Investigating Effects of Corporate Social Responsibility Initiatives on the Sustainability of Small & Medium Enterprises

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Abstract

This study investigated the relationship between Corporate Social Responsibility and sustainability of Small and Medium Enterprises in Hyderabad and Kotri SITE areas of Pakistan. It also aims to create a CSR framework for SMEs operating in this region. By utilizing a quantitative approach, surveys were conducted with SME owners and managers. Statistical analysis, including Structural Equation Modeling, was employed to test hypotheses based on Stakeholder theory, Legitimacy theory, and Social Contract theory, while SPSS 25 was used for descriptive analysis. Findings reveal positive relationships between CSR dimensions (Workforce, Market, Society, and Environment Oriented) and sustainability of SME. Specifically, these practices focusing on workforce welfare, market demands, societal welfare, and environmental sustainability exhibit significant positive relationships with SME sustainability. The study emphasizes the importance of SME engagement in CSR practices aligned with these dimensions for long-term sustainability, offering both theoretical insights and practical implications for promoting sustainable business practices in the region.

Keywords: Corporate Social Responsibility, CSR, Sustainability, Small Medium Enterprises SME.

INTRODUCTION

Integrating (CSR) into business practices has become a key factor in shaping the sustainability landscape for (SMEs) worldwide. Particularly, in the context of emerging economies like Pakistan, where SMEs play a central role in economic growth and socio-economic development, understanding the implications of CSR for SME sustainability is extremely important. This study aims to investigate the relationship between CSR initiatives and sustainability outcomes of SMEs operating in the Hyderabad and Kotri SITE regions of Pakistan (Bhutto et al., 2020). Over the past decades, the concept of CSR has evolved from a

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peripheral concern to a central component of corporate strategy, driven by growing societal expectations, regulatory pressures, and the needs of stakeholders (Carroll, 1999). In this regard, SMEs, despite their relatively limited resources and scale of operations, increasingly recognize the importance of adopting socially responsible practices to enhance competitive advantage, minimize risks, and promote long-term viability (Arena et al., 2017). The geographical scope of this study, which includes the SITE areas of Hyderabad and Kotri in Pakistan, is important due to the unique socioeconomic dynamics prevalent in these areas. SMEs in these sectors operate in diverse cultural, institutional, and economic contexts, facing unique challenges and opportunities that require a deep understanding of the relationships between CSR and sustainability (Haque et al., 2018). By examining the impact of CSR initiatives on SME sustainability in these specific geographical contexts, this study seeks to contribute to both the academic literature and practical knowledge.

Through empirical research and analysis, it aims to explain the mechanisms through which CSR activities influence sustainability of SME, including economic performance, social impact, and environmental management (Jamali et al., 2008). Furthermore, this study attempts to provide a comprehensive understanding of the complex interaction between CSR and SME sustainability. Ultimately, the findings of this study have the potential to inform policy development, management decision-making, and stakeholder engagement strategies to promote sustainable business practices among SMEs in the Hyderabad and Kotri SITE regions, thereby facilitating inclusive and equitable socio-economic development (Mujtaba et al., 2019).

1.   **Workforce Oriented CSR Activities**: The literature reveals that the Employees are considered the most important stakeholder for SMEs; and the motivation and retention of employees is a key driver and a main focus area of CSR initiatives within SMEs (Jenkins, 2009). It primarily focuses on several aspects of human resource management and it deals with motivation, satisfaction, retention, and development of employees. Moreover it also include, employees health and safety measures at workplace, employee's work-life balance; providing job security and flexibility; fair remunerations and compensation; anti-discrimination, employees' training and development, inclusion of employees in decision-making process; policies related to employees' health and safety; and labor rights.

2.   **Market-Oriented CSR Activities:** These activities are aimed at market stakeholders, i.e. customers, suppliers, competitors and its mainly focused on, products improvement in terms of its quality and safety measures; ensuring fair price; contracting local partners; quickly responding customers' orders and complaints, timely payments to suppliers; maintaining standards in supply chain management; encouraging healthy competition; and increasing value for shareholders.

3.   **Society-Oriented CSR Activities**: This dimension of CSR mainly deals with local community welfare and wellbeing of society at large. The spirit of these initiatives essentially focuses on sponsorship and voluntarism for social welfare which includes; providing scholarship assistance to poor and low income groups of the society; sponsoring sports, cultural, health and welfare activities for local community; voluntary engagement of employees in societal welfare, assisting in improving quality of life in the local community.

4.   **Environmental-oriented CSR activity:** The Environmental concern and sustainable development is a key pillar of the business communal responsibility and it is a way forward to gain sustainable development. These CSR activities are predominantly designed for environment protection and maintaining eco-friendly operations. In this type of CSR initiatives enterprises perform various activities such as recycling pollutants and wastes, investing in energy conservation and environmental up-gradation designing eco friendly / green products and processes; efficient use of resources; waste reduction with deployment of environmental management system; and creating awareness on environmental issues among stakeholders.

SME SECTOR AND ITS SCOPE:
SMEs are vital contributors to the global economy, fostering entrepreneurship, innovation, and employment. With over 95% of enterprises worldwide falling into this category, their role in supply chains and workforce employment is significant. SMEs span various industries and sizes, making a diverse group without a universally accepted definition. Definitions often hinge on factors like turnover, employee count, and ownership type. For instance, the US Small Business Act defines small businesses as those with fewer than 500 employees, while the European Commission sets the limit at 250 employees. Definitions of SMEs vary widely between countries, with some, like China, having complex criteria based on industry categories. In Pakistan, SMEs are governed by the Small and Medium Enterprises Development Authority (SMEDA), which offers various services to support their growth. The lack of a universal definition doesn't diminish the vital role SMEs play in economies worldwide, as they continue to drive economic activity and societal well-being.

CSR AND SUSTAINABILITY OF SMES:
The CSR is a significant approach for SMEs to enhance sustainability and become more competitive in the globalized business environment. The last two decades have triggered an upright change in society's perceptions and the concept of social responsibility has grown to be a commonly debated issue that has attracted considerable media attention. However, in developing countries context, the research on CSR in SMEs is still not mainstreamed nor found relevant. People are not fully aware of the CSR and its different approaches. Besides not having a general knowledge, they have naturally adopted several ways and means of being responsible to their community and society. SMEs are not familiarized with the concept of CSR. CSR is essential for all types of business, but SME´s especially benefit from CSR measures, as it is their assurance towards innovation, long-term survival, and adaptation to the new world scenarios. In the modern business world, the link between CSR practices and SMEs performance has attracted widespread attention from researchers (Kemper et al. 2013). Despite the fact that CSR is mainly discussed in the context of larger enterprises, it is also a strategic tool to enhance the competitiveness of SMEs (Szabo, 2002). Organizations involvement in CSR practices ensures sustainable development (Wilkinson et al., 2001). CSR provides an opportunity to maintain equilibrium between environmental, social, and economic goals, as well as dealing with stakeholder expectations and raising shareholder value (Zhu et al., 2014). Undoubtedly, CSR is not only becoming a popular trend among large and multinational corporations but also among SMEs as well. The large and multinational

corporations have contributed formally and are well versed about CSR activities, however studies suggest that SMEs tend to be largely unfamiliar with the social responsibility concept and apply CSR practices informally (Jenkins, 2006). The CSR activities in large firms are carried out by their accounting or marketing department (Ketola et al. 2009). Whereas, the SMEs often lack such departments and their activities are embedded within everyday business activities. These types of structural and management differences might affect the ways in which CSR activities are conducted (Ketola et al. 2009).

CSR presents SMEs with a significant opportunity to encourage sustainability and competitiveness in the global business arena. While awareness and formal adoption of CSR may be lacking in some contexts, the positive impact it can have on SME performance is undeniable. Research emphasizes the potential for CSR to enhance SMEs' long-term viability and their ability to adapt to evolving market dynamics. While SMEs may face structural and management challenges in implementing CSR compared to larger corporations, embracing CSR practices can pave the way for enhanced societal impact and business success.

PROBLEM STATEMENT:
Businesses undertake CSR, not necessarily out of a need to act benevolently, but for survival in a globally competitive and legally complex modern environment (Moeti, 2000). Therefore, CSR is assumed as a strategic management tool to develop the competitiveness. However, in Pakistan, CSR research has predominantly focused on large multinational corporations, neglecting the crucial SME sector's contribution to employment and economic activity. Despite the significance of SMEs, their adoption of CSR practices in Pakistan is limited, with entrepreneurs lacking education and training in CSR. SMEs face numerous challenges, including intense competition and skill deficiencies, hindering their sustainability in the globalized economy. Research on CSR in SMEs, particularly in areas like Hyderabad and Kotri SITE in Pakistan, is scarce, necessitating a closer examination of the relationship between CSR strategies and SME sustainability. This study aims to fill this gap by investigating the impact of CSR practices and SME sustainability, particularly focusing on SMEs in the Hyderabad and Kotri SITE areas of Pakistan, offering insights for SME managers, owners, and stakeholders to enhance competitiveness in a globalized landscape.

PURPOSE OF THE STUDY:
The main purpose of this study is to determine the effects of CSR dimensions on the sustainability of SMEs in Pakistan; and develop an operational framework of CSR for Pakistani SMEs. This study also determined whether a relationship exists between workforce, market, society and environment oriented CSR strategies and the sustainability of SMEs in Pakistan more specifically in Hyderabad and Kotri SITE areas. Other purpose of this study is to contribute to the knowledge and make significant addition in existing literature on CSR relating to SMEs sector.

SIGNIFICANCE OF THE STUDY
This research study measuring the impact of corporate social responsibility on the sustainability of SME sector in Pakistan; is significant for several reasons. Firstly, it is the first study of its kind to determine the nature and direction of the relationship between CSR and

sustainability of SMEs in the context of Pakistan. Secondly, the present study examines the impact of CSR strategies on the sustainability of SMEs, considering four different components of CSR, namely the work-oriented, market-oriented, society-oriented and environment oriented. Thirdly, this study is unique in the way that it measures effects of CSR approaches in the SME sector of Hyderabad and Kotri SITE areas of Sindh; Pakistan, because to the best knowledge of the author no other study in this area has ever conducted to uncover the concept of CSR in SMEs covering a larger sample size. The combination of these features makes this an inclusive study in the research field of CSR in SMEs; hence it constitutes a unique and distinctive resource for researchers, practitioners and policy makers.

RESEARCH GAP:
Despite of considerable development in CSR literature, the focus has predominantly centered on large enterprises, leaving (SMEs) relatively overlooked (Coppa and Sriramesh, 2013). This may stem from the perception that large enterprises play a more pivotal role in economic growth, resulting in the term 'CSR' being often associated with them, thus overshadowing the CSR practices of SMEs (Nejati and Amran, 2013). Consequently, many SMEs fail to report their social initiatives (Spence, 2007). However, research by Fatima (2016) highlights that CSR in SMEs remains understudied, particularly within emerging market economies, presenting a notable empirical gap (Spence & Moore, 2006; Amaeshi et al., 2016). Furthermore, there is a scarcity of studies investigating the relationship between CSR strategies—such as workforce-oriented, market-oriented, society-oriented, and environment-oriented—and the sustainability of SMEs. While existing research has extensively examined CSR practices among SMEs in industrial clusters of Punjab, a significant gap exists in understanding CSR implementation within SMEs, especially within the industrial zones of Hyderabad and Kotri – two major SITE areas in the Sindh province of Pakistan. This gap emphasizes the necessity for focused studies to comprehensively understand CSR adoption dynamics and its implications within these specific industrial contexts. Addressing these empirical gaps is crucial for advancing both academic understanding and strategic planning within the SME sector. Consequently, there is a pressing need to develop a new model that shed light on the relationship between CSR approaches and the sustainability of SMEs in Pakistan.

RESEARCH OBJECTIVES:
The main objective of this study is to thoroughly evaluate the impact of corporate social responsibility initiatives on the sustainability of small and medium enterprises operating in the industrial zones of Hyderabad and Kotri SITEs. In this investigation, the researcher attempt to examine and demonstrate the multifaceted linkages between four different types of CSR approaches and the multidimensional sustainability measures of these SMEs. The detailed objectives of this study:
1.   Establish and quantify the causal relationship between workforce-oriented CSR approaches and the sustainability of SMEs.
2. Examining and validating the link between market-oriented CSR practices and the sustainability of SMEs.
3. To Investigate and validate the correlation between society-oriented CSR initiatives and the sustainability of SMEs.

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4. Establish and measure the relationship between environmental-oriented CSR activities and the sustainability of SMEs.

RESEARCH QUESTIONS AND HYPOTHESES

Keeping in view the objectives of this study and the conceptual framework model, present study was guided by a number of research questions and hypotheses which are listed as under:

i.   **Research Questions:**

1.   To what extent do workforce-oriented CSR practices, such as employee welfare, safety, and training programs, impact the sustainability of SMEs in Hyderabad and Kotri SITE areas?

2.   How do market-oriented CSR practices influence the sustainability of SMEs?

3.   Does the implementation of society-oriented CSR practices lead to social sustainability in SMEs of Hyderabad and Kotri SITE areas?

4.   To what extent do eco-environmental oriented CSR practices affect the environmental sustainability of SMEs?

ii.   **Research hypotheses**

The following are hypotheses that were formulated to test the relationships proposed in the conceptual framework model of the study:

H1: The implementation of workforce-oriented CSR practices, including employee welfare, safety, and training programs, positively influences the sustainability of SMEs in Hyderabad and Kotri SITE areas.

H2: Market-oriented CSR practices, encompassing product quality, marketing ethics, and customer relations, are positively associated with the market competitiveness of SMEs in Hyderabad and Kotri SITE areas.

H3: The adoption of society-oriented CSR initiatives positively contributes to social sustainability in SMEs in Hyderabad and Kotri SITE areas.

H4: Environment-oriented CSR activities, which encompass eco-friendly practices, energy efficiency, and waste reduction, have a positive impact on the environmental sustainability of SMEs in Hyderabad and Kotri SITE areas.

CONCEPTUAL FRAMEWORK MODEL:

Based upon literature review; it presents that the concepts of CSR and SMEs have emerged as legitimate field of study and getting more and more popularity. However, the literature available in the context of Pakistan on CSR and SMEs; it indicates that the scope of these concepts needs to be extended. Therefore, it can be said that a gap exists between CSR strategies in the context of SMEs. Consequently, In order to fill this gap the researcher in the present study has developed conceptual framework model that represent relationship between CSR and sustainability of SMEs. The proposed framework provides opportunity to Pakistani SMEs to get better reflection on CSR strategies. The conceptual framework as illustrated in the following figure presents link between independent variables CSR strategies namely workforce-oriented, Market-oriented, Society oriented, and Environment-oriented and a dependent variable sustainability of SMEs.

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CONCEPTUAL MODEL.
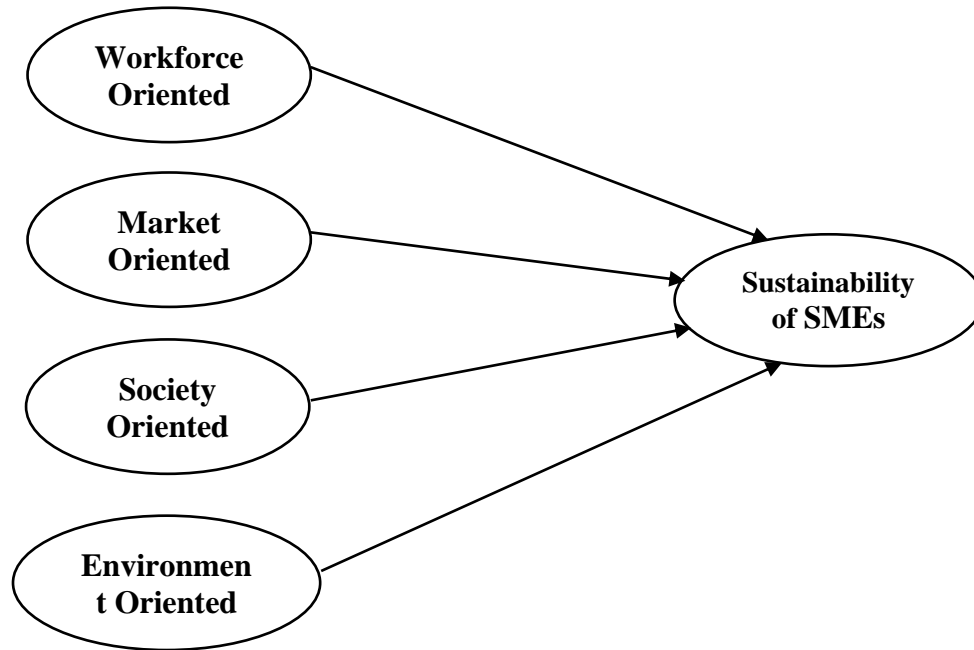
RESEARCH METHODOLOGY:

This study aims to determine the causal relationships between independent variables (CSR strategies) on dependent variable (sustainability of SMEs); hence the research design and methodological paradigm of the study are primarily quantitative approach. The research philosophy of this project is positivism and explanatory nature of the study; which utilizes deductive approach for data collection purpose. Based upon this nature of study the researcher formulates the hypothesis to test the objectives of the research (Saunders et al. 2012).

The primary data was collected by using closed-ended survey questionnaire instrument which was adopted from prior research studies based on seven point likert scale type and a probabilistic simple random sampling technique was used to collect data. The owners and/or managers working in the SMEs sector of Hyderabad and Kotri SITE areas were known as target population of the study and out of which sample was drawn to represent it as a whole. In this study, data was analyzed using two different statistical software tools; descriptive analysis and interpretation were carried out using the SPSS 25 software program, while main data analysis were carried out using Structural Equation Modeling (SEM) using SMART PLS-4 software. Wherein, several strategies for comprehensive data analysis were used within the context of (PLS SEM-4). These techniques included measurement model assessment to evaluate reliability and validity, structural model assessment to analyze construct relationships and predictive relevance analysis to assess the model's explanatory power. These iterative procedures were critical for improving and testing the structural model, assuring strength of underlying relationships between independent and dependent variables.

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DATA ANALYSIS AND RESULTS: The data analysis was performed by evaluating the measurement model to ascertain the reliability and validity of the constructs under investigation. The SPSS – 25 was used as the analytical tool for performing a thorough descriptive analysis, offering a comprehensive analysis of the collected data from target population (Zikmund 2003). Subsequently, the structural model was examined to test the hypothesized relationships between the constructs. The analyses were conducted utilizing the Smart (PLS-SEM) approach, specifically employing the PLS SEM-4 algorithm. This method allows for the simultaneous examination of measurement and structural models, enabling a comprehensive assessment of the relationships between variables while considering measurement error and latent constructs.

RESPONSE RATE: The overall response rate of questionnaire is assessed 63% as presented in the table below which is very good level of response rate. Upon thorough scrutiny, it was identified that out of the initially collected pool of 250 questionnaires and proved to be fit for further in-depth data analysis phase.

Table: Response Rate

Description	Hyderabad	Kotri	Total
Total questionnaires distributed	250	150	400
Number of questionnaires completed returned back	150	100	250
Response rate	60%	67%	63%

SIZE OF THE SMES: In this section, the study focuses on categorizing enterprises based on their size, specifically in terms of employment size. The accompanying table reveals that 64% of the enterprises fall into the small category, while the remaining 36% are classified as medium-sized enterprises. This breakdown provides key insights into the composition of the sample, highlighting the prevalence of small enterprises. Understanding the distribution based on enterprise size is crucial for subsequent analyses, offering a foundation to explore potential correlations and patterns unique to small and medium-sized enterprises, thereby enriching the overall interpretation of the research findings.

Table 1: Distribution Respondent SMEs based on Size (N=250):

Sr. No.	SME Size	Frequency	Percentage
1.	**Small**	160	64%
2.	**Medium**	90	36%
	Total	**250**	**100%**

RELIABILITY AND VALIDITY OF THE SCALE: The results of the reliability and validity along with the factor loadings presented in the table 1 below indicating strong factor loadings (> 0.7) for all constructs, signifying a positive relationship with the latent construct. The reliability of the constructs was tested using Cronbach's alpha coefficients and the Composite Reliability (CR), all the constructs exceed the acceptable level of 0.70 (Hair et al. 2010) indicating reliability of the measurement model. Similarly, the Average Variance Extracted (AVE) values range from 0.571 to 0.792, surpassing the recommended threshold of 0.5, indicated excellent internal consistency among variables. The analysis demonstrates that the

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measurement model exhibits strong reliability and validity. Notably, the high factor loadings, AVE values, CR values, and Cronbach's alpha coefficients indicate that the constructs effectively represent the intended theoretical concepts. Therefore, the measurement instrument used in this study is considered suitable for representing the underlying constructs, ensuring the reliability and validity of the research findings.

Table 1: Items Loadings, Constructs Reliability and Validity:

Sr.	CONSTRUCTS	Number of Items	Factor Loadings	AVE	CR	Cronbach's alpha
	Workforce Oriented CSR			0.730	0.972	0.963
1		WOCSR1	0.875			
2		WOCSR2	0.853			
3		WOCSR3	0.865			
4		WOCSR4	0.842			
5		WOCSR5	0.845			
6		WOCSR6	0.856			
7		WOCSR7	0.846			
8		WOCSR8	0.89			
9		WOCSR9	0.858			
10		WOCSR10	0.827			
11		WOCSR11	0.839			
	Market-Oriented CSR			0.571	0.952	0.864
12		MOCSR1	0.817			
13		MOCSR2	0.712			
14		MOCSR3	0.829			
15		MOCSR4	0.755			
16		MOCSR5	0.608			
17		MOCSR6	0.79			
	Society-Oriented CSR			0.756	0.894	0.892
18		SOCSR1	0.889			
19		SOCSR2	0.868			
20		SOCSR3	0.887			
21		SOCSR4	0.833			
	Environment-Oriented CSR			0.792	0.918	0.913
22		ENOCSR1	0.881			
23		ENOCSR2	0.904			
24		ENOCSR3	0.875			
25		ENOCSR4	0.899			

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Sustainability of SMEs			0.665	0.882	0.872
26	**SOS1**	0.732			
27	**SOS2**	0.799			
28	**SOS3**	0.882			
29	**SOS4**	0.888			
30	**SOS5**	0.764			

DISCRIMINANT VALIDITY TEST: The Discriminant Validity Test ensures the distinction between constructs by measuring their degree of dissimilarity. This involves methods such as the Fornell & Larcker criterion and the (HTMT) ratio of correlation (Hair et al., 2010). The Fornell & Larcker criterion compares the square root of the (AVE) for each construct with inter-construct correlations, with higher AVE square roots indicating better discriminant validity. The HTMT ratio assesses correlations between versus within constructs, with values below 1 indicating good discriminant validity. These methods collectively analyze how constructs differ empirically (Hair et al., 2010).

DISCRIMINANT VALIDITY FORNELL-LARCKER CRITERION: The discriminant validity of the constructs in the SEM model was assessed using the Fornell-Larcker Criterion, revealing strong evidence supporting their distinctiveness. Workforce Oriented CSR (WOCSR), Market Oriented CSR (MOCSR), Society Oriented CSR (SOCSR), Environmental Oriented CSR (ENOCSR), and Sustainability of SMEs (SOS) all exhibited square roots of AVE exceeding their correlations with other constructs, indicating effective measurement of unique variance within each construct (Hair et al., 2010). Specifically, the square roots of AVE for WOCSR, MOCSR, SOCSR, ENOCSR, and SOS were 0.854, 0.756, 0.870, 0.890, and 0.815 respectively. These values signify that each latent variable adequately represents a distinct concept, enhancing confidence in the measurement model's ability to differentiate between constructs and reinforcing the robustness of the SEM analysis. The findings underscore the importance of discriminant validity in ensuring the accuracy of construct measurement and highlight the Fornell-Larcker Criterion as a reliable method for evaluating model validity. Overall, these results contribute to the trustworthiness of the SEM findings, validating the reliability of the measurement model in capturing the intended constructs (Hair et al., 2010).

Table 2: Discriminant Validity (Fornell-Larcker Criterion):

Latent Construct	AVE	WOCSR	MOCSR	SOCSR	ENOCSR	SOS
Workforce Oriented CSR	**0.730**	**0.854**				
Market Oriented CSR	**0.571**	0.118	**0.756**			
Society Oriented CSR	**0.756**	0.163	0.238	**0.870**		

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Environment Oriented CSR	**0.792**	0.152	0.276	0.822	**0.890**	
Sustainability of SMEs	**0.665**	0.269	0.118	0.163	0.642	**0.815**

DISCRIMINANT VALIDITY HETEROTRAIT-MONOTRAIT (HTMT) RATIO: The Discriminant Validity was assessed by using HTMT which quantifies the ratio of correlations between different constructs (heterotrait) to the correlations within the same construct (monotrait) (Henseler et al., 2015). The HTMT values confirm the distinctiveness of constructs in the measurement model. All HTMT values are below the commonly accepted threshold of 0.85 (Hair et al., 2010), indicating strong discriminant validity. Each construct, including Workforce Oriented CSR (WOCSR) with an HTMT value of 0.169, Market Oriented CSR (MOCSR) with 0.154, Society Oriented CSR (SOCSR) with 0.236, Environment Oriented CSR (ENOCSR) with 0.391, and Sustainability of SMEs (SOS) with 0.299, exhibits strong discriminant validity with other constructs. These findings highlight the effectiveness of the measurement model in measuring unique variance within each construct, supporting the notion that they measure different underlying concepts effectively (Hair et al., 2010). This comprehensive analysis enhances confidence in the reliability and validity of the study's findings, reinforcing the credibility of the structural equation modeling results.

Table 3: Heterotrait-monotrait ratio (HTMT) – List:

Sr. #	Heterotrait-monotrait ratio (HTMT) - List	Value
1.	**WOCSR <-> MOCSR**	0.169
2.	**WOCSR <-> SOCSR**	0.149
3.	**WOCSR <-> ENOCSR**	0.158
4.	**WOCSR <-> SOS**	0.288
5.	**MOCSR <-> ENOCSR**	0.154
6.	**SOCSR <-> MOCSR**	0.236
7.	**SOCSR <-> ENOCSR**	0.391
8.	**SOS <-> MOCSR**	0.299
9.	**SOS <-> SOCSR**	0.223
10.	**SOS <-> ENOCSR**	0.216

HYPOTHESES TESTING: The hypotheses testing of the study investigate the empirical examination of relationships hypothesized in the framework model. The hypotheses formulated to explore the complex relationships between (CSR) activities and the

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sustainability of (SMEs). The hypotheses under consideration are as follows:

H1: The implementation of workforce-oriented CSR practices, including employee welfare, safety, and training programs, positively influences the sustainability of SMEs in Hyderabad and Kotri SITE areas.

H2: Market-oriented CSR practices, encompassing product quality, marketing ethics, and customer relations, are positively associated with the market competitiveness of SMEs in Hyderabad and Kotri SITE areas.

H3: The adoption of society-oriented CSR initiatives positively contributes to social sustainability in SMEs in Hyderabad and Kotri SITE areas.

H4: Environment-oriented CSR activities, which encompass eco-friendly practices, energy efficiency, and waste reduction, have a positive impact on the environmental sustainability of SMEs in Hyderabad and Kotri SITE areas.

Table 2: Results of Hypotheses Testing:

Hypothesis	Independent variable	Dependent variable	Beta value	Std. Dv.	t value	p value	Result
H1	Workforce Oriented CSR	Sustainability of SMEs	0.123	0.063	1.960	0.024	Accepted
H2	Market Oriented CSR	Sustainability of SMEs	0.103	0.043	2.071	0.039	Accepted
H3	Society Oriented CSR	Sustainability of SMEs	0.64	0.072	2.094	0.000	Accepted
H4	Environment Oriented CSR	Sustainability of SMEs	0.211	0.084	2.496	0.013	Accepted

Based on the results presented in the table, all hypotheses (H1, H2, H3, and H4) examining the relationships between different dimensions of (CSR) and the sustainability of (SMEs) have been accepted. Each hypothesis demonstrates statistically significant relationships between the independent variables (Workforce Oriented CSR, Market Oriented CSR, Society Oriented CSR, and Environment Oriented CSR) and the dependent variable (Sustainability of SMEs). The beta values indicate the strength and direction of these relationships, with positive values suggesting a positive impact of CSR dimensions on SME sustainability. The t-values for all hypotheses are greater than 1.96 which is used as a threshold for statistical significance (Fisher, 1925), and the corresponding p-values are below the conventional significance level of 0.05, supporting the rejection of the null hypotheses. Therefore, these findings provide strong evidence to support the idea that different dimensions of CSR positively influence the sustainability of SMEs.

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Figure 1: Results of the Conceptual research model
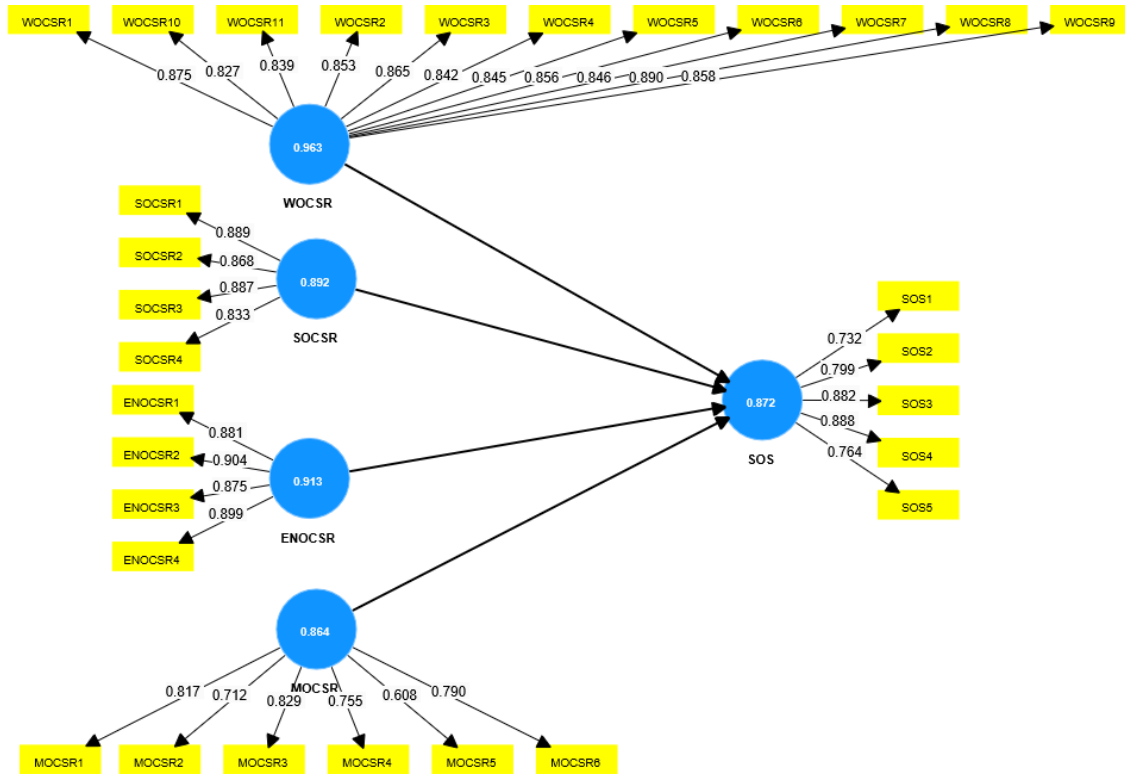
CONTRIBUTIONS OF THE STUDY:

This study has filled the existing research gaps on Corporate Social Responsibility (CSR) within the context of SMEs in Hyderabad and Kotri SITE areas of Sindh Province, Pakistan. By employing advanced multivariate statistical techniques such as Structural Equation Modeling (SEM) and utilizing a relatively large empirical sample size consisting 250 usable responses, this study advances the understanding of CSR's impact on the sustainability of SMEs of Hyderabad and Kotri SITE areas. A very limited research was undertaken in the context of SMEs and their sustainability specifically in these regions, making this study particularly noteworthy.

Moreover, the study's application and assessment of corporate social responsibility activities on the sustainability of SMEs in Hyderabad and Kotri SITE areas contribute valuable insights to the literature. This localized examination provides specific context to the broader understanding of CSR's influence on SME sustainability, enriching the global discourse on CSR practices in SMEs. Furthermore, this research has formulated hypothesized models that shed light on the relationships between CSR and the sustainability of SMEs in Hyderabad and Kotri

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SITE areas. These models serve as valuable tools for SMEs in Pakistan and beyond, aiding them in enhancing their sustainable practices as an integral part of their strategic planning. Additionally, the study has developed an instrument adapted for measuring CSR-related factors influencing SMEs' sustainability in Pakistan. With minor adaptations to accommodate contextual variations, this instrument holds potential for application in other developing countries, facilitating the assessment of CSR-related factors' impact on SME sustainability. Lastly, this study offers practical insights for the effective management of SMEs in Hyderabad and Kotri SITE areas, aimed at enhancing their sustainability both locally and globally. By improving SME sustainability, this research contributes significantly to the socio-economic development of the region, fostering sustainable growth and prosperity.

LIMITATIONS OF THE STUDY:
In the context of our main study on the relationship between CSR and sustainability of SMEs, it is noteworthy that all the objectives outlined in Chapter one have been effectively fulfilled. The study has made a significant contribution to the existing body of knowledge concerning SMEs by thoroughly examining the impact of CSR initiatives on the sustainability of these enterprises, particularly in the industrial zones of Hyderabad and Kotri SITE areas in Sindh, Pakistan. However, it is crucial to acknowledge certain limitations that have been identified throughout the research process. These limitations should be taken into consideration when interpreting and drawing conclusions from the study findings, ensuring a comprehensive understanding of the research outcomes. The limitations of the present study include:
1.   The study is limited to assessing the impact of CSR on the sustainability of Small and Medium Enterprises (SMEs) specifically in the Hyderabad and Kotri SITE areas, potentially limiting the generalizability of findings to other regions.
2.   The scope of the study is confined to SMEs located solely in the Hyderabad and Kotri SITE areas, neglecting SMEs operating in other parts of the country, thus potentially limiting the breadth of insights gained.
3.   The focus of the study is solely on the SME sector, omitting analysis of CSR practices in corporate and other sectors, which could provide a more comprehensive understanding of CSR dynamics across different industries.
4.   In this study, only the stakeholder, legitimacy, and social contract theories are tested to measure the relationship between independent and dependent variables, whereas other theories of CSR such as the instrumental theory, the resource-based view, and the shared value approach are not explored. Incorporating these additional theories could provide a more comprehensive understanding of the underlying mechanisms driving CSR practices and their impact on SME sustainability.
5.   The sample size is restricted to SMEs in Hyderabad and Kotri districts, limiting the representativeness of the findings. Expanding the scope of the study to a national level would allow for a larger and potentially more diverse sample size, enhancing the robustness and generalizability of the results.

RECOMMENDATIONS FOR FUTURE RESEARCH:
1.   Encourage SMEs to adopt comprehensive CSR strategies tailored to their specific contexts and stakeholder expectations, considering the unique challenges and opportunities

present in the Hyderabad and Kotri SITE areas.

2.   Promote collaboration and knowledge-sharing among SMEs to facilitate the implementation of CSR initiatives, such as joint training programs, resource-sharing arrangements, and collective advocacy efforts.

3.   Provide capacity-building support and resources to SMEs to enhance their CSR capabilities, including training workshops, access to CSR guidelines and best practices, and networking opportunities with CSR experts and practitioners.

4.   Advocate for government incentives and policies that promote CSR adoption among SMEs, such as tax incentives, subsidies for sustainable practices, and regulatory frameworks that encourage responsible business conduct.

5.   Enhance greater awareness and understanding of CSR benefits among SMEs through targeted awareness campaigns, seminars, and conferences, highlighting the potential positive impacts on business performance, reputation, and stakeholder relationships.

6.   Facilitate partnerships between SMEs and relevant stakeholders, including government agencies, non-governmental organizations, academic institutions, and community groups, to leverage resources and expertise for effective CSR implementation.

7.   Encourage SMEs to integrate sustainability principles into their core business strategies, including adopting environmentally friendly practices, promoting social inclusivity and diversity, and ensuring ethical governance and transparency.

8.   Conduct regular monitoring and evaluation of CSR initiatives to assess their effectiveness and identify areas for improvement, leveraging tools such as performance indicators, stakeholder feedback mechanisms, and social impact assessments.

9.   Foster a culture of continuous improvement and innovation within SMEs, encouraging experimentation with new CSR approaches, technologies, and partnerships to address emerging sustainability challenges.

10.   Advocate for a supportive ecosystem that fosters responsible business practices, including access to finance, technical assistance, and market opportunities for SMEs committed to sustainability.

These recommendations aim to support SMEs in Hyderabad and Kotri SITE areas in enhancing their CSR practices and sustainability performance, ultimately contributing to the long-term resilience and prosperity of these enterprises and the communities they serve.

CONCLUSION:
In conclusion, this study has shed light on the multi-dimensional relationship between Corporate Social Responsibility (CSR) initiatives and the sustainability of Small and Medium Enterprises (SMEs) operating in the industrial zones of Hyderabad and Kotri SITE areas of Sindh, Pakistan. Through a detailed examination of CSR practices, SME characteristics, and sustainability dimensions, the study has provided valuable insights into how CSR can contribute to the long-term viability and resilience of SMEs in these regions. The findings of this study underscore the importance of integrating CSR principles into the core business strategies of SMEs, emphasizing the positive impacts on stakeholder relationships, business performance, and community well-being. By adopting comprehensive CSR strategies tailored to their specific contexts, SMEs can enhance their competitiveness, mitigate risks, and contribute to sustainable development goals at both local and global levels. Despite the

significant contributions made by this study, it is essential to acknowledge its limitations and areas for further research. Future studies could explore additional factors influencing CSR adoption and sustainability outcomes among SMEs, examine the effectiveness of different CSR strategies in diverse contexts, and assess the long-term impacts of CSR initiatives on SME performance and societal well-being. Overall, this study serves as a call to action for SMEs, policymakers, and stakeholders to recognize the importance of CSR in driving sustainable development and fostering inclusive economic growth. By embracing CSR principles and practices, SMEs in Hyderabad and Kotri SITE areas can play a pivotal role in building a more resilient and equitable society for current and future generations.

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