives, then policymakers should be
7 cautious in providing further economic support and instead focus on addressing operational
8 difficulties encountered by SMEs.
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11 Although the findings of the study are relevant for SMEs in the UAE only, the method for
12 studying correlation among CSR antecedents, CSR practices, business uncertainties, external
13 pressures, and organizational performances are applicable for any region and country. Therefore,
14 this could be adopted anywhere across the globe to adopt CSR practices and objectively
15 determining its impact in order to enhance organizational performance.
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19 This study has its limitations. First, it was conducted on SMEs; hence, any generalization to large
20 organizations should be made with caution. Second, the study findings are limited by the
21 research design (variables and sample); hence, it is suggested that further research should adopt a
22 disparate research design, with the inclusion of other stakeholders' perspectives in data
23 collection. This could also entail the use of objective secondary data to capture firms'
24 performance. Future studies could consider how stakeholders' pressures in UAE could exert an
25 influence on firms' tendency to evolve CSR practices. This could have practical implications in
26 the UAE context, given the ongoing changing global geopolitical settings. Further, investigating
27 reciprocal associations between UAE SMEs' performance and the influence of salient
28 stakeholders' pressures is another area for future research; which implies behavioural
29 consequences (Abdel-Maksoud et al., 2020). Another relevant area is to investigate how CSR
30 disclosure in annual reports could contribute to attenuating the effect of business uncertainty.
31 This is expected to enrich both practice and literature in UAE. Furthermore, this study can
32 provide a basis for comparative research in other Gulf countries, given the UAE's leading role as
33 a multicultural, regional SMEs' hub.
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Figures

Figure 1: The conceptual model and the related hypotheses

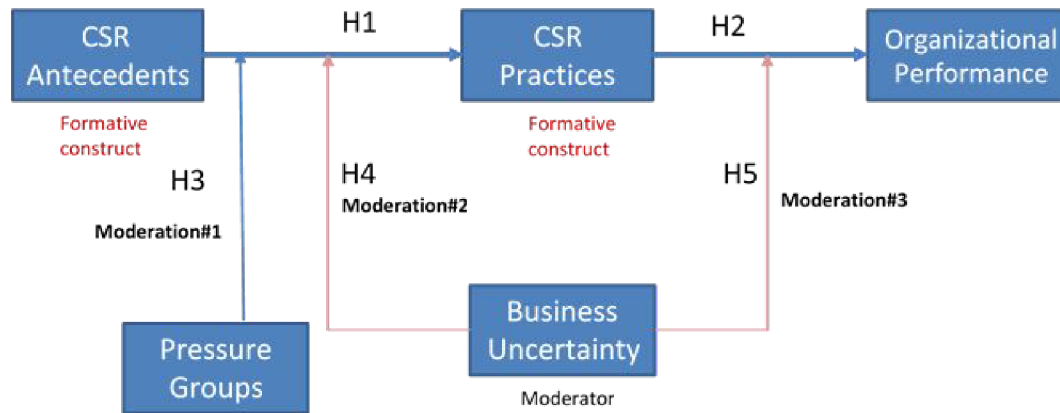
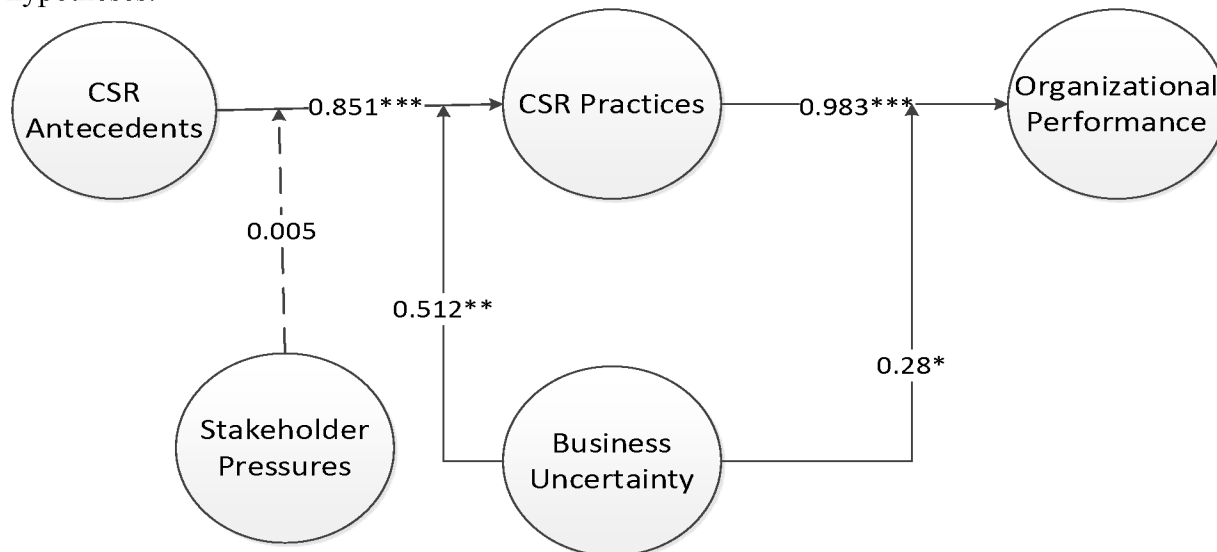


Figure 2: Results of SEM parameter estimation for testing the conceptual model and related hypotheses.



*parameter is significant at a 10% level of significance
 **parameter is significant at a 5% level of significance
 ***parameter is significant at a 1% level of significance
 ---- nonsignificant (n.s.)

Tables

Table 1. Sample characteristics

Type of industry		
	Frequency	Percent
Manufacturing	24	20.5
Constructions	6	5.1
Energy and environment	7	6.0
Services	42	35.9
Trading	27	23.1
Health	11	9.4
Total	117	100
Number of employees		
	Frequency	Percent
+250	33	28.2
0 – 5	20	17.1
10 – 50	23	19.7
5 – 10	14	12.0
50 - 250	27	23.1
Total	117	100
Sales growth		
	Frequency	Percent
0% - 10%	38	32.5
10% - 30%	43	36.8
30% - 50%	25	21.4
above 50%	11	9.4
Total	117	100
Sales (in millions of AED)		
	Frequency	Percent
+250	18	15.4
0 – 10	39	33.3
10 – 50	23	19.7
100– 250	15	12.8
50 – 100	22	18.8
Total	117	100
Status of the organization		

	Frequency	Percent
Governmental	26	22.2
Private	79	67.5
Semi-governmental	12	10.3
Total	117	100

Table 2. Mann-Whitney U statistic along with corresponding significance (p-value) of the test

	Industry type	Number of employees	Sales growth	Sales (in millions of AED)
Mann-Whitney U	296.0	330.5	369.0	346.5
p-value	0.105	0.299	0.692	0.444

Table 3. Goodness-of-fit statistics for the fitted SEM model

RMR	GFI	AGFI	PGFI
0.12	0.847	0.805	0.816

*RMR: Root Mean Square Residual; GFI: Goodness-of-fit index; AGFI: Adjusted goodness-of-fit index; PGFI: Parsimony goodness-of-fit index

Table 4. (Standardized) regression coefficients for the associations between constructs and subconstructs in the fitted SEM model.

Associations between constructs of the model			Parameter estimate (β)	<i>p</i> -value	Hypothesis	Outcome
Stakeholder Pressures	<---	Stakeholder Pressures (Environmental)	0.55	**		
Stakeholder Pressures	<---	Stakeholder Pressures (Nonenvironmental)	-0.022	n.s.		
CSR antecedents	<---	CSR antecedents (Environmental)	0.117	*		
CSR antecedents	<---	CSR antecedents (Nonenvironmental)	0.954	***		
CSR antecedents (Environmental)	<---	Motives	0.881	***		
CSR antecedents (Environmental)	<---	Impediment	0.073	n.s.		
CSR antecedents (Nonenvironmental)		Motives	0.562	**		
CSR antecedents (Nonenvironmental)		Impediment	0.181	*		
CSR antecedents	<---	Business Uncertainty	0.123	*		
CSR antecedents	<---	Stakeholder Pressures	0.166	*		
CSR Practices	<---	CSR Practices (Nonenvironmental)	0.49	**		
CSR Practices	<---	CSR Practices (Environmental)	0.005	n.s.		
CSR Practices	<---	CSR antecedents	0.851	***	H1	VALIDATED
CSR Practices	<---	Business Uncertainty	0.011	n.s.		
CSR Practices	<---	Stakeholder Pressures	0.081	n.s.		
Organizational performance	<---	Business Uncertainty	-0.246	*		
Organizational performance	<---	CSR Practices	0.983	***	H2	VALIDATED
Financial Performance	<---	Organizational Performance	0.572	***		
Operational Performance	<---	Organizational Performance	0.883	***		
Market Performance	<---	Organizational Performance	0.795	***		
Learning Performance	<---	Organizational Performance	0.887	***		
Network Performance	<---	Organizational Performance	0.862	***		
Uncertainty of	<---	Business Uncertainty	0.628	***		

Customers demand						
Uncertainty of Supply side	<---	Business Uncertainty	0.68	***		
Uncertainty of Business technology	<---	Business Uncertainty	0.884	***		
Uncertainty of workforce recruitment	<---	Business Uncertainty	0.734	***		
Uncertainty of access to financing	<---	Business Uncertainty	0.358	**		
Management Control	<---	CSR Practices (Nonenvironmental)	0.522	**		
Actions and Initiatives	<---	CSR Practices (Nonenvironmental)	0.989	***		
Usage	<---	CSR Practices (Environmental)	0.899	***		
Management Control tools	<---	CSR Practices (Environmental)	0.857	***		

*n.s.: nonsignificant; *: significant at the 10% significance level; **: significant at the 5% significance level; ***: significant at the 1% significance level*

Table 5. Results of moderation test of research hypotheses H3–H5

Hypotheses	Parameter estimate (β)	<i>p</i> -value	Outcome
H3	0.005	n.s.	NOT VALIDATED
H4	0.512	**	VALIDATED
H5	0.28	*	PARTLY VALIDATED

*n.s.: nonsignificant; **: significant at the 5% significance level; *: significant at the 10% significance level*