

CORPORATE SOCIAL RESPONSIBILITY ENGAGEMENT, IMPLEMENTATION BARRIERS, AND COMPETITIVE ADVANTAGE IN LATVIAN SMES

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ABSTRACT

This study examines whether corporate social responsibility (CSR) contributes to sustainable competitive advantage in Latvian small and medium-size enterprises (SMEs), and whether perceived implementation barriers reduce that effect. The study draws on a cross-sectional survey sample of 729 SMEs operating in 14 industries. The analysis uses hierarchical ordinary least squares moderation models with mean-centred variables and HC3 heteroskedasticity-robust standard errors, controlling for firm size, firm age, and industry. Five item-level moderation models were estimated to assess specific barriers. The results indicate a positive association between CSR engagement and sustainable competitive advantage. However, the expected weakening effect of implementation barriers is not supported. The overall interaction was not significant, and the barrier-specific effects lacked robustness. The findings suggest that perceived implementation barriers should be understood as contextual challenges and boundary conditions, rather than as fixed constraints on CSR-related competitive advantage. Future research should test these relationships with longitudinal, broader regional and multi-respondent designs.

KEY WORDS: *corporate social responsibility, CSR implementation barriers, small and medium-size enterprises, sustainable competitive advantage, company performance.*

JEL CODES: M14, L25, Q56.

DOI: <https://doi.org/10.15181/rfds.v49i2.2814>

Introduction

Corporate social responsibility (CSR) is a well-established field of research. However, much of its development has been shaped by large firms rather than small and medium-size enterprises (SMEs), as noted by Aguinis and Glavas (2012), and Carroll (2021). This imbalance matters, because SMEs account for 99.8% of all enterprises in the European Union, and remain central to employment and value creation, as shown by Schulze Brock et al. (2025). Research further indicates that CSR in SMEs differs from large-firm models, because it is more strongly influenced by firm size, internationalisation, resource constraints, owner-manager values, and stakeholder proximity, a pattern discussed by Jenkins (2006), Laudal (2011), Murillo and Lozano (2006), and Spence (2016). Accordingly, SME CSR is better understood as a relational and locally embedded form of responsibility, rather than as a simplified or incomplete version of large-company practice, which makes the SME context analytically distinct.

In this study, CSR is conceptualised as a multifaceted collection of organisational actions, by which companies respond to stakeholder expectations, and balance economic, social and environmental considerations. This perspective is founded on stakeholder theory, the triple bottom line approach, and Carroll's responsibility framework, as reflected in Freeman (1984), Elkington (1997), and Carroll (1991). Taken together, these perspectives characterise CSR not only as philanthropy or regulatory compliance, but as a broader form of responsible business conduct. In the context of SMEs, CSR engagement can contribute to sustainable competitive advantage, by strengthening trust, reputation, legitimacy, relational capital, and long-term stakeholder support.

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At the same time, CSR engagement does not necessarily lead to competitive benefits, as the outcomes depend on the conditions under which responsible practices are implemented. Research on SMEs indicates that the implementation of CSR is affected by company size, resource availability, knowledge, managerial commitment, and institutional support. Barriers such as limited resources, weak measurement systems, insufficient CSR knowledge and lack of external support are often mentioned in the literature (Laudal, 2011; Alizadeh, 2022). Evidence from Latvia points in a similar direction, with resource limitations, CSR knowledge gaps, low perceived business relevance, and public-sector bureaucracy identified as persistent barriers by Nikadimovs (2023). Thus, these limitations should be viewed not only as practical difficulties but also as potential boundary conditions that influence the relationship between CSR engagement and sustainable competitive advantage.

The problem of the study lies in the limited understanding of how CSR implementation barriers condition the relationship between CSR engagement and sustainable competitive advantage in SMEs. The purpose of the study is to determine whether such barriers weaken or otherwise shape this relationship in Latvian SMEs. The object of the study is the relationship between CSR engagement, implementation barriers, and sustainable competitive advantage in SMEs. The tasks of the study are to review the theoretical approaches to CSR in SMEs, identify the main implementation barriers discussed in the literature, examine the direct relationship between CSR engagement and sustainable competitive advantage, and assess the moderating role of both the overall barriers index and individual barrier dimensions. The methods of the study include analysis and synthesis of scholarly literature, cross-sectional survey data analysis, and hierarchical ordinary least squares moderation modelling with barrier-specific tests.

1. Literature review and conceptual framework

1.1. CSR engagement and sustainable competitive advantage in SMEs

CSR is a broad and multidimensional field concerned with corporate accountability beyond profit maximisation. Bowen (1953) framed it as a duty of business leaders to act in line with societal goals and values. Later contributions by Carroll (1979; 1991; 1999) and Freeman (1984) established CSR as a framework that includes multiple responsibilities and stakeholder relationships, while Wartick and Cochran (1985) and Wood (1991) further developed it into an empirically examinable set of principles, processes, and outcomes. In this study, CSR is treated as a multidimensional construct whose practical meaning depends on the responsibilities and stakeholder relationships emphasised in the SME context.

In SMEs, CSR is frequently manifested through informal, values-driven practices integrated into daily operations rather than through formal policies or reporting mechanisms. The responsibility of SMEs is influenced by the discretion of owner-managers, the proximity of stakeholders, and limitations in resources, rendering the direct application of CSR models from large firms not fully applicable (Spence, 2016). CSR engagement is more accurately defined as the degree to which responsibility is integrated into everyday decision-making and stakeholder interactions, rather than simply the existence of a formal strategy (Jenkins, 2006). Recent evidence supports this view, as Torkkeli and Durst (2022) link CSR in SMEs to selected performance outcomes, Berniak-Woźny et al. (2023) show that employees associate CSR with trust, relationships and organisational image, and Belás et al. (2024) connect CSR-related factors with participative management practices. These findings suggest that responsible practices in SMEs can strengthen trust, legitimacy and relational resources over time. In strategic management, competitive advantage is associated with value-creating strategies, and with resources and capabilities that are valuable and difficult to imitate (Porter, 1980; 1985; Barney, 1991; Grant, 1991; Peteraf, 1993). In smaller firms, CSR may strengthen trust, reputation and relational capital, while also supporting adaptability under changing conditions (Branco, Rodrigues, 2006; Teece et al., 1997). Proactive CSR is more likely to foster innovation and yield long-term benefits compared to reactive compliance (Tomšič et al., 2015). This indicates that CSR can serve not only as a reputational asset, but also as a mechanism that contributes to sustainable competitive advantage.

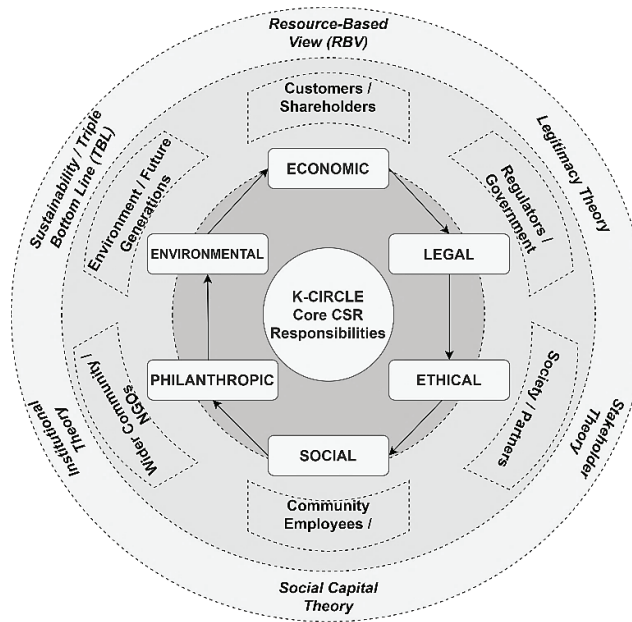


Figure 1. The K-Circle CSR model with six responsibilities and stakeholder groups

Source: compiled by the author.

This study applies the proposed K-Circle framework (see Figure 1) as an SME-oriented conceptual model for organising CSR content and balance. The framework distinguishes six interrelated responsibility domains: economic, legal, ethical, social, philanthropic and environmental, while reflecting stakeholder proximity and resource constraints in small firms. This framework is based on Carroll's CSR pyramid (1991) and Elkington's triple bottom line approach (1997), connecting specific domains to recognised theoretical perspectives. The economic domain is associated with the resource-based view, as developed by Barney (1991), Grant (1991) and Peteraf (1993). The legal domain is interpreted in line with legitimacy theory, as outlined by Suchman (1995) and Deegan (2002). The ethical domain is informed by stakeholder theory, following Freeman (1984) and Donaldson and Preston (1995). The term 'K-Circle' derives from the Latvian word *konkurētspēja* (competitiveness), and the English word 'key', and is used here to emphasise the potential relevance of balanced CSR engagement for competitive outcomes in SMEs.

CSR engagement in SMEs does not automatically translate into sustainable competitive advantage, because implementation often faces persistent constraints. The drivers and barriers of CSR vary with firm size and operating conditions, as shown by Laudal (2011). Across contexts, limited resources and CSR-related knowledge gaps remain two of the most common barriers, reducing the scale and consistency of CSR initiatives, according to Alizadeh (2022). In SMEs, these constraints may keep CSR at an ad hoc level and weaken the credibility of CSR signals to stakeholders, thereby limiting its relational and legitimacy-based benefits, as noted by Spence (2016). Evidence from Latvia points to similar obstacles, including limited resources, insufficient CSR expertise, low perceived business relevance, and public-sector bureaucracy.

1.2. Hypothesis development and conceptual model

H1. CSR engagement is positively associated with sustainable competitive advantage in SMEs.

CSR engagement can enhance resource bundles by fostering trust, reputation, legitimacy and relational capital, thereby improving customer retention, employee commitment and stakeholder support. Strategic

CSR perspectives contend that responsible practices enhance value creation through differentiation and efficiency improvements when integrated with core operations (Porter, Kramer, 2006). This logic is especially relevant for SMEs, as the discretion of owner-managers and the closeness to stakeholders can expedite the conversion of responsible practices into credibility and relationship-specific benefits, even without formal CSR frameworks (Spence, 2016; Jenkins, 2006). Collectively, these arguments indicate that increased CSR engagement is associated with improved competitive advantage in SMEs.

H2. CSR implementation barriers weaken the positive relationship between CSR engagement and sustainable competitive advantage in SMEs.

Based on the literature review, it is hypothesised that CSR engagement is positively associated with sustainable competitive advantage in SMEs. However, prior evidence indicates that CSR constraints are structurally embedded in small-firm contexts, which suggests that this relationship depends on implementation conditions. In particular, limited resources and CSR-related knowledge gaps may reduce the consistency and credibility of implementation, thereby weakening the competitive benefits of CSR engagement.

Beyond the overall moderation in H2, individual barriers may operate through different mechanisms. Five barrier dimensions are modelled as moderators of the CSR engagement-sustainable competitive advantage relationship: limited resources (D1), difficulty measuring CSR (D2), CSR knowledge gap (D3), high stakeholder expectations (D4), and lack of state support (D5). Accordingly, the following barrier-specific hypotheses are proposed:

H2a. Barrier D1 weakens the positive CSR engagement and sustainable competitive advantage relationship.

H2b. Barrier D2 weakens the positive CSR engagement and sustainable competitive advantage relationship.

H2c. Barrier D3 weakens the positive CSR engagement and sustainable competitive advantage relationship.

H2d. Barrier D4 weakens the positive CSR engagement and sustainable competitive advantage relationship.

H2e. Barrier D5 weakens the positive CSR engagement and sustainable competitive advantage relationship.

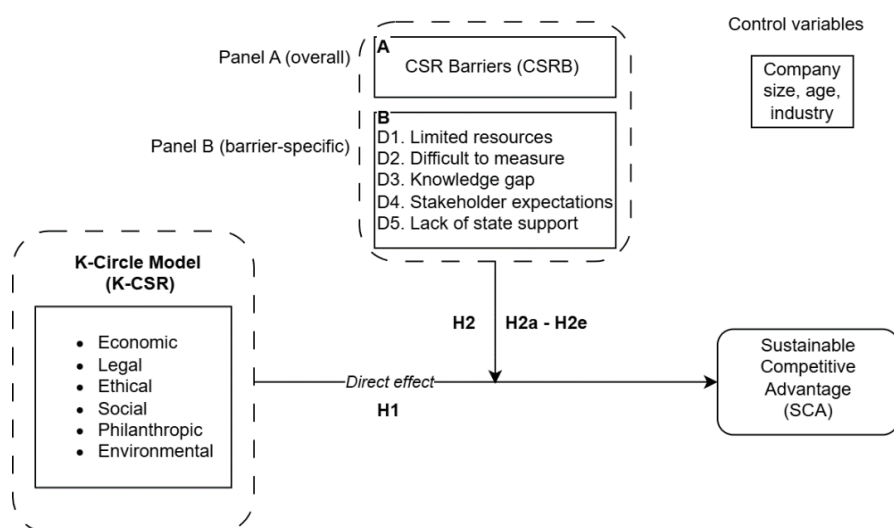


Figure 2. The conceptual moderation model

Source: compiled by the authors.

The full conceptual model presented in Figure 2 posits a positive association between CSR engagement, operationalised via the K-Circle CSR framework (K-CSR), and SMEs' sustainable competitive advantage (SCA) (H1). The model delineates CSR implementation barriers as boundary conditions affecting CSR effectiveness, indicating that increased barriers diminish the positive relationship between K-CSR and SCA (H2). This study assesses an overall barriers construct (CSRB), and five individual moderating items: limited

resources (D1), difficulties in measuring CSR (D2), CSR knowledge gap (D3), high stakeholder expectations (D4), and lack of state support (D5). The aim is to determine which constraints most significantly restrict CSR returns (H2a–H2e). Company size, age and industry are incorporated as control variables.

2. Methodology

2.1. Data collection and variables

This study uses cross-sectional survey data collected in Latvia from January to August 2025 through QuestionPro. The survey included SMEs and a limited number of stakeholder organisations, such as non-governmental organisations (NGOs) and public sector entities, to reflect the stakeholder and legitimacy context of SME CSR (Freeman, 1984; Suchman, 1995). However, only the SME subsample was used for inferential analyses. A multi-stage purposive sampling approach was applied, using approximately 7,400 financially active Latvian SMEs from the Lursoft registry, together with around 600 NGOs, public organisations, and under-represented industries, following the logic of stakeholder salience and legitimacy pressures discussed by Albareda et al. (2007), Jamali and Karam (2018), and the European Commission (2011). In total, 25,272 email invitations were sent to more than 8,000 organisations. SME eligibility followed EU employee thresholds, with employee count used as the main screening criterion, because reliable financial indicators were not available (European Commission, Joint Research Centre, 2025). Three screening criteria were applied automatically to exclude ineligible cases: firms with 250 or more employees, independent contractors, and organisations reporting no CSR engagement.

The dependent variable, sustainable competitive advantage (SCA), was measured using seven items, covering competitive advantage, differentiation, long-term benefits, visibility and trust, innovation and growth, market presence, and social and environmental value. CSR engagement (K-CSR) was operationalised through six responsibility domains derived from the K-Circle framework: environmental, social, philanthropic, ethical, legal and economic. The barriers to CSR implementation (CSRB) were assessed through five items: limited resources, difficulty measuring CSR, CSR knowledge gaps, high stakeholder expectations, and lack of state support. Composite indices for SCA, K-CSR and CSRB were computed as mean scores of their respective items, with higher values indicating stronger perceived levels of the construct. The barriers index served as the main moderator, while each barrier item was also modelled separately in item-level diagnostics. Control variables included firm size, firm age and industry, with industry entered in dummy-coded form and sparse categories collapsed where necessary.

2.2. Initial analysis, reliability and validity

The private-sector dataset comprised $N = 1,355$ cases. After applying the eligibility criteria and restricting the sample to SMEs, the final analytic sample consisted of $N = 729$ complete SME cases. The data were screened for missingness, distributional characteristics, and influential cases. Common method variance was assessed using a Harman-type diagnostic. The first unrotated factor explained 39.8% of the extracted variance, which suggests that common method variance was unlikely to be substantial. As shown in Table 1, measurement quality was satisfactory: KMO values ranged from .805 to .910, Bartlett's tests were significant, factor loadings exceeded .50, and internal consistency ranged from $\alpha = .783$ to .921. Confirmatory factor analysis (CFA) indicated a marginal but acceptable fit for an applied survey setting, and the constructs were retained on theoretical grounds, although the distinction between CSR engagement and sustainable competitive advantage should be interpreted with some caution because of their conceptual proximity.

Table 1. Measurement properties, reliability and validity

Var.	KMO	Bartlett χ^2 (df)	Var. (%)	Loadings (PAF)	α	Loadings (CFA)	CR	AVE	MSV	ASV
SCA	.910	3414.114 (21)	62.6	.730–.847	.921	.738–.845	.921	.626	.489	.370
K-CSR	.830	1642.659 (15)	47.4	.567–.805	.830	.568–.787	.843	.477	.489	.397
CSRB	.805	943.193 (10)	42.6	.506–.722	.783	.489–.729	.785	.425	.305	.278
KMO = Kaiser-Meyer-Olkin; Var. (%) = variance explained in principal axis factoring (PAF); α = Cronbach's alpha; CR = composite reliability; AVE = average variance extracted; MSV = maximum shared variance; ASV = average shared variance. Source: compiled by the author.										

Confirmatory factor analysis demonstrated a marginally acceptable fit for the applied survey context: $\chi^2/df = 6.412$, comparative fit index (CFI) = .896, Tucker-Lewis's index (TLI) = .879, root mean square error of approximation (RMSEA) = .086, 90% confidence interval (CI) [.081, .092]. Table 1 indicates that the constructs exhibited satisfactory convergence and reliability. The distinction between CSR engagement and sustainable competitive advantage requires careful interpretation, as K-CSR demonstrated marginal discriminant validity concerning SCA, probably indicating the conceptual closeness of the two constructs.

2.3. Analysis method

AMOS-based CFA was used as a measurement model within the structural equation modelling (SEM) framework to assess construct validity. However, the structural hypotheses were tested using hierarchical ordinary least squares (OLS) moderation models based on validated composite indices. This approach was chosen because the study tests a clear moderation model using calculated scale scores, focusing on the incremental effects of CSR engagement, CSR barriers, and their interaction after controlling for company size, age and industry. Therefore, structural SEM was not used as the primary hypothesis-testing method. CSR engagement and CSR implementation barriers were mean-centred before constructing the interaction term. Models were estimated in three steps: (1) firm size, firm age, and industry controls; (2) main effects of CSR engagement and barriers; and (3) the interaction term. Analyses were conducted in IBM SPSS 27.0 using PROCESS 5.0. Results are reported as regression coefficients, standard errors, *t* values, *p* values, and ΔR^2 . Multicollinearity was assessed using variance inflation factors, and all models were estimated with HC3 heteroskedasticity-consistent standard errors. The only item-level interaction that reached conventional significance did not remain significant after the Holm-Bonferroni correction, and was therefore treated as exploratory rather than confirmatory.

3. Results

Table 2 outlines the descriptive characteristics of the analytic sample comprising SMEs, $N = 729$, detailing the distribution of companies according to size, respondent role, industry sector, company age, and CSR status. The table provides a foundational overview of the sample composition used in subsequent analyses, articulated in terms of frequencies (*N*) and percentages (%), and explains the operational categories assigned to each variable.

The sample is reasonably balanced across SME size groups: micro firms make up 28.1%, small firms 32.1%, and medium firms 39.8%. Most respondents were employees (41.6%) or managers (39.5%), with owners accounting for 18.9%. The firms are generally established, with 46.2% operating for more than 20 years. CSR tends to be handled informally (53.1%), or partially (36.4%). Only 5.9% report a written CSR strategy, and 4.7% indicate one is under development. Respondents come from 14 sectors. Manufacturing constitutes the largest sector at 13.9% ($n = 101$), followed by education at 12.5% ($n = 91$), and health and social care at 9.2% ($n = 67$). Information and Communication Technology (ICT) constitutes 7.5% ($n = 55$),

while both construction and real estate represent 6.4% ($n = 47$) each. The remaining sectors vary from 6.2% to 4.5% ($n = 45$ to $n = 33$), with water and waste management representing the smallest category at 4.5% ($n = 33$). All sectors were retained as each surpassed the minimum cell size threshold ($N \geq 30$), ensuring sufficient coverage for subsequent modelling.

Table 2. Descriptive characteristics of the SME analytic sample

Variable	Category	N	%
<i>Company size</i>	MICRO	205	28.1
	SMALL	234	32.1
	MED	290	39.8
<i>Respondent role</i>	EMPL	303	41.6
	MGR	288	39.5
	OWN	138	18.9
<i>Industry sector</i>	MFG	101	13.9
	TRANS	38	5.2
	WHLS/RET	41	5.6
	ICT	55	7.5
	EDU	91	12.5
	CNSTR	47	6.4
	TOUR	40	5.5
	FIN	45	6.2
	HSC	67	9.2
	AFF	42	5.8
	REO	47	6.4
	AER	42	5.8
	WWM	33	4.5
	PST	40	5.5
<i>Company age</i>	<5YRS	67	9.2
	5-10YRS	137	18.8
	10-20YRS	188	25.8
	>20YRS	337	46.2
<i>CSR status</i>	WRTN	43	5.9
	IP	34	4.7
	PRTL	265	36.4
	INFML	387	53.1
AFF MICRO = micro (1–9 employees), SMALL = small (10–49), MED = medium (50–249); EMPL = employee, MGR = manager, OWN = owner; MFG = manufacturing, TRANS = transport, WHLS/RET = wholesale/retail, ICT = information and communication technology, EDU = education, CNSTR = construction, TOUR = hospitality and tourism, FIN = financial and insurance, HSC = health and social care, = agriculture, forestry, fishing, REO = real estate, AER = arts, entertainment, recreation, WWM = water and waste management, PST = professional services; WRTN = written CSR strategy, IP = CSR strategy in progress, PRTL = partial CSR, INFML = informal CSR. Source: compiled by the authors.			

Normality checks indicated departures from normality for SCA, K-CSR, and CSR_B, with the strongest deviation for K-CSR (skewness = -1.43; kurtosis = 3.51). Given the bounded Likert-type scales and the sample size, distributional sensitivity was addressed by reporting Spearman rank correlations and estimating regression models with HC3 heteroskedasticity-robust standard errors.

Table 3. Descriptive statistics and Spearman correlations among the variables

Variable	M	SD	Min	Max	1	2	3
1. Sustainable competitive advantage (SCA)	4.95	1.24	1.00	7.00	-	.633***	.358***
2. CSR engagement (K-CSR)	5.66	0.99	1.00	7.00	.633***	-	.386***
3. CSR implementation barriers (CSR _B)	4.92	1.12	1.00	7.00	.358***	.386***	-
M = mean; SD = standard deviation. Coefficients are Spearman's rho (two-tailed). *** $p < .001$. All variables are mean indices on a 1–7 scale.							
Source: compiled by the author.							

Table 3 presents the means, standard deviations, and Spearman's rho correlations for the constructs. CSR engagement exhibited a significant positive correlation with sustainable competitive advantage ($\rho = .633$, $p < .001$), and was also positively associated with perceived implementation barriers ($\rho = .386$, $p < .001$). This suggests that SMEs with higher CSR engagement may also be more likely to recognise or report CSR-related constraints. There was a positive correlation between perceived barriers and sustainable competitive advantage ($\rho = .358$, $p < .001$). To examine potential distributional effects, subsequent regression models were estimated utilising HC3 heteroskedasticity-robust standard errors.

- H1. CSR engagement is positively associated with sustainable competitive advantage in SMEs.
- H2. CSR implementation barriers weaken the positive relationship between CSR engagement and sustainable competitive advantage in SMEs.

The hierarchical OLS regression analysis presented in Table 4 revealed that CSR engagement is a significant positive predictor of sustainable competitive advantage. Following adjustments for company size, age and industry, the incorporation of CSR engagement markedly increased the explained variance ($\Delta R^2 = .418$, $p < .001$). Additionally, CSR engagement exhibited a significant positive association with SCA ($B = 0.817$, $p < .001$), thus corroborating H1. CSR engagement is positively associated with sustainable competitive advantage among SMEs in the sample.

In the moderation model, perceived barriers to CSR implementation showed a positive association with SCA ($B = 0.129$, $p = .001$). This positive coefficient should not be interpreted as suggesting that barriers themselves enhance sustainable competitive advantage; rather, it probably indicates that more CSR-engaged or strategically aware SMEs are also more likely to recognise and report CSR-related constraints. Conversely, the interaction between CSR engagement and these barriers was not significant ($B = 0.031$, $p = .165$), indicating a lack of evidence that barriers diminish the relationship between CSR engagement and SCA. H2 is not supported, as CSR implementation barriers do not weaken the positive relationship between CSR engagement and sustainable competitive advantage in the SME sample. In various models, a positive association was observed between firm size and SCA, while firm age exhibited a minor negative association. Fixed effects for industry were incorporated to account for sectoral variations; the primary findings for hypotheses H1 and H2 were unaffected following the application of these controls.

Table 4. Hierarchical OLS regression predicting sustainable competitive advantage

Predictors	Model 1. Controls	Model 2. Add K-CSR	Model 3. Add CSRB + interaction
Firm size	0.261 (0.058)***	0.144 (0.043)**	0.126 (0.043)**
Firm age	-0.157 (0.048)**	-0.132 (0.036)***	-0.124 (0.036)**
CSR engagement (K-CSR)	—	0.817 (0.034)***	0.784 (0.041)***
CSR barriers (CSRB)	—	—	0.129 (0.040)**
K-CSR × CSRB	—	—	0.031 (0.022)
Model fit			
R ²	.069	.488	.496
Adjusted R ²	.050	.476	.483
ΔR ²	—	.418***	.008**

OLS coefficients with HC3 robust SEs (PROCESS v5.0). K-CSR and CSRB were mean-centred. Unstandardised B (robust SEs) reported; industry fixed effects included (reference: manufacturing). ΔR² indicates change relative to the preceding model. * $p < .05$, ** $p < .01$, *** $p < .001$. The significant ΔR² observed in Step 3 should not be interpreted as evidence of moderation, as the K-CSR × CSRB interaction term itself was not statistically significant.

Source: compiled by the author.

Table 5. Item-specific moderation results for CSR barriers

H.	Barrier item	Interaction	B (SE HC3)	t	p	ΔR ²	Result
H2a	D1 Limited re-sources	K-CSR × D1	0.022 (0.017)	1.317	.188	.0014	Not supported
H2b	D2 Difficult to measure	K-CSR × D2	0.044 (0.019)	2.359	.019	.0046	Not supported (positive interaction)
H2c	D3 CSR knowledge gap	K-CSR × D3	-0.014 (0.021)	-0.660	.510	.0004	Not supported
H2d	D4 High expectations	K-CSR × D4	0.025 (0.020)	1.257	.209	.0014	Not supported
H2e	D5 Lack of state support	K-CSR × D5	0.001 (0.018)	0.048	.962	.0000	Not supported

HC3 robust SEs (PROCESS v5.0). K-CSR and each barrier item were mean-centred before constructing interaction terms. All models control for firm size, firm age, and industry fixed effects (dummy-coded; reference category: manufacturing).

Source: compiled by the author.

To examine whether specific implementation barriers condition the relationship between CSR engagement and sustainable competitive advantage, five separate moderation models were estimated, with each barrier item (D1-D5) entered as an individual moderator. As shown in Table 5, none of the hypothesised negative interaction effects was supported. The only initially significant interaction was observed for D2 (difficulty measuring CSR), but its direction was positive, and it did not remain significant after the Holm-Bonferroni adjustment. Overall, the item-level results are consistent with the main moderation model and indicate that the positive association between CSR engagement and sustainable competitive advantage remains stable across the examined barrier conditions.

The moderation hypotheses (H2a–H2e) suggest that increased barriers may diminish the positive relationship between K-CSR and SCA. According to the existing coding framework, where higher item values indicate stronger perceived constraints, this expectation is associated with a negative interaction coefficient ($K\text{-CSR} \times \text{barrier} < 0$). The item-level results do not support the existence of such attenuation:

- H2a (D1 Limited resources). The interaction was small and not statistically significant ($B = 0.022$, $SE(HC3) = 0.017$, $t = 1.317$, $p = .188$), with a negligible interaction increment ($\Delta R^2 = .0014$). The positive sign indicates no weakening; if anything, the estimated slope of K-CSR on SCA is marginally stronger at higher perceived resource constraints, but the effect is not distinguishable from zero.
- H2b (D2 Difficult to measure). This was the only item with a statistically significant interaction ($B = 0.044$, $SE(HC3) = 0.019$, $t = 2.359$, $p = .019$), contributing a small interaction increment ($\Delta R^2 = .0046$). Importantly, the sign is positive, which is opposite to the hypothesised weakening. Substantively, this implies that the positive CSR engagement-SCA association is slightly stronger when SMEs report greater difficulty measuring CSR impacts. The effect size was modest, as D2 was the only item-level interaction to reach conventional significance; its direction was opposite to that hypothesised, its magnitude was small, and it was not retained after the Holm-Bonferroni adjustment.
- H2c (D3 CSR knowledge gap). The interaction was negative but non-significant ($B = -0.014$, $SE(HC3) = 0.021$, $t = -0.660$, $p = .510$, $\Delta R^2 = .0004$). This provides no evidence that the CSR engagement-SCA link is weaker at higher knowledge gaps.
- H2d (D4 High expectations). The interaction was not significant ($B = 0.025$, $SE(HC3) = 0.020$, $t = 1.257$, $p = .209$, $\Delta R^2 = .0014$). As with D1, the direction does not align with the hypothesised weakening, and the incremental explanatory contribution is negligible.
- H2e (D5 Lack of state support). The interaction was effectively zero ($B = 0.001$, $SE(HC3) = 0.018$, $t = 0.048$, $p = .962$, $\Delta R^2 = .0000$), indicating no detectable moderation.

Applying a Holm-Bonferroni correction across the five interaction tests shows that the D2 interaction ($p = .019$) does not meet the adjusted threshold for the smallest p-value ($\alpha/5 = .010$). Thus, none of the item-level interaction effects remained robust after multiplicity control. Overall, the item-level results are consistent with the composite moderation model, and indicate that CSR implementation barriers do not systematically weaken the association between CSR engagement and sustainable competitive advantage in the SME sample. The isolated D2 result, which was positive rather than negative, should therefore be treated as exploratory. One possible interpretation is that SMEs reporting greater difficulty in measuring CSR may also engage with CSR more deliberately, which could strengthen the translation of engagement into competitive value. However, given the very small ΔR^2 and the loss of significance after adjustment, this finding does not support H2b.

Conclusions

This study examined whether CSR engagement, conceptualised through the K-Circle responsibility domains, is associated with sustainable competitive advantage in SMEs, and whether CSR implementation barriers affect this relationship. The results support H1, showing a positive association between CSR engagement and sustainable competitive advantage. Nonetheless, both the overall moderation hypothesis and the barrier-specific hypotheses lacked support when evaluated using HC3 robust estimation. No negative item-level interactions were detected, and the only initially significant positive interaction, related to difficulty measuring CSR, did not remain significant after the Holm-Bonferroni adjustment. Therefore, this result should be treated as exploratory rather than confirmatory.

These findings suggest that in the analysed SME sample, implementation barriers do not consistently reduce the competitive value of CSR engagement. Instead, they appear to function more as contextual frictions than as uniform constraints. The barrier-specific results indicate that such constraints are heterogeneous, and may vary in their practical importance, depending on organisational conditions, managerial priorities, and

the degree of CSR formalisation. In this sense, the findings shift attention from the broad question of whether CSR matters to the more specific question of how CSR operates under SME conditions. The positive direct association between CSR engagement and sustainable competitive advantage is consistent with strategic CSR arguments linking responsible behaviour to value creation and competitiveness, as discussed by Porter and Kramer (2006), and with SME-focused CSR research emphasising stakeholder proximity and relational capacity, as highlighted by Spence (2016). By contrast, the absence of a systematic weakening effect suggests that CSR barriers should be interpreted in a more context-sensitive way, in line with the arguments developed by Laudal (2011) and Alizadeh (2022), rather than as uniformly constraining factors.

In the Latvian context, the results are also meaningful, because they correspond with earlier evidence identifying limited resources, CSR knowledge gaps, perceived low business relevance and public-sector bureaucracy as recurring challenges, while regulatory support, ethical considerations and social pressure may act as enabling factors, as noted by Nīkadimovs (2023). The present findings indicate that such barriers remain relevant, but they do not necessarily prevent SMEs from deriving competitive benefits from CSR engagement. From a managerial perspective, this means that CSR should not be postponed until all constraints are resolved. An effective approach involves the gradual development of CSR, through practical, observable and manageable actions, underpinned by fundamental measurement, documentation and communication practices. The findings underscore the necessity for support mechanisms that lower implementation costs, enhance CSR-related knowledge, and increase the measurability and credibility of CSR activities in SMEs.

This study has several limitations, including the reliance on cross-sectional and self-reported data, which restricts causal interpretation. This analysis focuses on SMEs in Latvia, which may restrict the generalisability of the findings to other contexts. The research employs purposive email-based sampling, and excludes companies that indicate no engagement in CSR activities. Future research should therefore examine these relationships with longitudinal designs, broader Baltic or cross-national samples, and data from multiple respondents within firms, in order to assess more precisely how implementation barriers shape CSR-related competitive outcomes over time.

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ĮMONIŲ SOCIALINĖ ATSAKOMYBĖ, JOS ĮGYVENDINIMO KLIŪTYS IR KONKURENCINIS PRANAŠUMAS LATVIJOS MAŽOSIOSE IR VIDUTINĖSE ĮMONĖSE

OĻEGS NIKADIMOVS

Ekonomikos ir kultūros aukštoji mokykla (Latvija)

Santrauka

Šiame tyrime nagrinėjama, ar įsitraukimas į įmonių socialinės atsakomybės (ISA) veiklas prisideda prie tvaraus konkurencinio pranašumo Latvijos mažosiose ir vidutinėse įmonėse (MVĮ), be to, ar suvokiamos ISA įgyvendinimo kliūtys silpnina šį ryšį. Tyrimas grindžiamas prielaida, kad MVĮ socialinė atsakomybė skiriasi nuo didelių įmonių modelių, nes ji dažniau pasireiškia per neformalias, kasdienėje veikloje įtvirtintas praktikas, kurias lemia savininkų ir vadovų sprendimai, glaudesni ryšiai su suinteresuotosiomis šalimis ir riboti ištekliai. Straipsnyje ISA nagrinėjama kaip daugiamačė konstrukcija, jos turiniui struktūruoti taikomas *K-Circle* modelis, apimantis ekonominę, teisinę, etinę, socialinę, filantropinę ir aplinkosauginę atsakomybę. Tyrimo tikslas – įvertinti tiesioginį įsitraukimo į ISA veiklas ryšį, esant tvariam konkurenciniam pranašumui, ir nustatyti, ar ISA įgyvendinimo kliūtys veikia kaip ribinės sąlygos Latvijos MVĮ kontekste.

Empirinė analizė grindžiama 2025 m. sausio–rugpjūčio mėn. Latvijoje surinktais apklausos duomenimis. Po atrankos procedūrų galutinę analitinę imtį sudarė 729 MVĮ iš 14-os veiklos sektorių. Tvarus konkurencinis pranašumas vertintas pagal septynis rodiklius, kurie apima konkurencinį pranašumą, diferenciaciją, ilgalaikę naudą, matomumą, pasitikėjimą, inovacijas ir augimą, rinkos poziciją bei socialinę ir aplinkosauginę vertę. Įsitraukimas į ISA veiklas operacionalizuotas per šešias *K-Circle* atsakomybės sritis, o ISA įgyvendinimo kliūtys vertintos penkiais aspektais: riboti ištekliai, sunkumai matuojant ISA, ISA žinių trūkumas, dideli suinteresuotųjų šalių lūkesčiai ir valstybės paramos stoka. „Hipotezėms tikrinti taikyta hierarchinė paprastųjų mažiausių kvadratų regresija, įtraukiant moderavimo analizę ir naudojant centruotus kintamuosius, HC3 heteroskedastiškumui atsparias standartines paklaidas bei kontrolinius kintamuosius

Tyrimo rezultatai parodė statistiškai reikšmingą teigiamą ryšį tarp įsitraukimo į ISA veiklas ir tvaraus konkurencinio pranašumo, todėl pagrindinė hipotezė buvo patvirtinta. Tačiau prielaida, kad ISA įgyvendinimo kliūtys sistemingai silpnina šį ryšį, nepasitvirtino. Nei bendras kliūčių indeksas, nei paskirų kliūčių moderavimo modeliai nuoseklaus neigiamo poveikio neatskleidė. Vienintelis iš pradžių statistiškai reikšmingas rezultatas buvo susijęs su sunkumais matuojant ISA, tačiau po Holm-Bonferroni pataisos jis statistiškai reikšmingas nebeišliko, tad vertintinas tik kaip tiriamasis. Tai leidžia daryti išvadą, kad nagrinėtoje MVĮ imtyje ISA kliūtys veikiau pasireiškia kaip kontekstiniai trikdžiai, o ne kaip pastovūs apribojimai, naikinantys ISA teikiamą konkurencinę vertę. Praktiniu požiūriu tai reiškia, kad MVĮ neturėtų atidėti ISA veiklų, kol bus pašalintos visos kliūtys. Politikos formuotojams šie rezultatai rodo poreikį mažinti įgyvendinimo sąnaudas, kaupti ISA žinias ir gerinti MVĮ ISA veiklų išmatuojamumą bei patikimumą. Tyrimo ribotumai susiję su skerspjūvio dizainu, savarankiškai pateiktais duomenimis ir Latvijos MVĮ kontekstu, todėl ateities tyrimuose tikslinga taikyti išilginį dizainą, didesnes Baltijos šalių imtis ir kelių respondentų duomenis iš vienos įmonės. Šie rezultatai papildė diskusiją apie praktinį MVĮ socialinės atsakomybės įgyvendinimą ir jos sąsajas su ilgalaikiu konkurencingumu posttranzicinės ekonomikos sąlygomis.

RAKTINIAI ŽODŽIAI: *įmonių socialinė atsakomybė, ISA įgyvendinimo kliūtys, mažosios ir vidutinės įmonės, tvarus konkurencinis pranašumas, įmonės veiklos rezultatai*

JEL KLASIFIKACIJA: M14, L25, Q56.

Received: 2026.03.02

Revised: 2026.04.26

Accepted: 2026.05.09