

**CSR: A Reality in Business Strategy**  
**Practical Study on the Commitment of Algerian SMEs in the Economic Dimension of CSR**

المسؤولية الاجتماعية للمؤسسات: حقيقة في استراتيجية الأعمال

دراسة تطبيقية حول التزام المؤسسات الصغيرة والمتوسطة الجزائرية في البعد الاقتصادي للمسؤولية الاجتماعية للمؤسسات

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**Abstract:**

CSR has become a reality in the business world. Companies, in particular, SMEs adopt the principles of this new paradigm. Thus, this research aims to explore the engagement of Algerian industrial SMEs in CSR and determine the behavioral typology of these SMEs regarding CSR in its economic dimension. A descriptive approach was used. The data, obtained through a questionnaire distributed to a sample of 219 SMEs, were analyzed by the SPAD software. The study's results using the MCA method allowed us to draw up a typology of Algerian industrial SMEs in terms of engagement in the economic aspect of CSR. It refers to Capron and Lanoizelée typology: opportunistic behavior with 11% and fatalistic behavior with 89%; with the influence of socio-economic factors in the engagement of SMEs in the economic aspect of CSR.

**Key words:** CSR, Business Strategy, Economic Dimension Commitment, SMEs, MCA

**ملخص**

أصبحت المسؤولية الاجتماعية للشركات حقيقة واقعة في عالم الأعمال، حيث تم تبنيها من طرف الكثير من المؤسسات وعلى وجه الخصوص الشركات الصغيرة والمتوسطة. وعليه فإن الهدف من هذا البحث هو التعرف على التزام المؤسسات الصغيرة والمتوسطة الصناعية الجزائرية بالمسؤولية الاجتماعية وتحديد التصنيف السلوكي لهذه المؤسسات فيما يتعلق بالبعد الاقتصادي للمسؤولية الاجتماعية وفق ما توفره الدراسات النظرية. تم استخدام المنهج الوصفي في الدراسة. أما تحليل البيانات التي تم الحصول عليها من خلال استبيان وزع على عينة من 219 مؤسسة صغيرة ومتوسطة، بواسطة البرنامج الإحصائي SPAD. سمحت الدراسة باستخدام طريقة MCA بوضع تصنيف لسلوك المؤسسات المتوسطة والصغيرة الصناعية الجزائرية فيما يخص الشق الاقتصادي للمسؤولية الاجتماعية الذي ينتمي إلى تصنيف Capron و Lanoizelée والمتمثل في: السلوك الانتهازي بنسبة 11% والسلوك القاتل بنسبة 89%. مع تأثير العوامل الاجتماعية والاقتصادية في التزام المؤسسات الصغيرة والمتوسطة بالمسؤولية الاجتماعية في شقها الاقتصادي.

**الكلمات المفتاحية:** مسؤولية اجتماعية للمؤسسات، استراتيجية مؤسسات، التزام في بعد اقتصادي، مؤسسات صغيرة ومتوسطة، MCA

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## **1. INTRODUCTION**

Economic development models, embraced by countries worldwide after the industrial revolution, have produced environmental issues on a global scale. The degradation of industrial development's social and ecological conditions has brought out solid demands and new practices. Such problems are constantly growing and are pushing the government to re-examine the models of economic growth previously adopted. The revision of the development model interpolates the social role of industrial production, challenging the company's main role as an economic actor producing goods and services and ensuring growth.

Corporate social responsibility "CSR" is at the crossroads of these requirements. It becomes an important theme for both civil societies, states, major international organizations, and businesses themselves (Turcotte and Salomon, 2009). It "has become the conventional wisdom in business circles" (Starck, 1993). Indeed, it is gaining ground, although it is not unanimous. Nevertheless, this phoneme, regarded by most as a fashion trend, allowed the reconsideration of the position of the enterprise itself. The latter's existential purposes are widening beyond financial profitability to achieve social and environmental goals.

CSR refers to a set of responsibilities culminating in a set of procedures, decisions, and guidelines consistent with the goals and values of the society according to Bowen's conception. This conception is a matter of ethics; the organization is mindful of the relationships that connect it to society, the company itself in accordance with the goals and principles of society. Taking into account the interests of their stakeholders, corporations are economically accountable to their shareholders and their employees, socio-responsible to the boundary community, and environmentally responsible to the natural environment. It is the three- interpretations of CSR retained since its expansion.

Presently, the debate is no longer about the essence of this new "business dogma" but rather about the lack of CSR dialogue in SMEs. It could be argued that CSR is only about big business, so much so that the issues raised by CSR values do not touch SMEs. They cannot remain aloof. They are being challenged because "The wave of CSR that carries out big business, particularly globalized companies, has already begun to break through their value chain and will eventually have an impact on their suppliers and subcontractors" (Gendron and Lapointe, 2005). However, there is a risk that resistance to CSR would threaten the sustainability of SMEs.

Thus, SMEs are at the center of the discussion on the implementation of CSR. Nonetheless, multiple studies on sustainable development in SMEs have shown that a majority of SME business leaders "[...] consider taking sustainable development into account in the way their organization is structured (Bazillier and al., 2011). However, the importance of sustainable development, in the case of CSR, remains the same; the only difference lies in "effective" behavior (Temri, 2008). Thus, the reasons and determinants for the emergence of CSR behaviors in SMEs have been the subject of numerous theoretical and empirical studies to identify typologies of responsible behavior.

In order to schematize the heterogeneity of responsible behaviors of SMEs, the literature has a range of behavioral typologies concerning the adoption of CSR by SMEs. These typologies tell us about the aspect of CSR that is privileged by SMEs. It should be noted that the preferences of SMEs for one aspect of CSR do not mean that they neglect the other aspects. Some favor the environmental aspect, others the social aspect, and others prefer to comply with financial requirements.

The best known are those of Carroll, 1979; Reynaud and Chandon, 1998; and Bellini, 2003. Other researchers have been inspired by this, such as Capron and Lanoizelée, Martinet and Reynaud (1984), and Cadiou (2008). Like other countries of the world, the Algerian competitive infrastructure is configured with SMEs. These are solicited by CSR principles and must consider society's social and environmental concerns and the natural environment in their strategies.

In this paper, we are trying to analyze CSR in the context of the socio-economic situation of Algerian industrial SMEs by focusing on the economic dimension of CSR. Thus, the purpose of this research is to highlight the typology of economically responsible behavior of Algerian SMEs in the light of the typologies retained in the literature review. The main question of this research is:

Which of the behavioral typologies of responsible engagement of SMEs mentioned above; is adopted by Algerian SMEs regarding the economic aspect of CSR?

To determine the characteristics of the adhesion of Algerian SMEs in CSR, we retain the impact of three socio-economic factors, namely the age of the manager, the age of the SME, and the size of the SME. These factors will affect the participation of small and medium-sized enterprises in CSR and determine the type of activity of these enterprises in CSR related to the economic aspect.

In consideration of this question and the expected goals, we suggest two hypotheses:

- The trend in the behavior of Algerian SMEs towards the economic aspect of CSR is opportunistic. According to this behavior, the managers consider the concerns of the stakeholders and promote the image of the company;

- The factor "age of the SME since its creation" is the only factor that influences the behavior of Algerian SMEs in its economic aspect.

The responses collected allowed us to build a database that will be processed by statistical software called SPAD. The analysis methods used are descriptive analysis and multiple correspondence analyses (MCA) to establish the typology that enables the classification of an SME group according to the nature of their commitment.

This research presents a reference for better understanding the motivations of SME managers to adopt a CSR approach. It attempts to enrich the existing literature in this area, especially since work in CSR in emerging countries is scarce. Its interest also resides in the use of different typologies initiated by researchers to sketch the different behavior of SMEs concerning the three dimensions of CSR (environmental, social, and economic).

The success of this theme (CSR) lies in its relevance in helping companies cope with ecological requirements, rampant technology, globalization, and other threats. Through the empirical study of the case of Algerian SMEs, we also try to identify the specificities of Algerian companies in terms of adopting CSR to help popularize this strategy among the many SMEs constituting the Algerian economic fabric near the managers the public authorities. The study cannot be generalized, which constitutes the limits of the article, but it opens perspectives for other research with other methods of investigation other than the questionnaire, with a more significant number of SMEs.

This paper is illustrated in the following form: first, we will present the conceptual framework of CSR in order to define this concept and highlight its genesis and its different aspects. Then we will discuss the conceptual structure of SMEs and their position in the economy. A literature review on the aspects of SMEs about the implementation of CSR and their primary forms of responsible behavior will

be discussed in the two sections that follow.

The behavioral typologies of Algerian industrial SMEs will be discussed in the final section of the practical study. In conclusion, the last section will include scientific contributions, limits, and potential study avenues.

## **2. BACKGROUND AND LITERATURE REVIEW**

The great challenge for today's companies is to establish the principles of sustainable development. Among other structures that constitute the levers of this growth is corporate social responsibility (CSR). CSR's advancement has seen an increase, and its operations are becoming deeply ingrained in corporate managerial strategies.

Large companies are the most sought-after to incorporate CSR into their strategies. However, force the assumption that this theory threatens small companies or small and medium-sized enterprises, and many studies have shown interest in implementing CSR for SMEs. Therefore, a literature review on CSR, SMEs, and CSR in SMEs is necessary. The following segment is concerned with the disclosure of CSR activities in SMEs.

### **2.1. What is CSR?**

CSR is a concept of Anglo-Saxon origin, "The idea of corporate social responsibility comes from an abundant Anglo-Saxon literature that marques its meaning, its reach, and its limits." He took roots in the United States of America (USA). "The American authors of the 1950s developed the idea of corporate social responsibility based on ethical and religious principles" (Capron and Lanoizelée, 2010). Bowen (1953) is the father of the definition; his « [...] book entitled the social responsibilities of the businessmen presented the foundations of CSR" (Ben-Yedder and Zadem, 2009).

This is a response to the new requirements of the society: "beyond the economic goals followed by the shareholders and the legal obligations, which bind their decisions: the companies interests and the interests of the corporation converge in the long term" (Allouche and al., 2004). Pasquero (2005) traces the roots of CSR back to the conventional questioning of the legitimacy of capitalism. It brings us back to Milton Friedman's definition of social responsibility. It disregarded the social role of the company and limited it to a purely economic role.

However, for Capron (2009), businesses were already conscious of their obligations in the nineteenth century; corporate paternalism was a profile for taking on this responsibility for employees and their families. The paternalistic model followed by companies at the beginning of the twentieth century was disappeared by the advent of the welfare state and social Institutions. At this point, the protests concerned the salary of the workers and the price of the goods (Capron, 2009, p2).

Since then, CSR has grown and become more developed; the authors Bodet and Lamarche (2007) relate the growth of CSR, at the end of the twentieth century, to the new economic equilibrium. According to Capron, the welfare state's erasure, which has led to a "growing shift to companies to ensure charges that the state did not take," is a first explanation for the growth of CSR. It is influenced by the power of market finance and the need for the shareholder to achieve income. The emergence of the risk society builds up the second factor. Indeed, the companies can no longer provide customer-friendly goods or set up manufacturing processes to maintain the bordering environment. They were compelled to seek to restore popular trust to preserve their authority, which is attained through the demands of numerous civil society groups and movements.

They were compelled to seek to restore popular trust to preserve their authority, which is attained through the demands of numerous civil society groups and movements. Bowen's book (1953) became a business revolution by being the first to discuss the idea of CSR. Several publications criticizing him were followed for this. In 1958, Levitt cautioned about the risks of CSR (Capron and Lanoizelée, 2010, p.20). "For him, businesses are not obligated to claim social responsibility in the same way as the state, since business representatives are not elected by democratic vote.

The multitude of appreciations of Bowen's book led to the forming of the CSR definition. Thus, this notion has known several definitions which retain the most straightforward and most significant of them that of the Green Book (2001): "CSR lies in the ability to incorporate social and ecological issues into everyday business activities and relationships with their environment."

CSR is a concept rich in change; it is a voluntary, ethical, and citizen mindset. It interprets the ideals of sustainable growth in the business. Through CSR, the company admits that there are responsibilities towards the stakeholders, particularly those that do not pressure them (legal or financial). As a result, it must materialize its voluntary adoption by acts in favor of society.

## 2.2. Overviews of the SMEs

SMEs are the future of business; according to the OECD (2001), they play an essential role in promoting viable economic growth and job creation while contributing to nations' social, cultural, and environmental capital. Their growth has reached a great magnitude since 2003. They are a source of creativity and job development and contribute to stability and social cohesion through their activities. SMEs are central components of many countries' economies, with a share of up to 97 percent of the total number of companies (James and Timothy, 2006). However, SME researchers agree to describe them as "[...] of all the virtues: dynamism, sensitivity, versatility" (Torres, 1999). For Torres, these attributes are benefits for the organization in times of crisis. The tendency of this expansion is due to shifting mentalities in all fields, both socially and economically.

SMEs take various forms because of the specificities that define each country, so it is crucial to explain them to position SMEs in the socio-economic situation. This diversity makes it very difficult to identify SMEs accurately and internationally. The specification of an SME depends on the role of its manager. SMEs are also fragile entities because their sustainability, and even their existence, relies on big business. Torres objected and argued his theory that their size was small. However, the ease and flexibility of SME structures lead us to believe in their ability to adapt to changes that affect their environment. The latter obliges them to adopt new management practices to survive the new requirements, particularly those dictated by the sustainable development translated at the level of the enterprises in general, and the SMEs in particular by the CSR.

Assessment of SME involvement in a CSR approach includes knowledge of this universe. This notion has aroused the scientific curiosity of many scholars; they have been interested in its description, characteristics, and working mechanism. However, the result of the route did not lead to an agreement. "It seems that SMEs do not comply with any operating laws, it is challenging even to draw up a description of them" (Gardes, 2001).

There is no specific definition of SMEs; the regulatory requirements are at the origin of the illustrations used to describe SMEs. According to Torres, the concept chosen in most countries is to distinguish small and medium-sized companies per the workforce or scale of the turnover. Indeed, he

argues that in the United States of America, a company with 500 workers is often known as an SME. In France, SMEs have traditionally been described as companies with less than 500 employees, while in Belgium, the limit is set at 200 employees. As for Switzerland, it has just 100 workers. He adds, "The calculation of the size using the workforce criterion is not universal either. For example, in China, neither the number of workers nor the turnover is maintained; the official text retains the production capacity and the value of the tool" (Torres, 1999).

Therefore, to overcome this diversity, the European Commission has developed a definition for all member countries, stating that an organization must comply with a threshold of the number of employees to be an SME. Then a corporation can choose to comply (MEDEF, 2006):

- Either at the turnover ceiling;
- Alternatively, at the ceiling for the balance sheet of the exercise to stay an SME.

In the preceding, we were interested in the quantitative conception of SMEs, and it is the workforce that is the main determinant defining an SME (Gardes, 2001). However, the European Commission's interpretation incorporated two criteria: The turnover with a limit for the assimilation of a company to an SME and the legal independence of the company (it must not belong to one or more large groups) (Julien, 1996).

Referring to Torres's reflection, the practical criterion cannot be a decisive identifier in the definition of an SME. Also, he argues that the homogenization of quantitative concepts is not enough to understand the proper internal functioning of small and medium-sized enterprises; the study must be reconsidered with a qualitative approach as it enhances the concept of small and medium-sized enterprises to the degree that it takes into account the unique characteristics of each country.

### **3. THE COMMITMENT OF SMES ON THE PRINCIPLES OF SUSTAINABLE DEVELOPMENT: APPROACH BY CSR**

SMEs are already aware of the role they need to play in protecting the environment by managing their negative externalities to reduce their effect on the environment. Consequently, they will implement CSR concepts, in many other words, the three foundations of sustainable development: environmental, social/societal, and cultural. CSR studies have demonstrated heterogeneities ranging from indifference to proactivity. As far as SMEs are concerned, the balance sheet is more common; it has shown "rather heterogeneous findings on the nature of responsible activities in SMEs" (Bonneveux and Soparnot, 2016).

SMEs are a significant part of the economic structure. As a result, they impact sustainable development goals, so they are required to incorporate CSR into their strategy (Capron and Lanoizelée, 2010, p23). Nevertheless, the research on CSR is almost entirely concerned with the world of large corporations, where most economic actors, namely SMEs, are silenced. In general, the big corporations that were the first to make the "green switch" rapidly understood that environmental costs could translate into profits. SMEs, coping with several constraints, are starting this transition with more difficulty.

Capron and Lanoizelée (2010) consider that the lack of financial capital and resources in time, the economic uncertainty, and the emphasis on short-term survival are the hindrances that prohibit SMEs from implementing CSR in their strategy. In any case, SMEs have two ways to incorporate CSR into their operations. The first refers to the subcontracting partnership or practices alignment strategies in the logistics chain, where the large corporations try to legitimize their activities by securing their networks.

The second approach is the different channels of funding by grants and taking into account SME operation networks.

Capron and Lanoizelée (2010) point out that the "weakness of CSR strategies among SMEs" constrains large companies from incorporating CSR goals into their strategies due to the lack of "investor-mediated credibility risk. However, "Force to notice that these vulnerabilities are compared to the advantages that promote their appropriation" (Ramboarison and Imbs, 2012). Therefore, adopting a CSR strategy by small and medium-sized companies is based on factors that can sometimes be viewed as advantages and sometimes brakes.

There is no "ideological" reticence in the literature about the adoption of CSR by small and medium-sized enterprises, contrary to the assumption that the primary aim of the large enterprise is the realization of income, which transmits it through orders to SMEs (Lanoizelée and Auberger, 2005). It cannot be denied that the acceptance of CSR by SMEs is low despite the abundance of discourses offering its benefits and the means for its implementation ((Berger-Douce, 2007). However, a group of factors found by the SME Observatory, susceptible to encourage them to adhere to a CSR approach:

- New standards of order providers (large organization, public authority);
- The effect of public opinion, since "the relationship between perception and value is very closely connected as the inherent nature of a good or service is no longer sufficient;
- The willingness of financial partners to adjust perceptions on a perpetual basis;
- The enhancement of performance measures.

CSR is no longer a novel term for SMEs. It can be considered a real investment from which they can reap a great deal more value. Indeed, small and medium-sized businesses should take advantage of specific properties, namely the qualities of the business manager, his culture, principles, and skills that determine his vision and goals. His expertise and know-how, capital, management tools, and strategic business areas as well. Finally, its external stakeholders: consumers, banks, Local stakeholders, but also the political system and formal and informal networks.

### **3.1. SMEs marching towards CSR**

CSR is a voluntary initiative, "it exists in moving beyond the rules and regulations. It is a determination to uphold a collection of values that goes beyond the straightforward application of the legal provisions" (Fauconnet, 2007), "this cannot be reduced to legal compliance" (Najlaoui, 2009). However, it must be mentioned that the simple observance of the letter and the spirit of the law is already a significant step in implementing socially responsible behavior.

For Lanoizelée and Auberger, it is clear that the only stakeholders who can persuade SMEs to incorporate CSR goals into their plans are ' financial services providers and consumers ' or, of course, legal and regulatory restrictions. Legal or regulatory constraints and their preparation are undoubtedly the most robust lever for evolving SME strategies towards CSR. However, all studies show that SMEs have problems learning and complying with all regulations, especially environmental ones.

Gendron et al. (2004) claimed that voluntary programs are constantly inspired by the law or are at the center of their anticipation, which means that CSR is therefore considered an alternative to government control. As for the societal contribution of SMEs, a study seems to ignore work on corporate social responsibility for the behavior of SMEs favoring the society, according to Capron and Lanoizelée. In his famous study on SMEs and CSR, Berger-Douce confirms that the best-known societal initiatives

emanate primarily from large companies ignoring almost the multitude of acts in the sector in SMEs. The author claims that this reflection is because such programs lack "legitimacy»; because they are often compared to environmental conservation practices.

Indeed, most entrepreneurs follow social practices without knowing them. It should be noted that community participation in SMEs is motivated, furthermore, by the dynamics of responsible human resource management. This transformation cannot be accomplished without the sustained commitment of all employees and the activation of all human resource management levers. Both authors argue that this activity falls to the managers, "The management style, the particular activities performed to enhance the well-being and happiness of human capital are as many issues that this orchestra leader will have to weigh, regardless of the cost they incur."

Companies must respect human rights and ethical and social laws to be at the moment of societal /societal involvement. International and national institutions have developed repositories and labels to protect human rights. In this way, the organization has a set of criteria whose choice of one becomes a problem. Therefore, the adoption of CSR by SMEs is not a simple solution that is born from the manager's conviction. It requires learning and human and financial capital. Consequently, the responsible actions of each SME will be unique and must obey a specific definition. Hence, the next section will discuss the typologies or methods of responsible behavior of SMEs.

### **3.2. The typologies of CSR strategic actions in SMEs**

Commitment to CSR is now a strategy for businesses to follow in response to the current economic conditions imposed by sustainable growth. Corporate responses to the demands of the various stakeholders are pretty diverse. Therefore, the business expresses its economic responsibility in two ways. On the one hand, she expresses her willingness to contribute to her country's economic development in her locality. Classic financial success then enables environmental stakeholders to share the benefits of development and productivity.

In other words, "the company's responsibility participates in economic progress through its respect for the environment, work for the future, search for profitability and the response to the needs of the people; in terms of energy production and dissemination, and job creation. In addition, the company emphasizes the sharing of the fruits of its growth with its investors" (Attarça and Jackot, 2005).

In order to schematize the heterogeneity of responsible SME practices, the literature proposes multiple approaches. The most known typologies suggested are those of Carroll, 1979; Reynaud and Chandon, 1998; and Bellini, 2003, accompanied by other typologies that this one influenced. We will mention the critical typologies used to characterize the behavioral approaches of SMEs about the adoption of CSR.

We retain the typology of SMEs ' CSR practices, referring to Carroll's (1979) research. The latter identifies a three-dimensional model of responsible industrial behavior (Khelfaoui and al., 2012):

- Eco defensive behaviors: which encourage "economic returns" to the detriment of environmental investments that they consider to be unnecessary costs;
- Eco conformist behaviors: which comply only with regulatory requirements without any initiative being deployed;
- Eco-sensitive behaviors: goes beyond environmental regulation because the ecological dimension affects the company's survival.

The typology of Capron and Lanoizelée provides the concept of strategic activity typologies concerning economic efficiency. It depends on the company's economic interest (risks and opportunities) and the will of its management on the one hand, on the media attention, and the demands of the stakeholders on the other. It should be noted that if the attitude of SMEs is not opportunistic, it is inherently fatalistic that the members do not make any efforts to adopt CSR (Khelfaoui, 2014). The environmental aspect of CSR has raised questions among some researchers. Martinet and Reynaud (1984), among many others, suggested a typology found in three attitudes (Berger-Douce, 2009):

- An attention attitude: the lack of willingness to be involved, the absence of human, financial means, or both;

- An adaptive attitude: it promotes the company's compliance with the regulations or the expectation of stakeholder preoccupations;

- A proactive attitude: The company aspires to exceed others activating in the same sector by playing the role of innovator.

Bellini (2003) gives a sketch of three kinds of lasting behavior inspired by Carroll's (1979) research: eco-defensive behavior, eco-conformist behavior, and eco-sensitive behavior. He defined each action as "an arbitration in terms of resource allocation between the ecological, social, societal and economic aspects, and translated into the adoption of a decision-making logic that strongly challenges the dominant logic.

For Cadiou and al. (2008), two approaches contradict each other. The first is based on a specific procedural legitimacy and referential and leads to an integrated CSR approach. The second, marked by imported authority and the use of a normative referential, contributes to a more or less symbolic mimetic approach (Cadiou and al., 2008)

The authors mobilized different theories: stakeholder theory, capital, and ability theory. Lanoizelée and Berger's study argues that the relationship between the leader and stakeholders in SMEs is analyzed as a resource dependency relationship. Thus, SMEs characterized by their resource vulnerability must implement societal strategies towards civil society and balance social and environmental dimensions.

Matten and Moon's typology (2004) attracts its origin from the disparity in CSR conceptualization between Europeans and Americans. Indeed, this distinction between authors brings us back to the difference in CSR definition between the U.S. and Western European countries, and more specifically, between explicit CSR and implicit CSR. Both researchers' typology applies to these two definitions (Matten and Moon, 2004):

- Implicit CSR: includes all of a country's formal and informal institutions, assigning companies to consider the company's interests. Implicit CSR consists of standards and rules that must solve stakeholder problems;

- Explicit CSR applies to the company's voluntary actions in support of the company's interests. Explicit CSR involves all initiatives and approaches dealing with problems that are part of their social obligations and stakeholders.

Overall, Matten and Moon (2004) argue that the dual vision of CSR as being composed of implicit and explicit elements does not merely give a better descriptive model of CSR. However, this method still paves the way for more CSR study programs. This section defines the main types of activities responsible for CSR by SMEs. The realistic research will be confronted with these different strategies to

assess our research sample of Algerian industrial SMEs.

#### **4. THE EMPIRICAL STUDY**

We conducted an exploratory survey of 249 Algerian SMEs from November 2019 to January 2020. We used a survey for this purpose addressed to the managers responsible for SMEs. The questionnaire includes a series of qualitative questions to inform us about the degree of engagement of Algerian industrial SMEs in CSR. He deals with three main themes: the first theme relates to the manager's profile, the second is the SME profile. The third theme describes the behavioral typology of Algerian industrial SMEs in terms of social responsibility in the economic dimension. The results were analyzed by the program "SPAD 7.0 Data Mining".

##### **4.1. Methodology**

Among other methods that try to operationalize CSR in business, some authors recommend the questionnaire survey. Then, to realize our empirical research, we opted for an approach to interview SME members. The survey was administered hand to hand. This survey allows us to understand the managers' perception of CSR and determine the behavioral typology of CSR adopted by Algerian industrial SMEs.

It should be mentioned that this method has certain limitations, such as the large number of questionnaires whose answers are incomplete. Nevertheless, of the 249 SMEs that responded to our survey, only 219 questionnaires are complete and accurate for our study. From the answers of the 219 SMEs to the surveys, we create a database of seven (7) variables. In the majority, the variables were of a qualitative (Nominal) type.

Using SPAD software, the database was summarily analyzed by flat and crossed tris. Then it was analyzed by the MCA method (multiple correspondence analysis) to allow the typology of the behavior of Algerian SMEs towards the economic aspect of CSR. The choice of analysis by method alone (MCA) is clarified by establishing a typology enabling the classification of an SME group according to the nature of their commitment.

##### **4.2. The Variables of the study**

There are two kinds of variables, independent variables, and dependent variables.

###### **4.2.1. Dependent variables**

The data allow us to verify the impact of three (03) independent variables on the degree of commitment of SMEs in the economic aspect of CSR:

- The manager's age: number 1 has been assigned to the person whose age is less than 40 years, 2 for the person whose age range varies between 40 and 50 years, and 3 for one whose age exceeds 50 years: To analyze the relationship between the commitment of the SME in CSR and the age of the manager;
- SME's age: To determine the effect of manager's engagement on the level of institutionalization of procedures. It is estimated that older SMEs are more motivated by new managerial trends in CSR because they have asserted themselves on the market. Unlike the youngest, who understand the risks involved, especially the costs inherent in engaging in a CSR approach. We divided the companies according to this variable into three groups; the first group has number 1, which concerns companies whose age is less than five years. The second one carries number 2; it concerns the companies whose age varies between 5 and 10 years. The third group has number 3; it concerns companies whose age exceeds ten years;

- The size of the SME: we used the number of employees criterion to determine the size of the SME. We have assigned code 1 to companies with fewer than nine employees, code 2 for companies with employees varying between 10 and 49, code 3 for those with between 50 and 250 employees. We selected this variable to identify the influence of the size of the SME on the company's commitment to CSR insofar as it includes facts related to the human and financial capacities of the SME, perception, and opinion of the manager.

#### 4.2.2. Independent variables

The study aimed to determine the behavioral pattern followed by these SMEs according to the theoretical approach. Therefore, the variable associated with this study is "CSR in its economic aspect." These variables take two values: the value "1" if the companies answer is «Yes," and the value "0" if the answer is "No." The symbol of these variables is V.C., "the Economic Variable," it is subdivided into four sub-variables: VC1, VC2, VC3, VC4, built through a sum SMES answers to the questions asked in the survey:

- VC1: Will, a company that respects the environment realize competitive advantages? This variable is linked to the process of corporate governance in the context of sustainable development. Answering this question indicates that the company is effectively planning its transactions and achieving a competitive advantage.
- VC2: Do you include economic, social, and environmental considerations in the selection of your suppliers? Suppliers are part of the first category of stakeholders. An affirmative answer to this question tells us about the company's ability to choose its partners according to the criteria it imposes.
- VC3: Are you informed of the environmental laws put in place by the government? The degree of concern of companies for environmental problems is expressed by disseminating information concerning the environmental regulations in force in the company.
- VC4: Have you benefited from tax assistance to protect the environment? Tax assistance is allocated to companies that take charge of the negative externalities of their activities, so those that do not receive them make any effort to benefit from them.

#### 4.3. Descriptive analysis

##### 4.3.1. Descriptive analysis of dependent variables

This empirical synthesis presents the sample profile via the SME structure by manager's age, size, and age.

**Table 1.** Structure by manager's age

Manager's age	Number of SMEs	%
Less than 40 years	66	30,14
Between 40 and 50 years	131	59,8
Superior to 50 years	22	10,05
Total	219	100

**Source:** Authors' elaboration based on SPAD outputs

*The sample structure by manager's age:* The Manager's age of most SMEs in our sample varies between 40 and 50 years 59, 8% (see Table 1). We can explain that the age range of the majority of SMEs is in the interval [40, 50] years; by the fact that the person has reached a certain maturity and is aware of the risk.

*The sample structure by the size of the SMEs:* The interpretation of the table (Table 2) shows two significant elements: a high concentration of small enterprises 56.16% and a decline in the existence of medium-sized enterprises 7.31%. Such two elements reveal characteristics of the composition of the SME in Algeria.

**Table 2.** Structure by the size of SMEs

Type of SME	Number of employees	Number of SMEs	%
Very small companies	1-9	80	36.53
Small companies	10-49	123	56.16
Medium companies	50-250	16	7.31
Total		219	100

**Source:** Authors' elaboration based on SPAD outputs

*The sample structure and age of SMEs:* Table 3 shows that most organizations were created between 2002 and 2012, which coincides with the opening of the Algerian economy to the market economy and the accompanying structural changes.

**Table 3.** Structure by the age of SMEs

SME aged since its creation	Number of SMEs	%
Less than 5 years	101	46.12
Between 5 and 10 years	103	47.45
Superior to 10 years	15	6.43
Total	219	100

**Source:** Authors' elaboration based on SPAD outputs

#### 4.3.2. Descriptive analysis of independent variables

The results of the SPAD software describe the dependent variables as follows (Table 4):

**Table 4.** Description of dependent economic variables VC1, VC2, VC3, VC4

Variables	VC1	VC2	VC3	VC4
Yes	25,57	80,37	73,48	99,54
	56 SMEs	176 SMEs	161 SMEs	218 SMEs
No	74,43	19,63	26,52	0,46
	163 SMEs	43 SMEs	58 SMEs	1 SME

**Source:** Authors' elaboration based on SPAD outputs

• The variable VC1 is related to the process of corporate governance in the context of sustainable development. Positively addressing this question ensures that the company is successfully managing its operations and gaining a competitive advantage. Thus, 25.57% of the sample responded yes to this question that is equivalent to 56 of the 219 SMEs;

• The variable VC2 shows that suppliers are part of the first group of stakeholders. An affirmative response to this question tells us about the company's ability to choose its partners based on the conditions it imposes. 80.37 % of the sample answered yes to this question, which is the equivalent of 176 SMEs;

• The variable VC3 indicates the degree of interest of the companies due to environmental issues. It is reflected by the diffusion of information about the environmental legislation in place in the company. 73.48% of the sample responded yes to this question, which is the equivalent to 161 SMEs;

• The variable VC4 involves tax assistance provided to businesses that carry on the negative externalities of their activities. Those that do not earn them will not attempt to profit from them. 99.54% of the sample replied yes to this question, which is equivalent to 218 SMEs.

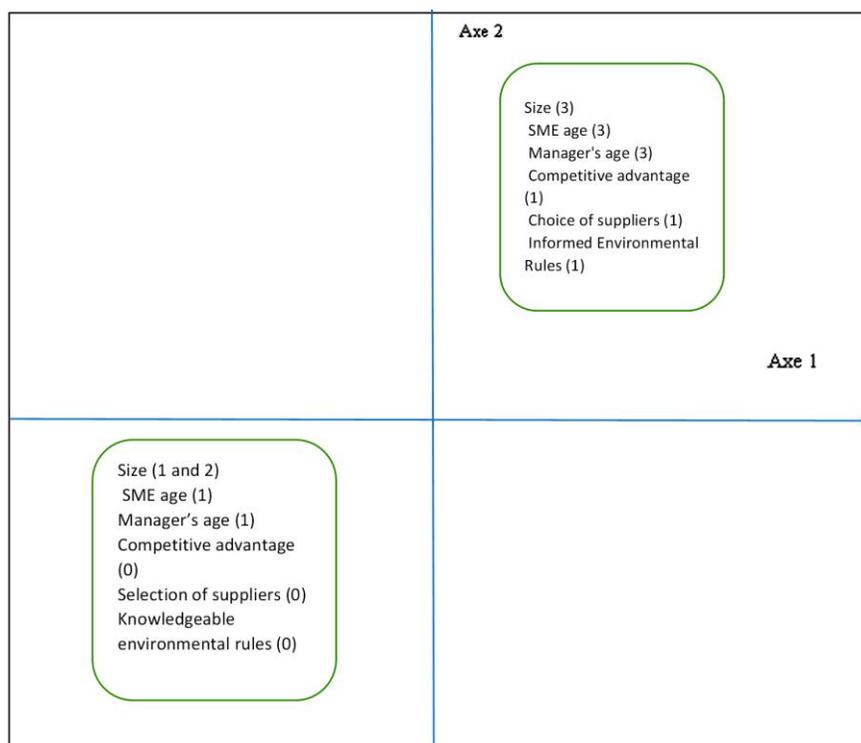
#### 4.4. Factor analysis

The last step in our analytical research is to group the SMEs of the studied sample according to a set of related characteristics. The data from this study concerns a selection of 219 Algerian industrial SMEs. Factor analysis is subdivided into three operations: factor description, a class distribution derived from the ' index tree, 'and the ' class distribution map.' These operations are performed on the database.

##### 4.4.1. Description of factorials axes

The description of the factorial axes allowed us to recognize two axes (Figure 1).

**Fig.1.** Description of the factorial axes



**Source:** SPAD outputs

The representation of these factors follows two patterns. The first pattern is that of medium-sized companies over ten years of age that replied "Yes" to the following economic questions:

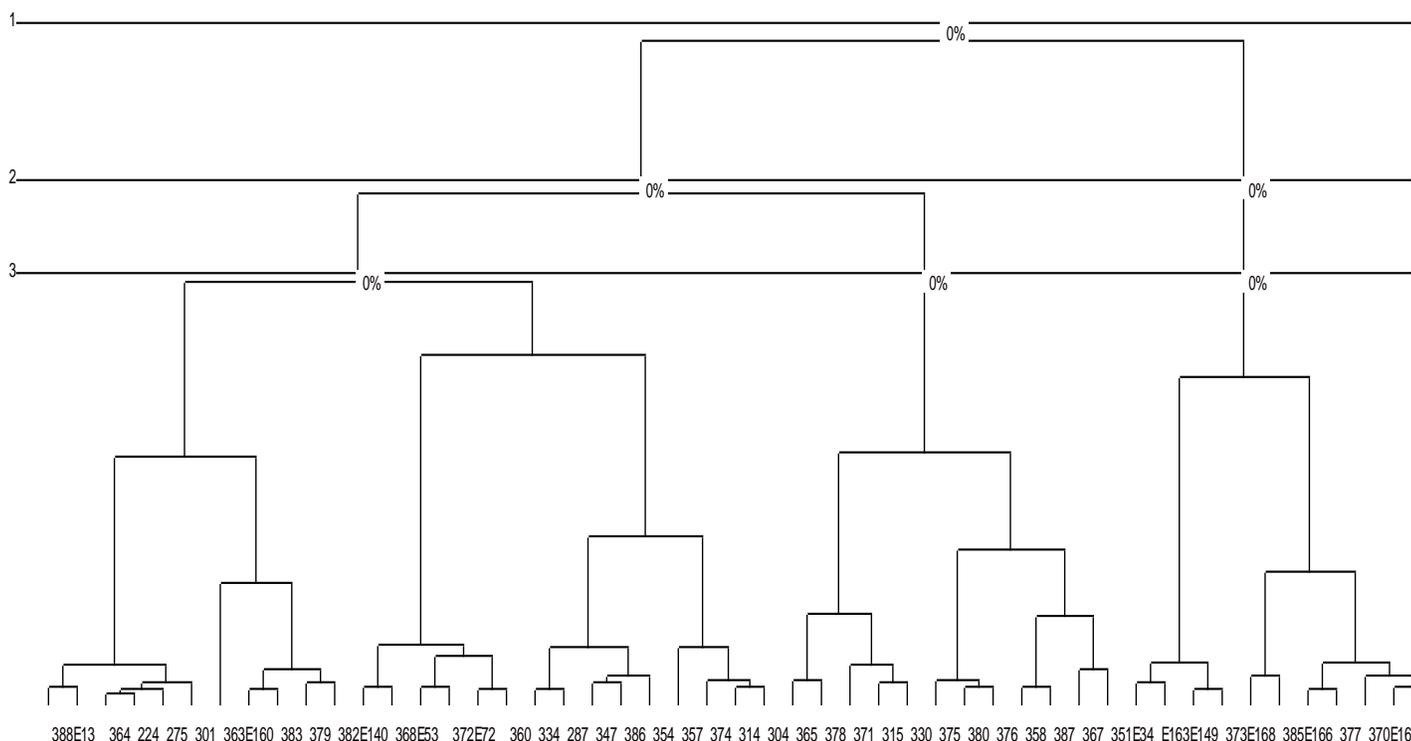
- Do you include economic, social, and environmental criteria in the selection of your suppliers? ;
- Are you aware of the environmental rules implemented by the state?

The second trend concerns newly created small companies (including small companies) who answered "No" to the preceding questions.

**4.4.2. Description of the Dendrogram**

The dendrogram (in Figure 2) shows us more specifically the class composition following the responses received. We selected the best class distribution (89% and 11%).

**Fig.2. Dendrogram**

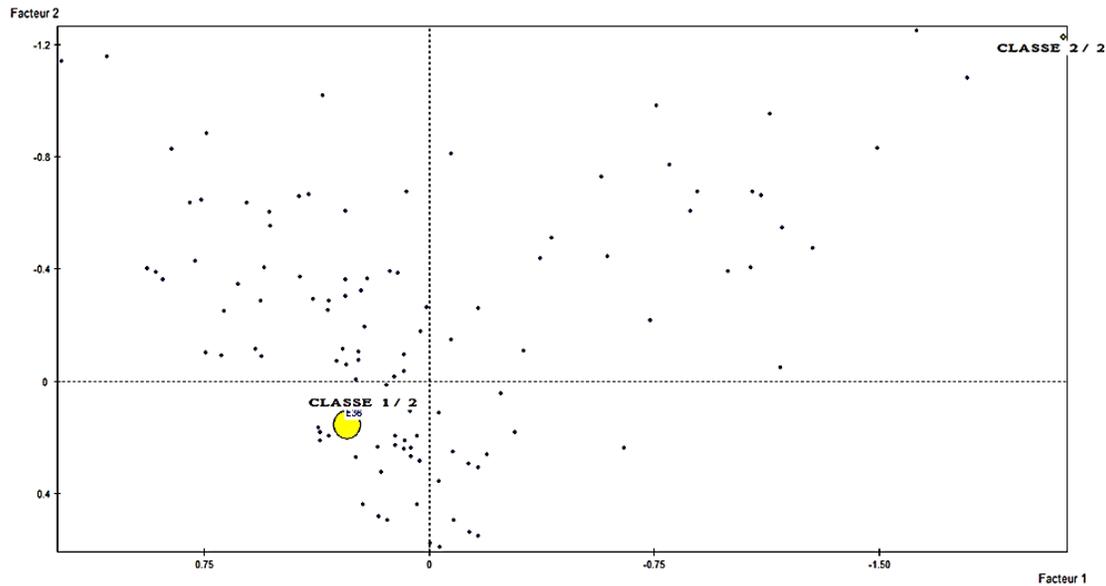


**Source:** SPAD outputs

Figure 3 illustrates business trends in economic commitment. These are the companies whose size, age of the SME and the manager's age are essential. In other words, the medium companies formerly created whose managers are mature people of a certain age (more than 50 years).

We concluded that the economic commitment of Algerian industrial SMEs (all sectors confused) is determined by the independent variables: scale, age of the SME, and age of the manager. In other words, these companies have achieved specific financial stability and enjoy a degree of longevity.

**Fig.3.** Classes distribution graph

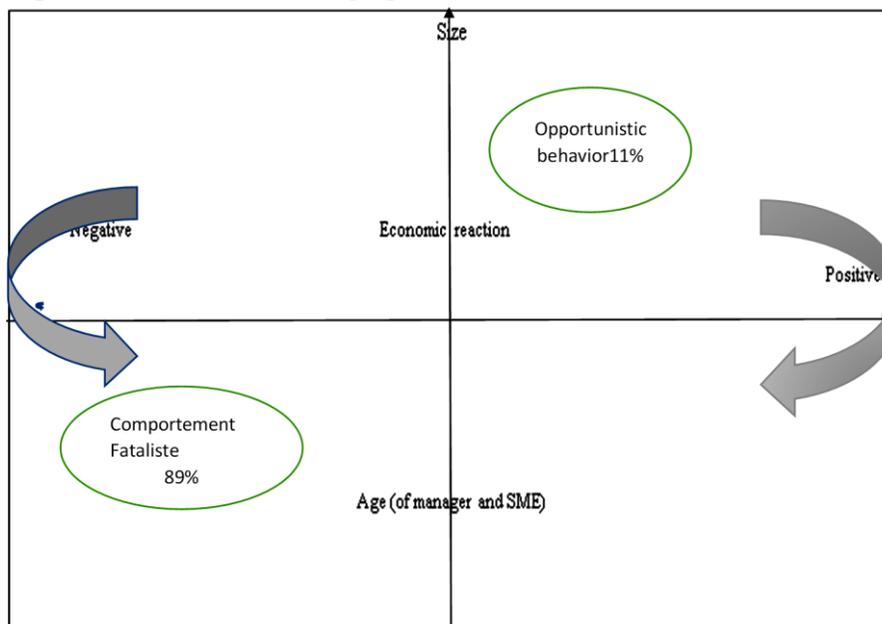


Source: SPAD outputs

**4.4.3. Typology of SME behavior in terms of economic commitment**

The factor analysis applied to the qualitative survey results of the 219 SMEs has allowed us to draw up a typology that incorporates two characteristics (Figure 4).

**Fig.4.** Classes distribution graph



Source: Authors' elaboration

On the one hand, the reason for economic engagement and, on the other hand, the strength of the economic reaction (positive or negative). We produce two types of behavior:

- Opportunistic behavior: it concerns 11% of the study sample which has a positive reaction;
- Fatalistic behavior: it affects 89% of the research sample that has an adverse reaction.

The typology of Algerian industrial SMEs ' involvement in CSR in its economic component is based on a typology that established by Capron and Lanoizelée. According to the latter's SMEs have two

attitudes to adopt:

- Opportunist behavior: Taking advantage of the support of its stakeholders and the media's reputation to promote its economic efficiency by adopting CSR;
- Fatalistic behavior: It does not attribute any interest to CSR and does not believe its adoption may impact economic efficiency.

It should be noted that these behaviors are influenced by all the socio-economic factors tested, namely: the manager's age, the size of the SME, and the age of the SME since its creation.

## 5. CONCLUSION

CSR is a fundamental shift in "paradigm" as it includes a message that upsets the company's management to the degree that it brings into question the way it works, appreciates its credibility, and its relationship with the stakeholders, according to Capron and Lanoizelée. A corporation consists of reorganizing its organization by taking into account new data that emerge from the world in which it operates in response to the effects of its activity. On the other side, this environment bears limitations and opportunities to catch.

Currently, SMEs are the majority of the economic structure in most economies in the world. They are the suppliers of big enterprises, also the largest source of industrial pollution. CSR has been considered the prerogative of large companies. It does not remain so for a long time because several studies have shown that it can be integrated into the context of SMEs with certain conditions that must take into account the specificities, SME size, sector activity, SME age, and the leading role of the manager (Including its characteristics).

CSR studies in SMEs have shown that they are behaving in line with responsible conduct typologies. The theory provides a variety of responsible attitudes that SMEs are likely to adopt. Such as the countries of the world, the Algerian economic system is mainly composed of SMEs that are likely to adopt CSR as a managerial strategy; because Algeria is confronted with environmental issues and is challenged by sustainable development and CSR principles. The survey of the 219 Algerian SMEs allowed us to dive deeper into the concept of SME participation in CSR strategies. They recall that the purpose of our research was to determine the typology adopted by Algerian industrial SMEs in CSR in its economic aspect.

To this effect, the answers obtained are approximately in line with the theory, taking into account the particular characteristics of Algerian SMEs. As a result, the representation of CSR in the Algerian context is not yet established as an integrated principle in SME managerial strategies. It is essential to consider the limits of our research until proposing study axes and methodological perspectives for the analysis of CSR in Algerian SMEs: shortcomings related mainly to the questionnaire and to the spatial field of the study, which is restricted to 219 SMEs.

Eventually, our research is part of a long-term perspective that aims to examine the responsible engagement of SMEs. Therefore, efforts must be redoubled to multiply and diversify studies in this area to enrich the understanding of the CSR phenomenon in the Algerian context.

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