THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN GHANA. THE MODERATING ROLE OF INSTITUTIONAL PRESSURE. A CASE STUDY AT THE KUMASI METROPOLIS

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DECLARATION

I hereby declare that this submission is my own work towards the MBA. STRATEGIC MANAGEMENT and that to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

This thesis is dedicated to myself, my boss Mrs. Mariam A. G. Jawhary and my entire family for their massive support.

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God bless you.

ABSTRACT

This study seeks to examine the effect of corporate social responsibility on firms' performance of SMEs in the Kumasi Metropolis, considering the moderating role of institutional pressure. The study used the purposive sampling technique to sample 150 SMEs for this study. The correlation matrix by Pearson was used to check for multi-collinearity among variables. Regression models were adopted by the researcher to test for the relationship among the variables. Research results show a positive relationship between corporate social responsibility and firm performance among SMEs in the Kumasi metropolis, but this correlation is not statistically significant. Therefore, awareness of corporate social responsibility (CSR) by SMEs does not necessarily improve their performance. Therefore, even though SMEs contribute to the economic, environmental and social development of their communities, which increases the financial burden on companies, it does not necessarily improve their performance. Moreover, research results show that the relationship between institutional pressure and SME performance is not statistically significant. Therefore, pressure from various agencies on SMEs does not improve their performance. The study recommends that SMEs should intensify efforts to educate the public on their primary responsibilities, various commitments to other stakeholders, and operational/financial limitations. Moreover, SMEs should give extensive attention to the current status of the institutional environment and any changes that arise, complying with institutional constraints to avoid being penalized for violating stakeholders' expectations. Finally, Firms should involve the community while planning, developing, implementing, and evaluating CSR projects.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Companies are using Corporate Social Responsibility (CSR) strategies to assist them deal with stakeholder demand and improve their competitive edge and performance (Jenkins 2009, Torugsa et al. 2012). In times of tremendous change in the global economy and climate, fulfilling CSR helps businesses grow operations and share sustainable ideals with stakeholders. Is it possible for a company to be sustainable while also improving its efficiency by giving back some earnings to society? This is a topic that needs to be looked into further. Firms started to report their ethical, social and environmental conduct to satisfy the requirements from stakeholders and to obtain competitive advantages (Waddock, 2004; Ghelli, 2013). Many firms have employed the CSR engagements as a vehicle for restoring some corporate abuses that impact the society and the environment. In Ghana, CSR has received a lot of attention due to the commitment of different governments to make the private sector the "engine" of growth, and as a result, business entities are provided with an atmosphere that enables them to prosper and thrive and have become critical players in the country's economic, social and cultural development (Ansong, 2017).

The primary goal of a business enterprise is to generate value by providing products and services that society requires. According to today's definition of Corporate Social Responsibility (CSR), businesses willingly incorporate social and environmental issues into their activities and interactions with stakeholders. The definition of CSR entails ethical and moral concerns affecting corporate decision-making and conduct, with the core question being whether a corporation should participate in such practices or refrain from doing so because they are beneficial or detrimental to society. Managers should recognize the social implications of business practices when making decisions and social problems deserve their own moral consideration.

The dynamic role of small and medium-sized enterprises (SMEs) in developing countries have long been recognized as an engine for achieving the growth objectives of developing countries (Kayanula and Quartey, 2000). This makes it necessary to consider the (SMEs) contributions to the society and the nation as a whole. Apart from the fact that these business entities embark on their core business activities by providing goods and services, they are a source of livelihood for many, honour their tax obligations enabling governments to deliver on their mandates, and have an impact on the physical and social environment (Atuguba and Dowuona-Hammond, 2006).

McPeak and Tooley (2008) claims that while there are cost consequences affecting corporations and businesses that combine stockholders' economic interest with other stakeholders' legal, social and environmental concerns, many of these corporate managers have invested heavily in CSR activities. The reward from CSR participation such as increased employee productivity, consumer satisfaction and other social capital was considered by these corporate managers to be comparatively greater than the costs associated with socially responsible behavior (Moskowitz, 1972; Parket and Eibert,1975; Solomon and Hansen, 1985). The CSR concept is borne out of the corporations' response to the needs of its stakeholders. Therefore, firms that respond positively to the call of the community through CSR build good reputation which is considered a key intangible asset which goes a long way to influence the long-term value of the companies (López-Pérez, et al, 2018). This is relevant for SMEs that seek to grow along with societal concerns. In this sense, the community in one way or the other grants such firms a form of approval known as the Social License to Operate (SLO). Over the past two decades, the issue of whether companies have to engage in CSR or not has gone to sleep. Firms rather look at how to conduct CSR in a strategic and effective manner that will impact on the company and community positively (Wang, et al, 2016).

Unlike India, where CSR is required by law under the Companies Act of 2013 (Das & Bhunia 2016), Ghana's approach is non-legislative and voluntary. Despite the fact that the idea of CSR has recently received a lot of attention from organizations in Ghana, the government is yet to provide the necessary legal regulatory structure to mandate or direct organizations in implementing their CSR strategies. Although the impact of CSR on the financial performance of developing and emerging countries has received considerable attention (Balabanis, Phillips and Lyall (1998); Tsoutsoura (2004), Aras, Aybars and Kutlu 2009; Crisóstomo, Freire and de Vasconcellos (2011)), sub regions of Africa, especially Ghana, has received less attention. Especially in Ghana, research on CSR has focused on philanthropic, ethical and corporate governance issues (Abor 2007; Kyereboah-Coleman & Biekpe 2007; Ofori 2007), comprehensive CSR typology issues (Ofori 2007; Ofori & Hinson 2007), Focuses on the overview of CSR. Ghana (Amponsah – Tawiah and Dartey, 2011). CSR Regulatory System (Anku-Tsede, 2014), CSR Issues and Concerns (Sarpong, 2017). Clearly, studies on CSR have not been fully explored as there still exist a very wide gap to be filled. Given the sudden surge in interest among businesses in fulfilling their corporate social obligations in Ghana, CSR Performance remains a critical issue that must be addressed.

The study also considers the mediating role of Institutional Pressure (IP) such as legislations, policies, and other forms of law that can influence CSR to impact performance of SMEs. This review focuses on institutional theory, aims to examine how institutional pressures drive organizations to adopt environmental management strategies and their possible outcomes for SME performance.

1.2 Statement of Problem

Examining the relationship between CSR and corporate performance is a recent new topic and has attracted the attention of scholars. The concept is not new (Laskar, 2016), but was coined in the 1920s and has been active. It is a field that has been researched ever since the 1970s (Gon et al., 2016; Sheehy, 2014). Wealth and profit creation are seen as the primary goals of most companies, in addition to profit maximization (Cannon, 1994). It has been observed that a significant number of studies on the relationship between CSR and corporate performance focus only on developed countries (Rettab et al., 2009) and large companies (Masurel, 2015). Small and medium-sized enterprises (SMEs) have received less attention in this space. The most obvious gap in the existing literature, therefore, concerns the limited number of studies on the relationship between CSR and firm performance from the perspective of developing countries (Moore, 2006).

The need for SMEs to engage in CSR activities is more important in third world countries because they are noted for weaker government structures to deliver adequate provision of social goods to their citizens (Ansong, 2017). As a result, business units are required to channel more issues to these citizens' social obligations to fill these holes (Boughn & McIntosh, 2007). Some firms have chosen to go by a reactive strategy which influences them to limit themselves to the prevailing environmental regulations whiles others have relied in proactive strategies to embark on voluntary practices targeted to minimize the environmental effects of their business activities (Gonzalez-Benito, 2007). Borgers and Pownall (2014) and Nofsinger and Varma (2014) suggest that society should uphold ethics in the fields in which companies operate and contribute through community development projects, endowments, and charitable donations for the benefit of society. Society, in turn, patronizes the company's products and services, remains loyal, and appreciates kind gestures (Arnold & Valentin 2013).

SMEs in Ghana perceive and practice Corporate Social Responsibility as a corporate philanthropy aimed at addressing socio-economic development challenges. What impact then does this have on the performance of the firm? It is against this background that, there is the need to find out how CSR impact on the performance of SMEs in Ghana using those in the Kumasi Metropolis as a case study.

1.3 Research Objectives

The general objective of the study is to examine the impact of Corporate Social Responsibility on performance of Small and Medium Scale Enterprises (SMEs) in Ghana. Specifically, the study seeks;

1. To examine the relationship between CSR and performance.
2. To examine the association between institutional pressure and the performance of SMEs.
3. To identify the moderating role of institutional pressure on the relationship between CSR and performance.

1.4 Research Questions

1. What is the relationship between CSR and performance?
2. What is the association between institutional pressure and the performance of SMEs?
3. What is the moderating role of institutional pressure on the relationship between CSR and performance?

1.5 Significance of the study

According to Barnett (2007), CSR strengthens stakeholder relationships, which reduces costs and enhances business performance. This study will therefore assist SMEs in understanding the financial benefit they would receive from engaging in corporate social responsibility. Consequently, SMEs would profit by being aware of the various contexts in which they should exercise social responsibility, measuring the influence of their actions on society, enhancing their corporate reputation, and ultimately increasing their profit. Also, the study will enlighten the general public and inform them about the various kinds of CSR that SMEs extend to them. Finally, the study will help recommend some solutions which will help various SMEs to overcome the challenges they face when practicing their Corporate Social Responsibility.

1.6 Scope of the study

The study seeks to sample the population comprising all SMEs within the Kumasi Metropolis of Ghana. Out of this population, the researcher sampled 150 SME respondents for the purpose of this study. The list of SMEs was collected from the head office of the National Board for Small Scale Industries (NBSSI), and thereafter 150 SMEs were selected for the purpose of the study.

1.7 Overview of Methodology

The methodology followed these pattern research design, research purpose, population of the study, sample size, sampling technique, source of data, data collection instruments, data analysis, and research ethics. The main data collection instruments used by the researcher was a structured questionnaire. To accomplish its goals, the study uses explanatory and quantitative research. The population of the study comprises of all SMEs in Ghana. Out of this population, the purposive sampling technique will be used to select 150 SME respondents for the study. This sampling technique was used because it seeks to get all possible cases that fit particular criteria (Lind et ‘al, 2005). The Statistical Package for Social Sciences (SPSS) and Microsoft excel will be used to process the data for analysis. The collected data will be analyzed quantitatively and represented in descriptive statistics forms such as frequency distribution tables, regression analysis, comparison of means and standard deviation.

1.8 Limitations of the Study

A major limitation was the data collection process. Despite the fact that data were collected from our study area, researchers faced many obstacles, such as organizational bureaucratic processes, lack of co-operation, and delays in filling out questionnaires for respondents.

1.9 Organization of the study

The study is organized under five chapters with the first chapter offering an introduction to CSR and its impact on performance of SMEs. The chapter looks at the background of the study. It proceeds to provide the rationale (problem statement) as well as the objectives of the study. It outlines the research questions that guided the study, the scope of the work, its limitations and significance.

The second chapter reviews various literatures on CSR and performance of SMEs. Chapter three presents the research methodology used in the study. It explains the research design and how they influenced data collection, analysis and presentation methods employed in the study. In chapter four, the results of the study have been presented. It analyzes the impact of the results. The final chapter draws conclusions based on the findings and as well make recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews various concepts, theories and some empirical literature related to the study. Previous literature on Corporate Social Responsibility (CSR), performance and institutional pressure will be reviewed and the relationships among them in previous studies will also be discussed.

2.1 The concept of Corporate Social Responsibility (CSR)

Corporate Social Responsibility is primarily described by its elements and applications. Corporate Social Responsibility (CSR) is a strategic management tool that offers the potential for community and corporate win-win scenarios (Boadi et al., 2019; Mahmud et al., 2020). The benefits that CSR programs might have for firms were not given much thought when CSR first came up for discussion in the 1950s. The focus of the conversation was on businesses' social responsibilities and the necessity of taking part in charitable endeavors. Theodore Levitt cautioned business executives about the threats CSR operations face in their survival in his conclusion to these earlier 1950s stories (Levitt, 1958). Professors and researchers who created the business case for CSR in the 1960s helped popularize the idea in spite of Levitt's cautions (Shabana & Carroll, 2010).

According to White and Alkandari (2019), because national environments influence CSR practice, contextual factors like cultural, political, and economic factors cannot be separated from CSR strategies. CSR research projects in a global setting therefore not only describe CSR practices in unique international settings, but also national infrastructure (political and financial factors) and social expectations (lifestyle). Previous studies have shown that national subculture influences his CSR measures (Adnan, Hay, & van Staden, 2018; Kucharska & Kowalczyk, 2019).

The concept of Corporate Social Responsibility has progressed significantly since its conception in the 1950s (Caroll, 1999). Corporate Social Responsibility, according to Seow et al. (2006), is defined as the integration of social and environmental values into a company's fundamental business activities, as well as shareholder interest in improving society's well-being. Corporate Social Responsibility, according to Muthuri and Victoria (2011), is the responsibility of businesses to improve their stakeholders and to prevent and correct negative effects of business activities, whereas Turker (2009) aims to define Corporate Social Responsibility as business behavior that positively affects stakeholders and goes beyond their economic value. Corporate social responsibility refers to a company's continual obligation to act ethically and contribute to economic development while improving the quality of life of employees and their families, as well as the local community and society as a whole (Moir, 2001). Corporate social responsibility, according to Sukserm and Takahashi (2010), is a business decision based on ethical values, legal enforcement, and concern for individuals, communities, and the environment. The World Business Council for Sustainable Development (WBCSD), (1999) defines CSR as a "business commitment to contribute to sustainable economic development, working with employees and their families, the local community, and society at large to improve their quality of life". According to this definition, CSR serves as a tool for achieving both economic growth and sustainable development through enhancing people's quality of life. According to the European Commission (EC), corporate social responsibility (CSR) is a concept wherein businesses voluntarily incorporate social and environmental issues into their business operations and in their interactions with stakeholders. (EC, 2010).

Market practices and stakeholder concerns are combined according to the definition above. This ensures that companies remain accountable for all decisions that affect their stakeholders (customers, owners, employers, communities, suppliers, and governments). Also, a company's CSR program or activity should be driven by the company's vision and intentions, not the other way around. In other words, corporate social responsibility should complement rather than compete with the company's mission. When companies practice their CSR in line with their priorities, vision, and purpose, they can become more strategic and reap financial benefits (Porter & Kramer, 2006). It is also clear from the definition that CSR is of a more voluntary nature. This means that CSR does not include actions required by law. It is understood that companies have legal requirements to comply with, and CSR goes beyond these requirements and includes additional voluntary initiatives that serve the public interest (Danko, Goldberg, Goldberg & Grant, 2008; Nyuur et al. al., 2014).

2.1.1 Corporate Social Responsibility in Ghana

The CSR field has grown dramatically in recent years, and many firms are now more involved in giving back to society than they were previously. CSR issues are now present in all areas of business operations (Ofori & Debrah, 2014). The premise of CSR is that firms include social and environmental issues into their commercial activities and actively engage with interested parties, according to (Marfo et al., 2017; Ofori & Debrah, 2014). As the government cannot manage societal challenges alone in the modern world, there is an appeal to commercial organizations to engage in social activities. This has affected the adoption of the definition of CSR in the nation (Amoako, 2017).

Ghana suffers economic challenges such as a low per capita income, a devalued currency, slow growth, and low deposits, making it very difficult for local enterprises to adopt social practices

(Amponsah-Tawiah & Dartey-Baah, 2016). According to Abugre and Anlesinya (2019), management's role in CSR activities in Ghana is limited and insufficient. They discovered that a lack of leadership involvement, leadership weaknesses in the areas of incompetence and corruption, and unwillingness to disperse funds associated with CSR activities are the biggest obstacles to successful CSR execution. Businesses would perform well in CSR activity if management takes a positive approach to CSR and job performance, according to Abugre and Anlesinya (2020). Amoako (2017) found that despite the lack of a legal framework for CSR in Ghana, businesses are interested in participating in a variety of CSR activities like funding educational initiatives, supporting events, and making charitable contributions. Corporate executives believe that ethical behavior and social responsibility are important for their companies. According to a report from 2009, the government's participation in CSR in Ghana is dependent on the obligation for businesses to uphold the law (Damoah, Peprah, & Cobla, 2019).

The government of Ghana seeks to promote CSR by passing legislation that establishes fundamental standards of business efficiency, such as statutes, local authority regulations, and environmental impact evaluation criteria found in a parliamentary statute. While Ghana does not yet have a comprehensive set of CSR policies or regulations, it does have a variety of regulations, rules, procedures, and programs that direct CSR programs in Ghana. According to the findings of an investigation conducted by Sarpong (2017) on the perspective of CSR held by significant businesses in Ghana, indigenous firms adhere less closely to the conventional definition of CSR and are less strategic and ethical in their approach to CSR, even though they are familiar with the term and do practice it to some extent. As a result, businesses in Ghana that are focused on international markets appear to have a better awareness of the various CSR initiatives and how they might be used to their advantage.

2.1.2 Advantages of Corporate Social Responsibility (CSR)

Businesses are significant and engage members of society, according to Bernstein (2000). They are therefore able to preserve and improve society's stability. Businesses exist to benefit society as well as increase profits for shareholders, claims the author. Profits exist to recognize a company's efforts, and it's best if they can benefit society. If businesses don't help society, society won't accept their money, and businesses will go out of business. According to Lee (2008), Valor (2008), and Vogel, there has been empirical research demonstrating that the business results of CSR are still inconclusive (2005). Numerous studies have examined the link between strategic CSR adoption and long-term financial gains (Lee, 2008). In addition to reducing cost and structure, equal employment opportunity rules as a CSR strategy boost long-term shareholder value, according to Smith (2005). Environmentally conscious CSR initiatives can lower costs and risk. In this instance, cost savings from more intelligent and prudent natural resource management, lower legal expenses, and lower insurance costs appeared to accrue over time. According to Barman, Wicks, Kotha, and Jones (1999), positive group connections can assist businesses in obtaining tax benefits. Carroll and Shabana (2010) suggested that CSR efforts help businesses reduce the amount of regulation they face by allowing them to implement standards that allow them to meet society's expectations yet protecting themselves.

Initiatives focused on corporate social responsibility (CSR) can also benefit human resources, claim Battaglia et al. (2014). According to studies, CSR increases job satisfaction. A company's relationship with its employees can reduce employee turnover and increase employee engagement, claim Cochran (2007) and Vitaliano (2010). Based on the experiences of major companies like Google, Cochran claims that having positive employee relations is essential when hiring new staff. According to Smith (2005), a consistent statement of employee equal opportunity policy aids businesses in gaining a competitive advantage over their rivals by enabling them to acquire and retain the best individuals. Aldana (2011) study on human resource management also demonstrated that initiatives emphasizing employees' health and safety lower absenteeism. It identifies the competitive advantage created by CSR and suggests that the business case for CSR also includes cost and risk reduction, reputation and legitimacy, and synergistic value creation, Carroll and Shebana (2010). Long, Mura, and Bonoli (2005), in a study of Italian SMEs in various sectors, found that the introduction of CSR-related practices was found to have a positive impact on resource management.

2.2 Institutional Pressure

Institutional pressure is an external force that prevents a consumer from doing something or taking a particular action in an external environment. Providers, competitors and regulators are the main players putting pressure on organizations. In practice, the pressures are weaknesses and expectations these institutions impose on organizations (Fikru et al., 2016). Institutional pressures provide a detailed description of the institutional environment, including the mechanisms and cognitive, normative, and regulatory activities that give continuity and meaning to social activity (Scott 1995, 33).

The institutional pressure model stresses the importance of regulatory, normative and cognitive variables that affect corporate decisions in order to apply a specific organizational practice that goes beyond the technological efficiency of the practice. In the environmental policy literature, the regulatory pillar has been the most widely researched. Companies are responding to coercive actions taken by regulators or activists in this respect. Failure to heed this pressure presents a major threat to a business' legitimacy and viability. In certain organizational contexts, the normative pillar of the institutional setting refers to certain standards of acceptable and valid conduct in certain organizational contexts (Scott, 1995). In other words, the normative cornerstone of Scott is focused on what organizations regard as acceptable or anticipated. Most of the writing on normative limits underlines how natural normative expectations are. The organizational methodology is unchallenged and options are impossible (Tolbert and Zucker, 1983). The cognitive aspects of the institutional climate are social factors that frequently decide inclinations without cognizant reasoning (DiMaggio and Powell, 1983; Tolbert and Zucker, 1983; Hoffman and Ventresca, 1999). The institutional climate's normative and cognitive components impact the acknowledgment of organizational practice, in light of the fact that the normal weight and organizational choices are characterized and in this manner confined. A generally attractive option in contrast to an organization may just be dismissed in light of the fact that in a specific institutional setting, it is not considered appropriate.

To clarify the implementation of environmentally sustainable activities, the remainder of this section describes a model that ties operational stresses to organizational orientation. Our methodology supplements institutional theory by illustrating the variety of the two organizations that trigger environmental pressure, including the organization's external and internal burdens, and the organizational responses that are formed in each business. We explain how these applied regulatory and coercive pressures may influence the appropriation of natural administration rehearses by organizations. We concentrate on nine institutional players, a subset of Hoffman's (2001), who we conclude would have the most effect on corporate environmental practices: lawmakers, regulators, clients, rivals and local communities. Our list is consistent with the interest groups deemed relevant when determining the environmental performance of an organization (Lober, 1996).

2.2.1 Political and regulatory pressure

Different government bodies that are permitted to apply pressure are likely the most obvious partners that influence corporate appropriation of ecological practices. Enactment engages bodies to actualize and authorize laws. Numerous analysts have zeroed in on the effect of existing upheld laws and guidelines on business ecological practices (Carraro, Katsoulacos and Xepapadeas, 1996; Majumdar and Marcus, 2001; Rugman and Verbeke,1998). We are alluding to the degree of political help for more severe guidelines under political weight. Administrative weight alludes to how much managers are undermining or really taking steps to hinder an organization's business exercises.

2.2.2 Customer and competitive pressure

Companies can commit coercive and mimic isomorphism, in addition to government figures. For instance, in spreading the practice of organizational methods to subsidiaries and other organizations in the host country, multinational companies are widely recognized as key agencies (Arias and Guillen, 1998). Businesses can imitate such practices that have been adopted successfully by leading businesses. Moreover, businesses respond to customer demands. Perhaps the main mechanism for quality assurance management standards has been expanded by customer-supplier relationships.

Several studies have found that client concerns are driven by the use of environmental management practices. Clients, for instance, have constrained businesses to receive an ecological arrangement (Henriques and Sadorsky, 1996). Clients from created nations have been impacted by Chinese organizations to upgrade their ecological implementation and to follow the ISO 14001 natural administration system standard (Christmann and Taylor, 2001). Retail organizations have more broad EMS, proposing that retail buyers place more tension on businesses to actualize ecological sustainability approaches than different types of clients (Khanna and Anton, 2002).

2.2.3 Community Pressure

By casting a ballot in nearby and public decisions, through natural activism by ecological NGOs and claims by concerned residents, neighborhood networks can likewise apply coercive tension on organizations. A few investigations have indicated that the craving to upgrade or keep up great associations with their networks impacts corporate choices to present ecological administration rehearses. "The greater part said in a 1993 review of 200 corporate general directions that "pressure from network activists had affected the conduct of their organizations, once in a while compelling a contamination decrease (Lavelle et al., 1993). An exact examination found that network constrain emphatically affected the corporate choice to receive a natural arrangement (Henriques and Sadorsky, 1996). Florida and Davison (2001a) explored why the EMS had been embraced and contamination counteraction programs presented by offices.

They found that for 85% of offices that had executed both an EMS and a counteraction program, improving gathering connections was a controlling variable. In correlation, comparative with offices that have not grasped an EMS or actualized a contamination decrease program, a lot higher extent of these offices announced trading data with neighbors and natural associations, meeting with network authorities, going to network gatherings, and including neighbors and local gatherings in their ecological activities. Another exploration, in light of a review of 130 ISO 14001 authorize organizations in 15 nations, discovered that the readiness to be a decent neighbor was one of the main considerations in picking up affirmation (Raines, 2002). Delmas et al. (2000) propose that a more elevated level of enrollment in gatherings of ecological interest recommends the network's earth benevolent status and a higher propensity to utilize these associations to energize more tight guideline.

Accordingly, they contend that higher participation rates represent an authentic danger to improved guideline, which drives self-guideline by organizations. A few examinations have started to analyze the attributes of the financial class identified with the choice of associations to apply ecological administration rehearses. An exploration dissected the institutional appropriation of an intentional EPA program and found that selection is more likely in populaces with higher middle family unit earnings (Khanna and Vidovic, 2001). Huge numbers of the organizations overviewed by Lawrence and Morell (1995), particularly the bigger ones, were roused by their anxiety about natural associations that had forcefully uncovered organizations' weaknesses in ecological obligation" to impart their natural proficiency. There are a few models where companies have changed their natural strategies to react to ecological gatherings' weight. For instance, after a long shopper blacklist drove by the Rainforest Action Network (RAN) by Mitsubishi Corporation, the gatherings reported an arrangement that Mitsubishi should quit utilizing old-development woodland items (Goldman, 2001). Following a grassroots development including several fights, many postcards and calls to Staples corporate central command and local workplaces, neighborhood and public media inclusion, and investor goal, an alliance of ecological gatherings constrained the organization to purchase paper items from imperiled timberlands and lift deals of reused items (Delmas et al., 2004).

2.3 Performance

The main motive for any investment in the business sector is to make profit (Kyereboah Coleman, 2007). One of the goals of the organization is to maximize shareholder well-being and earn enough profits to continue operating and grow in the future. Businesses that achieve their organizational goals are said to be performing well. Business organizations have various goals they seek to achieve different from the other. As a result, performance is measured in three perspectives- financial, environmental and social performances. In this regard this work considers these dependent variables to be the expected outcomes of business activities.

Company performance is influenced by several external and internal factors (Ali Mirza and Javed, 2013). It is important to note that internal factors are specific to a company and external factors may be the same for all or most companies. External factors include market preferences and perceptions, national rules and regulations, and the national economy (Ali Mirza and Javed, 2013).

2.3.1 Financial Performance

Financial performance is a subjective measure of a firm's ability to use its core business assets and generate income (Gayan et al., 2019). The term is also used as a general measure of a company's financial position over a period of time. In terms of financial performance, the academic literature distinguishes many measures that can be divided into two main blocks: accounting and market-based measures (Garcia-Castro et al., 2010; Mas-Tur and Ribeiro-Soriano, 2014). The company has many stakeholders, including trade creditors, bondholders, investors, employees and management. Each group has its own interest in tracking the financial results of the company. The most common accounting tools include the two criteria used in this survey: return on assets (ROA) and return on equity (ROE). These two types of measures have been criticized. According to (Wu et al, 2006), accounting tools are better indicators than market indicators, but they are easier to manipulate. In addition, while company behavior can be explained using market indicators, accounting data shows what is actually happening in the company (López; Garcia and Rodriguez, 2007). Market measures reflect expectations of future profitability, but many macroeconomic factors are known to affect them (Griffin and Mahon, 1997). For this reason, there are studies that recommend the use of both types of measures to determine the relationship between financial performance and corporate social performance (Margolis and Walsh, 2003).

Return on Assets (ROA) is a measure of a company's profitability relative to its total assets. An ROA gives a manager, investor, or analyst an idea of how an enterprise is effectively managed by using its assets to generate revenue (Hargrave et al., 2019). The return on assets is displayed as a proportion. Hargrave (2019) continues to argue that corporations are primarily about productivity (at least the ones that survive): making the most of limited capital. A useful operational method is to compare profit and revenue, but comparing them to the capital that the company has produced decreases the company's viability. The simplest of these market metrics is the return on assets (ROA). ROA is determined by dividing the net profits of a company by total assets. The return on equity (ROE) is a measure of the profitability of a company, also known as net assets or assets less liabilities, in relation to equity. The ROE is a measure of how well investments are used by a business to achieve profit growth. The ROE is a measure of the capacity of management to monetize properties.

2.3.2 Environmental Performance

Environmental performance measures a company's success in reducing and minimizing its environmental impact, usually compared to the industry average or a group of colleagues (for example, Investor Responsibility Research Center, 1992). It includes all efforts to minimize the negative environmental impact of the company's products throughout their life cycle. However, many managers consider environmental management to be in line with environmental regulations that affect environmental and economic performance (Walley and Field, 1994). In order to improve the climate, external consequences, such as the cost of contaminated air, are redirected back to the business, increasing operational costs and affecting profitability (Bragdon and Marlin, 1972).

Some anecdotal evidence, however, correlates high environmental performance with lower production costs, also minimizing waste (Allen, 1992; Schmidheiny, 1992).

As described by Clarkson et al, the environmental success of a company "measures the impact of a company on living and non-living natural systems, including air, land, water, and whole ecosystems. It refers to the good thing that a company uses best management practices to avoid environmental risks and seize environmental opportunities", This includes complicated performance metrics, such as information on energy used, CO2 emissions, water and recycled waste, and disputes regarding spills and contamination (ranked by Clarkson et al., 2008). The overall environmental score can therefore be regarded as a basically objective measure of the overall environmental performance of an organization.

2.3.3 Social Performance

A company's social success, as defined by Asset4, "measures a company's ability to generate trust and loyalty with its workforce, customers and society, through the use of best management practices". It covers issues such as employee turnover, accidents, hours of training, donations and health and safety controversies. It also means meeting the needs of the various corporate stakeholders (Preston, 1997). According to (Wood, 1991), social performance consists of a set of principles and processes of corporate social responsibility and observable policies, programs and externalities that are applied to different interest groups. The social score is also predominantly composed of 'hard' performance indicators (as defined by Clarkson et al., 2008), and is thus essentially an objective reflection of a company's social performance.

2.4 SME in Ghanaian context

Small businesses have been defined in a variety of ways, but the most prevalent criterion is employee count. The arbitrariness and exclusion points of various official sources are frequently confounded by this description. According to industry statistics, the Statistical Office of Ghana (GSS) classifies businesses with less than ten employees as small businesses, whereas those with more than ten employees are classified as medium and large businesses. In its national accounts, GSS considers companies with up to 9 employees to be small and medium sized enterprises.

Steel and Webster (1990), Osei et al., (1993) referred to the job threshold of 30 workers, referring to small businesses, in describing small businesses in Ghana. The above, however has classified small enterprises into three categories: I employing less than six people; (ii) very small, employing 6-9 people; (iii) between 10 and 29 employees for small workers.

A different metric for describing small and medium enterprises is the importance of fixed assets in the company. Ghana's National Small Industry Council, on the other hand, implements both fixed asset and workforce criteria (NBSSI). It defines small businesses as having up to 9 employees of less than Cedis 10 million ($ 9,506 at 1994 exchange rates) with factories and machinery (excluding land, houses, and vehicles). The Ghana Enterprise Development Commission (GEDC) uses $ 10 million, on the other hand. Ceiling description for machines and machines by Cedis. It must be said with caution that an issue in itself is the method of valuing fixed assets. Second, because of the persistent weakening of the exchange rate, such meanings are often obsolete.

2.4.1 The role of SMEs

Many authorities in low-income nations are concerned about small and medium-sized enterprises as a means of increasing growth. These companies have been considered as engines for accomplishing developing country their development goals. In a number of developing countries, they could be sources of employment and revenue. It is estimated that SMEs in developing countries employ 22 percent of the adult population (Dalitso *et al*., 2000).

Nonetheless, some researchers contend that small businesses creating jobs is a statistical error. The effects of balancing factors that lower the net impact are not taken into account (Biggs, Grindle and Snodgrass, 1988). It is suggested that increase in productivity are not always connected with job growth in small and medium enterprises. However, it is not possible to ignore the essential position of these firms. Small companies have advantages over their large rivals. Their broadly professional innovations make it easier for them to adapt to the demands of the market. However, restricting the study to developed countries raises the following riddle: Do small firms have a vibrant economic role?

SMEs can withstand unfavorable financial conditions due to their agility. They have a higher concentration of work than larger organizations and, as a result, spend less money on capital to do work (Anheier and Seibel, 1987; Liedholm and Mead, 1987; Schmitz, 1995). SMEs have a critical role in ensuring job security, promotion, and employment. Because small and medium-sized businesses are more likely to thrive in more modest metropolitan areas and provincial territories, where they may encourage more predictable financial flow across the country and halt the spread of urban relocation. Due to their geographical dispersion and labor force, small creation units will support a more equal distribution of revenue than large firms. They also increase the profitability of domestic business sectors and allow for the efficient use of limited capital, allowing for long-term financial growth.

2.5 Resource Based View Theory

For years, according to Barney (1991), learning how to create competitive advantage through capital has been a major research topic for strategic management scientists. The Resource Based View was used in this study to better understand the definition of CSR and its relation to competitive advantage. CSR can establish a defensible role for an entity in the RBV system, according to numerous studies (Hart, 1995; McWilliams & Siegel, 2001; Russo & Fouts, 1997). According to Barney (2001, 1991), there are four characteristics of services that can help businesses achieve a competitive edge. These characteristics include rareness, valuability, inimitability and non-substitutability. Research has shown that, the resource-based perspective can help explain reasons why organizations do CSR (Branco & Rodrigues, 2006). These activities help in obtaining support from stakeholders. Intangible assets such as technological know-how, reputation and corporate culture are resources that impact on financial performance of the organization.

The Resource Base View revolves around resources, which are unique assets that add value to an organization. When various resources are combined to gain a competitive advantage, value is created. Customers would favor goods and services from socially responsible companies because CSR supports the organization's products and services. From the above, the question to ask is whether the practice of CSR by organizations can be used as a resource that can create value. In so doing, the research seeks to investigate whether CSR activities could be valuable, rare, inimitable or and non-substitutable which could lead Ghanaian industries to gain competitive advantage (Barney, 2001; 1991).

2.6 Institutional Theory

The influence of external factors on organizational dynamics is investigated by institutional theory. The institutional theory emphasizes the impact of social and interpersonal conflict on organizational practices and structures (Scott, 1992). DiMaggio and Powell (1983) argue that the executives' choices, which make and scatter a traditional arrangement of qualities, standards, and rules to make comparative practices and frameworks in organizations that share a common organizational area, have a significant impact on three institutional instruments: approved, mimetic, and normative isomorphism. The entities that represent a perceived territory of institutional existence are known as organizational fields: main suppliers, asset and item customers, controllers, and other organizations that generate comparable administrations or merchandise. This unit of inquiry is important because it draws our attention to all of the related entertainers.

Jennings and Zandbergen (1995) were among the first to use systemic hypothesis to describe how companies implement environmental management methodologies. They claim that companies in every sector have adopted similar practices because regulations, especially in the form of legislation and regulatory enforcement, have been the primary catalyst for environmental management practices. In line with most institutional theorists, Jennings and Zandbergen (1995) propose that companies that occupy the same organizational field are similarly affected by the institutional forces that emanate from them. They mention examples such as how the three-mile island crisis tarnished the credibility of all U.S. nuclear power firms, how the discovery that chlorofluorocarbons (CFCs) deplete stratospheric ozone undermines the integrity of CFC development and usage, and how the establishment of the Montreal Prot Defense leads to structural problems. Other studies have studied how multiple institutional stresses are exposed to organizations working in different organizational areas. As a result, numerous activities are becoming prevalent.

While such studies look at dynamic and cross-sectoral systemic forces, they ignore the more basic question for strategic management: why do organizations adopt different strategies within the same organizational field in the face of institutional isomorphic strain? In other words, how could institutional forces within a sector be influenced by heterogeneity rather than homogeneity? Without the control of external limits, Hoffman (2001) claims that organizational conduct is neither a strict reaction to the pressure given by the field nor is it formed autonomously. Organizational and institutional dynamics are inextricably linked (Hoffman, 2001). This topic has begun to be empirically explored by some researchers (D'Aunno, Succi and Alexander, 2000; Levy and Rothenberg, 2002).

2.7 Empirical Review

2.7.1 Relationship between CSR and performance

Overall, over the years, a number of empirical research have been conducted to evaluate the relationship between corporate social responsibility (CSR) and performance, as well as the reverse, with the majority of the findings yielding unclear conclusions (e.g., Lee et al. 2018). However, there are two publications that evaluate numerous papers on the topic (Orlitzky et al. 2003; Wang et al. 2016), both of which use a meta-analysis methodology. These research came to the conclusion that there is a positive association and that businesses that engage in socially conscious endeavors do better financially as a result of better corporate management. They also show that enterprises from developed nations and firms from emerging economies have a greater association than does the other way around.

Yusoff et al. (2013) explored the potential impact of the CSR structure on companies' financial performance. Based on stakeholder perspectives, a sample survey of 30 leading companies listed on the Bursa Malaysia exchange was conducted between 2009 to 2010. Lu et al. (2013) have also explored the relationship between CSR and company performance in the semiconductor industry in the United States (US) between 2004 and 2008. The results showed that, in the short-term, the performance of companies that have implemented CSR is lower than those who have not. The reason for this poor business performance is that enterprises accumulate greater responsibilities and higher costs when implementing CSR. Oh and Park (2015) explore the relationship between CSR and Korean companies' financial performance using a sample of 200 of the highest performing companies in terms of CSR over seven years, between 2004 and 2010. The research has shown that CSR has varying effects on corporate financial performance. Depending on the characteristics of each industry, companies should emphasize their strategic direction in order to improve CSR, as well as their profitability and growth. Chen (2015) explores the impact of corporate governance and CSR on corporate performance. Using Taiwan's food industry as an example, the results show that the relationship between CSR and corporate performance is negatively correlated. Angelia and Suryaningsih (2015) explored the impact of environmental performance and CSR disclosure on financial performance by studying companies in the manufacturing, infrastructure and service industries that were listed on the Indonesia Stock Exchange between 2012 and 2013.

2.7.2 The association between institutional pressure and the performance

When firms feel pressures from external standardization, voluntary norms, and professional practice, there is an urgent need for managers to rigorously and passionately follow external technical guidance and organizational models (Scott, 1995). Thus, normative pressures may induce firms to internalize environmental management systems, promote deeper and more widespread implementation of environmental management practices, and positively influence managers' efforts to invest economic resources with the aim of improving environmental performance through planning, developing, and implementing innovations (Daddi et al., 2016).

Prior studies have found that pressure from competitors is a driving force behind the adoption of information modeling and simulation technologies in the construction industry (Chen et al., 2019). Under intense competition, a firm is more likely to seek out novel ways of doing business and, as a result, imitate other firms. This is common in Chinese construction firms. After seeing the relative benefits of environmental management practices, firms in the construction industry are more likely to learn these practices. Since 2013, China State Construction has led the industry to carry out the construction of BIM demonstration projects, and more construction firms are starting to imitate the practices, resulting in improved environmental performance (Chen et al., 2019; Ding et al., 2015). When firms feel pressures from external standardization, voluntary norms, and professional practice, there is an urgent need for managers to rigorously and passionately follow

external technical guidance and organizational models (Scott, 1995). Thus, normative pressures may induce firms to internalize environmental management systems, promote deeper and more widespread implementation of environmental management practices, and positively influence managers' efforts to invest economic resources with the aim of improving environmental performance through planning, developing, and implementing innovations (Scherer et al., 2013).

2.7.3 Moderating role of institutional pressure on the relationship between CSR and performance

Hoffman and Ventresca (1999) and Zhu and Sarkis (2007) found both market and non-market pressures as moderating variables in the relationship between environmental practices and performance. According to these authors, coercive pressures improve environmental practices (green purchasing and investment recovery), while mimetic pressures (coming from competition) improve economic performance. In contrast to the above studies, Ketikidis et al. (2013) found no significant effect of external pressures. Marshall and McCarthy (2013) concluded that customer pressure affects the relationship between CSR practices and both operational and financial performance. All these studies focused on the environmental dimension of CSR and related pressures, while the influence of the social dimension is still largely undisclosed. This study includes the social as well as the environmental dimension of external stakeholder pressures and CSR practices.

2.8 Conceptual Framework

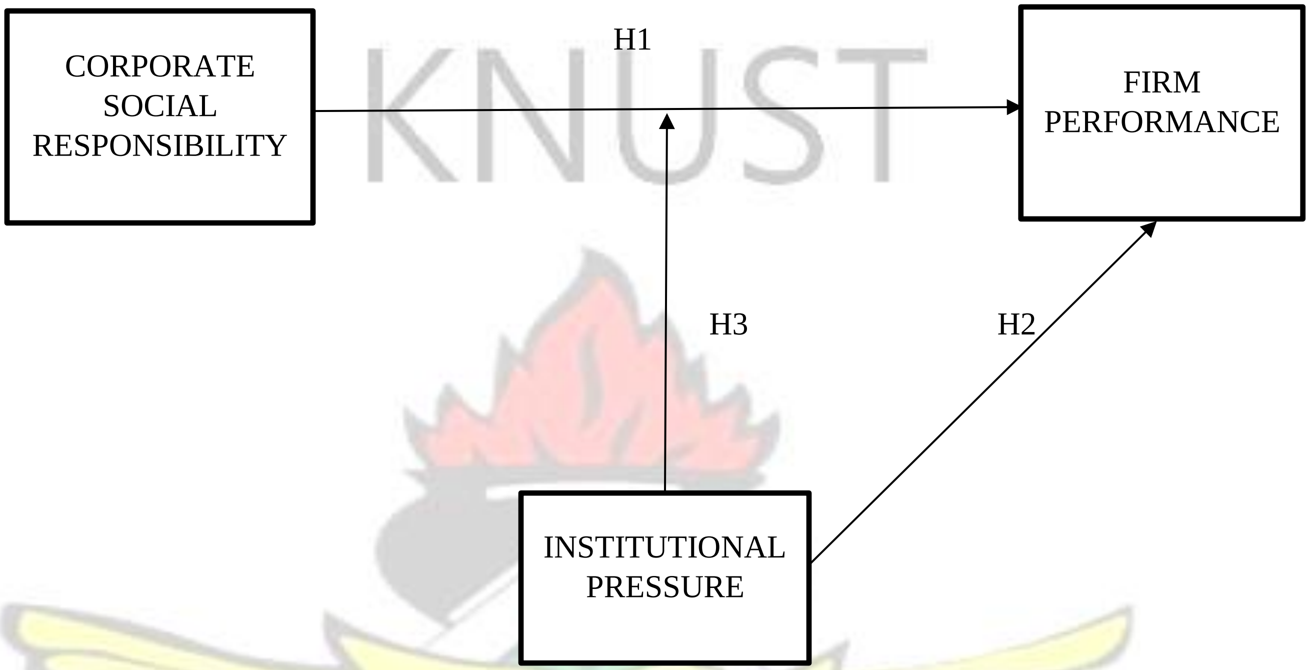

Figure 1: Conceptual Framework

Source: Authors Own Work

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlines the methodology the researcher will employ in order to meet the objectives. The research design, data collection, research population, sample size, sampling technique, and data analysis procedure are all part of it.

3.1 Research Design

The research design provides the overall strategy a researcher will deploy to carry out the research. It is the framework by which the researcher collects, measures and analyzes the relevant data for the study (Sileyew, 2019). According to Aaker et al. (2019), the research design is the 'detailed blueprint" through which a researcher works towards the research objectives of a study with a fit among its objective, approach and tactics.

There are several approaches for designing research. This can be quantitative or qualitative in nature. Qualitative research is business research that uses approaches that allow researchers to provide detailed insight into market phenomena without relying on numerical measurements (Zikmund et al, 2010). This method is used when the research question calls for delving into concepts, developing relationships in a raw form, and organizing those concepts and relationships into a framework of theoretical explanations. Quantitative research, on the other hand, is defined as company research that addresses research goals through empirical research through numerical measurements. Regarding the research approach, the present study employs quantitative research methods as it is based on the collection and analysis of numerical data and statistical hypothesis testing consistent with quantitative methods. In this study, the purpose was to measure the causal relationship between constructs, and an explanatory study was conducted. The purpose of explanatory studies is to establish causal relationships between variables (Saunders et al., 2009). For example, the impact of her CSR activities on the performance of the specific SMEs surveyed. This study, therefore, follows an explanatory approach in trying to establish the relationship between corporate social responsibility and firm performance.

3.2 Source of data collection

Data collection sources refer to the process by which researchers obtain data relevant to their research. Data can be collected using either primary or secondary sources. This study used primary sources.

3.2.1 Primary Source of data

The information collected is raw and collected for the first time, as primary data is obtained directly from the individual or work under investigation (Koziol & Arthur, 2012). The use of questionnaires was the primary source of data collection. The questionnaires included questions that were open and closed. In interpreting problems that posed difficulties, respondents were helped. A week was given after that to record the responses. This approach helped reduce the frustration associated with stressful interview times and busy appointments. They underwent thorough testing and modifications until the questionnaires were administered, before being submitted to respondents. In order to assess the participants' subjective answers, the researcher often arranged the questions in the form of interview guides. This allows respondents to provide other important data that is not reported in the questionnaires administered.

3.2.2 Data Collection Procedure

A permission letter was obtained from the Head of Department for Marketing, KNUST, following the supervisor's review, modification, and approval of the questionnaires. The letter asking for permission to gather data in their various SMEs shops. The data collection exercise started at the different SMEs branch in Kumasi after permission was obtained. Copies of the questionnaires were sent via email to employees who preferred it due to their tight schedules. Respondents who or reason or two-face difficulties with reading and or comprehension are given support by the researcher. After that, 1-week was given for the answers to respondents to provide their responses. This method helps reduce the inconvenience associated with awkward interview times and busy appointments. The researcher also presented the questionnaires to respondents using the online google form which helped the respondents to attend to the questions as quick as possible even in their busy schedules.

3.3 Research Population

Basically, the sample population is the total number of inspected objects or units from which all other potential discoveries are made (Kumekpor, 2002). In relation to this study, the population includes all SMEs in Ghana.

3.4 Sample Size

Winter (2013) defined a sample as a small group of cases drawn from a population used to represent the large study group or the entire population. The sample demonstrates the specific number of respondents selected from a population to act as the population representative. Saunders et al. (2009), found out that it is primarily included in the selection of the sample size concerning the degree of confidence and the margin of error. The sample size chosen for the analysis was 150 based on the availability of SMEs in the Kumasi metropolis to respond to the questionnaires for the study. The list of SMEs was collected from the head office of the national board for small scale industries (NBSSI).

3.5 Sampling Technique

The research used purposive and convenient sampling methods concerning the selection of the respondents to perform the survey. Convenient sampling, also known as test sampling involves the random collection of respondent samples that are very straightforward to acquire for their survey, as the sample selection process continues until the required sample size has been chosen (Saunders et al 2009). This method has been followed in terms of selecting respondents who can theoretically provide the correct data for the study. By the way to find out how these impacts their business performance in Ghana, the researcher will include owners and stakeholders of SMEs interested in corporate social responsibility.

3.6 Validity and Reliability

Reliability relates to the extent to which the measurement of a phenomenon provides stable and consistent results (Carmines & Zeller, 1979). Reliability testing is important as it relates to consistency between parts of the gauge (Huck, 2007). Validity is how well a measurement represents the intended variable (Mugenda, 1999). Fundamentally, validity means ``measuring what is meant to be measured" (Field, 2005). The most commonly used internal measure of reliability is the Cronbach alpha coefficient. When using Likert scales, this is considered to be the most appropriate measure of reliability (Whitley, 2002; Robinson, 2009). According to Cho and Kim (2015), constructs with a Cronbach alpha score of 0.7 are considered suitable for consideration for further analysis. Therefore, only his one component with a Cronbach alpha of 0.7 was considered in this study.

3.7 Data Analysis

Data analysis is the ability to decompose data and reveal the nature of its constituents and the relationships between them (Saunders et al., 2007). The analyzes performed were quantitative in nature. The resulting data were processed, coded, and analyzed using the Statistical Package for Social Sciences (SPSS) software. Data were displayed using frequency tables, means, standard deviations and simple regression models. We used regression techniques to test the mitigation effect.

3.8 Ethical Consideration

Research work, like many subject areas, is surrounded by ethical issues and it is important that researchers develop an approach to address these issues. Since research involves collecting data and views about people and institutions, researchers need to protect their participants, develop trust, guard against misconduct and impropriety, and preserve the integrity of the research (Israel & Hay, 2006). Creswell (ibid) suggests that ethical issues apply in the different types of research and to every stage of the work.

In order to achieve the above listed objectives, the researcher in this current study had the approval of the assigned Supervisor before carrying out the study. Also, the participants were not pressured to partake in the study and the researcher assured the participants of the confidentiality of any information shared as well as took steps to protect participants' disclosures. Again the researcher has to the greatest extent acknowledged the contribution of previous authors whose works have been referenced in this current study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, AND DISCUSSION

4.0 Introduction

In this chapter, we present the analyzed data and discuss the results. Data were collected using a self-administered questionnaire. This chapter of the study analyzes the information collected from the field and presents it in relation to the literature. Therefore, frequency tables, means, standard deviations, correlations and regressions were used in the analysis to achieve our research objectives.

4.1 Demographic Information

Respondent demographic information describes various characteristics of the respondents interviewed by researchers. Demographic information is used by researchers to determine how well findings apply to the general population. This study's total number of respondents was 150, comprising 83 (55.3%) males and 67 (44.7%) females. In terms of the respondent's ages, 23 (15.3%) were between 20-29 years, 62 (41.3%) were aged between 30-39 years, 46 (30.7%) respondents were aged between 40-49 years whiles 19 (12.7%) were aged 50 years and above. The majority of the respondents (58%) were managers of the firm whereas 32% of them were owner-managers of the firm and 10% of the respondents were executives. In addition, the majority (50.7%) of the respondents have held their current position in the firm for 1-5 years, 14% have held this position for below a year, 24% have held this position for between 6 to 10 years, 10.7% have held their positions for between 11 to 20 years whiles 0.7% of respondents have held this current position for 21 years and above. Among the SMEs who partook in the survey, most (50%) of them were service organizations, 13.3% of them were manufacturing organizations, 6.7% of them were construction organizations, 16.7% of SMEs were food organizations, whiles 13.3% were banking organizations. Regarding the number of years the firm has operated, 26% of the firms have operated between 1-5 years, 39.3% of the firms have operated between 6-10 years, 29.3% of the firms have operated between 11 to 20 years and 5.3% of firms have operated for 21 and above years. Finally, regarding the number of employees in the firm, the majority of firms (56%) have between 2 to 9 employees, 37.3% have 10 to 30 employees whiles 6.7% of firms have 31 to 99 employees. The results are presented in Table 1.

Table 1: Demographic Information of Respondents

Demographic Information	**Category**	**Frequency**	**Percentage (%)**
Gender	Male	83	55.3
	Female	67	44.7
Age	20-29 years	23	15.3
	30-39 years	62	41.3
	40-49 years	46	30.7
	50 years and above	19	12.7
Current Position in this firm	Owner-manager	48	32.0
	Executive	15	10.0
	Manager	87	58.0

Number of years that you have held your current position in this firm	Below 1 year 1 to 5 years 6 to 10 years 11 to 20 years 21 and above years	21 76 36 16 1	14.0 50.7 24.0 10,7 0.7
This firm is mainly ….	Manufacturing Service Construction Food Banking	20 75 10 25 20	13.3 50.0 6.7 16.7 13.3
How long has this firm existed/operated in the industry	1 to 5 years 6 to 10 years 11 to 20 years 21 and above years	39 59 44 8	26.0 39.3 29.3 5.3
Number of employees in the firm	2 to 9 employees 10 to 30 employees 31 to 99 employees	84 56 10	56.0 37.3 6.7

Source: Field Survey 2023

4.2 Descriptive Statistics of Variables

Under this section, various variables used in the analysis of the study is been analyzed.

4.2.1 Corporate Social Responsibility

In this section, the researcher was interested in knowing the level of performance of SMEs' corporate social responsibility. Respondents were therefore made to indicate the extent to which they strongly disagree to strongly agree with the various questions the researcher asked. The results are presented in Table 2.

Table 2: Corporate Social Responsibility

Statements	N	Minimum	Maximum	Mean	Std. Deviation
The company encourages its employees to participate in voluntarily activities	150	3	5	4.23	.533
Our company makes investment to create a better life for future generations	150	1	5	3.47	1.034
The company contributes to campaigns and projects that promote the well-being of the society	150	2	5	3.35	.743
The company supports non-governmental organizations working in problematic areas	150	1	5	3.34	1.048

The company emphasizes the importance of its social responsibilities to the society	150	2	5	3.28	.876
Our company contributes to schools, hospitals, and parks according to the needs of the society	150	2	5	3.14	.905
The company cooperates with its competitors in social responsibility projects	150	2	4	2.96	.664
Valid N (listwise)	150				

Source: Field Survey 2023

Findings from Table 4.2 shows that on average respondents strongly agreed with the claim "The company encourages its employees to participate in voluntary activities" as it obtained a mean of 4.23. Also, respondents agreed with the claims "Our company makes investment to create a better life for future generations", "The company contributes to campaigns and projects that promote the well-being of the society" and "The company supports non-governmental organizations working in problematic areas" as they recorded means of 3.47, 3.35, and 3.34 respectively. Again, respondents agreed with the claims "The company emphasizes the importance of its social responsibilities to the society" and "Our company contributes to schools, hospitals, and parks according to the needs of the society" as they obtained means of 3.28 and 3.14 respectively. Finally, respondents were indifferent in their response to the claim "The company cooperates with its competitors in social responsibility projects" as it obtained a mean of 2.96.

4.2.2 Institutional Pressure

In this section, the researcher was interested in knowing the level of institutional pressure on the various SMEs'. Respondents were therefore made to indicate the extent to which they strongly disagree to strongly agree with the various questions the researcher asked.

The results from Table 3 indicate that respondents on average agreed with all the claims with the exception of one in which they were indifferent in their response. As the claims "Regional environmental control board pressurizing the firm to adopt good environmental practices", "The firm dedicates more time and resources to knowing the characteristics of its stakeholders", and "Government regulations provide clear guidelines in controlling pollution level" obtained means of 3.88,3.79, and 3.47 respectively. Also, the claims "There is information and documentation on stakeholders' demands", "Customers are more sensitive towards green practices", and "Environmental agencies strictly monitor the pollution level of firm on a periodic basis" recorded means of 3.46, 3.16, and 3.15 respectively. However, the claim "Green practices decrease incidence of penalty fee charged by government environmental agencies" recorded a mean of 2.87.

Table 3: Institutional Pressure

Statement	N	Minimum	Maximum	Mean	Std. Deviation
Regional environmental control board pressurizing the firm to adopt good environmental practices	150	2	5	3.88	.704
The firm dedicates more time and resources to knowing the characteristics of its stakeholders	150	3	5	3.79	.630

Government regulations provide clear guidelines in controlling pollution level	150	1	5	3.47	.887
There is information and documentation on stakeholders' demands	150	1	5	3.46	.902
Customers are more sensitive towards green practices	150	2	5	3.16	.786
Environmental agencies strictly monitor the pollution level of firm on a periodic basis	150	1	5	3.15	1.052
Green practices decrease incidence of penalty fee charged by government environmental agencies	150	1	4	2.87	.783
Valid N (listwise)	150				

Source: Field Survey 2023

4.3 Correlation Analysis

A correlation statistical analysis was carried out to see if the degree of association between the variables would influence future statistical study. The construct which includes corporate social responsibility, institutional pressure, financial performance, social performance, and environmental performance was used to show if there exists a significant correlation among the construct. The sum of the various constructs was added and the average was taken as proposed by Pallant (2005). The correlation matrix is presented in Table 4 below.

Table 4.4 depicts the Pearson correlation matrix used in the study to test for the presence of multicollinearity amongst the predictive variables. Results from table 4.4 suggest no collinearity in the set of data used for the study. The table displays both positive and negative association between the variables used for the study under the Pearson correlation matrix. The table recorded the highest correlation of 0.537. This is not above the level of tolerance of 0.8 for collinearity tests using correlation.

Table 4: Pearson Correlation Analysis

	Variable	**1**	**2**	**3**	**4**	**5**
1	CSR	1				
2	IP	0.061	1			
3	FP	0.057	0.004	1		
4	EP	-0.034	0.057	0.153	1	
5	SP	0.106	0.055	0.537	0.068	1

CSR = Corporate Social Responsibility IP = Institutional Pressure FP = Financial Performance EP = Environmental Performance SP = Social Performance

Source: Field Survey 2023

4.4 Regression Analysis

Similar to correlation, statistical regression examines associations or relationships between variables. However, unlike correlation, the main purpose of regression is prediction (Geoffrey M. et al., 2005).

4.4.1 Relationship between Corporate Social Responsibility and Performance

To assess the relationship between corporate social responsibility and performance, a regression model was developed using corporate social responsibility as the independent variable and performance as the dependent variable. The results of the model are presented in Table 5 below.

Table 5: Regression Results for Objective One

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.440	.220		15.616	.000
	CSR	.052	.064	.067	.815	.416

a. Dependent Variable: PERFORMANCE

R-squared = 0.132

Source: Field Survey 2023

The model did not achieve a statistical significance at $p > 0.05$. The results however show that corporate social responsibility explains about 13.2 percent (r squared = 0.132) of the variation in firm's performance. The study results show that corporate social responsibility has a positive but insignificant relationship with firm's performance. Thus, corporate social responsibility is statistically insignificant in measuring the performance of SMEs.

4.4.2 Relationship between institutional pressure and performance

To assess the relationship between institutional pressure and performance, a regression model was developed using institutional pressure (IP) as the independent variable and performance as the dependent variable. The results of the model are presented in Table 6 below.

Table 6: Regression Results for Objective Two

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.493	.209		16.733	.000
	IP	.037	.061	.050	.604	.547

a. Dependent Variable: PERFORMANCE

R-squared = 0.116

Source: Field Survey 2023

The model did not achieve a statistical significance at $p > 0.05$. The results however show that institutional pressure explains about 11.6 percent (r squared = 0.116) of the variation in firm's performance. The study results show that institutional pressure has a positive but insignificant relationship with firm's performance.

4.4.3 The moderating role of institutional pressure on the relationship between CSR and performance

A regression analysis using the PROCESS macro by Andrews Hayes was conducted to examine the moderating role of institutional pressure in the relationship between corporate social responsibility and performance. The Process Macro was developed by Andrew Hayes and is very useful for performing many types of regression analysis including moderation. Moderation tests were conducted with corporate social responsibility (CSR) as the independent variable, firm performance as the dependent variable, and institutional pressure as the moderator. The results of the process macro are shown in Tables 7 and 8 below.

Table 7: Model Summary

R	R-sq	MSE	F	df1	df2	p
.4057	.1646	.1339	12.8754	3.0000	146.0000	.0000

Source: Field Survey 2023

According to the results from PROCESS, the overall moderation model had significant effects $F(3, 196) = 12.87$, $p < .001$. The R-square is 0.1646 meaning that the independent variable explains about 16 percent of the variation in the dependent variable

Table 8: Regression Results for Objective Three

Model	coeff	se	t	p	LLCI	ULCI
constant	3.6173	.0270	134.2212	.0000	3.5641	3.6706
CSR	.0477	.0656	.7268	.4685	-.0820	.1774
IP	.0373	.0628	.5940	.5534	-.0868	.1615
Int_1	.0406	.1610	.2519	.8015	-.2777	.3588

Source: Field Survey 2023

Results from Table 8 show that the variables corporate social responsibility (CSR) and institutional pressure (IP) are statistically insignificant ($p>0.05$). Also, the intercept (Int_1) is statistically insignificant ($p>0.05$). The insignificant relationship of the intercept shows that institutional pressure does not moderate the relationship between corporate social responsibility and firm performance.

4.5 Discussion of Results

This section discusses the findings of the study on the relationship among the variables under study. The discussion of findings is done based on the objectives of the study.

4.5.1 Relationship between Corporate Social Responsibility and Performance

This objective seeks to examine the relationship between corporate social responsibility and performance. Findings from the study reveal that corporate social responsibility has a positive insignificant relationship with performance ($p>0.05$). From the study results, CSR has a direct relationship with firm performance although the result is statistically insignificant. This is how

CSR improves employee satisfaction and corporate value. In addition, social activism has been described as improving ties with investors, government officials, and bankers, making it easier for companies to access capital (Li et al., 2016). Investors perceive companies that are actively involved in environmental activities more positively than those that are less involved (Blacconier, 1994).

The positive relationship between CSR and performance is in line with the study by Maletic et al. (2014) who argue that a firm that is more concern with environmental protection and individual social responsibility are more likely to perform well financially, socially, and environmentally. Thus, as firms are found to be more concerned about the protection of the environment, their performance enhances in all aspect. Also, the study by Famiyeh (2017) and Marfo et al. (2015) established a positive relationship between corporate social responsibility (CSR) and financial performance. However, Sandhu and Kapoor (2005) used correlation and regression analysis of 20 major Indian companies from 2000 to 2003 to investigate the relationship between CSR and financial performance. They discovered that there was no link between these companies' CSR and their financial performance.

4.5.2 Association between institutional pressure and performance

This objective seeks to examine the association between institutional pressure and performance. The study results reveal a positive but insignificant relationship between institutional pressure and performance of SMEs ($p>0.05$). Although the results are not statistically significant, institutional constraints such as: Pressure on human resources, pressure on resource management, and changes in applied rules and regulations to improve company performance pressure on top management to manage operations. According to research by Pan (2020), effective talent management not only improves employee skills and knowledge, but also improves employee motivation, attention, working hours and actual performance.

Othman, Nordin & Sadiq (2020) also argue that when companies are under pressure to manage the acquisition of resources, their consolidation, use, modification and disposal are as appropriate as possible and sufficient We have found that paying attention and achieving higher operational performance. Efficiency and output. S. Wang, Li, and Zhao (2018) point out that if managers deal with it effectively, institutional pressure becomes an opportunity to improve business rather than a burden.

4.5.3 The moderating role of institutional pressure on the relationship between CSR and performance

This objective seeks to identify the moderating role of institutional pressure on the relationship between CSR and performance. The study results reveal that institutional pressure does not moderate the relationship between CSR and performance. Thus, pressure from institutional bodies and stakeholders does not pressure firms in performing their corporate social responsibilities. Therefore, institutional pressure does not affect the relationship between corporate social responsibility and firm performance. The strength of the relationship between corporate social responsibility and firm performance is not affected by institutional pressure. Firms engage in corporate social responsibility voluntarily as they know it helps send a good signal to society. Therefore, the pressure from various institutions does not compel them in engaging in CSR activities. This result is contrary to the study by Schmidt et al., (2018) who propose CSR promotes trusting relationships between stakeholders, and business models based on sustainability which helps companies create a trusted environment for innovation that leads to the development of long-term competitiveness. The result is also contrary to Marshall and McCarthy (2013) who concluded that customer pressure affects the relationship between CSR practices and both operational and financial performance.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.0 Introduction

This section presents a summary of the study, the concluding remarks of the researcher as well as recommendations for SMEs and other stakeholders. This chapter was done based on the analysis and discussions in the previous chapter.

5.1 Summary of findings

The study conducted involved SMEs in different sectors with those in the service organization partaking the most (50%) whereas those in the other organizations such as the manufacturing, construction, banking and food organizations comprised the rest of the 50%. The majority of the people who were involved in the study were males (55.3%) whereas 44.7% were females who are mostly managers (58%) of their firms. The majority (65.3%) of the firms have existed or operated in the industry for 10 years and below whilst 34.7% of the firms have existed for more than 10 years.

The first objective of the study seeks to examine the relationship between corporate social performance (CSR) and performance. The study findings reveal that there is a positive but insignificant relationship between corporate social responsibility (CSR) and performance ($p>0.05$). Thus, there is a direct relationship between corporate social responsibility (CSR) and performance, however, this relationship is statistically insignificant.

The second objective of the study seeks to examine the association between institutional pressure and performance. Findings from the study reveal a positive but insignificant relationship between institutional pressure and performance ($p>0.05$). Thus, pressure from institutions (eg. Government agencies) on SMEs does not necessarily enhance the performance of firms.

The third objective of the study seeks to identify the moderating role of institutional pressure on the relationship between corporate social responsibility and performance. The study findings reveal that institutional pressure does not moderate the relationship between corporate social responsibility and the performance of SMEs.

5.2 Conclusion

This study seeks to examine the effect of corporate social responsibility on firms' performance of SMEs in the Kumasi Metropolis, considering the moderating role of institutional pressure. The study used the purposive sampling technique to sample 150 SMEs for this study. The correlation matrix by Pearson was used to check for multi-collinearity among variables. Regression models were adopted by the researcher to test for the relationship among the variables.

The study results reveal a positive relationship between corporate social responsibility and firm performance among SMEs in the Kumasi metropolis, however, this relationship is statistically insignificant. Thus, performing corporate social responsibility (CSR) by SMEs does not necessarily enhance their performance. As a result, if an SME contributes to a community's economic, environmental, and social development which increases the financial burden of the firm, it does not necessarily improve its performance. Moreover, the study results reveal that the association between institutional pressure and the performance of SMEs is statistically insignificant. Thus, as the study indicated a positive relationship between the two variables, it further revealed that this relationship is statistically insignificant. Therefore, the pressure from various institutions on SMEs does not enhance the performance of these firms. Finally, the study results show that institutional pressure does not moderate the relationship between corporate social responsibility and the performance of SMEs.

5.3 Recommendations

The following recommendations are made based on the findings from the study results;

SMEs should intensify efforts to educate the public on their primary responsibilities, various commitments to other stakeholders, and operational/financial limitations. By doing so, the public will begin to show understanding and appreciation of the efforts and contributions of such organizations. In most instances, if the customers or the people in the community are involved, monitoring becomes feasible and measurable.

Also, Corporate social responsibility requires greater focus and dedication by firms as CSR provides benefits beyond profit. This inspires the business community to think creatively and explore lucrative additional niches to maximize the company's revenue stream.

Moreover, SMEs should give extensive attention to the current status of the institutional environment and any changes that arise, complying with institutional constraints to avoid being penalized for violating stakeholders' expectations. This will contribute to long-term and sustainable development by reducing entrepreneurial risks.

Finally, Firms should involve the community while planning, developing, implementing, and evaluating CSR projects. As a result, disputes between stakeholders that can arise in some communities will be eliminated, and the businesses will be granted social permission to fully function in those communities.

5.4 Recommendations for further studies

Future research should evaluate relationships between corporate social responsibility, institutional pressure, and performance in other metropolis or municipalities in Ghana to deepen understanding of the interactive effects of corporate social responsibility and institutional pressure on performance for SMEs and help in providing rich insights into how it applicability will impact business performance.

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APPENDIX

QUESTIONNAIRE

This questionnaire is aimed at gathering information to assess corporate social responsibility and business performance of SMEs. Responses from participants will be employed for academic purpose only and will be treated with much confidentiality. Please be specific and answer the questions as accurately as possible. Where necessary, tick the appropriate box (es) provided for each possible answer. Respondents do not have to write their names, telephone numbers or email address. The interview will take approximately 5 minutes. Your participation is absolutely voluntary and you can withdraw from the survey anytime you want. You may also choose not to answer a particular question.

SECTION A: DEMOGRAPHIC INFORMATION

1. Please indicate your gender Male ☐ Female ☐

2. Please indicate your age (years)

Less than 20 ☐ 20 to 29 ☐ 30 to 39 ☐ 40 to 49 ☐ 50+ ☐

3. Please indicate your current position in this firm

Owner-manager ☐ Executive ☐ Manager ☐

4. Please indicate the number of years that you have held your current position in this firm

Below 1 year ☐ 1-5 years ☐ 6-10 years ☐ 11-20 years ☐ 21 and above ☐

5. This firm is mainly a… Manufacturing organization ☐ Service organization ☐Construction ☐ Mining ☐ Food ☐Banking ☐ Others ☐

6. How long has this firm existed/operated in the industry?

Below 1 year ☐ 1-5 years ☐ 6-10 years ☐ 11-20 years ☐ 21 and above ☐

7. Number of employees in the firm 2 – 9 ☐ 10 - 30 ☐ 31 – 99 ☐ 100+ ☐

SECTION B

Using a scale of 1 to 5 where 1=total disagree, 2= disagree, 3=indifferent, 4= agree, 5= strongly agree. Indicate the extent to which you agree or disagree to each of the following.

CORPORATE SOCIAL RESPONSIBILITY	1	2	3	4	5
8. The company emphasizes the importance of its social responsibilities to the society.					
9. The company contributes to campaigns and projects that promote the well-being of the society.					
10. The company cooperates with its competitors in social responsibility projects.					
11. The company supports non-governmental organizations working in problematic areas.					
12. The company encourages its employees to participate in voluntarily activities.					

13. Our company contributes to schools, hospitals, and parks according to the needs of the society.					
14. Our company makes investment to create a better life for future generations.					

Using a scale of 1 to 5 where 1=total disagree, 2= disagree, 3=indifferent, 4= agree, 5= strongly agree. Indicate the extent to which you agree or disagree to each of the following.

INSTITUTIONAL PRESSURE	1	2	3	4	5
15. Regional environmental control board pressurizing the firm to adopt good environmental practices.					
16. Customers are more sensitive towards green practices.					
17. Green practices decrease incidence of penalty fee charged by government environmental agencies.					
18. There is information and documentation on stakeholders' demands.					
19. The firm dedicates more time and resources to knowing the characteristics of its stakeholders.					
20. Government regulations provide clear guidelines in controlling pollution level					

21. Environmental agencies strictly monitor the pollution level of firm on a periodic basis.					

Using a scale of 1 to 5 where 1=total disagree, 2= disagree, 3=indifferent, 4= agree, 5= strongly agree. Indicate the extent to which you agree or disagree to each of the following.

FINANCIAL PERFORMANCE	1	2	3	4	5
22. Return on investment (efficient of investment) has increased above industry average during the last 3 years.					
23. Sales growth has increased above industry average during the last 3 years.					
24. Profit growth rate has increased above industry average during the last 3 years.					
25. Market share has increased during the last 3 years.					
ENVIRONMENTAL PERFORMANCE					
26. The efficiency of the consumption of raw materials has improved during the last 3 years.					
27. The resource consumption (thermal energy, electricity, water) has decreased (e.g. per unit of income, per unit of production, …) during the last 3 years.					

28. The percentage of recycled materials has increased during the last 3 years.					
29. The waste ratio (e.g. kg per unit of product, kg per employee per year) has decreased during the last 3 years.					
SOCIAL PERFORMANCE					
30. Does your company reach out to the poorest in the society (e.g. Victims of natural catastrophe, homeless, handicapped etc.)?					
31. Does your company provide health coverage for its employees?					
32. In the last 3 years, has your company organized a career fair training for the people in the society?					
33. Does the company work with the local authority during decision making?					