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Corporate Sustainability in Practice: Understanding SME Engagement with the Sustainable Development Goals in Kosovo

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LIST OF LEGEND AND ABBREVIATIONS

Abbreviation	Full Term
CSER	Corporate Social and Environmental Responsibility
CSR	Corporate Social Responsibility
SME	Small and Medium-sized Enterprise
CER	Corporate Environmental Responsibility
MSME	Micro, Small, and Medium Enterprises
SDGs	Sustainable Development Goals
ESG	Environmental, Social, and Governance
OECD	Organization for Economic Co-operation and Development
NGO	Non-Governmental Organization
KEDS	Kosovo Energy Distribution and Supply
EIA	Environmental Impact Assessment
CSR-R	Corporate Social Responsibility Reporting
GHG	Greenhouse Gas
R&D	Research and Development
SD	Sustainable Development

CHAPTER 1: RESEARCH BACKGROUND AND OBJECTIVES

1.1 Introduction

Sustainability is an evolving field that has garnered considerable public attention since the 1990s, along with significant academic and political interest. Concerns about sustainable development have reshaped corporate frameworks and emerged as critical determinants of economic performance. The discussion surrounding the definition of sustainability has intensified, especially over the last decade (Kraus et al., 2020; Wickert et al., 2016). The UN Brundtland Commission (1987) characterized sustainability as "fulfilling the requirements of the current generation without jeopardizing the capacity of future generations to satisfy their own needs." Nevertheless, despite numerous attempts to delineate the term, a universally accepted definition is still lacking in the literature (Kraus et al., 2020; Montiel & Delgado-Ceballos, 2014). Historically, large corporations have been the first to undertake measures that promote sustainability (Chege &Wang, 2020; Singh & Misra, 2021). These firms integrate sustainability measures into their corporate strategies to secure long-term benefits (Abdul-Rashid, 2006; Pedrozo et al., 2006). In recent years, researchers have placed substantial emphasis on the sustainability initiatives of large firms and multinational corporations, as well as on the institutional and transnational frameworks in which these programs are implemented. However, research into the concept of sustainability within small and medium-sized enterprises remains limited (SMEs), despite recognition by political, academic, and professional entities of SMEs significance for both economic and social performance (Kraus et al., 2020; Wickert et al., 2016).

The statistical definition of SMEs differs from country to country, reflecting the economic, cultural, and social contexts of each nation. However, in most cases, the definition is based on asset value or the number of employees (Chege & Wang, 2020; OECD, 2000). According to the European Commission, SMEs are defined as businesses with an annual turnover of less than 50 million euros and/or a balance sheet total not exceeding 43 million euros. Additionally, they must employ fewer than 250 people. In today's corporate landscape, clearly distinguishing SMEs from larger enterprises is increasingly difficult due to complex operational, financial, and governance linkages between companies (European Commission, 2020). Nevertheless, SMEs are expected to play a crucial role in managing limited social and environmental resources on a global scale (Chege & Wang, 2020; Moore & Manring, 2009; Zhu et al., 2019). It is crucial for small and medium-sized enterprises (SMEs) to contribute to the creation of more inclusive and sustainable growth, as they represent the primary source of commerce and employment. According to Erdin and Ozkaya (2020), SMEs are essential for achieving sustainable economic growth. They make a substantial contribution to regional economic development while also influencing quality of life and industrial advancement. SMEs account for 99% of all businesses in the OECD region, approximately 60% of employment, and between 50% and 60% of value added**,** making them the backbone of the European economy. They are also responsible for 65% of private sector employment and 54% of private sector gross output (European Commission, 2020; Kalemli-Ozcan et al., 2020). SMEs have the capacity to address sustainability-related challenges within communities and to promote positive changes toward sustainable development. In certain operations, the importance of economies of scale is decreasing due to globalization and technological innovation, which in turn increases the potential influence of smaller businesses. However, involving the full diversity of SMEs in the development of sustainable solutions remains a major challenge in today's dynamic and competitive landscape (Chege & Wang, 2020; OECD, 2000).

On the other hand, the implementation of sustainable practices by large corporations has been the central focus of sustainability research, attracting considerable academic attention. To remain competitive and keep pace with technological advancements and increasing market pressure,

SMEs must continuously enhance their performance. However, adopting a sustainable framework presents operational challenges for these firms. The implementation of sustainability policies remains a topic of significant debate among scholars and within the UN (UN). In 2015, the UN introduced the 2030 Agenda for Sustainable Development, establishing a global framework for transformation. Consequently, it is essential to examine the strategies SMEs employ to integrate sustainable practices into their operations, as well as the factors that influence their success or their incompatibility in implementing such practices (Das et al., 2020; Kundurpi, 2021; Jansson et al., 2017).

Moreover, the actions of individual managers are particularly important to the success of SMEs, in contrast to the systems-driven approaches of large firms (Kornilaki et al., 2019; Koch, 2020). Variations in ownership result in significant differences in the managerial approaches used to implement sustainability (Preuss & Perschke, 2010). However, there has been limited progress in the application of sustainability management tools and frameworks in most SMEs. This is largely because such tools are primarily designed for large businesses and do not adequately address the specific needs of SME contexts (Kraus et al., 2020; Hammann et al., 2009). In addition, the emphasis placed by both academics and practitioners on large businesses has led to the insufficient development of sustainability-related strategies for small and medium-sized enterprises (SMEs). To address this gap, it is necessary to conduct a comprehensive analysis of the current state and implementation of sustainable development (SD) practices in SMEs. The fundamental value of this research lies in its potential to provide insights that can be used by academics, practitioners, and policymakers to enhance SME engagement with sustainability in transitional economies. Furthermore, it can support policymakers in designing policies that improve the social and environmental reporting practices of SMEs. The results of this study contribute significantly to ongoing research by identifying the existing barriers, benefits, and supporting factors within the SMEs sustainability literature.

1.2 Research Objectives

The overarching aim of this research is to critically examine the perceptions, attitudes, and responses of small and medium-sized enterprise (SME) owners and managers in Kosovo toward the adoption and implementation of the Sustainable Development Goals (SDGs) within their business operations. The study seeks to explore the extent to which sustainability is understood and prioritized in the SME sector, identify the internal and external challenges that hinder the integration of sustainability practices, and assess the strategies currently employed to overcome these barriers. In addition, the research aims to evaluate employees' perspectives, including their awareness, attitudes, and willingness to engage with or support sustainability practices adopted by SMEs. By investigating both the supply side (SME management) and the internal demand side (employees), this research intends to provide a comprehensive understanding of the internal dynamics that influence business sustainability efforts. Ultimately, the study aims to contribute valuable insights to policymakers, business support organizations, and SME stakeholders in developing targeted strategies and policies that facilitate the broader adoption of sustainability principles in the SME sector. The objectives of the study are as follows:

- To evaluate the level of awareness, knowledge, and understanding of the Sustainable Development Goals (SDGs) among SME owners and managers, and to explore their attitudes, values, and motivations toward sustainability within their business operations in Kosovo;
- To examine the key barriers SMEs face in adopting sustainability practices;
- To examine employees' awareness, attitudes, and willingness to engage with or support sustainability initiatives within SMEs, and to analyze how employee perceptions influence the implementation of sustainability practices in Kosovo;
- To analyze the alignment or gap between SME sustainability efforts and employees' expectations or values regarding sustainable business practices, and to provide practical

recommendations for policymakers, support organizations, and SMEs to enhance the integration of sustainability in the sector in Kosovo.

1.3 Importance of the Research

Sustainable development has become a global priority, and the role of businesses in achieving the UN Sustainable Development Goals (SDGs) is increasingly recognized as vital. While large corporations often receive attention for their sustainability efforts, small and medium-sized enterprises (SMEs)—which represent over 90% of businesses and more than 50% of employment worldwide—are equally critical in driving sustainable transformation (World Bank, 2018; UN, 2023). Despite their economic and social significance, the extent to which SMEs understand, prioritize, and implement sustainability initiatives remains under-researched, particularly from the dual perspective of both business owners/managers and employees. Understanding how SME owners and managers perceive sustainability, and what motivates or discourages them from integrating sustainable practices, is crucial for designing effective support mechanisms. SMEs often experience unique constraints—such as limited financial resources, lack of technical expertise, and regulatory complexity—that hinder sustainability adoption (Bassi & Guidolin, 2021; Petreski et al., 2023). By identifying these internal and external obstacles, this study provides essential insights that can inform targeted interventions and policy measures to support the adoption of sustainability in the SME sector. Moreover, employee engagement plays a significant role in shaping how sustainability is implemented within organizations. Research suggests that active employee involvement is essential for embedding ESG values in SMEs and driving sustainable business practices (Renwick et al., 2016; Wiyono et al., 2025). Exploring employees' awareness, attitudes, and willingness to support sustainability initiatives, and examining how their expectations influence SMEs' efforts, helps bridge the gap between internal stakeholder behavior and organizational sustainability performance. By bringing together the perspectives of SME managers and their employees, this research aims to generate a holistic understanding of the sustainability landscape within the SME context. The findings will be particularly useful to policymakers, business development agencies, and sustainability advocates seeking to promote inclusive and practical approaches to sustainable development. In doing so, the study supports the broader global agenda of making sustainability achievable and scalable across all levels of the business ecosystem—not only among large corporations but also within the foundational SME sector (Petreski et al., 2023; Bassi & Guidolin, 2021).

1.4 Problem Definition

Sustainable development has become a central global priority, particularly through the UN Sustainable Development Goals (SDGs), which call upon all sectors of society to act. While large corporations have made visible progress in adopting sustainability practices, the role of small and medium-sized enterprises (SMEs) remains comparatively underexplored—especially in emerging economies such as Kosovo. SMEs represent most businesses in Kosovo and play a critical role in job creation, economic growth, and social development (OECD, 2017). However, the extent to which SME owners and managers in Kosovo understand, prioritize, and act upon sustainability goals remains unclear. Current research disproportionately focuses on large enterprises and multinational corporations, leaving a notable gap in understanding how SMEs interpret and implement sustainability in practice. There is limited empirical evidence on how SME leaders in Kosovo perceive the relevance and applicability of the SDGs to their business models, operations, and long-term strategies. It is essential to explore whether these businesses view sustainability as a strategic opportunity, a regulatory obligation, or an operational burden. Without this understanding, policy interventions and support programs risk being misaligned with the actual needs and perceptions of SME stakeholders (Williams and Schaefer, 2013; Klewitz & Hansen, 2014).

Moreover, SMEs in Kosovo face a range of internal and external barriers that hinder the adoption of sustainability practices, including limited financial resources, a lack of technical knowledge, weak institutional support, and inconsistent regulatory frameworks. These challenges are further exacerbated by cultural and operational factors specific to the region, which have not been adequately addressed in existing research (Lepoutre & Heene, 2006; Jamali et al., 2009). A comprehensive understanding of these obstacles is necessary to design effective support mechanisms that can facilitate the meaningful integration of sustainability within the SME sector. Another critical dimension that has received insufficient attention is the role of employees in shaping sustainability practices within SMEs. While employee engagement is increasingly recognized as essential to the success of sustainability initiatives, it remains unclear how this dynamic unfolds in the context of Kosovo. There is a lack of data on employee awareness, values, and willingness to participate in or support sustainability-related activities in local SMEs. Understanding this internal, workforce-driven perspective is vital for aligning business strategies with employee expectations and for fostering a culture of sustainability from within the organization (Trudel & Cotte, 2009; Carrigan et al., 2004). Finally, the potential misalignment between what SMEs in Kosovo is doing and what their employees expect regarding sustainability highlights the need for a dual-perspective analysis. By examining both the leadership side (SME owners and managers) and the internal workforce perspective (employees), this research aims to uncover whether there is a gap between sustainability efforts and employee expectations, and how that gap might be bridged. Without such a holistic approach, efforts to promote sustainable practices in Kosovo's SME sector may fall short of their intended impact.

In summary, the problem lies in the insufficient understanding of how SMEs in Kosovo engage with the SDGs, the challenges they face in doing so, the strategies they employ, and the influence of employee attitudes and engagement on their sustainability efforts. Addressing this gap is essential to inform targeted policies, support programs, and business strategies that can foster broader and more effective integration of sustainability into the SME sector in Kosovo.

To address the identified gaps and provide a structured focus for this study, the following research questions have been formulated, directly aligned with the core issues outlined above:

RQ1: What is the level of awareness, understanding, and motivation toward sustainability and the SDGs among SME owners and managers in Kosovo?

RQ2: What are the main barriers SME in Kosovo face in adopting sustainability practices, and how do these barriers influence their adoption of sustainability?"

RQ3: How do SME employees in Kosovo perceive and engage with sustainability initiatives, and how does this influence their organizations' sustainability practices?

RQ4: To what extent is there alignment or a gap between SME managers' sustainability efforts and employees' expectations, and how can this be addressed to enhance sustainability integration?

In alignment with the aims and questions of this research, the following hypotheses have been crafted to support a structured and evidence-based investigation. These hypotheses are drawn from the literature and are intended to examine how SMEs in Kosovo engage with the Sustainable Development Goals (SDGs) in their daily operations and management approaches.

H1: SME owners' and managers' level of awareness, knowledge, and understanding of the SDGs is positively associated with their motivation and commitment to integrate sustainability into their business operations.

H2: Internal and external barriers, such as limited resources and weak institutional support, significantly reduce SMEs' ability to adopt sustainability practices.

H3: Employees' awareness, attitudes, and willingness to engage with sustainability initiatives significantly influence the implementation and success of sustainability practices within SMEs.

H4: There is a significant gap between SME managers' sustainability efforts and employees' expectations regarding sustainable business practices, which affects the effective integration of sustainability practices in SMEs.

1.5 Research Gap

Despite the growing global emphasis on sustainable development and the increasing recognition of the role businesses play in achieving the UN Sustainable Development Goals (SDGs), a significant research gap persists regarding how small and medium-sized enterprises (SMEs) engage with these goals. Much of the existing literature has primarily focused on large corporations, often overlooking the unique position and challenges faced by SMEs (Klewitz & Hansen, 2014; Bos-Brouwers, 2010). Given that SMEs constitute more than 90% of businesses globally, the lack of comprehensive studies examining their awareness, attitudes, and strategic responses to sustainability represents a critical void in both academic and policy discourse (Revell et al., 2010; OECD, 2017). One of the key areas still lacking sufficient exploration is the extent to which SMEs understand and prioritize sustainability. While some studies have addressed SME sustainability initiatives, there is limited empirical research that explores the motivations, values, and perceptions of SME owners and managers in relation to the SDGs (Williams & Schaefer, 2013; Hillary, 2004). Furthermore, the dual lens of internal (e.g., financial constraints, operational limitations) and external (e.g., market pressures, regulatory challenges) barriers to sustainability adoption remains underdeveloped (Lepoutre & Heene, 2006; Jamali et al., 2009). This research seeks to address that gap by systematically identifying and analyzing the specific obstacles SMEs face when attempting to integrate sustainability into their operations.

Another notable gap is the insufficient integration of employee perspectives in SME sustainability research. While employee engagement is increasingly recognized as a key driver of sustainable business practices, existing studies rarely connect SMEs' sustainability efforts with employee awareness, values, and willingness to support or contribute to sustainable initiatives (Peattie & Crane, 2005; Trudel & Cotte, 2009). The absence of such internal, workforce-focused analysis limits our understanding of the feedback loop between SME sustainability initiatives and employee expectations. This study addresses this deficiency by exploring how employee behavior, motivation, and attitudes influence SMEs' sustainability decisions and by identifying potential mismatches between the sustainability goals set by SMEs and the level of employee involvement or support (Carrigan et al., 2004). Moreover, there is a scarcity of research offering practical, evidence-based recommendations that align SME capabilities with employee engagement and relevant policy frameworks. By focusing on the interplay between organizational constraints and internal workforce dynamics, this study adopts a more holistic approach to understanding SME engagement with sustainability (Perrini, 2006; Jenkins, 2006). It aims to bridge the existing research gap by not only documenting the current state of SME sustainability practices but also assessing the effectiveness of the strategies employed and providing actionable insights for stakeholders aiming to enhance sustainability within the SME workforce. In summary, this research fills a significant gap in the literature by simultaneously examining SME perspectives and employee attitudes toward sustainability, identifying both challenges and opportunities for greater integration of the SDGs into SME operations. It moves beyond isolated examinations of management strategies or organizational policies to present a comprehensive view that can inform policy, workforce development, and academic understanding of sustainability in the SME context (Baumgartner & Ebner, 2010; Lozano, 2015).

LITERATURE REVIEW

CHAPTER 2: GENERAL CONCEPTS

2.1 Sustainability, Sustainable Development and Corporate Sustainability

According to Hector et al. (2014), *sustainability* is a long-term goal, whereas *sustainable* development is an approach or method that encompasses the process of achieving this goal. The concept of sustainable development was first introduced in the UN' 1987 report *Our Common Future* (Ozili, 2022), which defines it as development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. That said, it is difficult to precisely define the concept of sustainability. Previous studies suggest that sustainability can be regarded as a theory or philosophy that guides the use of existing resources in a way that meets the needs of both present and future generations (Grant, 2010). According to Hodge (1997), sustainability involves the application of methods or strategies designed to integrate all aspects of development to achieve sustainable development. On the other hand, sustainable development is a goal that can be achieved through the adoption of laws and principles related to sustainability (Diesendorf, 2000). Moreover, sustainability can be defined as the capacity to maintain or protect a system, product, or activity over an extended period (Basiago, 1998). In this context, sustainable urban governance refers to the collaboration, social capital, and relational capital within the urban environment (Beck and Storopoli, 2021; Beck & Ferasso, 2023a).

According to Mensah (2019), sustainable development is a global development paradigm that aims to enhance the quality of life while simultaneously protecting the environment and addressing issues related to climate change. Within this framework, sustainability represents a desired state or condition, while sustainable development refers to the means or processes used to achieve it (Gray, 2010). The primary goal of sustainability, as stated by Mensah (2019), is to ensure the balanced and coordinated coexistence of the environment, society, and the economy. In 1987, a member of the Brundtland Commission described sustainability as the fundamental concept that economic growth and development must occur and endure over time, while remaining within the limits defined by ecological principles (Mahmoud-Barakat, 2021). This principle was first articulated by the Brundtland Commission. The concept of sustainability gained further prominence during the World Summit on Social Development in 2005, where it was defined as the integration of environmental, social, and economic dimensions. Since the natural environment either directly or indirectly provides for all human needs, the United States Environmental Protection Agency has emphasized its essential role in human existence and well-being. Sustainability refers to the ongoing process of establishing and maintaining the conditions necessary for the harmonious and constructive coexistence of humans and nature. This, in turn, facilitates the fulfillment of the social, economic, and other needs of both current and future generations (Mahmoud-Barakat, 2021).

At both national and international levels, the promotion of a sustainable lifestyle has emerged as an issue of critical importance. Because it requires adjustments in consumption and production methods, as well as transformations in attitudes, behaviors, values, and political frameworks, achieving sustainability is a complex and challenging goal. Therefore, adopting a fresh and creative perspective is essential to gain a comprehensive understanding of sustainability (Naess, 1973). Researchers have argued that the concept of sustainable development categorizes elements into two groups: those that need to be preserved and those that need to be improved (Jeronen, 2013). Since some academics focus exclusively on one of these two goals, the term "sustainable development" is often misunderstood to mean either "only sustaining" or "primarily developing." Other scholars, however, clearly outline the boundaries that must be respected when choosing

between these two paths. Jeronen (2013) emphasizes the importance of sufficiency and views sustainable development as a means of achieving economic or societal progress while respecting ecological limitations. The radical approach, in contrast, places greater emphasis on equity and regards sustainable development as a strategy for achieving both economic success and social equality, while recognizing the natural constraints that exist. When it comes to implementing sustainable development, there is no consensus on the most effective approach (Huckle, 2005). Several researchers (Gibson, 2006; Waas et al., 2011; Moldan et al., 2012; Boyer et al., 2016) have observed that the concepts of "sustainability" and "sustainable development" are commonly framed using three interconnected "pillars" or "dimensions"—economic, social, and environmental. According to Arushanyan et al. (2017) and Tanguay et al. (2010), five components can be used to define sustainable development. These components are commonly referred to as the "5 Ps": prosperity, people, planet, peace, and partnership. Purvis et al. (2019) state that the three pillars forming the framework of sustainability correspond to the "3 Ps": profit, people, and planet. Corporate sustainability, on the other hand, includes various forms and concepts. It represents a company's voluntary efforts to integrate social and environmental considerations into its operations and stakeholder engagement (Marrewijk, 2003). Despite their distinct historical origins, Corporate Social Responsibility (CSR) and Corporate Sustainability (CS) are increasingly converging. They both share a unified vision aimed at harmonizing economic responsibilities with social and environmental obligations (Montiel, 2008). Corporate sustainability can be seen as the application of the broader principle of sustainable development within the corporate context. This means that the identity of a sustainable organization is shaped by a multi-dimensional perspective that requires the systematic integration of the three elements (Przychodzen & Przychodzen, 2013).

2.1.1 The Sustainability Approach

The concept of the *Triple Bottom Line* was introduced by Elkington in 1994, who argued that for a firm to achieve sustainability, it must fulfill three objectives: generating profit, benefiting society, and preserving the environment. All three criteria must be met for the benefit of business, society, and the environment. Elkington (1994) emphasized the need to shift from environmental management to sustainable management, enabling organizations to simultaneously address environmental, social, and economic challenges. This integrated approach would enhance performance across all three dimensions, thereby increasing competitiveness (Hart & Milstein, 2003). In recent years, numerous new definitions of sustainability have emerged, reflecting a wide range of perspectives and dimensions. Nearly all publications identified in systematic reviews highlight the *Triple Bottom Line* as the core concept underpinning sustainability (Milne & Gray, 2013). Companies that create value through strategies and practices aimed at a more sustainable world—balancing profitability with human-scale impact, minimizing operational waste, and shifting their competencies toward sustainable and competitive technologies—are considered successful within the context of sustainability (Castrillón & Marés, 2014). Sustainability also encompasses concepts related to the economy, governance, the environment, and society (Azapagic & Perdan, 2000). It is therefore unsurprising that value creation from a commercial standpoint aligns with the principles of economic, social, and environmental enterprises. Each of these concepts reflects a different aspect of sustainable development; nevertheless, to create corporate value, sustainable development must be considered holistically (Cohen et al., 2008). Businesses seeking sustainability must strike a balance between the competing objectives of generating profit, enhancing community welfare, and protecting the environment (Schlange, 2006).

In summary, sustainability consists of three dimensions. The economic dimension concerns a business's ability to generate profit, which is essential as it drives growth, creates employment opportunities, and contributes to the well-being of society and the global community. Companies are also responsible for the care of their operational environment, while the social dimension addresses the needs of employees and society at large, calling for ethical business conduct. The

environmental dimension evaluates the impact of corporate operations on natural systems (Azapagic & Perdan, 2000). Sustainability is thus regarded as a crucial component of long-term business strategy. To achieve profitability, companies must effectively manage their economic, social, and environmental impacts (Kuosmanen & Kuosmanen, 2009). Incorporating sustainability into business operations offers numerous benefits, including enhanced reputation, greater transparency and governance, improved financial outcomes that attract employment, reduced vulnerability to crises, and increased appeal to responsible investors. Such businesses are recognized for delivering superior quality in their commercial offerings, labor standards, and ethical, environmental, social, and innovative responsibilities—successfully balancing economic development with social welfare and environmental protection (Castrillón & Marés, 2014).

2.1.2 Sustainable Development

Although the Brundtland Report of 1987 serves as the primary foundation for Sustainable Development (SD), the concept originated from earlier concerns about environmental protection. A document titled *World Conservation Strategy* was published in 1980 by the International Union for the Conservation of Nature (IUCN), the Worldwide Fund for Nature (WWF), and the UN Environment Programme (UNEP), in which the concept of sustainable development was first introduced. Although the concept of SD had been discussed previously, it has since evolved to emphasize a more comprehensive and integrated approach to economic, social, and environmental development for future generations (Shaker, 2015). According to Holden (2014), sustainable development is an all-encompassing concept that incorporates multiple dimensions within its framework. These dimensions include economic, social, institutional, environmental, cultural, educational, moral, temporal, political, and spatial elements. The following activities can be used to highlight these dimensions: maintaining ecological sustainability, promoting equity among diverse groups and generations, meeting essential human needs, and protecting the environment by preserving flora and fauna. According to the World Commission on Environment and Development (WCED), the core idea of sustainable development is to meet the needs of the present generation without compromising the ability of future generations to meet their own needs. Sustainable development encompasses three key components: economic, social, and environmental. Economically, it refers to growth that is not only significant but also equitable, while ensuring the protection of natural resources. The social dimension aims to improve quality of life, facilitate the transfer of welfare across generations, and equip society with the knowledge and skills necessary to address the challenges associated with sustainable development. The environmental dimension focuses on improving environmental conditions, preserving nature's productive capacity, and reducing the consumption of nonrenewable resources (Mensah, 2019).

From this perspective, sustainable development aims to achieve social progress, environmental balance, and economic growth (Gossling-Goidsmiths, 2018; Zhai & Chang, 2019). Regarding the prerequisites for sustainable development, Ukaga et al. (2011) emphasize the need to move away from socioeconomic activities that harm the environment and instead promote activities that benefit the environment, economy, and society. The author argues that the importance of sustainable development continues to grow, as the human population is increasing at a faster rate than the availability of natural resources to meet human needs. This has led to global concerns over the responsible use of resources to ensure that both present and future generations can satisfy their needs (Hák et al., 2016).

This implies that SD represents a movement toward balancing economic growth, environmental preservation, and social welfare. According to Dernbach (1998) and Stoddart (2011), this supports the argument that SD inherently includes the principle of intergenerational equity, considering both the short- and long-term impacts of sustainability and SD. Kolk (2016) suggests that this can be achieved by integrating economic, social, and environmental factors into decision-making processes. Although the terms *sustainability* and *sustainable development* are often used

interchangeably, there is a distinction between them. According to Diesendorf (2000), sustainable development is the process aimed at achieving sustainability. Gray (2010) supports this view, noting that while sustainability refers to a state, SD describes a process.

2.1.3 Corporate Sustainability

As stated by Kuhlman and Farrington (2010), corporate sustainability is the process of meeting the needs of stakeholders by wisely using limited resources over generations while still being able to adapt and stay flexible in response to changing business conditions. Corporate sustainability was described by Clarke (2017) as the obligation of corporate managers to mitigate and manage the consequences of climate change as well as the risks that are associated with commercial enterprises. The actual costs of these shortcomings are borne by future generations because of corporate actions. According to Clarke (2017), the current generation uses items that lack intrinsic incentives for maintenance, aside from the standard commercial processes for maintenance. The primary objective of this discussion is to find a way to reconcile the dangers of environmental degradation and extreme poverty with the unsustainable production and consumption patterns of enterprises, particularly considering the expanding global population. This can be interpreted as the primary justification for the objective-driven perspectives adopted by the UN Millennium Declaration in 2015. According to the UN (2015), corporations and organizations were encouraged to attain sustainability by pursuing defined objectives across various timeframes. These include short-term goals, medium-term goals (which involve transitional and commitment goals over two generations), and long-term goals extending beyond the year 2050.

While sustainable development is the process of achieving the goal of sustainability—which can be characterized by four sustainability conditions the incorporation of sustainable development by an organization is referred to as corporate sustainability, and it encompasses all three pillars of sustainability: economic, ecological, and social sustainable development (Robèrt et al., 2002). According to Ebner and Baumgartner (2006), these three dimensions interact with one another. It is vital to consider all dimensions, their impacts, and the interrelationships between them to develop a comprehensive management strategy for corporate sustainability. In addition, the business orientation toward sustainability is influenced by both internal and external factors. Corporations appear to be showing an increased commitment to more sustainable behavior, in addition to the numerous efforts and activities undertaken by non-governmental organizations (NGOs), authorities, and governments. On the other hand, this is still often based merely on an altered rhetoric, known as green washing (Lauter, 2003; Ramus, 2005). One possible explanation for green washing is that businesses are not fully aware of how to incorporate sustainability concerns into their daily operations and business strategies. At this point, it appears that topics related to sustainability are addressed more by chance than through a deliberate strategy.

2.1.4 Economic, Social and Environmental Aspect of Corporate Sustainability

As illustrated in ***Table 1***, according to Rupert (2010), the management of a business should regard the following three aspects—Economic, Social, and Ecological—in order to obtain the benefits of Sustainable Development, rather than concentrating on only one or two aspects.

Table 1: Economic, Social and ecological aspect of corporate sustainability

Economic aspects of Corporate Sustainability	**Description**
Innovation and technology	Investment in sustainability-focused research and development is essential to mitigate the environmental implications of new goods and corporate operations. The utilization of best available techniques (BAT) and integrated environmental technology should focus on cleaner production and zero-emission solutions.
Collaboration	Effective cooperation and proactive collaboration with diverse business partners (e.g., suppliers, research and development institutions, universities, etc.) are essential for advancing innovation and sustainability goals. Collaborating on shared initiatives and networks focuses on the development of breakthrough products and technologies. The dissemination of information and knowledge supports continuous improvement and collective learning.
Knowledge management	Strategies and methodologies should be established to maintain sustainability-related knowledge within the organization. These include approaches to design, produce, organize, sustain, transfer, implement, and evaluate specific knowledge, as well as to enhance the organizational knowledge repository.
Processes	Well-defined processes and roles ensure that business activities are executed efficiently and that each employee understands the organization's expectations, including those related to sustainability. Process management should be adjusted to meet sustainability requirements and to support the systematic implementation of business sustainability. Moreover, sustainability should be incorporated into everyday company operations.
Purchase	Evaluation of sustainability factors in procurement. Recognition and consideration of sustainability-related matters within the organization and throughout the supply chain. Partnerships with suppliers emphasizing sustainability.
Sustainability reporting	Evaluation and disclosure of sustainability matters within corporate reports, either as a distinct sustainability report or incorporated into the overall corporate report.
Social aspects of corporate sustainability	**Description**
Corporate governance	Transparency in all efforts to enhance relationships with stakeholders. Providing insight into all pertinent facts, adhering to stock market regulations on corporate governance, and delineating the tasks and conduct of the board.
Motivation and incentives	Proactive engagement and exceptional management performance around sustainability issues for employees. Understanding the needs, demands, and motivational factors of employees is essential for effectively integrating sustainability into the business, supported by management's commitment to sustainable practices (e.g., time, financial resources, and

	materials). Creation of incentive and reward systems (financial and non-financial).
Health and safety	Ensure that no health and safety hazards arise during employment within the organization. No adverse effects on employees' physical health at any time. Implementation of staff programs to mitigate hazards and promote overall fitness and health (e.g., in underdeveloped nations).
Human capital development	Enhancement of human capital for sustainability-related matters through targeted initiatives such as continuous education, mentoring, or training. Comprehensive interdisciplinary education (job enrichment, job expansion) to enhance awareness of the various challenges and issues related to business sustainability.
Ecological aspects of corporate sustainability	**Description**
Resources (materials, energy) including recycling	Utilization of renewable and non-renewable resources and energy within the company, including the use of recycled materials.
Emissions into the air	Addressing the environmental impacts of corporate activities—particularly emissions into the air—as a core part of strategic decision-making and operational planning.
Emissions into the ground	Considering the environmental impacts of corporate activities, such as emissions into the ground resulting from industrial processes or improper waste management.
Waste and hazardous waste	Addressing the generation of waste and hazardous waste resulting from corporate activities, ensuring responsible handling, treatment, and disposal.
Biodiversity	Recognizing and mitigating the impact on biodiversity resulting from corporate activities, particularly those affecting natural habitats and ecosystems.
Environmental issues of the product	Considering the environmental impact of a product throughout its entire life cycle—from raw material extraction to production, use, and end-of-life disposal.

Source: Rupert, 2010

2.1.5 Sustainability Situation in Kosovo

To achieve sustained growth, Kosovo's energy industry must undergo modernization. Transitioning from lignite to renewable sources is necessary to remain competitive with the EU and to fulfill obligations under the Energy Community Treaty (The Energy Community, 2006; RES Kosova, 2024). This is true despite the country having already met its renewable energy consumption target for the year 2020. In its newly released Energy Strategy 2022–2031, Kosovo emphasizes the need to reduce the societal impacts associated with coal extraction and combustion while increasing the share of renewable energy sources (Energy Strategy, 2022). The predominant source of Kosovo's electricity generation is coal-fired power plants, which are both ecologically harmful and outdated (ERO, 2023; IEA, 2023). These plants account for approximately 93% of the nation's total electricity production. The revised energy strategy advocates for a phased transition from coal toward an increased reliance on solar and wind energy (RES Kosova, 2024; Energy Strategy, 2023; Stanley et al., 2018). In recent years, Kosovo has made progress toward significant economic growth and sustainable social development (UNDP, 2012). However, its energy system continues to face challenges due to unsustainable policies, insufficient investment

in new projects to meet demand, reliance on outdated and polluting power plants, high energy imports—particularly during winter—and price volatility in international electricity markets. According to Gjukaj et al. (2024), this situation affects the reliability of the power supply. Sustainable development is promoted by governments for economic reasons, aiming to strengthen their agendas for growth. However, putting sustainable development into practice is a challenging and non-linear process. This is because "the difficulties to apply sustainable development derive from the need for fundamental changes in values and perceptions, but also political and administrative structures" (Bratovic et al., 2011). Kabashi-Hima (2011) explains that sustainable development "changes over time, as new knowledge emerges. According to World (2019) and Teske (2019), 195 countries have signed the Paris Agreement, and 187 have either ratified or acceded to it, accounting for 97% of the world's parties. Except for Kosovo, every country in the Western Balkans has signed the agreement, committing to reduce greenhouse gas (GHG) emissions while maintaining sufficient economic growth (Banja et al., 2020). Rising temperatures are a hallmark of climate change in the Western Balkans and are cause for concern. In the near future, a temperature increases of 1.2°C is expected, and by the end of the century, further warming of 1.7°C to 4.0°C is projected. The success of global efforts to reduce GHG emissions depends on addressing this trend (Vuković et al., 2018).

Nevertheless, Kosovo has participated in multiple regional conferences, such as those held in Sofia and Berlin, as part of its commitment to the European Green Agenda in collaboration with Western Balkan nations. During the WB Summit in Sofia, leaders from the region, including Kosovo, reaffirmed their commitment to implementing policies aligned with the European Green Deal. They emphasized the importance of sustainability and resilience in key sectors. To transform the region into an economically competitive and climate-neutral hub, they adopted the Economic and Investment Plan for Green Socioeconomic Recovery. The Green Agenda for the Western Balkans, endorsed by regional leaders, addresses biodiversity, agriculture, energy, transportation, and climate change. The agreements prioritize combating climate change, harmonizing with EU policy, reducing emissions, and improving governance. The leaders pledged to achieve carbon neutrality by 2050 through promoting sustainable agricultural practices and preserving biodiversity (Sofia Declaration, 2020). Moreover, at the WB Summit in Berlin on November 3, 2022, a carbon-neutral action plan was approved for implementation by 2050. This plan aligns with the Paris Agreement, the European Green Deal, and the Energy Community Treaty. It is intended to enhance energy security, accelerate the transition to green energy in the Western Balkans, and support EU climate objectives. The plan includes measures such as accelerating the Green Agenda, diversifying and improving energy efficiency, phasing out coal gradually, supporting vulnerable communities, encouraging green investments, strengthening regional cooperation, upgrading infrastructure, conducting impact assessments, and advancing a regional energy strategy (Declaration on Energy, 2022). According to Veselaj (2019), legislation in Kosovo is well-developed and largely aligned with international and EU legal standards, as noted by reports from foreign organizations, particularly the annual EC Progress Reports. The legal framework requires these institutions to implement adopted documents related to economic, social, and environmental matters. Veselaj (2019) argues that the formation of an informal Committee for Sustainable Development within the Assembly of Kosovo represents a positive first step toward strengthening sustainable development in Europe’s youngest country.

2.2 Agenda 2030 and the Sustainable Development Goals: Principles, Pillars, and Practical Implications

Following 2015, the Egyptian government convened with representatives from over 190 nations in September of that year to deliberate on the establishment of a new development strategy for the post-2015 era. This approach is not only ambitious and transformative but also incorporates a fixed deadline of 2030. It was developed alongside the conclusion of the Millennium Development Goals (MDGs) era. The 2030 Agenda, formally titled "Transforming Our World: The 2030 Agenda for Sustainable Development," as illustrated in ***Figure 1,*** sets out a series of measurable objectives aimed at promoting a more sustainable, equitable, and prosperous global community (Mahmoud-Barakat, 2021). In September 2015, all UN Member States adopted the 2030 Agenda for Sustainable Development. The Agenda focuses on urgent environmental, economic, and social issues that must be addressed by 2030.The 17 Sustainable Development Goals (SDGs) that underpin the 2030 Agenda underscore the imperative for collective action from all nations (UN, 2020). Partnerships represent a fundamental element of the Agenda. To effectively implement all 17 Sustainable Development Goals, it is essential for governments, international organizations, civil society, and the corporate sector to engage collaboratively (Sachs et al., 2019).The role of the business sector has been emphasized as vital since the introduction of the SDGs, given its capacity to mobilize investment, stimulate technological advancement, and foster innovation (World Business Council for Sustainable Development, 2020). The commitment of enterprises of all sizes and sectors remains crucial (UN, 2015).

The 2030 Agenda for Sustainable Development is guided by the principle of *"Leaving No One Behind."* It is structured into four main sections and incorporates the three pillars of sustainable development: economic, social, and environmental. The four sections are as follows:

- A political declaration,
- A collection of 17 SDGs and 169 related targets,
- Means of implementation, and
- A framework for follow-up and review.

The scope and ambition of the Agenda are unprecedented, presenting goals with universal applicability and a global vision. The 2030 Agenda acknowledges the challenges associated with implementation, as well as the diversity of national contexts, capacities, and development levels. The Sustainable Development Goals (SDGs) are a shared responsibility among all nations, each of which plays a critical role at the local, national, and international levels (Mahmoud-Barakat, 2021).

The seventeen Sustainable Development Goals (SDGs) are intended to establish a more sustainable and improved future for all. They address a variety of global challenges, such as poverty, inequality, unemployment, climate change, environmental degradation, and issues related to peace and justice (Mahmoud-Barakat.2021). The ***Figure 1*** presents the seventeen (17) Sustainable Development Goals established by the UN. In 2015, SMEs constituted 99% of all enterprises in the EU, employing fewer than 250 individuals (Papadopoulos et al., 2018). The World Commission on Environment and Development (1987) defined sustainability as a development paradigm that satisfies the needs of the present generation without compromising the capacity of future generations to meet their own. Moreover, Sutton (1999) contends that sustainability becomes meaningful only when a specific entity is preserved, rejuvenated, or restored, thereby integrating ethical considerations that reconcile environmental constraints with economic demands. Dunkwu et al. (2016) maintain that the notion of sustainability is intrinsically linked to both sustainable development and corporate sustainability. The economic, social, and environmental components are universally acknowledged as the foundational pillars of sustainable development, and sustainability, by definition, encompasses all three. To advance sustainable

development, these three pillars—popularized as the 'triple-bottom-line'—were formally integrated at the World Summit on Social Development in 2005 (Kolk & van Tulder, 2010). Although the three-dimensional approach is increasingly adopted by businesses and their stakeholders, Steger et al. (2007) argue that profit maximization remains the predominant driver of corporate decision-making. They attribute this to firms' need to remain competitive in volatile markets, which leads many companies to undervalue the social and environmental pillars. Linnenluecke et al (2009), however, contend that corporations should afford equal weight to social and environmental considerations.

Figure 1: Graphic of 17 UN' Sustainable Development Goals

Source: UN, 2018

Arvidsson (2010) similarly advocates a more responsible corporate ethos—one that embraces ethical practices, promotes shared values, generates sustainable employment, and meets stakeholder expectations. Smith and Lanford (2009) add that sustainable development not only yields economic gains and cost reductions but also enhances corporate reputation. Nonetheless, numerous scholars, including Grane & Mattern (2007), caution that operationalizing the three-dimensional perspective is inherently challenging. On the other hand, Perego (2009) suggests that such difficulties often stem from limited managerial understanding of sustainable development. A Deloitte (2010) survey corroborates this, revealing that many executives fail to engage critically with the complexities of sustainability. Echoing these findings, an Eco-corporation survey in 2012 likewise demonstrated insufficient comprehension of sustainability's strategic importance among corporate leaders.

Following the 2005 World Summit on Social Development, the international community adopted the 2030 Agenda for Sustainable Development. This agenda articulates 17 Sustainable Development Goals (SDGs) and 169 associated targets aimed at eradicating poverty, protecting the environment, and enabling every individual to realize their full potential by 2030. According to the UN General Assembly (2015), as illustrated in ***Figure 2,*** the agenda's architecture is fully harmonized with the economic, social, and environmental pillars of sustainable development. The 2030 Agenda prioritizes individuals, aiming to eradicate hunger and poverty in all their manifestations, to guarantee every person the right to live with dignity and equality, and to assure the right to inhabit a healthy environment. It emphasizes the necessity of safeguarding the planet from degradation through sustainable consumption and production, asserting that natural resources must be managed sustainably and that climate change requires urgent attention to meet the needs

of present and future generations. The 2030 Agenda also emphasizes affluence, asserting its goal to provide a rich and meaningful life for all individuals, while ensuring that technological advancement aligns harmoniously with nature. The Agenda highlights the significance of peace, advocating for the promotion of peaceful and inclusive societies and ensuring universal access to justice. Furthermore, it is asserted that sustainable development cannot transpire without peace, and vice versa. Partnership is emphasized as a crucial element for the Agenda's execution by renewing the Global Partnership for Sustainable Development. This specifically addresses the requirements of the most vulnerable and impoverished populations, aiming to encompass all countries, individuals, and stakeholders (UN, 2015). The involvement of SMEs in Kosovo is crucial for achieving the 2030 Agenda, as indicated by their greater proportion relative to larger firms.

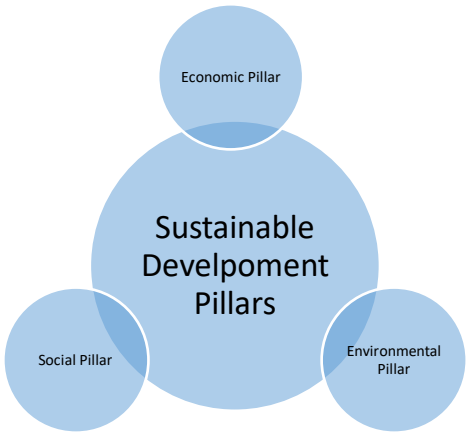

Figure 2: Venn diagram of the three elements (pillars) of SD
Source: (UN, 2018)

Pedersen (2018) asserts that enterprises that deliberately choose to comply with the 2030 Agenda may reap benefits, as the Sustainable Development Goals have a compelling financial rationale. In addition to promoting sustainable development within society, there are further potential benefits to integrating the SDGs into corporate practices. Companies may access new markets, commercial opportunities, cost efficiencies, or enhance their revenue and reputation to secure a social license to operate (OECD, 2016; The Danish Chamber of Commerce, 2020b). Nonetheless, despite the abundance of potential opportunities, research indicates that incorporating the SDGs into businesses, particularly in SMEs, presents difficulties. This study intends to examine the various strategies employed by businesses in integrating the SDGs to gain a comprehensive understanding of the impacts of these challenges.

2.3 Sustainable Development Goals

In 2015, the regional governments of the UN gave their support and assent to the Sustainable Development Goals (SDGs), marking the beginning of a new era in global development agendas. The Millennium Development Goals (MDGs) transitioned from being the global focal point to being replaced by the SDGs, driven by the momentum for sustainable development. Consequently, this highlights the interconnected nature of achieving the SDGs, which include the improvement of national ecosystems, social frameworks, and economies (Blanc, 2015). This aspiration resulted in the formulation of broad and stringent goals that nations are obligated to attain. According to Bell et al. (2012), the SDGs are intended to encourage businesses to conduct in-depth analyses and act based on the anticipated repercussions of their future activities. The control of reputational risks, accountability to major megatrends such as globalization and digitization, and transparency regarding investor demands are all necessary to accomplish this. Instead, the joint participation of governments and businesses is essential for the formulation of effective policies and practices

under a collaborative framework, which implies that the SDGs cannot be achieved by firms acting in isolation. It is imperative that companies acknowledge the significance of these developmental goals in relation to the techniques they employ to deliver their products and services. As the international community works to alleviate the social and environmental implications aggravated by the economic conditions of the Global South and the impacts of pandemics, the urgent and growing demand for sustainable practices is of utmost importance. According to Bell et al. (2012), there is a need for the implementation of integrated reporting systems, as well as the promotion of innovations and competencies, ethical behavior, stewardship, leadership through strategic partnerships, and compliance with governance best practices. According to Schaltegger et al. (2022), it is recommended to establish a connection between comprehensive firm management and the SDGs to foster opportunities, prosperity, and trust in order to ensure a sustainable future. Therefore, the executives and managers of corporations play a crucial role in achieving the 17 SDGs and the 169 related targets proposed by the UN (Davies, 2015). Managers are at the forefront of both the planning and implementation of these objectives (Tavanti, 2010). This is because the competencies required for organizational roles, in addition to the ethical obligations of management for the entire world, place managers in a position of leadership. Business managers in nations located in the Global South are expected to emphasize discussions and initiatives related to the SDGs that pertain to the environment and society. It is the aims of the organization and the managerial competencies that determine the strategies used to accomplish these objectives (Tavanti, 2010). To effectively achieve these vital goals on a global scale, it is imperative that national and international societies continue to support research and implement laws that facilitate developmental activities.

The following contains a list of the Sustainable Development Goals and obligations that managers are expected to implement effectively (UN, 2015):

Goal 1 is to eliminate poverty in all its forms worldwide. This goal emphasizes the need to address the root causes of poverty and ensure equal access to resources and opportunities; Goal 2 aims to eliminate hunger, achieve food security, improve nutrition, and promote sustainable agriculture. It focuses on ending malnutrition and supporting small-scale farmers through sustainable food production systems; Goal 3 seeks to ensure good health and well-being for people of all ages. It targets reductions in maternal and child mortality, communicable diseases, and universal access to healthcare services; Goal 4 guarantees inclusive and equitable quality education and promotes lifelong learning opportunities for all. It advocates for free primary and secondary education, vocational training, and equal access to higher education; The objective of Goal 5 is to empower all women and girls and attain gender equality. It addresses issues such as equal participation in political, economic, and public life, as well as discrimination and violence. Goal 6 guarantees the sustainable management and availability of water and sanitation for all. It emphasizes the significance of pure water, adequate sanitation, and hygiene in the context of public health. Goal 7 is to ensure access to affordable, reliable, sustainable, and modern energy for all. This includes expanding infrastructure and upgrading technology for clean energy sources; Goal 8 promotes sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. It supports entrepreneurship, innovation, and labor rights; Goal 9 focuses on building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation. It encourages investment in research, technology, and sustainable industries; Goal 10 seeks to reduce inequality within and among countries. It includes promoting social, economic, and political inclusion and facilitating safe migration. Goal 11 aims to make cities and human settlements inclusive, safe, resilient, and sustainable. This goal addresses urban planning, housing, transportation, and disaster risk reduction; Goal 12 ensures sustainable consumption and production patterns. It calls for efficient resource use, reduced waste generation, and sustainable business practices. Goal 13 calls for urgent action to combat climate change and its impacts. It involves integrating climate measures into national policies and improving resilience and adaptive

capacity; Goal 14 focuses on conserving and sustainably using the oceans, seas, and marine resources for sustainable development. It addresses marine pollution, overfishing, and ocean acidification; Goal 15 is designed to prevent, restore, and encourage the sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, halt and rectify land degradation, and halt biodiversity loss. Goal 16 aims to foster sustainable development by fostering peaceful and inclusive societies, ensuring that all individuals have access to justice, and establishing effective, accountable, and inclusive institutions at all levels. Goal 17 is intended to revitalize the global partnership for sustainable development and strengthen the means of implementation. It underscores the importance of equitable trade, capacity-building, and international cooperation.

2.4 The Three Pillars of Sustainable Development: Economic, Social and Environmental Pillar

2.4.1 The Economic Pillar

In the immediate aftermath of WWII, an international agreement emerged in the West on the imperative to aid the development of less advanced countries (Arndt, 1987). Beyond Marxist discourse, the notion of "economic development" evolved from solely denoting colonial exploitation of natural resources to encompassing a comprehensive enhancement in material welfare, characterized by an increase in the flow of goods and services and a rise in per capita income (Arndt, 1981). Although the former concept primarily pertained to less affluent nations, "economic development" became almost interchangeable with "economic growth" in the 1950s, when the latter emerged as a principal aim of Western economic strategy (Arndt, 1987). Both Limits to Growth (1972) and Schumacher's Small is Beautiful (1973) were influential publications that argued that the modern economy, which is centered on expansion, is not sustainable on a planet with finite resources. There was a resurgence of discussion over the expansion of the economy. According to Du Pisani (2006), the 1973 Oil Crisis and the accompanying worldwide recession were significant factors that contributed to the concretization of the concept of growth's limitations in both academic and public discourse. The early, radical discourse argued that the capitalist economic expansion of the Western world was fundamentally incompatible with ecological and social ideals. Amid attempts to reconcile environmental conservation with economic growth, governments in developing nations began discarding the "basic needs" paradigm. This transition occurred after the global economic downturn of the late 1970s. During that period, numerous individuals began to perceive "modernization" and the establishment of a "new international economic order" as more urgent issues, rendering them incompatible with the fundamental needs approach (Arndt, 1987). The Brundtland Report advocated for "a new era of economic growth—growth that is vigorous while simultaneously being socially and environmentally sustainable." The UN (1987) declared that economic expansion was the solution, not the problem. Brown et al. (1987) asserted that eco-development reinterpreted the concept of "different quality" economic growth, framing it as "socially and environmentally sustainable" to establish a novel "win-win" scenario. Depending on the methodology or framework used for assessment, economic sustainability can be characterized in several ways. When a country or institution consistently aims to outperform its own economic goals or development standards, it has achieved economic sustainability (Nations, 2018). For a country's economy to be sustainable, a large portion of its citizens must be able to afford a minimum standard of living that meets national standards for welfare, well-being, and poverty alleviation (McElroy et al., 2008). The requirement to keep income steady from non-declining capital is a common definition of economic sustainability in the prior literature (Spangenberg, 2005).

Therefore, to achieve economic sustainability, it is essential to combine human, artificial, natural, and social capital. Economic sustainability entails the implementation of strategies that optimize

current resources to ensure equitable and robust balance over the long term. De Clercq et al. (2018) assert that economic security and resource preservation are essential considerations for organizations in decision-making processes. Rather than relying on a single measure, the method for determining the sustainability of an economy is to employ a framework of replacement and compensation. Reducible values are inevitable, yet they can be effectively managed through rational decision-making and pragmatic reasoning (Spangenberg, 2005). From this perspective, economic sustainability is evaluated based on its financial dimensions, even though values ultimately determine its manifestation. It is assessed based on profitability derived from cost reduction and differentiation, which is leveraged by using the inherent potential in social and environmental issues. Hence, Ukko et al. (2018) assert that exploring and resolving sustainable socio-environmental issues via entrepreneurial innovations can improve a company's economic performance.

2.4.2 The Social Pillar

The Brundtland Report, *Our Common Future***,** published in 1987, is extensively referenced in social sustainability studies (Vallance et al., 2011). All three of SD's pillars—economic, environmental, and social—must be met for a practice to be considered truly sustainable (Casula & Soneryd, 2012). However, incorporating the social dimension into real organizational projects and policies is frequently the most complex of the three (Dillard et al., 2012). Companies that are interested in SD should be able to incorporate social sustainability into their daily operations. However, such efforts are frequently undermined by the conceptual ambiguity of the term, the divergent priorities of stakeholders, and the lack of a clear and consistent understanding of its meaning (Jones et al., 2015). Social sustainability is inherently contextual, marked by variation, diversity, and a multitude of evolving objectives and expectations. These features underscore the complex and dynamic nature of the social dimension of sustainability. This complexity may explain the extensive body of literature focused on reconciling diverse human goals within sustainable development frameworks. As noted by Adams (2006), existing contributions and conceptual models reflect a wide range of interpretations of social sustainability. These encompass, among other things, human rights, labor rights, placemaking, social responsibility, social justice, cultural change, political competence, community resilience, human adaptation, social equity, health equity, and social capital.One of the main challenges lies in identifying relevant variables and establishing meaningful benchmarks for assessing progress. Moreover, organizations are often ill-equipped to manage tensions arising from competing agendas, which can result in conflicts over strategic priorities. A lack of experience and insufficient training further hampers their capacity to effectively integrate social sustainability into organizational practices.

Social sustainability refers to the aspect of society that promotes long-term conditions conducive to human flourishing, particularly among marginalized individuals and communities (Rachelle et al., 2016). However, researchers in this field face considerable challenges in reaching consensus on appropriate frameworks and their practical application in organizational settings (Rachelle et al., 2016). One of the key difficulties for businesses striving for social sustainability lies in reconciling short-term financial goals with broader, long-term social objectives (Buser & Koch, 2014). Bello et al. (2018) highlight that, in many emerging economies, family-based systems constitute the primary support structure, often compensating for the absence or weakness of egalitarian social institutions. Despite these limitations, such societies have continued to function, even in the absence of fully developed state-level welfare systems. While sustainability principles are embedded in numerous municipal laws, policies, and regulations, their practical realization demands institutional support and implementation mechanisms. Pratono (2016) argues that sustainable societies must invest significantly in social capital—particularly in education, public safety, judicial systems, and inclusion campaigns. Without such investments, societies risk the erosion of civility, degradation of physical and moral infrastructure, governance failures, and eventual social unrest. Similarly, Ukko et al. (2018) emphasize that sustainable societies depend

on organizations and their stakeholders embedding social sustainability measures—such as occupational health and safety, pay equity, and gender equality—within their operational frameworks. In doing so, they must also adhere to normative standards of accountability. Despite its centrality to sustainable development (SD), there is still no universally accepted method for implementing social sustainability in practice (Cuthill, 2010; Casula et al., 2012). For societies to ensure a high quality of life, they must provide access to basic needs while embracing diversity, fostering social cohesion, and maintaining democratic governance (WACSS, 2013). Nevertheless, many organizations continue to prioritize economic and environmental dimensions in their planning, often at the expense of the social pillar of sustainability (Woodcraft et al., 2011; Dempsey et al., 2011). As Dempsey et al. (2011) stress, social sustainability should be recognized as a primary focus rather than an afterthought. Furthermore, Mitlin and Satterthwaite (1996) argue that businesses must prioritize employee well-being—beyond mere basic needs—if they are to contribute meaningfully to socially sustainable development at the societal level.

2.4.3 The Environmental Pillar

A more traditional definition of sustainable development would have included social and economic progress that does not negatively impact the environment. Since the emergence of the "three pillars" concept, there has been a growing recognition that social and economic sustainability are essential components of human, social, political, and economic development, and that they hold intrinsic value. Considering this, it is important to thoroughly examine the third pillar to understand what environmental sustainability entails and how it is defined (Holdren et al., 1995). Goodland (1995) defines environmental sustainability as a concept aimed at promoting human well-being by protecting the natural sources of raw materials essential for human activity and by ensuring that the Earth's capacity to absorb waste—referred to as environmental "sinks"—is not exceeded, thus avoiding harm to human populations. He emphasizes that the ecological economics framework known as the “limits to growth” offers the most effective lens for understanding environmental sustainability, as it recognizes the inherent finiteness of natural resources. Within this framework, Goodland identifies environmental sustainability as a system of constraints applied to four fundamental processes that determine the scale of human economic activity: the extraction of both renewable and non-renewable resources (the "source" side) and the generation of pollution and waste (the "sink" side). Holdren et al. (1995) emphasize the biogeophysical components of environmental sustainability as central to their definition. Biophysical sustainability refers to the preservation or enhancement of Earth's life-supporting systems. The preservation of the biosphere, with sufficient consideration for maximizing future options, requires the conservation and responsible use of land, water, and air resources to protect (a) biological diversity and (b) the biogeochemical integrity of the biosphere. This approach also enables both current and future generations to achieve social and economic progress within a culturally diverse framework. Within sustainability programs, environmental concerns have consistently been prioritized. The environmental degradation observed in wealthier nations prompted the rise of sustainability movements in the early 1970s. The Brundtland Report, issued by the Brundtland Commission in 1987, played a key role in raising global awareness of these movements. The environmental dimension of sustainability encompasses a range of issues, including resource efficiency, biodiversity and ecosystem conservation, environmental quality and pollution control, water and wastewater management, and the reduction of greenhouse gas emissions. This dimension has received significant recognition in the context of the 2030 Agenda for Sustainable Development. Of the seventeen Sustainable Development Goals (SDGs), six are explicitly focused on environmental concerns: life below water (SDG 14), life on land (SDG 15), affordable and clean energy (SDG 7), responsible consumption and production (SDG 12), climate action (SDG 13), and clean water and sanitation (SDG 6) (Sharifi & Simangan, 2021). Nevertheless, the unrelenting pursuit of progress continues to exert increasing pressure on the Earth system, testing its limits, particularly as new technologies may not be capable of supporting exponential growth indefinitely.

A growing body of evidence supports concerns regarding the long-term viability of the planet (ICSU, 2017). One of the most compelling arguments for environmental sustainability lies in the effects of climate change. Whether driven by natural climatic variability or human activities, the term "climate change" refers to significant and persistent alterations in the global climate system (Coomer, 1979). These changes include rising sea levels, increased ocean acidity, warming of air and water, reduction in ice cover, and elevated greenhouse gas concentrations (Du & Kang, 2016). The effects of climate change are already evident across a wide range of global ecosystems. In some regions, Kumar et al. (2014) found that elevated temperatures regularly alter the reproductive timing of plants and animals, migration patterns, and species population densities. According to Ukaga et al. (2011), despite numerous pessimistic forecasts, the full consequences of climate change remain uncertain. Campagnolo et al. (2018) argue that for societies to achieve sustainability, they must develop strategies to adapt to increasing challenges in ecosystem management and the limitations imposed by nature. Each of these challenges falls within the realm of environmental sustainability, as they affect the stability and resilience of natural system—systems that, in turn, influence human life and development.

2.5 Criticism of the Sustainable Development Goals (SDGs)

Considerable criticism emerged regarding the selection of the 17 core goals and their 169 associated targets, with some viewing them as overly ambitious and others as insufficiently bold. One of the earliest critiques—possibly originating from the Copenhagen Consensus Center (Lomborg, 2018)—argued that the SDGs lack specificity, raising the risk of the world becoming "stuck in transition" due to the immense financial, human, and intellectual resources required to achieve them. Financial implementation issues remain unresolved, depriving the goals of necessary funding and priority. This aligns with political tendencies to "promise all good things to everyone" (Lomborg, 2018). As a result, the goals have been criticized as unrealistic and detached from what is truly feasible. Considerable effort went into creating a goal-setting methodology and a system of indicators designed to work cohesively. This was viewed as "both a wager and a commitment: the wager of a smooth execution and the commitment that goal-setting could spur the actions that had been sporadically neglected" (Hege et al., 2019).A second line of criticism suggests that the SDGs do not provide a truly transformative paradigm. The revised agenda is seen as overly conservative, aiming to address global challenges without confronting their root causes or underlying power structures (Koehler, 2015; 2016). To achieve global consensus, the SDG framework avoided contentious issues and binding obligations, delegating implementation planning to national governments. Furthermore, it failed to provide guidance on effective policies. Critics argue that the SDGs inadequately address systemic crises and offer oversimplified solutions to negative trends in a rapidly changing world (Gupta & Vegelin, 2016). The potential involvement of powerful stakeholders, such as large corporations and special interest groups, further fuels concern that the SDGs are unlikely to bring about genuine change.

2.6 The European Green Deal – EDG

Ecological and environmental concerns have become a prominent focus within society, influencing several aspects of daily life—not only regarding access to food, water, and sanitation, but also in relation to regulations on waste and green energy (Sikora, 2021). Therefore, to address climate change, the European Commission introduced the EGD proposal (Pianta & Lucchese, 2020). The primary objective of the European Green Deal (***Figure 3***) is to transform the European Union into a socially responsible society that optimizes resource utilization and fosters a modern and competitive economy (Smol et al., 2020). Furthermore, the European Commission, in pursuit of the objectives outlined in the European Green Deal, endeavors to establish a climate-neutral economy by reducing carbon emissions by at least fifty percent by the year 2030, with the ultimate goal of transitioning to a low-carbon future by mid-century (Sikora, 2021).The imperative to decrease greenhouse gas emissions and achieve carbon neutrality by 2050 has emerged as a

pressing concern for policymakers in Europe. Considering the specific concerns surrounding global warming, climate change, and the circular economy, the European Union (EU) has demonstrated its strong political commitment to these issues through the introduction of various objectives related to renewable resources, energy efficiency, and the reduction of greenhouse gas emissions (Hafner and Raimondi, 2020). Montanarella & Panagos (2021) assert that the EU's primary concerns are encapsulated by these goals. However, certain objectives may be more attainable than others. In practice, the successful implementation of these ambitious goals requires the identification and resolution of challenges at both national and international levels. The European Union has been actively prioritizing and advancing initiatives aimed at addressing climate change. Several policies have been endorsed and implemented by the EU concerning the adoption of sustainable energy, reduction of greenhouse gas emissions, and active participation in global climate negotiations (Claeys et al., 2019). The European Green Deal, endorsed by the European Commission in late 2019, is a recent strategy aimed at promoting economic growth through sustainability (Smol et al., 2020). The President of the European Commission, Ursula von der Leyen, has committed to enhancing and reinforcing European climate policy (EU, 2019). Within this framework, the European Green Deal was introduced, advocating for climate neutrality within the European Union by 2050. This initiative positions Europe as the first continent to legally commit to such an ambitious climate target (Claeys et al., 2019). According to von der Leyen (2019) and Claeys et al. (2019), the European Green Deal comprises roughly 20 alternative plans. These include introducing a carbon border tax, creating a Sustainable Europe Investment Plan, reshaping the EU Investment Bank away from unsustainable practices, and developing a new European industrial strategy. These measures aim to strengthen the EU's 2030 target of reducing emissions from 44% to 55%. However, industry must be mobilized for a circular and clean economy to meet these goals (Smol et al., 2020). Siddi (2020) asserts that the new EU Commission has recognized the importance of climate policy due to several factors. These include increasing awareness of the climate crisis, exemplified by record-breaking high temperatures in both summer and winter, the gradual melting of polar ice and glaciers, and devastating forest fires in Sweden, Siberia, and Australia between 2018 and 2019. In December 2019, Ursula von der Leyen declared that climate policy would be a top priority for the new EU Commission. This focus differs from previous commissions by emphasizing supply security more strongly—a shift driven by geopolitical tensions with Russia and the conflict in Ukraine in 2014. Furthermore, the EU's policy on energy and climate regulation is founded upon three primary objectives: (a) improving energy efficiency, (b) reducing greenhouse gas emissions, and (c) promoting renewable energy sources for final energy consumption (Directive 2018; Siddi, 2020) – (***Figure 3***).

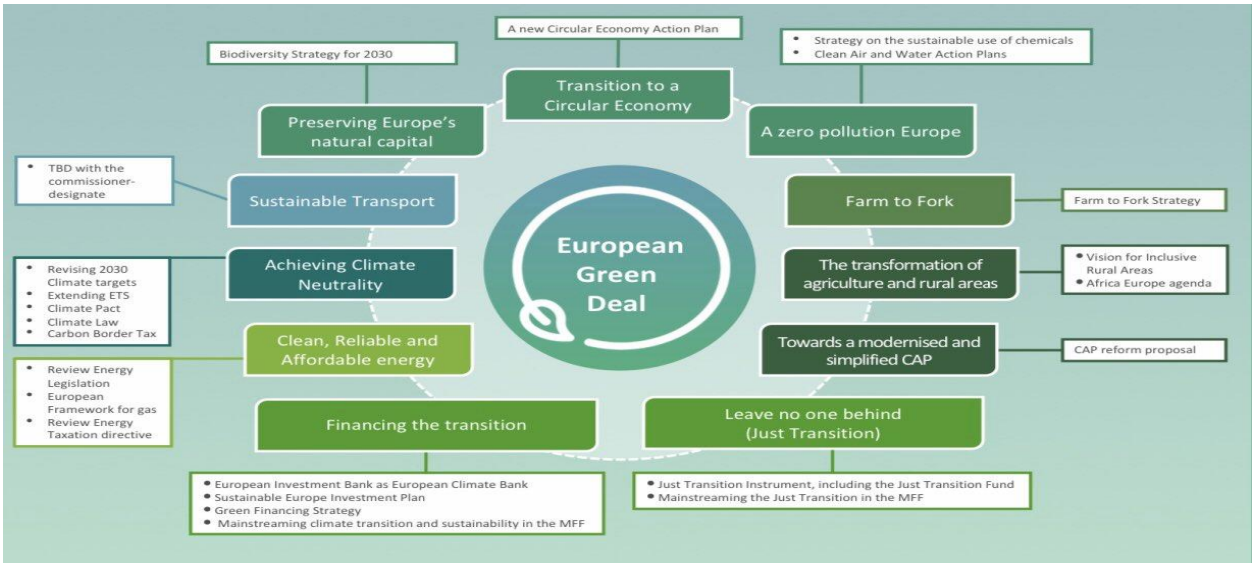

Figure 3: European Green Deal
Source: EUROCOOP (2020)

Despite its efforts, the EU has struggled to adequately address pollution in certain areas and has not yet demonstrated a significant reduction in greenhouse gas emissions. The 2019 European elections reflected growing public concern over climate change, as evidenced by increased support for Green parties, particularly in the larger Western member states. This shift can be largely attributed to rising apprehension about the global climate crisis. In parallel, grassroots movements such as *Fridays for Future* and *Youth Strike for Climate* emerged as powerful expressions of public demand for stronger climate action (Siddi, 2020). At the same time, the rise of climate change denial figures—most notably Donald Trump in the United States—has posed a substantial threat to global cooperation, particularly to the principles enshrined in the Paris Climate Agreement. These challenges provided strong motivation for the Von der Leyen Commission to reaffirm and elevate the EU's role in global climate leadership (Siddi, 2020). According to Lucchese and Nascia (2016) and Pianta and Lucchese (2020), the Commission expects a gradual reduction in the resistance of Eastern and Central European countries toward environmental regulation—a resistance rooted in their reliance on carbon-intensive industries.

The Commission's central and ambitious objective is to achieve net-zero greenhouse gas (GHG) emissions by 2050 (Hafner and Raimondi, 2020). However, Block et al. (2020) and Pianta and Lucchese (2020) identify multiple shortcomings that impede the European Green Deal (EGD) from adequately responding to the urgency of the climate issue. According to Pianta and Lucchese (2020), the EGD's total planned investment—approximately one trillion euros over the next decade—will draw on a mix of national co-funding, EU-level funds, and private capital. Nonetheless, even if fully realized, this investment would account for only one-third of the EU's estimated funding shortfall required to meet its 2030 climate targets (Storm, 2020; Clays et al., 2019). Moreover, the EGD currently lacks the strategic mechanisms necessary to foster strong commitment from businesses and national governments. As illustrated in ***Figure 3***, the main gaps include: (i) the absence of clearly defined incentives for green manufacturing investments; (ii) insufficient regulatory tools at the Member State level to enforce implementation of Environmental Directives and Guidelines (EDG); and (iii) the lack of explicit policies for phasing out environmentally harmful public subsidies (Pianta et al., 2020).To support the transition, the European Commission (2020) recommends that Member States allocate €7.5 billion to the *Just Transition Mechanism*, with the goal of mobilizing an additional €100 billion in public and private investment between 2021 and 2027. However, the scale of this funding remains inadequate to fully address the social and economic transformations required by the green transition (Storm, 2020; Pianta &Lucchese, 2020). The *Just Transition Mechanism* is intended to assist regions most dependent on carbon-intensive industries (European Commission, 2020; Pianta & Lucchese, 2020), but the overall success of the European Green Deal hinges on the sustained and active engagement of all stakeholders (Yau, 2012; Camilleri, 2020; Shawtari et al., 2018).

2.6.1 European Green Deal Opportunities/Benefits

The primary objective of the European Union's Green Deal was to facilitate the transition of its 27 member states towards a low-carbon economy. This transition aimed to yield numerous advantages, including enhanced public health, reduced levels of air and water pollution, improved socio-economic conditions, and an overall enhancement of societal well-being. According to the European Commission (2020a), the EGD has established a proposed framework aimed at achieving a 50–55% reduction in greenhouse gas (GHG) emissions by the year 2030, as well as achieving net-zero carbon emissions by the year 2050. Therefore, it is not necessarily the case that the environment and economy conflict with each other's functions. According to the green growth theory, an interdependent relationship can exist between the economy and ecology through the substitution and elimination of the exploitative nature of an industrial economy that harms the

environment (Ossewaarde & Lowtoo, 2020). Therefore, drawing from the perspective of green growth, the preservation of ecology can be viewed as an opportunity that offers significant returns on investment, rather than burdensome constraints (Bowen & Frankhauser, 2011; Loiseau et al., 2016; MacArthur, 2020). Nevertheless, despite the existence of areas for further enhancement in the Green Deal's plan, it has the potential to significantly influence the development of health outcomes and address the escalating health challenges associated with globalization (Haines & Eb, 2019). To gain these health benefits, it is imperative to implement appropriate policies in areas such as the food industry, transportation, health, and energy. These sectors are known to contribute to the production of CO_2 and other climatic pollutants (Haines et al., 2009). Adequate policy implementation can have significant positive effects on health by reducing O_3, GHG emissions, and air pollution. Additionally, using renewable energy in these sectors rather than nonrenewable fuel sources would prevent roughly 4 million premature deaths each year caused by chronic heart and lung diseases, stroke, and other conditions (Haines & Scheelbeek, 2020). Accordingly, the growth of green industries will not only improve the environment but also human health and the economy by expanding the availability of green jobs and generally raising standards of living (Sabato & Fronteddu, 2020). Nevertheless, despite the European Green Deal's comprehensive approach to sustainability, there are significant challenges that hinder the effective execution of its strategy to combat global warming (Pianta & Lucchese, 2020).

2.6.2 European Green Deal Challenges

For the next ten years, the European Green Deal expects funding to total roughly one trillion euros, with monies from the private sector being co-financed by Member States and EU funds. Despite the possibility that the EU will reach this sum, it accounts for only about one-third of the "environmental investment gap," which the EU will need to close in order to meet its climate goals for the coming ten years, as evaluated by the EU Commission (Claeys et al., 2019; Storm, 2020).

As illustrated in ***Figure 4***, In order to lessen the economic and social impact of the climate transition in regions where activities and processes depend on the fuel and coal chain, 100 billion euros must be mobilized by the Just Transition Mechanism (JTM) during the period of 2021–2027, according to Parker et al. (2017). Nevertheless, there are specialists who contend that the European Union intends to allocate this sum of money to salvage the banking sector in response to the economic turmoil that transpired in 2008. There is also a sense of hesitancy over the timeliness and feasibility of the sum stated by the European Union, as noted by Ringel and Knodt (2018). Furthermore, it has been argued that the Just Transition Mechanism (JTM) may result in the transfer of European Union taxes to affluent local elites whose businesses are dependent on decarburization efforts. This allocation of funds is seen as problematic, as it fails to prioritize the primary stakeholders who have been adversely affected by fossil fuel activities (Schreurs, 2016).

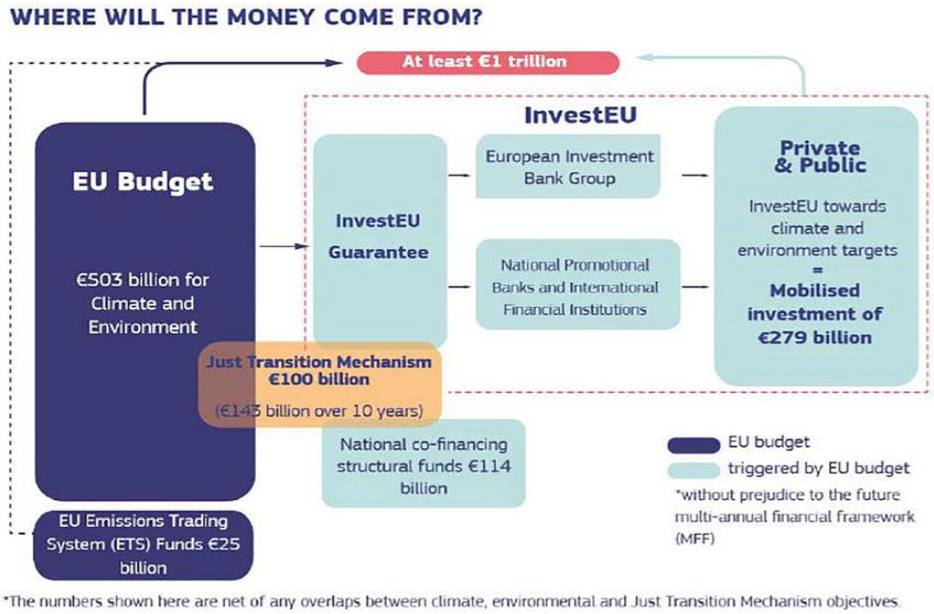

Figure 4: EGD Budget

Source: European Commission (2020)

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High economic and revenue gaps that have emerged in South-Eastern European countries must be considered in order to make this progress (Pianta et al., 2016). The inability to clearly explain how inequality, deindustrialization, and climate change can be addressed, as well as the lack of a clear vision for how an undivided and environmentally friendly economy will emerge in Europe,

provide additional challenges. As a result, public policies addressing green technology and creating new market opportunities play a significant role in the evolution of this difficult climatic trend (Lamperti et al., 2018). In addition, Member States are required to contribute €7.5 billion to the Just Transition Mechanism, with a total of €100 billion in private and public funds to be used between 2021 and 2027 (European Commission, 2020). However, this sum does not represent the capital required to ensure society's participation in tracking climate change (Storm, 2020). Furthermore, it remains unclear whether, and to what extent, the European Globalization Adjustment Fund (EGD) ***(Figure 4)*** can contribute to the reduction of socio-economic disparities between the "center" and "periphery" that have been increasingly prevalent in Europe over the past decade (Pianta et al., 2016). In the present period, there exists a significant gap in the capacity of European Union (EU) countries to enhance resources for green investment and green technologies. This emerging source of inequality has the potential to perpetuate fragmentation and inequities across Europe (Cleantech Group, 2017). The advancement of industrial policy in Europe presents significant problems. The replacement of outdated technology with more contemporary ones can have significant implications for workers, firms, and markets across different locations (Siddi, 2020). The process of evolution described above has the potential to exacerbate disparities between companies that possess greater technological capabilities and can more easily transition to environmentally friendly manufacturing methods, and enterprises that rely on outdated technology and have limited resources (Siddi, 2020).Policies must prioritize the expansion of the system's production capacities while also incentivizing firms to achieve greater environmental and technological standards (Altenburg & Assmann, 2017). The quantity and quality of employment, incomes, and capacity could all be significantly impacted by changes to the production, service, and technological systems. Therefore, governments should ensure that businesses benefit from sustainability in terms of greater wages and income, employment, and capacity levels, as well as ensuring that industrial divergences are minimized (Siddi, 2020). One such issue that could have a significant impact on how we address climate change is the relationship between national and local policies in the EU. The issue is connected to how to create strategies that consider the differences in capital, production, and capacities among the various EU Member States and regions (Bailey et al., 2019). Therefore, it is possible for public institutions to set forth comprehensive goals for the advancement of the green economy. This can be achieved by fostering consensus among socio-economic actors and leaders. Additionally, public institutions can collaborate with universities and companies to generate the requisite knowledge by establishing research and technological divisions, as well as by initiating or strengthening funding initiatives (Euractiv, 2020b). To realize the advantageous outcomes of an environmentally sustainable and equitable economy, it is essential to modify the production structure in accordance with changes in social dynamics and institutional frameworks (Perez, 2016). The realization of a green and ecologically friendly Europe can be achieved through the implementation of measures such as enhancing environmental awareness in social connections, taking political actions, implementing sustainable practices in administrative settings, and fostering collaboration between the private and public sectors (Siddi, 2020).

CHPTER 3: SMES AND THEIR ENGAGEMENT IN SUSTAINABILITY: DRIVERS, BENEFITS, BARRIERS AND STRATEGIC IMPLICATIONS

3.1 SMEs and their Role in Achieving Inclusive and Sustainable Development

Small and medium-sized enterprises (SMEs), regardless of legal structure, play a crucial role in economies worldwide. They are generally classified by number of employees—fewer than 250 in Europe and fewer than 500 in the U.S.—and account for over 90% of European businesses and more than 85% of U.S. employment. In the UK, 99.3% of all businesses are SMEs (FSB, 2020). Moreover, SMEs dominate the private sector in both developed and developing economies, driving job creation and economic growth. In high-income countries, they contribute around 51% of GDP, while in low-income countries this figure is 16% (ACCA, 2010). Globally, they account for up to 80% of employment in emerging economies (World Bank, 2019). Furthermore, SMEs contribute through job creation, entrepreneurship, innovation, and supply chain integration (Erdin et al., 2020). They often operate independently, rely on owner-management, maintain close community ties, and face constraints in finance, staffing, and resources (Perrini et al., 2007; Bakos et al., 2020). However, despite their vulnerabilities to external shocks, SMEs are more adaptable and flexible than larger firms, often focusing on niche markets (Fiegenbaum & Karnani, 1991).

In terms of sustainability, corporate sustainability (CS) frameworks often cater to large corporations. Nevertheless, SMEs can play a vital role in sustainable development by leveraging their scale and community connections (Trainer, 1998; Jones and Welford, 1997). Motivations to adopt sustainability include legislative pressure, cost savings, market access, and positive publicity (Revell et al., 2010). However, many SMEs lack awareness or tailored tools to integrate sustainability effectively (Holt et al., 2000). Moreover, SMEs face global challenges such as limited finance, infrastructure gaps, competition, and policy instability (OECD, 2017). In developing countries, barriers include poor infrastructure, raw material shortages, technological gaps, and political instability (Sibani, 2017). While the environmental impact of a single SME may be small, collectively they can hinder sustainability goals (Lawrence et al., 2006). Therefore, environmental sustainability can be promoted through eco-communities, renewable energy, and sustainable practices, which in turn reduce waste and emissions while protecting ecosystems (Evans et al., 2017).

3.2 Corporate sustainability in SMEs

The influence of brand reputation and relationships with various stakeholders is becoming increasingly evident to SMEs due to legal changes and heightened public scrutiny of corporate sustainability practices (Tonello, 2012). The dynamics of economic liberalization in the early 1990s—along with privatization, trade globalization, and government actions addressing the socioeconomic and environmental impacts of business activities—have all contributed to this trend. As a result, terms such as "corporate citizenship," "corporate accountability," "corporate social responsibility (CSR)," "responsible business conduct," and "corporate sustainability (CS)" have gained growing importance. Among these, Corporate Social Responsibility (CSR) and Corporate Sustainability (CS) are the two most used terms in the literature within this field (Swarnapali, 2017). Previously, the term "CSR" was commonly used in academic literature to emphasize corporate efforts in social and environmental protection. More recent publications have adopted the term "CS," which reflects a broader and more integrated approach that includes socio-economic concerns, ethics, and governance as core elements of a company’s overall business strategy. In contrast, Corporate Sustainability is grounded in the three core dimensions of sustainable development: economic growth, environmental protection, and social equity

(Lackmann et al., 2012). It promotes the idea that businesses should pursue social and environmental progress alongside profit maximization to ensure the long-term sustainability of their operations. Earlier perspectives treated environmental and community efforts as voluntary or philanthropic. Today, however, such practices are increasingly viewed as essential to business survival. Incorporating sustainable practices into core business strategies strengthens resilience and lowers the risk of being forced to cut costs during economic crises. Additionally, Corporate Sustainability helps companies implement a strategic framework through cost leadership (Husted & Allen, 2001).

3.3 Corporate Social and Environmental Responsibility

The notion of Corporate Social and Environmental Responsibility (CSER) has attracted significant attention from both academics and corporations, as previously indicated (Wong et al., 2014). Thus, the literature contains numerous definitions of CSER. As defined by Mueller et al. (2012), these terms refer to the deliberate incorporation of environmental and social factors into a corporation's policies and its communications with stakeholders. The considerable focus on CSER from both academia and industry, as stated by the European Committee in 2001, indicates that this issue stems from society's increasing need for companies to demonstrate social and environmental accountability. According to the hypothesis, employees are increasingly expressing concerns about working conditions and equality. Consumers who emphasize health-conscious products, societal apprehensions regarding production safety, and the necessity for enhanced governmental controls to promote social and environmental welfare are further contributing elements (Borza & Crisan, 2015). Conversely, much attention has been directed towards Corporate Environmental Responsibility (CER), particularly among customers who have elevated their expectations for environmental conservation in response to various forms of pollution (Michael et al., 2010). Furthermore, Lozano (2012) asserts that it is essential for companies to design business models that prioritize environmental sustainability and emphasize green management. This is essential for acquiring a competitive edge. Nonetheless, some scholars have observed a direct correlation between Corporate Social and Environmental Responsibility (CSER) and a firm's financial performance. Conversely, several experts contend that addressing and implementing CSER concerns increases company expenses. Bagnoli and Watts (2017) found that the adoption of Corporate Social and Environmental Responsibility (CSER) leads to a reduction in a company's profitability, especially in contexts of high price competition. However, Garcia-Gollege and Georgantzis (2009) contest the notion by claiming that companies implementing CSER policies may also witness a rise in profits as consumers grow increasingly cognizant of social and environmental accountability.

Implementing corporate social responsibility (CSR) initiatives, such as enhancing working conditions, will positively influence employee productivity and augment innovative capabilities (Lucia et al., 2010). Consequently, while corporations should prioritize their primary objective of profit maximization, it is reasonable to posit that the proper integration of Corporate Social and Environmental Responsibility (CSER) concerns into a business model may yield a competitive advantage for the business itself (Albus & Ro, 2013). Consequently, some researchers contend that CSER ought not to be implemented as a voluntary initiative but should instead be enforced by international organizations as a regulatory obligation (Matten & Moon, 2008). Even though corporate social responsibility and corporate environmental responsibility have received increasing attention over the past sixty years, small and medium-sized enterprises still do not always employ them effectively (Wang et al., 2010). According to Vohra and Sheel (2016), businesses view corporate social responsibility (CSER) more as a charitable endeavor than as a strategic strategy to obtain a competitive advantage. This is since businesses have a difficult time dealing with the issues that arise on account of their attempts to implement CSER policies. This study seeks to analyze the idea of Corporate Social and Environmental Responsibility (CSER) from the perspective of owners of small and medium-sized firms (SMEs) in Kosovo. It aims to

identify the obstacles these owners face in adopting sustainable development strategies within a competitive and crisis-laden context. This research is especially pertinent given the limited and fragmented information on this subject.

3.4 Pressures and Strategic Factors Influencing Sustainability in SMEs

Small and medium-sized enterprises (SMEs) have faced growing pressure to adopt sustainable practices, which involves recognizing potential risks while also seizing emerging opportunities (Brammer et al., 2012). These pressures are primarily driven by customers and markets, competitors, government incentives and regulations, various stakeholders—including value chain enterprises and employees—resource availability and sourcing, as well as broader macro-level structural challenges.

Customers and Markets

Emerging markets and increasing market share offer significant potential for SMEs to capitalize on rising consumer and market demand (Heras & Arana, 2010). A recent global study conducted by Nielsen revealed that 50% of participants aged 40–44 are inclined to pay a premium for products and services provided by sustainable companies (Hower, 2013). This prompts significant inquiries: To what degree do current or prospective SME clients emphasize environmental considerations for products, services, and sustainable practices? Providing ecologically sustainable products or adopting green practices can enhance customer retention and facilitate entry into new markets. Nonetheless, changing consumer tastes may provide a danger (Lawrence et al., 2006). It is crucial to recognize that these benefits may wane as sustainability evolves into a prevalent industry norm.

Competitors

Adopting sustainable practices can help SMEs improve their competitiveness, particularly by reducing operational costs (Revell et al., 2010; KPMG, 2013). Existing supply chains also offer opportunities for sustainable sourcing, driven by increasing demand for environmentally responsible products and services from other businesses. Technological advancements, such as solar energy and innovative green solutions, may contribute to lower material and energy costs. However, the emergence of new eco-friendly products or services, reduced energy usage, the adoption of renewable energy sources, or a competitor's claim of being a sustainable company can present risks—especially when such claims are perceived as "greenwashing" (Bagur-Femenias et al., 2013; Brammer et al., 2012). Greenwashing refers to marketing strategies that mislead consumers by falsely portraying a company as environmentally responsible.

Government Incentives and Regulation

In the absence of strict rules and regulations, small and medium-sized enterprises (SMEs) are generally free to pursue sustainability initiatives without significant interference from government agencies. However, Brammer et al. (2012), Heras and Arana (2010), Revell et al. (2010), and Zorpas (2010) suggest that early movers may benefit from proactively aligning with anticipated laws and regulations. SMEs can also reduce regulatory risk by managing ongoing compliance through environmental performance reporting. The environmental impacts of businesses are expected to remain under regulatory scrutiny (GRI, 2013).

Other Stakeholders

Stakeholders can represent both opportunities and risks. While some stakeholders—such as certain investors—may resist sustainability measures, others may require them. Managing the diverse expectations of stakeholders regarding sustainability poses a significant strategic challenge (KPMG, 2013). For instance, positive brand perception and a lower risk of negative publicity (e.g., media coverage of environmental violations) suggest that SMEs with strong environmental performance are perceived as less risky by financiers, investors, and insurers (KPMG, 2013; Revell

et al., 2010). Moreover, some supply chain partners now require SMEs to report on their sustainability performance (Brammer et al., 2013; Bagur-Femenias et al., 2013; Revell et al., 2010).

Resource Availability and Sourcing

There are clear opportunities to reduce energy consumption. Rising energy costs can significantly impact the operations of small and medium-sized enterprises (SMEs), calling current energy paradigms into question. When faced with the potential scarcity of essential goods or unpredictable price fluctuations, it becomes imperative for SMEs to conduct a comprehensive evaluation (Ernst &Young, 2013). Similarly, a SME's supply chain may be disrupted by natural disasters, such as droughts, leading to operational complications.

Climate Change and Systemic Environmental Risks

Businesses are increasingly threatened by the systemic economic and sociopolitical consequences of climate change, including water scarcity, rising sea levels, elevated greenhouse gas emissions, and related environmental disasters (Kiron et al., 2013). These developments pose complex challenges that may require scenario planning and other strategic tools to help SMEs anticipate potential outcomes and formulate appropriate responses. A SWOT analysis can support the integration of such risks into the strategic agenda.

Internal Capabilities and Strategic Readiness for Environmental Sustainability

The main factors influencing a company's capacity for environmental sustainability are its organizational structure, knowledge and experience, strategy and commitment, and accessible resources. Potential strengths are the skills needed to realize the advantages SMEs link to adopting sustainable practices and reporting environmental performance. On the other hand, a major drawback is the absence of internal resources to take advantage of these advantages (Hoogendoorne et al., 2015).

Resource Constraints and Strategic Challenges in Sustainability Implementation

To address sustainability effectively, firms must possess a solid base of resources (Clarkson et al., 2011). Insufficient resources can result in the failure of sustainability programs, lost financial advantages, and shallow attempts that are apparent in external reports—potentially harming the firm's reputation. Likewise, when resources are redirected toward other critical business priorities, SMEs may struggle to formulate an effective sustainability strategy. This section highlights key issues from each quadrant of a sustainability SWOT matrix that SMEs must consider in their strategy. It also outlines the model's implications, limitations, and potential directions for further research (Clarkson et al., 2011).

3.5 Opportunities and Challenges in Sustainable Business Practices for SMEs

The capacity of small and medium-sized businesses to foster long-term economic growth is becoming an increasingly acknowledged characteristic of these businesses. On the other hand, the endeavor to incorporate environmentally responsible business practices into their operational models is riddled with challenges as well as opportunities (Toromade et al., 2024). The purpose of this study is to investigate the substantial challenges that small and medium-sized businesses (SMEs) encounter when attempting to embrace sustainable practices, as well as the potential benefits that may result from the incorporation of these practices. Small and medium-sized businesses (SMEs) often operate with low cash reserves, which makes it difficult for them to allocate financial resources to sustainability programs without compromising other vital company operations. This contrasts with large organizations, which typically operate with significantly larger cash reserves. It is possible that many small and medium-sized businesses (SMEs) will not be able to afford the upfront expenditures associated with adopting renewable energy sources, upgrading energy-efficient equipment, or implementing waste reduction strategies. Another very significant challenge is the deficiency of both knowledge and expertise concerning sustainability

(Toromade et al., 2024; Adejugbe, 2024). There is a possibility that a significant number of owners and managers of small and medium-sized businesses (SMEs) may not have a comprehensive understanding of the advantages of sustainable practices and the necessary steps for their successful implementation. As a result of this lack of information, there is a possibility that individuals will be reluctant and unwilling to participate in sustainability efforts. The lack of specialized sustainability staff or departments in small and medium-sized firms (SMEs) frequently results in these responsibilities being assigned to employees who are already under a significant amount of pressure, which in turn makes the challenges associated with the adoption process even more difficult (Adanma & Ogunbiyi, 2024a; Adejugbe, 2024). Moreover, there are other considerable obstacles to overcome, including the complexity of regulatory systems and the requirement to comply with them. It is not uncommon for small and medium-sized businesses to have challenges when attempting to comprehend and adhere to the environmental regulations and standards that are established by local, national, and international authorities (Adanma & Ogunbiyi, 2024a). Particularly for small and medium-sized businesses (SMEs) that lack the capacity to stay informed about regulatory changes and to swiftly execute the necessary steps, compliance with these requirements may be both time-consuming and financially burdensome. This is especially true for SMEs. When it comes to organizational change, small and medium-sized businesses (SMEs) may encounter resistance from within their own ranks.

The adoption of innovative and environmentally friendly practices may be faced with resistance from employees and management who are accustomed to the conventional practices of the company. It is possible that this hesitation stems from a fear of the unknown, concerns about an increased burden, or doubt regarding the tangible benefits of activities related to sustainability (Adanma & Ogunbiyi, 2024a; Adewusi et al., 2024). However, there are a number of opportunities for small and medium-sized businesses to incorporate sustainability into their business models. Small and medium-sized businesses (SMEs) have substantial opportunities to incorporate sustainability into their business models, which will result in long-term benefits for both the environment and the business itself. These opportunities exist despite the obstacles that have been presented. The potential for cost reductions through increased efficiency presents a substantial opportunity that should not be overlooked (Adewusi et al., 2024). According to Hannan et al. (2020), putting into practice sustainable methods that include increasing energy efficiency, decreasing waste, and making the most of available resources can result in significant cost savings. As an illustration, the implementation of recycling efforts can minimize the expenses associated with trash disposal, while the adoption of energy-efficient lighting and equipment can reduce the amount of money spent on electricity. Over the course of time, these cost reductions have the potential to compensate for the initial investment expenses and enhance overall profitability (Pimenov et al., 2022). The possibility to gain access to new client groups and marketplaces is a significant one. In response to the growing awareness of environmental concerns among consumers, there has been an increase in the demand for environmentally responsible goods and services. Small and medium-sized businesses (SMEs) that implement environmentally responsible policies and procedures can differentiate themselves from their rivals, attract customers who are environmentally conscious, and expand into new market locations (Toromade & Chiekezie, 2024). According to Adanma and Ogunbiyi (2024b) and Ekechukwu and Simpa (2024), this distinctiveness has the potential to significantly improve the reputation of the brand and foster consumer loyalty, in this way offering a competitive advantage.

There are significant opportunities available to small and medium-sized businesses (SMEs) because of innovation and improvements in operational efficiency. Innovation in business processes and the implementation of cutting-edge technology are frequently required to successfully incorporate sustainability into business operations. The pursuit of innovation may lead to the development of manufacturing processes that are more effective, an improvement in product quality, and the manufacture of new products and services that are environmentally

friendly. Furthermore, the implementation of sustainable practices has the potential to cultivate a culture of continuous improvement inside the organization, which can result in continued enhancements to the effectiveness of its operations (Esiri et al., 2024). Additionally, the incorporation of sustainable practices has the potential to significantly improve employee engagement and retention rates. It is becoming increasingly important for employees to be motivated to seek employment with companies that share their values, particularly about environmental sustainability. For small and medium-sized businesses (SMEs), the implementation of sustainable practices has the potential to boost staff morale, increase the number of talented persons they hire, and decrease employee turnover rates (Esiri et al., 2024; Kess-Momoh et al., 2024). Research has shown that employees who are engaged in their work and are content with their jobs are more likely to produce high levels of work, which allows them to make significant contributions to the overall success of the business.

The chance to establish closer ties with stakeholders, such as investors, suppliers, and the community at large, is currently available. The incorporation of environmental, social, and governance (ESG) concerns into the decision-making processes of investors is becoming increasingly common. Small and medium-sized businesses (SMEs) that are committed to sustainability are more likely to attract investors who are socially responsible and to gain access to a variety of funding options. The implementation of sustainable practices has the potential to boost the reputation of small and medium-sized businesses (SMEs) in the community, as well as build relationships with suppliers who are environmentally responsible. Maintaining compliance with environmental regulations can, in the long run, be turned into a competitive advantage. Through the proactive adoption of sustainable practices, small and medium-sized businesses (SMEs) have the ability to stay ahead of regulatory requirements, lower the likelihood of incurring penalties, and lessen the number of legal duties they are facing (Esiri et al., 2024; Kess-Momoh et al., 2024). According to Toromade et al. (2024), with this proactive approach, small and medium-sized businesses (SMEs) have the potential to establish themselves as sustainability leaders in their respective industries, thereby establishing a standard for others to follow and possibly influencing future regulatory requirements.

3.6 Benefits of Adopting Innovation and Sustainability Practices within the SME Context

The success of projects is not determined solely by the triple constraint; it also depends on their contribution to achieving organizational objectives and delivering tangible benefits (Marnewick, 2016; Fernandes & O'Sullivan, 2021). The ***PMBOK® Guide***, published by the Project Management Institute, identifies benefits as a key criterion for evaluating project effectiveness. A benefit is defined as a measurable improvement perceived positively by stakeholders, resulting from the project's outcomes (Marnewick, 2016; Fernandes & O'Sullivan, 2021; Bradley, 2016). Many firms across diverse industries have recognized the value of applying project management approaches while adhering to constraints related to performance, time, and cost. In this context, the benefits gained by organizations that integrate sustainability and innovation into project management have been analyzed. A systematic literature review identifies 61 distinct benefits, which are categorized into seven groups: (1) Competitive advantage, (2) Product/service, (3) Process, (4) Strategy, (5) Knowledge, (6) Organization, and (7) Employees. The most frequently cited benefits include "enhanced economic performance," "greater flexibility in production or service delivery," and "cost reductions." Other frequently mentioned outcomes are improved product or service quality, knowledge transfer across disciplines, time management efficiency, and the development of personal and professional skills (Orlando et al., 2023).

These benefits enable firms to enhance product and service quality (OECD, 2005; Severo et al., 2020), build a competitive edge, streamline operations, reinforce strategic alignment, and foster a healthier, more empowered workplace. Waste reduction and increased operational efficiency are

especially notable (Ullah et al., 2020; Severo et al., 2020), leading to improved economic performance and higher profitability. Cost savings also support more effective financial control and budget planning. A key benefit lies in the enhanced adaptability of production and service processes. Companies focused on sustainability and innovation can respond more quickly to market shifts, gaining a strategic advantage. This adaptability supports the scaling of production and services to meet growing demand. Improving the quality of products and services is also essential for cultivating a positive corporate image and ensuring customer satisfaction. By fostering innovation and adopting new technological knowledge, companies can offer products with superior features compared to competitors (Severo et al., 2020). This contributes to stronger consumer trust and loyalty. Furthermore, sustainability and innovation practices improve decision-making by supporting the integration of information, enabling structured problem-solving, and enhancing project planning. They also help organizations identify key stakeholders (Guertler & Sick, 2021), gather relevant feedback, and refine operational strategies. These practices encourage a culture of collaboration and continuous learning by breaking down disciplinary silos and promoting cross-functional knowledge sharing. In addition, sustainable and innovative methods yield broader social benefits, such as enhanced employee competencies, increased empowerment, and job creation. They also contribute to a healthier and safer work environment, boosting productivity and well-being.

In summary, implementing sustainability and innovation strategies provides organizations with numerous advantages. By evaluating these benefits in relation to associated costs, firms can make informed and strategic decisions. Although adopting sustainability practices in SMEs brings both tangible and intangible gains, some scholars remain uncertain whether the associated costs outweigh the benefits or instead lead to cost savings and improved business performance. This highlights a knowledge gap in the cost–benefit analysis of sustainable business practices.

3.7 Barriers/Challenges of SMEs integrating Sustainability Practices

Despite previous studies indicating the beneficial effects of sustainability practices on corporate environmental performance (Cantele & Zardini, 2020; Jansson et al., 2017; Yacob et al., 2019), numerous organizations, especially small and medium-sized enterprises (SMEs), continue to exhibit reluctance in embracing these practices. Escoto et al. (2022) argue that SMEs do not perceive sustainability as a “critical business imperative.” This reluctance is largely shaped by the barriers SMEs face when attempting to implement sustainable practices. As defined by Laurett and do Paço (2019), barriers are conditions or challenges that hinder the execution of a given activity. Trianni et al. (2017) contend that sustainability measures are often viewed by firms as unprofitable or excessively demanding in terms of the changes required, thus making them burdensome to adopt. Using the resource-based view, Savino and Shafiq (2018) examined the essential resources that support corporate sustainability and found that a lack of such resources can significantly hinder SMEs. The literature frequently highlights limited time and insufficient resources as major obstacles to developing a green business perspective (Menon and Ravi, 2021). Moreover, implementing environmental practices requires specific expertise and training—particularly in areas such as pollution control and life-cycle assessment (Aragon-Correa et al., 2008). A shortage of skilled personnel further restricts SMEs’ ability to transition toward environmentally sustainable models (Gupta et al., 2020; Journeault et al., 2021). Bakos et al. (2020) emphasize that the adoption of sustainable activities depends heavily on the availability of sustainability-related knowledge and awareness. Capital is also a key enabler. The adoption of innovative and often costly technologies and systems is essential for advancing sustainable practices. However, financial constraints can significantly limit firms’ efforts to achieve environmental goals, given the high costs involved. In the absence of sustainability within a company's strategic vision, commercial choices often overlook environmental factors. The absence of strategic alignment fosters the belief that sustainability initiatives conflict with growth

objectives, hence generating a poor opinion of sustainability's influence on corporate performance (Escoto et al., 2022).

Neto et al. (2017) categorize the barriers to sustainability into six areas: economic and financial, technological, cultural, regulatory (compliance challenges), governmental (lack of institutional support), and organizational. Caldera et al. (2019), in a qualitative study conducted in Australia, identified six specific challenges SMEs face in adopting sustainable business practices: inadequate financial resources, limited time, lack of expertise, perceived risks, restrictive policies and regulations, and entrenched organizational cultures. Cantele and Cassia (2020) found that while positive managerial attitudes can support sustainability efforts, barriers such as cost and limited awareness of sustainability's benefits tend to undermine them—though to a lesser extent. Similarly, Hrovatin et al. (2021) observed that financial constraints limited the implementation of energy efficiency measures among Slovenian manufacturing SMEs.
Research conducted by Pinkse and Dommisse (2009) reveals that consumers frequently choose inexpensive pricing over environmentally sustainable methods. However, other studies suggest that consumers are increasingly willing to support ecologically sustainable enterprises, even at a higher cost (Pham and Tran, 2020). While it remains unclear whether this preference extends more strongly to small or large firms, there is a discernible demand for sustainable products. Small and medium-sized enterprises (SMEs) play a critical role in the global economy, contributing substantially to national GDPs (Wang, 2023). Consequently, their environmental footprint is also considerable—SMEs are estimated to be responsible for approximately 70% of global pollution (Martin-Tapia et al., 2010). Environmental sustainability has thus become a pressing issue for SMEs, drawing increasing attention from policymakers. SMEs can contribute positively by implementing pollution control measures, recycling waste, or repurposing materials (Kasi et al., 2029; Journeault et al., 2021).

Addressing sustainability requires a dual focus on both material and non-material approaches. This includes not only production techniques but also the formulation of long-term environmental objectives. Enterprises must be mindful of finite resources and aim to balance current use with future needs, emphasizing sustainable growth over short-term gains. For many small firms, however, financial survival and cost reduction often take precedence over environmental stewardship (Rodriguez-Melo & Mansouri, 2011). The correlation between environmental responsibility and profitability is intricate, shaped by numerous internal and external variables.

Environmentally responsible practices such as reducing, reusing, and recycling can lead to long-term cost savings (Kumar et al., 2022), prompting scholars to examine whether eco-efficiency might enhance SME profitability (Pacheco et al., 2017). Some researchers argue that SMEs can generate economic value by adopting sustainable practices and fostering a connection with the natural environment (Epoh & Mafini, 2018). Hossain et al. (2022), in their comprehensive review of literature from 2009 to 2020, identified 87 drivers of environmental sustainability, categorizing them as internal or external. For effective implementation, SMEs must consider both categories of factors, as they also represent key barriers to sustainability in practice. Although customers may still favor lower prices over environmental attributes (Pinkse & Dommisse, 2009), many are increasingly inclined to support sustainable companies—even if it means paying more (Pham and Tran, 2020). Again, while the literature does not clearly distinguish between preferences for SMEs or large firms, the overall consumer shift toward sustainability is evident. SMEs, given their economic weight and collective environmental impact, are central to addressing global sustainability challenges (Wang et al., 2023; Martin-Tapia et al., 2010). As such, SMEs are increasingly expected to adopt environmental practices—such as recycling or emission reduction—which are now under the scrutiny of public institutions and regulators (Journeault et al., 2021; Rodríguez-Espíndola et al., 2022). Tackling these challenges requires a broad, strategic mindset that includes both tangible production methods and long-term environmental goals. Businesses must shift from short-term profit models to sustainable strategies that acknowledge

natural limits and prioritize long-term resilience. Within SMEs, owners and managers are the primary decision-makers in the adoption of sustainability strategies. Their perceptions of the benefits associated with pro-environmental behavior are key determinants in the allocation of resources to such initiatives (Nisar et al., 2021). A positive attitude toward sustainability is essential for enabling its integration into business practices (Murillo et al., 2006; Chi LHD et al., 2022). Research also shows that factors such as managerial age, education level, and environmental awareness significantly influence a firm's commitment to sustainability (Ameer & Khan, 2019). SMEs are often managed by owners or family members, which can lead to a strong emphasis on survival and profitability. However, when leadership holds environmental values, sustainability is more likely to be viewed not as a burden but as an opportunity for innovation and long-term survival. In contrast, environmental strategies at larger firms are often shaped by stakeholder interests (Gonzales-Gemio et al., 2020), which tend to favor financial returns over social or environmental objectives (Hoffman & Henn, 2008).

Large corporations are generally better equipped to build long-term stakeholder relationships and influence them through marketing and institutional engagement. SMEs, on the other hand, often face challenges in maintaining sustained stakeholder ties, limiting their influence and responsiveness to environmental demands (Rodriguez-Melo and Mansouri, 2011). Nevertheless, SMEs are expected to be accountable not only to shareholders but also to employees, customers, and communities (Fassin, 2008; Jenkins, 2009). Their close-knit relationships with stakeholders can be leveraged to foster trust, loyalty, and responsiveness to societal values (Jamali et al., 2009). Moreover, managers tend to respond to sustainability only when prompted by external pressures, such as shifting customer preferences or emerging market trends (DiBella et al., 2023). Owners may deprioritize environmental concerns as long as profitability is not directly affected. This reactive stance underscores the need for greater awareness and incentives for proactive engagement. It is also important to distinguish between the aims of environmental and social sustainability in supply chains. Environmental initiatives typically focus on reducing physical harm through efficient resource use, while social sustainability emphasizes human well-being and societal impact throughout the supply chain (Marshall et al., 2018). Yet, environmental sustainability is also fundamentally linked to social welfare. As Waddock and Graves (1997) argue, any activity that mitigates environmental harm contributes to the broader good of humanity and can be integrated into a cohesive sustainability framework. In the evolution of sustainable supply chains, early frameworks emphasized eco-friendly operational strategies. Sharma and Henriques (2005) proposed a maturity model for sustainable supply chain management, starting with basic measures such as pollution prevention and advancing toward more comprehensive approaches, including aligning supply chain goals with environmental objectives and integrating reuse and recycling across all stages.

3.8 Drivers of Sustainability Practices within SMEs

The definition of sustainability differs depending on the viewpoint. It is often characterized as a conservative strategy aimed at the restoration and conservation of natural resources that may become insufficient under future living conditions. However, alternative definitions relate to policy formulation. Burton (1987) offered one of the earliest definitions of sustainability, grounded in the perception and implications of trade policy. He described it as the ability to maintain growth without incurring economic difficulties, and as development that can continue without causing environmental challenges. Nonetheless, the concept of sustainability articulated by the UN (1997) has been widely regarded as appropriate. It defines sustainability as "the ability of future generations to fulfill their own goals without jeopardizing the needs of the present." Taylor (2008) asserts that the concept of sustainability is relevant across various applications; however, several scholars have found this definition problematic. Adams (2005), in his critique of the UN definition, argued that it is often difficult to anticipate the future needs of generations yet to come, as they may differ from those of the present. He also contended that industrialized nations have a distinct perspective on future needs compared to developing countries. The UN definition has drawn criticism for overlooking two key issues: the ongoing ecological degradation caused by economic growth and the necessity for that growth to alleviate social poverty (Lele, 2001). Barton (2004) further defines the concept of "sustainable development" by presenting a model that integrates three interconnected domains: the environment, commerce, and society. In the context of SMEs, thematic analysis is performed to discern the key factors linked to sustainable practices. The two fundamental components that have emerged are external and internal drivers.

3.8.1 External Drivers

External drivers are essential elements in the implementation of sustainable initiatives by SMEs. Studer (2006) discovered that most SMEs are reluctant to participate in environmental initiatives without external pressure. The present analysis highlights two principal external drivers: stakeholders and the concrete characteristics of the small and medium-sized enterprise (SME) sector. The stakeholders include the government, customers, networks and alliances, suppliers, communities, and competitors. Each of these is succinctly delineated below:

Government

The behavior of SMEs is predominantly influenced by the government, which acts as a significant external factor. Regulations, laws, financial and structural support, and the spread of knowledge are some of the ways that this influence is applied. According to research by Gandhi et al. (2018), effective implementation of lean-green principles requires government backing. According to Cambra-Fierro and Ruiz-Benítez (2011), the primary driver of sustainable behavior is the legislation.. Zhang et al. (2009) assert that "Regulation may be the most appropriate mechanism to enhance the environmental performance of small enterprises." Due to the possibility of severe fines and penalties, SMEs must adopt sustainable practices in cases of regulatory noncompliance (Sáez-Martínez et al., 2016). In addition to regulatory requirements, incentives such as grants, loans, tax breaks, and other financial benefits can hasten the adoption of sustainable practices and encourage SMEs to change their behavior (Gandhi et al., 2018; Revell et al., 2010). Government regulations foster sustainable corporate conduct by coercive influence, as articulated by Institutional Theory (IT). These regulations serve as obligatory frameworks that compel SMEs to implement sustainable management practices to attain sustainable development objectives (Caldera et al., 2019; Chassé & Courrent, 2018). The concepts of IT correspond with Stakeholder Theory (ST), which elucidates the external demands exerted on SME owners and management to augment their sustainability commitment. Neo-institutional theory reinforces these external restrictions by highlighting how institutional pressures compel SME managers to adopt sustainable development goals within their firms (Chassé & Boiral, 2017). This hypothesis posits that SME managers implement sustainable practices not due to intrinsic drive, but rather in reaction to

governmental regulations and institutional pressures. In addition to institutional and governmental enforcement, stakeholders also compel management to implement sustainable practices. Civil society—comprising rivals, customers, suppliers, associations, citizens, and local stakeholders—actively implores SME management to assume environmental accountability in their economic endeavors. This argument embodies the sustainability-focused ST (Lock & Seele, 2017). Both IT and ST provide robust frameworks for comprehending the necessity for SMEs to modify their business models to guarantee long-term sustainability.

Customers

The behavior of SMEs in relation to sustainability is also significantly influenced by customers, as highlighted in recent research. This influence manifests through green demand, compliance-driven expectations, and dynamics within purchasing organizations. The growing demand for eco-friendly products, processes, and services has been strongly supported by numerous scholars, contributing to the development of environmental practices within SMEs (Battisti and Perry, 2011; Shields and Shelleman, 2015). In response to such demand, many SMEs have introduced improvement programs aimed at enhancing energy and resource efficiency while reducing environmental impact (Lee and Klassen, 2008). Several studies also suggest that buyers increasingly require SMEs to obtain ISO 14001 certification as a prerequisite for being recognized as suppliers (Gadenne et al., 2009; Günerergin et al., 2012; Lee & Klassen, 2008).

Networks and Alliances

Owners and managers of small and medium-sized enterprises (SMEs) generally hold a favorable view of networks within local business and environmental agencies. These networks are essential for fostering cooperative relationships and the trust needed for collective action to address ecological challenges (Revell, 2010). The dissemination of knowledge regarding environmental practices and their cost-benefit advantages positively influences SMEs (Gadenne, 2009).

Suppliers

According to Lee (2008), SMEs participate in supply chain greening depending on the preparedness of their suppliers. A significant shift has occurred as SMEs increasingly incorporate sustainable procurement practices and environmental considerations into their supplier selection processes (Lee and Klassen, 2008). In China, SMEs that expanded their operations internationally faced greater supply chain pressure than domestic firms, showing stronger commitment to sustainability and improved social and environmental performance (Yu, 2007). Ghadge et al. (2017) emphasize that suppliers play a critical role in influencing SMEs' efforts to create more sustainable supply chain networks.

Surrounding Community

In many countries, SMEs are strongly encouraged by their communities to adopt sustainable practices. Environmental advocacy organizations have significantly influenced SMEs to integrate environmental sustainability into their operations (Williams & O'Donovan, 2015). In China, growing environmental awareness and community expectations have compelled SMEs to enhance their environmental performance (Zhang et al., 2009). Jansson et al. (2017) identified public demand as a key factor shaping sustainability practices among SMEs in the United Kingdom. Similarly, civil society organizations and institutions have supported agro-based SMEs in Thailand in improving their environmental outcomes (Wattanapinyo & Mol, 2013).

Role of Stakeholder Pressure and Support

Stakeholder pressure is regarded as a primary driver for companies to adopt sustainable practices in their operations. Nevertheless, prominent organizations, under rigorous examination by stakeholders including governmental entities, media, and NGOs, typically adhere to the expectations of these groups. This is attributable to their possession of the necessary capabilities to implement such methods. However, not all companies effectively integrate these into their operational procedures, particularly small and medium-sized enterprises (SMEs) (Lee et al., 2020).

Although SMEs are essential drivers of economic growth, revenue, and employment, their lack of awareness and engagement with sustainability is extensively documented in the literature. Furthermore, SMEs generally evade media and stakeholder scrutiny, leading to reduced accountability for their societal behaviors. By operating under the supervision of authorities and the public, they can easily avoid public scrutiny. Strict regulations are sometimes viewed as an effective method to guarantee company compliance with sustainability issues. Although legislation may mandate SMEs to engage in sustainability projects, such coercion, whether statutory or otherwise, is inadequate due to weak oversight of sustainability activities in developing countries (Chowdhury & Shumon, 2020).

According to Baden et al., (2009) only 49% of small and medium-sized enterprises are motivated by pressure from governments and significant organizations to incorporate social sustainability factors into procurement. Moreover, the policymakers' ability to develop effective policies that promote the adoption of sustainable practices among SMEs has been significantly impeded by the prevailing emphasis of SMEs on overall competitiveness and their preference for rapid financial returns. Consequently, the implementation of SSPs in SMEs cannot be significantly enhanced by sheer government and policymaker pressure. Additionally, SMEs prioritize satisfying the needs of their immediate partners, particularly those with significant influence within the supply chain. Consequently, the implementation of SSPs is minimally affected by any pressure from other supply chain partners. In contrast, stakeholder support can more effectively encourage SMEs to implement SSPs. Globally, a variety of governments and business organizations offer incentive programs, policy assistance, and initiatives to motivate small and medium-sized enterprises (SMEs) to implement SSPs (Studer, 2008). Studer et al. (2008) identify numerous initiatives, including the "Caring Company Award" and the "Living Business Programme," that are intended to enhance the sustainability performance of small and medium-sized enterprises (SMEs) in Hong Kong. In general, small firms lack the internal resources or expertise to independently implement sustainability practices and frequently have limited access to knowledge about sustainability management, which is why a multitude of programs are available. A complex and dynamic process, the execution of SSPs is identified by Egels-Zandén et al. (2006) as involving political factors, traceability, and design trade-offs. SMEs encounter obstacles in independently executing initiatives for the implementation of SSPs as a result of their limited capacities. Therefore, the issue may be significantly influenced by the support for the implementation of, and apprehensions regarding, the adoption of SSPs. Additionally, legislative support that provides both direct and indirect financial advantages may serve as an additional factor. The confidence of SMEs in the implementation of SSPs can be enhanced by the engagement and support of a variety of stakeholders, such as governments, business associations, and consumers. The traditional command-and-control approach is unlikely to be successful if stakeholders apply pressure to deploy approaches without sufficient support.

Competitors

Lee and Klassen (2008) assert that suppliers alter the materials in their products following an analysis of current trends in competitors' offerings within global markets. This method aims to set objectives for enhanced recyclability, formalize procedures for the environmental performance of new product development, and incorporate environmental safety and recyclability as criteria for product performance. The implementation of environmental management practices by SMEs was affected by the actions of their competitors in a particular instance in Italy, due to their insufficient internal skills to comprehend market dynamics (Testa et al., 2016).

Tangibility Aspect of the Business Sector

As previously discussed, various stakeholders act as catalysts for promoting sustainable practices within small and medium-sized enterprises (SMEs). It is also important to consider how the nature of an SME’s industry—specifically, the tangibility of its products or services—shapes its environmental policies. Tangibility, in this context, refers to the physical products and concrete

services provided by SMEs. According to Uhlaner et al. (2012), the level of tangibility in a business sector significantly influences the adoption of green practices. Sectors characterized by higher tangibility tend to see greater implementation of environmental initiatives by SMEs. In such industries, SMEs show a stronger commitment to integrating environmentally friendly products and services into their operations.

3.8.2 Internal Drivers

Internal drivers are an additional category of variables that affect the sustainability practices of SMEs. These factors encompass corporate scale, competitive advantage, strategic intent, environmental management capabilities, brand image and reputation, organizational culture, and personnel. Each of these is succinctly delineated below.

The Staff

Employees are found to impact SMEs in their approach to sustainability. Zhang (2009) asserts that employee demand is a pivotal aspect in motivating small and medium-sized firms (SMEs) to adopt environmental practices. Masurel (2007) asserts that the primary motivation for small and medium-sized firms (SMEs) to participate in ecological initiatives is the working conditions of their workforce. Investors impact the environmental performance of SMEs by enhancing environmental awareness, subsequently affecting their decisions (Ghadge et al., 2017). This is a perception recognized by certain SMEs. Uhlaner et al. (2012) assert that family stakeholders in SMEs apply influence to adopt pro-environmental practices to maintain their reputation both within the organization and the family.

Organizational Culture

Organizational culture includes managerial support, knowledge management, ethical and social responsibility, together with the personal beliefs and ethics of owners and managers. The environmental accountability of SMEs is significantly shaped by their fundamental principles. Font (2016) asserts that the sustainability practices of SMEs are influenced by the habits and lifestyles of their proprietors. Koe et al. (2015) assert that the efficacy of SME administrators is largely contingent upon their individual dedication to environmental awareness. Small and medium-sized enterprises frequently perceive environmental sustainability as a moral and ethical responsibility to their stakeholders and the natural environment (Wahga et al., 2017). Gandhi (2018) asserts that the commitment of top management is the paramount aspect for the effective implementation of Lean and Green Manufacturing practices. Similarly, ethical considerations and the social obligations of senior management are crucial in influencing environmental practices (Johnson, 2015; Lee, 2009). Organizational culture is pivotal in influencing the efficacy with which SMEs adopt sustainable practices (Ghadge et al., 2017; Wahga et al., 2017).

Brand Image and Reputation

Many scholars consider corporate image a pivotal element in the environmental performance of SMEs (Agan et al., 2013; Battisti and Perry, 2011; Gadenne et al., 2009; Ghazilla et al., 2015; Masurel, 2007; Sáez-Martínez et al., 2016; Studer et al., 2006; Yu, 2007). Small and medium-sized enterprises (SMEs) are driven by social capital, which bolsters their status as environmentally responsible entities in the marketplace, legitimizes their operations, attracts clientele, boosts sales, and fulfills the expectations of external stakeholders (Wahga et al., 2017; Font et al., 2016). SMEs seek to improve their eco-friendly public image, exhibit environmental responsibility, and cultivate a sustainable brand identity through ecological initiatives (Battisti and Perry, 2011; Cambra-Fierro and Ruiz-Benítez, 2011; Gandhi et al., 2018; Lee, 2009; Revell et al., 2010; Roy et al., 2013). Administrators of SMEs may adopt sustainability measures to enhance their economic interests. SMEs gain a competitive advantage from various benefits such as cost reduction, waste minimization, recycling, and differentiation, which incentivize them to adopt sustainability initiatives (Battisti and Perry, 2011; Font et al., 2016; Gadenne et al., 2009; Lee, 2009). Medium-sized enterprises are strategically compelled to participate in environmental

activities due to incentives such as long-term financial benefits and enhanced market positioning (Jansson et al., 2017).

Environmental Management Capability (EMC)

Small and medium-sized enterprises (SMEs) are better equipped to respond swiftly and effectively to a range of environmental demands from stakeholders when they possess strong environmental management capabilities—such as relevant assets, skills, and technologies. SMEs with more developed environmental experience, reflected in robust internal environmental management systems, tend to adopt a more proactive and effective approach to sustainability practices that positively impact organizational performance (Sáez-Martínez et al., 2016). Shields and Shelleman (2015) emphasize that the resilience of a firm's resource base is a critical competency for supporting environmental practices. Similarly, Thanki and Thakkar (2018) highlight that organizational capability is a key factor in improving both the environmental and operational performance of SMEs, ultimately fostering long-term sustainability.

Company Scale

Company size is widely recognized as an important factor influencing the environmental performance of small and medium-sized enterprises (SMEs) (Reyes-Rodríguez et al., 2016). Research by Hoogendoorn et al. (2015) suggests that medium-sized firms are more likely to implement environmentally sustainable policies, particularly in relation to staff retention. Similarly, Johnson (2015) notes that larger SMEs are more inclined to adopt sustainability management tools, driven by a positive perception of the advantages these tools offer over traditional practices.

3.9 Drivers that impact Managers' perceptions in implementing Sustainability practices

A new framework is introduced and developed through the synthesis of relevant material. This framework identifies the three principal categories that motivate SME owners/managers to adopt sustainable practices. Suppliers, government, and customers are the three external groups that impact the views of SME owners and managers. Moreover, internal variables have been recognized as affecting the acceptance or rejection of sustainable practices by SME managers. Suppliers, governments, and customers are three external entities that significantly influence the transition of SMEs toward sustainable development. Suppliers can prioritize sustainability principles in their engagements with SMEs and in their own operations. They would thereafter encourage managers of small and medium-sized enterprises to adopt sustainable practices (Rutherfoord et al., 2000). The integration of sustainability by SMEs is profoundly affected by governmental legislation and standards aimed at safeguarding the environment and society. Environmental legislation necessitates that SMEs implement more transparent environmental procedures and practices (Williamson et al., 2006). This has resulted in the attainment of certifications like ISO 14000 and the realization of financial advantages from ecologically beneficial practices. Environmental certification offers small and medium-sized firms the advantage of waste reduction, leading to cost savings. This accreditation augments the public relations of SMEs and provides intangible advantages, such as enhanced staff morale and strengthened partnerships with legislative entities (Gadenne et al., 2009).

According to Courvisanos (2012), government regulation is a major external element influencing sustainability in regional SMEs. This legislation governs current environmental practices while also prompting owners and managers to contemplate future ecologically based innovations, or "eco-innovations." Furthermore, the government can enhance public awareness of sustainability through the provision of education and support, both financial and infrastructural. Customers can affect the sustainability of SMEs by purchasing and demanding sustainable products and services, thereby fostering environmentally beneficial behaviors (Yadav et al., 2018). Thus, the strategic

orientation of SMEs is dictated by the individual conduct of managers. This clarifies why the environmental attitudes of SMEs are profoundly shaped by the personal behaviors of their managers, according to the Upper Echelon Theory (UET). This theoretical framework suggests a causal link between the environmental practices of enterprises and the personal values and attitudes of managers, namely their dedication (Chassé & Courrent, 2018). UET posits that the beliefs of CEOs are essential in promoting or hindering small firms' commitment to incorporating sustainability into their business strategies.

The literature differentiates the sustainability behaviors of SMEs and larger enterprises. Evidence indicates that the sustainability strategies of small and medium-sized organizations (SMEs) are predominantly driven by commercial opportunities, while those of larger corporations are primarily shaped by legislative pressures (Jansson et al., 2017). Moreover, SMEs are regarded as passive participants in the sustainable development agenda due to their recurrent inability to assess the environmental impacts of their activities (Loucks et al., 2010). Therefore, it is essential to conduct a thorough examination of the sustainability of SMEs to enhance the knowledge of business sustainability among owners and managers. Certain writers contend that evaluating the environmental impact of manufacturing SMEs and their need for sustainable business strategies is essential, given their significant contribution to waste and pollution (Aykol & Leonidou, 2015; Chang & Cheng, 2019; Yacob et al., 2019).

CHAPTER 4: SUSTAINABLE DEVELOPMENT PRACTICES IN SMES: INNOVATION, ENVIRONMENTAL AND SOCIAL PERSPECTIVES

4.1 Sustainable Innovation Practices for SMEs

The pursuit of sustainability in business practices has evolved from a specialized activity into a fundamental requirement, particularly for small and medium-sized businesses (SMEs). When it comes to the implementation of sustainable practices, these businesses—which make up a significant portion of global economic activity—face a variety of obstacles and opportunities. For small and medium-sized businesses (SMEs) to successfully navigate this complex environment, innovation is necessary (Olajiga et al., 2024).

The field of sustainable practices is continuously progressing, enabling small and medium-sized businesses (SMEs) to access a wide range of cutting-edge methods and technologies. One important area is energy efficiency. Technologies such as digital meters, energy-efficient lighting, and heating, ventilation, and air conditioning (HVAC) systems help SMEs reduce their energy consumption and monitor it more effectively. Businesses can identify inefficiencies and adjust their operations thanks to the real-time data provided by smart meters (Olajiga et al., 2024). Furthermore, the authors reveal that energy-efficient lighting solutions, such as LED bulbs, significantly reduce electricity consumption and associated costs. Thus, the utilization of renewable energy sources becomes an essential strategy. SMEs can generate their own sustainable energy by investing in renewable sources such as solar panels, wind turbines, or biomass systems. Solar panels have become increasingly affordable and accessible, making them a feasible option for many SMEs. According to Ezeafulukwe et al. (2024) and Kessmomoh et al. (2024), businesses can reduce their carbon emissions, lower energy costs, and protect themselves from fluctuations in energy prices by strengthening their use of renewable energy. An alternative approach that is both innovative and impactful is the concept of a circular economy. This concept emphasizes reducing, reusing, and recycling materials to establish a closed-loop system, thereby minimizing waste and conserving resources. SMEs can implement circular economy practices by designing long-lasting products, using environmentally friendly materials, and establishing take-back programs that allow for the recycling of items at the end of their life cycles (Kupa et al., 2024). This strategy contributes to improved customer loyalty, increased resource efficiency, and the creation of new revenue streams. Digital technologies also make a substantial contribution to the advancement of sustainable practices. The Internet of Things (IoT) enables the development of intelligent, connected systems that significantly improve resource efficiency. IoT-connected sensors can monitor equipment performance and environmental conditions in real time, allowing for predictive maintenance and optimized resource management. The use of blockchain technology can greatly enhance supply chain transparency and traceability, ensuring that goods are sourced and produced in environmentally responsible ways (Kupa et al., 2024; Modupe et al., 2024).

Organizations face managerial challenges in formulating strategies to reduce their environmental impact and achieve sustainable performance (Ahmad, 2015; Mancha & Yoder, 2015). They adopt various sustainability strategies, including green human resource management (HRM), to address environmental concerns and improve performance. Green HRM comprises a set of environmental strategies aimed at enhancing organizational sustainability. Khan et al. (2021) and Mousa and Othman (2020) assert that these approaches ensure sustained performance. Organizations can achieve sustainable outcomes by implementing green HRM practices (El-Kassar & Singh, 2019; Mousa & Othman, 2020). Moreover, businesses have been compelled to transition from traditional to sustainable technologies in response to growing environmental challenges (Khan et al., 2018;

Mohd Saudi et al., 2019). A pressing global issue is the advancement of green innovation for corporate sustainability (Shahzad et al., 2020). A company's environmental framework is closely linked to its implementation of green innovation strategies (Adegbile et al., 2017). Green innovation—whether in processes or products—positively impacts the environment, reduces costs, and improves sustainable performance (Singh et al., 2020). The literature suggests that the adoption of green innovation practices reflects an organization's commitment to environmental responsibility and the achievement of long-term sustainability goals (Kratzer et al., 2017; Lin et al., 2013). According to the resource-based view, green innovation can enhance sustainable performance and provide a competitive advantage (Singh et al., 2020). By adopting sustainable or green marketing practices, businesses can ensure sustainable production and consumption, contributing to broader sustainable development. Sustainability is achieved through the execution of green marketing strategies (Fatoki, 2019; Papadas et al., 2017).

4.2 Economic and Environmental Benefits of Innovation practices for SMEs

According to Joensuu et al. (2020), the innovative ideas outlined above contribute substantially to achieving both economic and environmental objectives. From an ecological point of view, these strategies reduce the number of resources used, thereby lowering greenhouse gas emissions and reducing pollution. By minimizing their energy consumption—and thus lowering their carbon footprint and mitigating the effects of climate change—small and medium-sized businesses (SMEs) can benefit from utilizing technologies that increase energy efficiency. A significant reduction in emissions and an increase in the use of clean and sustainable energy sources are both outcomes of installing renewable energy systems. By extending the use of materials, circular economy concepts enhance environmental sustainability. As a result, they reduce reliance on unsustainable resources and limit waste generation, thereby decreasing the amount of trash produced. The practice of conserving natural resources while simultaneously lowering pollution levels and minimizing dependence on landfills is a form of environmental conservation.

According to Joensuu et al., (2020) research, digital technologies such as the Internet of Things (IoT) and blockchain significantly improve resource efficiency and transparency, making it easier for businesses to operate more responsibly and with less environmental harm. From an economic perspective, these advanced methods lead to significant cost savings and improve the efficiency of operational processes. Increasing energy efficiency and implementing renewable energy systems both result in reduced energy costs, thereby providing immediate financial benefits. Ultimately, the savings achieved through decreased energy use and improved waste management can be sufficient to offset initial investment costs, leading to increased profitability (Ogedengbe et al., 2024; Oladimeji & Owoade, 2024). Furthermore, the implementation of sustainable practices can open new market opportunities and give businesses a competitive edge. Consumers are placing greater emphasis on environmental sustainability, leading to increased demand for environmentally responsible products and services. If small and medium-sized enterprises (SMEs) adopt and effectively communicate their commitment to sustainability, they will be better positioned to attract and retain customers, differentiate themselves from competitors, and gain access to new market segments (Oyeniran et al., 2024). Two variables that greatly contribute to a firm's long-term success are an improved brand reputation and increased consumer loyalty, both of which support business growth.

As sustainability progresses, it also drives improvements in operational efficiency and resilience—additional benefits for SMEs. Adopting sustainable practices and enhancing resource efficiency can reduce reliance on unsustainable inputs, streamline operations, and increase resource utilization efficiency. This, in turn, boosts productivity and strengthens businesses against supply chain disruptions and regulatory changes. Consequently, productivity increases. The adoption of sustainable practices also has the potential to attract socially responsible investors and improve access to investment opportunities aligned with environmental, social, and governance (ESG) standards (Oyeniran et al., 2024; Scott et al., 2024).

4.3 Environmental and Social Sustainability: Sustainability Practices

Schneider and Meins (2012) described sustainability practice as the execution of functions focused on sustainability, aimed at enhancing managerial value. These managerial solutions include both financial and non-financial activities designed to improve core governance and support business sustainability. Wolf (2014) viewed sustainability practices as beneficial organizational contributions, such as improved reputation, financial performance, employee morale, and customer experience, while also mitigating external liabilities associated with implementing sustainability management.

According to Rezaee (2016), sustainable practices encompass a combination of elements—economic, governance, social, ethical, and environmental (EGSEE)—intended to enhance strategic alignment, cultural progress, and value generation and reporting. Katiyar et al. (2018) asserted that sustainable practices are essential drivers for achieving long-term viability and gaining a competitive edge. Gao and Bansal (2013) argued that the term reinforced the Brundtland Report by supporting commendable values, actions, and movements across political and corporate spheres. Moreover, Shashi et al. (2018) defined "sustainability practice" as the comprehensive integration and implementation of sustainability principles in a firm's operations, aimed at achieving strategic goals, complying with regulations, and securing competitive advantages. Gao and Bansal (2013) emphasized that this integrated approach facilitates self-assessment and enhances reputation, primarily driven by economic incentives rather than the intrinsic goals of sustainability. Mani and Gunasekaran (2018) described sustainability practices as the inclusion of social sustainability concepts in business operations and supply chain management. Examples include poverty reduction, equity promotion, meeting basic needs, improving living standards, responsible resource use, and product recycling—all covered within 26 social sustainability objectives. When viewed through the lens of the triple bottom line framework, sustainability practices encompass corporate activities that support economic viability, social responsibility, and environmental sustainability. Researchers such as Garcia et al. (2016), Kklil and Kuzey (2018), and Chiaramonte et al. (2020) have documented such linkages.

Chiaramonte et al. (2020a) suggest that the broader implications of strategic sustainability practices are inherently linked to social responsibilities and robust environmental regulations. When effectively integrated, these components contribute to enhanced economic value, thereby shaping the definition of sustainability practices. However, Haugh et al. (2010) and Banerjee (2011) argue that the absence of a consistent framework for evaluating standard practices undermines the uniformity essential for establishing effective sustainability measures. Banerjee (2011) further emphasizes that assessments of sustainable solutions are often context-dependent, and that the inherently subjective nature of social sustainability criteria requires careful consideration. In contrast, many critical elements of economic and environmental sustainability are more quantifiable and can be evaluated through measurable matrices, facilitating their translation into actionable sustainable outcomes. Evans et al. (2017) characterized sustainability practices in business as significant strategic frameworks designed to foster transformative change, reassess theoretical models, and support innovations closely aligned with environmental stewardship. This requires the creation of agile organizations capable of adapting to changing circumstances to generate stakeholder value. Nwokorie and Obiora (2018) described sustainability practices as part of a pragmatic framework intended to implement the 17 Sustainable Development Goals (SDGs) for the benefit of all humanity. Consequently, both formal and informal sectors share the responsibility of adopting and adhering to SDG principles to minimize neglect and reduce conflict between enterprises and the environments in which they operate.

4.4 *Sustainability Driven Innovation Practices and Eco-innovation*

Paramanathan et al. (2004) found that SMEs might boost their competitiveness and contribute to sustainable development by using innovative strategies focused on sustainability. When environmental factors became more important in innovation research, companies that wanted to integrate sustainable development into their operations started using eco-innovation (Klewitz & Hansen, 2014; Carrillo-Hermosilla et al., 2010). This term later grew to encompass sustainability-related innovation (Klewitz & Hansen, 2014) and sustainable innovation (Boons et al., 2013). Sustainability-oriented innovation techniques entail the revitalization or improvement of products, services, technologies, or organizational processes to attain superior economic performance alongside increased environmental and social outcomes in both the short and long term (Bos-Brouwers, 2010). Small and medium-sized enterprises mitigate the ecologically detrimental effects of their operations by employing sustainability-focused innovation concepts (Fernando, 2019). It encompasses the development or improvement of products, processes, and organizational frameworks designed to protect the natural environment through minimal resource utilization, waste management, and pollution mitigation.

Based on the literature review, we assert that sustainability-driven practices comprise the following:

(a) Sustainable process innovation strategies refer to manufacturing methods that seek to enhance eco-efficiency and reduce environmental impact (Huber, 2008). Using sustainable process innovation methods, SMEs modify their resource-intensive mechanisms and enhance the overall environmental efficiency of their operations (Altham, 2007). Sustainable process innovation methodologies enhance the overall creative capability of SMEs and assist them in adapting it to align with sustainability (Klewitz & Hansen, 2014). Sustainable process innovation approaches aim to enhance industrial processes by minimizing natural resource consumption, promoting the utilization of renewable resources, and reducing waste (Klewitz & Hansen, 2014; Albort-Morant et al., 2016). Through ecological material disposal and recycling techniques, SMEs may seek to improve sustainable process innovation practices (De Palma & Dobes, 2010). The literature frequently references the implementation of energy-saving measures (Bos-Brouwers, 2010), reduction of resource use (Côté et al., 2006), or substitution of inefficient equipment (Lee & Klassen, 2008) in relation to eco-efficiency.

(b) The restructuring of SMEs' organizational practices, routines, procedures, and structures is influenced by sustainable organizational innovation practices, which incorporate novel management approaches centered on environmental considerations (Rennings et al., 2006). The aim is to improve production processes (Siva et al., 2016). These improvements enable small and medium-sized firms (SMEs) to concurrently obtain economic benefits and reduce environmentally detrimental practices (Siva et al., 2016). A growing number of scholars have concentrated on sustainable organizational innovation techniques to acknowledge their essential contributions to long-term corporate performance (Vaccaro et al., 2012). This encompasses the investigation of total quality management (TQM), business process re-engineering, strategic change, customer relationship management programs (Zbaracki, 1998), environmental management systems (Qi et al., 2012), and sustainability-oriented management system standards (Maas and Reniers, 2013). Supply chain management can improve sustainable organizational innovation practices by allowing small and medium-sized enterprises (SMEs) to either upgrade their environmental management systems to better meet supply chain demands (Bos-Brouwers, 2010) or to commence the adoption of sustainable supply chain management (Gold et al., 2010).

(c) Sustainable product innovation practices refer to the development of new or improved goods that utilize organic or recycled materials or need low energy consumption (Rennings et al., 2006). They may impact the design of current products; furthermore, they enable the development of new products composed of renewable or non-toxic materials, thereby improving energy efficiency and mitigating environmental harm (Zhang et al., 2019). Sethi et al. (2001) found that sustainable

product innovation techniques precede product success, which is thereafter highly connected with sustainable business success. The principal phrase employed to characterize sustainable product innovation techniques is perceived novelty, originality, or distinctiveness of products (Henard & Szymanski, 2001). Sustainable and innovative products provide SMEs with prospects for growth and market expansion, allowing them to secure a robust competitive position in existing markets or to enter new ones (Danneels et al., 2001). Small and medium-sized enterprises can improve their products by employing sustainable materials, refurbished and recycled materials (Chen, 2008), and reusable packaging (Fernández-Viné et al., 2010).

4.5 Social Sustainability and Corporate Culture in SMEs

Supply chain social sustainability emphasizes the human dimension of sustainability (Nakamba et al., 2027; Pirnea et al., 2011; Mani et al., 2015). It outlines how enterprises manage issues related to the welfare, autonomy, professional development opportunities, health, and safety of individuals throughout the supply chain (Silvestre, 2015). Wolf identified nine primary factors to delineate the SSPs: (1) a secure and healthful workplace; (2) an acceptable minimum wage; (3) a cap on working hours; (4) the right to unionize; (5) regulations concerning child labor; (6) suitable living conditions; (7) non-discrimination; (8) a clearly articulated policy on corporate disciplinary measures; and (9) a policy addressing forced labor. Social sustainability includes both the organizational dimension and the enhancement of the local community and culture. Zhang and Zhang (2018) assert that social sustainability encompasses the recognition, protection, and advancement of indigenous cultures and communities by supporting local populations and participating in community events.

Corporations have the option to engage in a variety of local initiatives that pertain to health, education, and athletics by either providing these services or collaborating with existing local providers to assist low-income community members (Masocha, 2019). Engagement in these activities is generally considered an intervention designed to improve the development of society and communities from the perspective of social sustainability (Turyakira et al., 2019; Brandenburg et al., 2019). It is imperative for all enterprises, particularly small and medium-sized enterprises, to value and implement SSPs. SMEs can attain quantifiable performance improvements because of social sustainability (Malesios et al., 2018). Mani et al. (2020) discovered that SSPs improve the supply chain performance of SMEs. Additionally, the research demonstrated that the performance of suppliers, customers, and operations is enhanced because of increased investment by SMEs in SSPs.

Mani et al. (2020) study indicated that as SMEs increase their investments in SSPs, their operational, customer, and supplier performance improves. The financial performance of SMEs has markedly improved, accompanied by enhancements in consumer and employee satisfaction attributable to these SSPs (Masocha, 2019). Moreover, when small and medium-sized enterprises (SMEs) effectively incorporate SSPs into their fundamental company policies and plans, as well as other organizational processes, their capacity to enhance innovation is markedly elevated. Furthermore, the integration of sustainable strategies targeting the workforce and society enhances the overall competitiveness of SMEs (Turyakira et al., 2014). Lee et al. (2020) contended that SSPs augment the competitive advantage of SMEs. The implementation of suitable SSPs improves the reputation of SMEs throughout communities and societies (Mani and Gunasekaran, 2018). The use of SSPs by SMEs is of significant socioeconomic relevance. Comprehensive social sustainability cannot be attained exclusively through the initiatives of giant corporations, as over 99 percent of enterprises in specific economies, including Malaysia and the EU, are small and medium-sized enterprises (SMEs) (Gam et al., 2012; Madanchian et al., 2018).

In conjunction with the utilization of SSPs in workforce management, SMEs can markedly enhance sustainability by emphasizing local development through the hiring of workers from adjacent areas and tackling regional challenges, as they generally handle specialized social resources (Mani, 2018). Moreover, the activities of SMEs profoundly impact society due to their

substantial prevalence. Thus, their active participation in SSPs is essential for the achievement of comprehensive social sustainability (Johnson & Schaltegger, 2016; Ciliberti et al., 2008). Despite the significance of SSPs for SMEs and society, SMEs encounter challenges in implementation and generally perceive these practices as non-essential (Lee et al., 2020; Johnson & Schaltegger, 2016). They contend that the potential benefits of SSPs are considerably eclipsed by the expenses associated with their implementation (Borga et al., 2009). Although rarely exposed to thorough stakeholder scrutiny, stakeholder expectations persistently impose pressure on SMEs, creating a gap between their capabilities and those expectations.

Spangenberg and Omann (2006) present a concept of social sustainability within the context of European policy, with a particular focus on Germany. They argue that to accurately capture the impact of qualitative criteria on the economy, society, and population, a comprehensive evaluation encompassing multiple dimensions is essential. Their framework identifies a wide range of criteria for assessing social sustainability, including self-determination, diverse employment opportunities, fulfillment of basic needs, a reliable and adequate security system, equitable opportunities, participation and democracy, social innovation, intergenerational equity, and both objective and subjective aspects of fundamental needs, social resources, and equal opportunities. Additional components include subjective participation, objective self-preservation, cultural diversity, and the promotion of solidarity and tolerance. Longoni and Cagliano (2015) and Searcy et al. (2016) found that businesses have recently made significant strides not only in their comprehension and application of social sustainability concepts but also in the implementation of reporting systems that enable them to analyze and publicize their efforts in this area. According to Lee and Kim (2017), businesses are moving away from a sole focus on profit maximization and instead adopting a triple-bottom-line approach, which was introduced by Elkington (1997). In addition, they are beginning to address the challenges and opportunities associated with environmentally responsible business management.

The CSS culture, as described by Marshall et al. (2015), is responsible for ensuring that the economic and social components of the firm are reviewed simultaneously through the adoption of management systems, policies, and strategies. As stated by Duarte (2010) and Eccles et al. (2012), the mindsets, conventions, and attitudes of organizational actors at all levels are interconnected with social sustainability objectives. This, in turn, influences the decisions they make and the actions they take toward achieving those objectives. The culture of CSS is composed of many different aspects, such as beliefs, attitudes, standards, and activities, all working together. Within this context, the interactions that take place between a firm and its internal and external stakeholders are enabled, managed, and enhanced. This effort is undertaken to synchronize and improve the efficiency of these bidirectional links, ultimately leading to increased overall performance in the areas of economics, society, and the environment (Schonborn, 2019). Creating socially sustainable work environments is something that can be accomplished by firms that place a premium on CSS culture, as stated by Docherty et al. (2008). According to Glavas (2016), such workplaces have a positive impact on employees, resulting in greater job satisfaction, a sense of purpose in their roles, and a sense of identification with the community. Based on the findings of Pinzone et al. (2018), employee performance improves, which in turn leads to a decrease in absenteeism and a reduction in expenses related to voluntary staff turnover. In addition, the performance of employees improves significantly. Furthermore, Pinzone et al. (2018) state that the provision of opportunities for continuous learning to both managers and employees contributes to the creation of outstanding human capital, which in turn leads to improvements in performance in terms of creativity, quality, and productivity.

4.5.1 Social Process Practices

The implementation of social management systems, which may include health, safety, and well-being frameworks, as well as the supervision of social sustainability practices and protocols, are examples of socially sustainable procedural practices (Baden et al., 2009; Weaver et al., 1999). These practices are also known as socially responsible business practices. According to Baden, Woodward, and Harwood (2009), monitoring processes include conducting audits of suppliers and ensuring that suppliers comply with policies and regulations pertaining to health and safety. For instance, ensuring that vendors comply with legislation regarding the use of child labor, forced labor, or working conditions. According to Awaysheh and Klassen (2010), the focal firm may enforce criteria that go beyond what is required by law. These requirements may include equitable compensation, voluntary overtime for staff, and workforce diversity. According to Pfeffer (2010), the establishment of a socially sustainable management system necessitates the formation of management frameworks with suppliers. These frameworks must include the formulation of norms and procedures for equitable compensation, work hours, autonomous work practices, and effective job design to reduce stress.

4.5.2 Social Market Practices

Socially sustainable market practices entail the development of innovative products and processes in collaboration with suppliers to guarantee worker welfare, equitable profit margins, and adherence to health and safety criteria across the supply chain (Waage, 2007). These techniques are an essential component of socially sustainable market practices. Furthermore, they involve the strategic reconfiguration of supply chains (Pagell & Wu, 2009). In this process, supply networks shift from focusing solely on manufacturing to actively including and integrating non-governmental organizations (NGOs) and community organizations into their regular operations and plans. To ensure the long-term viability of the social supply chain, market practices require the implementation of innovative solutions. Specifically, this entails the creation of new products or methods that emphasize worker well-being and safety, while also ensuring that suppliers receive fair compensation (Tate et al., 2010). The aim is to adapt or design offerings that enhance the well-being of both customers and employees. These innovations are intended to improve the health and welfare of the workforce (Klassen & Vereecke, 2012). According to Brandlogic and CRD Analytics (2012), General Electric collaborates with its suppliers and customers to produce and distribute a wide range of health-oriented products that improve consumer well-being worldwide. Through the process of social redefinition, NGOs and community organizations are brought into the decision-making process, resulting in a transformation of the supply chain concept. As a result, the legitimacy, urgency, and influence of the company's indirect stakeholders are significantly increased, amplifying their impact on supply chain management (Klassen & Vereecke, 2012). This is accomplished by treating corporate stakeholders as direct stakeholders. Not only does this approach help protect the communities in which the supply chain operates (Sharma & Henriques, 2005), but it also ensures that the entire supply chain is committed to providing fair wages and margins. Additionally, it guarantees the continued availability of suppliers and the provision of a sustainable income (Levi &Linton, 2003; Pagell & Wu, 2009).

4.6 Factors Responsible for the Gap in SMEs' Social Sustainability Practices – SSPs

The literature delineates various elements that contribute to the social sustainability gap in small and medium-sized enterprises (SMEs). A lack of varied resources, such as capital, expertise, personnel, and time, is most reported (Lee et al., 2020; Johnson & Schaltegger, 2016; Karuppiah et al., 2020). A deficiency in financial resources for investing in sustainable practices is regarded as a significant obstacle to the adoption of SSPs in SMEs (Lee & Klassen, 2008; Mani et al., 2015). The initial investment is essential for several SSPs, including the development of infrastructure to guarantee a secure work environment. Despite their lack of infrastructure, SMEs cannot allocate funds solely for compliance to establish such infrastructure due to inadequate financial resources. Consequently, SMEs are incapable of implementing numerous SSPs within their enterprises. Furthermore, the execution of SSPs necessitates suitable competencies within the workforce and management, which may be deficient in SMEs (Moore & Manring, 2009; Clarke-Sather, 2011). According to Johnson and Schaltegger (2019), the skill deficiency in SMEs is evident, revealing that although SMEs acknowledge the significance and benefits of SSPs, they are unable to implement these practices effectively due to a lack of skills, knowledge, and competence. A recent study by Nor-Aishah (2020) reveals that practitioners and leaders in SMEs must possess the necessary abilities to properly implement SSPs. Furthermore, SMEs generally lack adequate human resources to appoint a dedicated individual for overseeing social sustainability or sustainability issues.

The Chamber of Commerce, Industry, Craft and Agriculture of Milan (2003) indicates that over 80 percent of SMEs employing five to nine individuals are reluctant to adopt SSPs, although this percentage significantly decreases for SMEs with 10 or more employees. Besides insufficient resources, the absence of a long-term view and the misconceptions held by SME owners and managers are acknowledged as obstacles to the execution of SSPs. Enhancing SSPs yields insufficient returns in the short to medium term (Borga et al., 2009). Nevertheless, SMEs emphasize investments that yield immediate returns, as they do not appreciate investments that confer benefits solely in the long run (Thakkar & Deshmukh, 2008; Falkner & Hiebl, 2015). Consequently, smaller enterprises recognize limited advantages from sustainability requirements in contrast to larger organizations (Brammer et al., 2012). Furthermore, SMEs typically lack a cohesive and proactive sustainability culture to advance SSPs. The lack of culture and guidance in firms, including SMEs, considerably obstructs the implementation of both basic and sophisticated SSPs. Moreover, despite having a limited staff, SMEs exhibit a significant level of necrocracy, mostly because to their nature as predominantly family-owned enterprises, where familial disputes frequently arise. These debates hinder organizations from achieving consensus on the implementation of social practices unless strong cultural and institutional governance frameworks for SSPs are established (Castka et al., 2004; Maldonado-Erazo et al., 2020)..

Another challenge is that SMEs often perceive their operations as having minimal or no impact on society (Mani et al., 2015). Research demonstrates that the aggregate impact of SME operations is significant, as most firms worldwide are SMEs (Lawrence et al., 2006). Therefore, these fallacies are considered harmful to the implementation of SSPs (Kot, 2018; Ciliberti et al., 2008).

4.7 Environmental sustainability in SMEs

Environmental sustainability refers to initiatives and activities that are maintained over time with minimal or no harmful effects on the environment (Hart, 1995). This concept has become a guiding principle for many environmental organizations worldwide, aiming to safeguard resources for the current generation while ensuring their availability for future generations. Research has shown that small and medium-sized enterprises (SMEs) have made significant contributions to emissions and discharges that have negatively impacted the environment over the past two decades (Parker et al., 2009; Waters, 2010; Yacob et al., 2013). In response, both scholars and government bodies have

developed laws, tools, and programs to help SMEs reduce their environmental footprint (Gadenne et al., 2009; Waters, 2010).

SMEs tend to be more adaptable and open to change, thanks to their focus on innovation. This flexibility supports the effective implementation of sustainable practices. Additionally, SMEs are often well-positioned to respond to niche markets and the evolving expectations of new stakeholders. While earlier studies suggested that better environmental performance could improve financial results (Dixon-Fowler et al., 2013), empirical findings have been mixed or even contradictory (López-Gamero et al., 2009), revealing the complexity of this relationship.

Tilley (1999) argued that, due to their sheer numbers, SMEs collectively have a substantial environmental impact, challenging the notion that their role is insignificant. Hillary (2000) estimated that SMEs generate 50 to 80 percent of waste and account for around 70 percent of industrial pollution—figures based on research dating back to 1995. Aragón-Correa et al. (2008) noted that SMEs need tailored strategies to adapt their environmental practices according to their specific business goals. Similarly, Williams and Schaefer (2013) found a gap between SMEs' sustainability goals and their actual efforts to achieve them, which often depends on factors like education and training.

Tilley (1999) emphasized that SMEs must make substantial changes—such as strengthening their drivers for change and conducting effective research—to respond strategically and meet evolving environmental requirements. This includes overcoming resistance factors like low eco-literacy and reinforcing internal motivation. Cassells and Lewis (2011) observed that although SME owners and managers are often personally motivated to address environmental issues, they frequently lack the resources needed to implement lasting improvements. Nevertheless, SMEs show a greater tendency to adopt environmental policies, hire specialized staff, and communicate their sustainability values to partners. Available data suggest that the size of a business does not necessarily limit its ability to implement sustainable design or waste reduction initiatives. Vernon et al. (2003) found that many SMEs viewed environmental responsibility as the duty of local authorities rather than their own. This attitude highlights ongoing challenges to sustainability in the SME sector. However, Oxborrow and Brindley (2013) argued that green technologies could serve as a key competitive advantage. Van Hemel and Cramer (2002) also suggested that environmental concerns can spark product innovation. While SMEs are increasingly recognized as crucial players in sustainable development, many still lack the knowledge and resources to adopt environmentally friendly practices effectively (Burke and Gaughran, 2007). Rising consumer demand for eco-friendly products and services, along with increasing waste disposal costs, is creating new opportunities for SMEs. As a result, innovative and market-responsive SMEs can gain a competitive edge by reducing waste and minimizing environmental costs.

4.8 Environmental Process Practices

According to Kleindorfer et al. (2005) and Reuter et al. (2010), the primary objectives of environmental process practices are the construction of environmental systems with suppliers and the supervision of the practices and policies of suppliers. These approaches are process-oriented, which results in a diminished presence of valuable, rare, inimitable, and non-substitutable traits due to the standardized and widely adopted nature of these resources (Zimmerman & Foerstl, 2014). This is because these resources are standardized and generally adopted. Most supply chain sustainability initiatives, as stated by Wiengarten et al. (2012), concentrate on monitoring suppliers to ensure compliance with pre-existing legislation or the requirements of the focal firm in order to improve environmental sustainability. This may involve submitting questionnaires to the companies that supply the goods or services to check compliance or conducting site visits to inspect the environmental practices that the supplier uses. According to Wiengarten et al., (2012), Baden et al. (2009), Zhu et al. (2008), and Vachon and Klassen (2006), these approaches are considered peripheral to the primary firm. They involve a low level of investment or resource commitment to the supplier and take a remote approach to sustainability.

The installation of environmental management systems is frequently referred to as "green purchasing," and environmental management systems and supplier certification are crucial components of green purchasing (Zhu & Sarkis, 2007; Sarkis et al., 2010). The use of environmental supply chain management systems is intended to enhance monitoring efforts. This includes evaluating and assessing the environmental performance of suppliers, ensuring that their practices are up to date and in accordance with certification or a program that promotes environmental sustainability. The implementation of ISO 14001 and comprehensive quality environmental management systems are two examples (Awaysheh & Klassen, 2010; Baden et al., 2009; Zhu et al., 2008; Weaver et al., 1999). Other examples include the adoption of environmental initiatives. New technologies represent one of the most crucial and effective initiatives/practices in making a business sustainable. Small and medium-sized firms (SMEs) can enhance their sustainable business practices by integrating innovative technologies into their operations. SMEs are reported to employ various technologies to promote sustainable business practices, including Internet of Things (IoT) devices that permit real-time monitoring of activities such as resource utilization and waste reduction. Furthermore, cloud computing is an advanced technology that facilitates remote work, thereby reducing commuting and contributing to the reduction of CO_2 emissions (Shoaib et al., 2024). Blockchain and artificial intelligence ensure transparency and empower SMEs to make informed decisions. AlZayani et al. (2023) investigated the impact of smart technology on the sustainable performance of 403 SMEs in Bahrain. This inquiry addressed the concepts of profitability, environmental sustainability, and social sustainability. The results demonstrate that financial performance is the exclusive determinant of smart technology.

4.9 Green Initiatives

In recent years, awareness of sustainable manufacturing has intensified, resulting in an increased emphasis on establishing eco-friendly guidelines. This has resulted in a preliminary compilation of best practices and contributions (Bortolini et al., 2017). The literature regarding the implementation of green initiatives among business operators is extensive and diverse, demonstrating that these initiatives are frequently initiated through alterations in business strategies (Sharma &Vredenburg, 1998), which subsequently promote innovation and product design (Porter &Van der Linde, 1995). Moreover, the reform of manufacturing processes (Hart, 1995; Pujari, 2006) and the progression of production technologies (Van Hoek, 2001) are frequently highlighted. These initiatives encompass efforts to diminish waste production, minimize by-products, reduce energy usage, enhance water conservation, optimize material utilization, mitigate occupational health and safety hazards, and improve overall workplace safety (Lin & Huang, 2012). In these circumstances, organizations frequently need to recognize and execute supportive measures while enhancing their internal resources to embrace environmentally sustainable practices (Handfield et al., 2005). Manufacturers generally categorize green initiatives into four types: compliance-driven pollution prevention methods, competitive advantage-driven pollution prevention strategies, end-of-pipe pollution control techniques, and value-oriented strategies.

The essential differentiating features include the resources required for implementation (Russo & Fouts, 1997), the technology utilized (Klassen and McLaughlin, 1996), the spectrum of stakeholders engaged (Buysse & Verbeke, 2003), and the timescale for benefit realization (Cordeiro & Sarkis, 1997). These categories relate to investments aimed at significantly transforming processes and products to reduce or eliminate pollution both at the source and at the end of industrial processes (Hart, 1995; Russo & Fouts, 1997). According to Zotter (2004), such implementation is inherently connected to the manufacturing system and encompasses multiple stages of the product life cycle. Large companies have experienced positive changes in their environmental practices, often employing specialized human resources personnel or safety officers to plan and manage environmental matters in accordance with environmental management system (EMS) standard procedures. Nevertheless, the variable costs associated with EMS implementation

across different companies have led to the diversion of resources away from investments in environmentally sustainable practices (Balta & Woodside, 1999). Therefore, to reduce investment costs, modify products or processes, and capitalize on the potential financial savings and opportunities associated with various activities, most manufacturing SMEs have adopted "one-to-one initiatives" to mitigate the negative impacts of their operations on the environment and the harmful effects of human activity. Moreover, most of the environmental study conducted thus far has concentrated on larger entities (Redmond et al., 2008). This study enhances the current understanding of SMEs by pinpointing energy management, water conservation, and waste management as essential areas of sustainable practice. The subsequent green practices or efforts proposed by numerous authors are as follows.

Energy Administration

Despite the growing importance of energy management in enterprises, there is a lack of initiatives to adopt energy management practices in SMEs due to insufficient resources and expertise (Rizzo and Fulford, 2012). The cost of production operations is significantly affected by electricity tariffs, which are in turn influenced by energy prices. Petroleum prices have gradually increased over the years. Projections indicate that oil prices will rise from $57 per barrel in 2017 to $79 per barrel in 2019, representing a 43 percent increase (Tseng et al., 2016). As a result, many small and medium-sized enterprises (SMEs) operate on thin margins, making them vulnerable to rising costs. SMEs must improve their energy efficiency and manage electricity expenses, especially given their limited capital for investing in facility or equipment upgrades—particularly considering projected increases in electricity tariffs in the coming years (Choong et al., 2012). In this changing environment, it is essential for SMEs to enhance their market presence, brand image, and sustainable practices. This can be achieved by carefully identifying and implementing energy efficiency measures aimed at achieving environmental sustainability.

Water Conservation

Besides energy management, most manufacturing operations necessitate water as an essential input and for procedures. Kenny et al. (2009) observed that water conservation is a significant issue in industrial operations, and that numerous small and medium-sized firms (SMEs) neglect to prioritize water conservation in their manufacturing processes. Frost (2011) corroborated Kenny et al.'s (2009) claim, emphasizing that numerous SMEs partake in unnecessary water wasting owing to insufficient focus on conservation techniques. Furthermore, many SMEs neglect to adopt water conservation techniques mainly due to the significant financial investments that may be necessary (Bay &Rasmussen, 2011). Nonetheless, numerous firms overlook that tackling water-related challenges—despite being initially viewed as a financial strain—can ultimately enhance efficiency and profitability over time (Hoskinson, 2010; Mofokeng, 2013). Consequently, water conservation is considered an essential element of green efforts in SMEs and must be consistently implemented, maintained, and regulated to guarantee long-term environmental sustainability.

Waste Management

Nonetheless, it is argued that the challenge of waste management arises from unsustainable consumption within operational processes (Tchobanoglous, 2009). As a result, many small and medium-sized enterprises (SMEs) face difficulties in managing the waste generated during manufacturing. Historically, most SMEs have discharged their waste products into the environment without prior treatment (Patrício et al., 2015leading to increased pollution and negative environmental impacts. Most of the environmental research focuses on large organizations, often overlooking the assessment of waste management practices in SMEs. Furthermore, Weerasiri and Zhengang (2012) noted that the importance of waste management in SMEs is insufficiently acknowledged and emphasized the need to prioritize the waste management agenda within these enterprises. Therefore, waste management is considered a vital component of

green initiatives in SMEs and must be implemented, monitored, and regulated systematically to achieve environmental sustainability.

Environmental Practices

Environmental practices refer to the measures firms implement to reduce the ecological consequences of their operations, products, and services (Gadenne et al., 2009; Uhlaner et al., 2012). Activities in this area include waste minimization, resource conservation, recycling, and the provision of organically produced or eco-designed products. Sustainable development, sustainable entrepreneurship, and corporate social responsibility (CSR) are fundamentally linked to environmental practices. Moreover, when CSR is defined through legislation, genuine environmental practices encompass any actions that firms undertake to mitigate the environmental impacts of their operations. These activities include both reactive techniques necessary for compliance with environmental standards and proactive strategies that go beyond compliance. We argue that it is inappropriate to focus solely on actions that exceed compliance in a cross-national context, as the definition and expectations of regulatory compliance differ between countries.

In this article, environmental practices refer to those associated with product and service offerings as well as manufacturing processes (Halme & Laurila, 2009; Hockerts & Wüstenhagen, 2010; Nidumolu et al., 2009; Uhlaner et al., 2012). The existing literature presents two contrasting viewpoints on SMEs' attitudes toward environmental practices. One argument suggests that small and medium-sized enterprises (SMEs) are less likely to engage in environmental initiatives and tend to perceive social responsibility as a burden or a threat, in contrast to larger organizations. On the other hand, certain attributes of SMEs may facilitate their involvement in environmental activities—for example, the frequent absence of a clear separation between ownership and management. This allows the SME owner-manager to allocate resources based on personal values, which may influence business operations (Spence, 1999; Spence & Rutherfoord, 2003), including engagement in environmental projects. We contend that these contrasting viewpoints—reluctance versus readiness to engage—may correspond with different environmental practices. Whether a firm chooses to conduct current operations more responsibly or to develop new environmentally sustainable products and services depends on a specific business logic (Halme & Laurila, 2009; Hockerts &Wüstenhagen, 2010; Jenkins, 2006). Antecedents such as stakeholder pressures are also likely to play a role. In efforts to enhance operational sustainability, the reallocation of resources may be driven by perceived opportunities for efficiency gains and cost savings, as well as by external influences such as government tariffs and environmental regulations (Kassinis, 2012; Horbach, 2008; Buysse &Verbeke, 2003). The willingness of customers to pay for products and services with environmental features may be a decisive factor in the firm's decision-making process related to product and service greening (Horbach, 2008).

4.10 Specific Approaches/Strategies for incorporating the Sustainable Development Goals (SDGs) in SMEs

The Sustainable Development Goals can be incorporated into corporate/business operations through many approaches. Each organization will experience distinct consequences depending on its objectives for adopting the SDGs. This section delineates five distinct strategies that companies can employ to collaborate with the SDGs, as identified in the existing literature. The five methodologies have been delineated and assessed on a scale from 1 to 5. Five represents the most thorough integration of the SDGs, resulting in enhanced advantages for the company and a more significant contribution to the 2030 Agenda **(**Nygaard et al., 2022**).**
The five approaches are:

Rainbow Washing

According to Delmas and Burbano (2011), "greenwashing" occurs when companies try to make their goods and services seem more eco-friendly than they are. The use of certain words or colors can trick the consumer into thinking the product is eco-friendly when, in fact, it isn't (CSR.dk 2019). A parallel pattern, known as Rainbow Washing, has emerged in how companies are implementing the SDGs. Using the rainbow wheel to show support for certain SDGs or the 2030 Agenda without really doing anything to help get them closer to reality is called "rainbow washing" (Nieuwenkamp 2017; Visser 2018). As the demand for eco-friendly and sustainable products and services continues to rise, many organizations are embracing this concept. But it goes against the sustainable objective because it tricks and drives customers to buy things that aren't good for the environment (CSR.dk 2019). Cherry plucking is a term from the modern era that is closely linked to the idea of Rainbow Washing. Organizations engage in cherry-picking when they prioritize certain Sustainable Development Goals (SDGs) because of their positive effects while ignoring or downplaying the impact of other SDGs (Nieuwenkamp 2017). Businesses should not pick and choose which goals to concentrate on because doing so would compromise the 2030 Agenda's cohesion, according to critics (Nieuwenkamp 2017). Therefore, cherry plucking and rainbow washing are not the same. Although they are both included in this framework, the benefits to the enterprise are minimal at best, and they have no effect on the SDGs, if any, for the better.

Supporting 'Business as Usual'

Using this approach, businesses can pick and choose which Sustainable Development Goals (SDGs) to work on, with the hope of finding ones that are relevant to their operations. By defining the sustainability of its current operations in relation to the SDGs, a firm using this approach does not implement novel strategies to achieve the SDGs (Walker et al., 2019). Its benefits over rainbow washing are since this method is most often used in the field of public relations (PR). Without establishing clear goals or documenting their procedures, most companies use this method to adopt the SDGs superficially (Walker et al., 2019). Organizations frequently use this technique when selecting their SDGs because it costs minimal resources. Surveys conducted by the Danish organizations Akademiet for de Tekniske Videnskaber (2019) and Lederne (2019) indicate that more than 50% of the surveyed enterprises chose to engage with the Sustainable Development Goals (SDGs) because their existing practices already align with aspects of the 2030 Agenda. While this alignment provides communicative and reputational advantages, it does not lead to substantive contributions toward achieving the SDGs. These companies maintain a "business as usual" approach to the SDG framework, requiring no meaningful changes to their operations in support of the 2030 Agenda.

Adding New Initiatives/Strategies

The third method for businesses to integrate the SDGs is a proactive approach that employs the SDGs as a framework and source of motivation to enhance the company's environmental performance. They continue their usual activities; nevertheless, the organization has implemented sustainable changes alongside their standard processes. The company is modifying and enhancing

its strategy in accordance with the 2030 Agenda by integrating the Sustainable Development Goals into new initiatives or visions (Akademiet for de Tekniske Videnskaber 2019). This can also be achieved by refining or optimizing everyday routines and activities to mitigate adverse environmental effects (Raith and Siebold 2018). This method enables the integration of the SDGs within a specific department or strategy of the firm, such as production, communication, corporate social responsibility, or executive management. Consequently, the SDGs are not incorporated throughout the enterprise, and no significant alterations to the business model or organizational structure are implemented. The Danish Chamber of Commerce (2019a) indicated that just 9% of the surveyed firms actively engaged with the SDGs have fully integrated them throughout the organization, while the remainder employ a fragmented approach to their implementation. The minimal percentage may indicate the substantial resources needed to integrate the SDGs into a strategy or department. By integrating this knowledge into their strategies, the company will mitigate skepticism over their dedication to the Sustainable Development Goals (SDGs), thereby recouping the time and financial resources invested. The corporation can contribute to the 2030 Agenda by generating both economic and shared value through adjustments or additions related to the Sustainable Development Goals (Abdelkafi & Tauscher 2016; Walker et al., 2019).

Philanthropy

From the perspective of charitable giving, the Sustainable Development Goals (SDGs) can be seen as a step in the right direction. These efforts fall under the umbrella of "social investments" (Ellis 2014). Companies that give back to society—by sharing expertise, planting trees, or donating to charity—are good examples of this approach. Notably, these activities typically take place outside the core operations of the business. The SDGs can serve as a valuable framework for guiding humanitarian efforts to address some of the most pressing challenges facing society today (Raith and Siebold 2018). According to Schönherr and Martinuzzi (2019), philanthropy is one of the clearest ways for a company to demonstrate its commitment to sustainable development. However, this approach also has its limitations and argue that when companies engage in activities disconnected from their core business—such as outsourcing charitable work—they often continue business as usual, missing deeper opportunities for sustainability integration. As a result, philanthropy may be viewed as an afterthought—an addition that lacks strategic depth and offers limited long-term return. Nonetheless, it holds potential. Philanthropic initiatives can still be perceived as a way for companies to create shared value (Ellis 2014). This approach may significantly contribute to the 2030 Agenda if companies strategically select which SDGs to support. Typically, it requires substantial resources—ranging from financial contributions and human expertise to dedicated labor—depending on the nature of the charitable effort. Philanthropy also brings indirect benefits, such as enhancing a company's social license to operate, generating goodwill among employees and communities, and improving public relations. These advantages can open doors to new markets and business opportunities (Ellis 2014; Dybvad & Lebech 2018). While direct economic gains may be limited, philanthropy nonetheless offers meaningful returns in terms of social impact and corporate reputation.

Strategic Use in Core Business

As previously discussed, incorporating the Sustainable Development Goals (SDGs) into a company's strategy or initiatives does not necessarily indicate strategic alignment with the 2030 Agenda. For a truly strategic approach, the SDGs must be embedded within long-term business models and plans, permeating the entire organization and prompting a shift in perspective (Pedersen, 2018). According to CSR.dk (2016) and Schonherr and Martinuzzi (2019), a strategic approach to the SDGs not only creates shared value but also enhances a company's economic performance by diversifying its output. This leads to benefits that go beyond mere cost reduction. Adopting such a strategy requires moving away from traditional business practices and restructuring the business model to prioritize sustainability. In this context, the SDGs serve as a guiding framework for the new business model. Integrating the SDGs into the core of the

organization necessitates a transformative outlook on existing strategies, standards, procedures, and practices. Unlike earlier approaches, this method facilitates the implementation of the 2030 Agenda throughout the entire organization (OECD, 2016). It calls for companies to set clear, measurable goals aligned with the SDGs and to consistently monitor their progress (Pedersen, 2018). Although this approach demands significant resources, it offers the highest potential rewards. A strategic application of the SDGs can attract increased interest from investors and relevant stakeholders. The organization's credibility and reliability are rooted in its specific actions, goals, and official commitments. Ultimately, implementing this strategy has a profound impact on achieving the 2030 Agenda, while also enabling companies to transition from conventional business models to innovative and environmentally sustainable ones (OECD, 2016).

CHAPTER 5: METHODOLOGY

5.1 Research Approach and Methodology Justification

Research encompasses two distinct methodologies: quantitative and qualitative studies. Every option encompasses both benefits and drawbacks. Qualitative techniques require thorough exploration and analysis to understand the meaning and context of events. In contrast, quantitative techniques need the collection and analysis of numerical data to assess hypotheses and discern patterns (Teddlie & Tashakkori, 2023). This study employs a quantitative research design grounded in both primary and secondary sources, supported by data-source triangulation. This study seeks to thoroughly analyze the perceptions, practices, and challenges encountered by small and medium-sized firms (SMEs) in Kosovo regarding the implementation of sustainability practices and the Sustainable Development Goals (SDGs). It also aims to analyze employees' viewpoints, and their importance and challenges towards integrating sustainable development goals in their workplace.

Quantitative approaches are chosen for their capacity to generate empirical, measurable, and generalizable data. This methodology is especially suitable for hypothesis testing, pattern recognition, and measuring correlations among variables such as awareness, attitudes, and actions pertaining to sustainability (Teddlie &Tashakkori, 2023; Babbie, 2021). The systematic and consistent approach to quantitative data collecting promotes objectivity and reduces researcher bias, hence improving the dependability and reliability of findings (Carmines & Zeller, 1979; Kothari, 2004). The study used the data-source triangulation as well, which entails gathering data from many sources—specifically, SME owners/managers and employees—and synthesizing both primary survey data and secondary literature review. This method improves the validity of the results by facilitating cross-verification and a more refined comprehension of sustainability within the SME framework (Carmines & Zeller, 1979). When researchers want to quantify relationships between variables, test hypotheses, or make predictions based on numerical data, quantitative approaches are sometimes more suitable than other approaches. Because statistical analysis and empirical data are essential for influencing policy decisions and intervention strategies, quantitative research is especially beneficial in subjects like as psychology, economics, and public health (Babbie, 2021). As a result, quantitative research is highly favorable in these fields.

A high level of accuracy and impartiality can be achieved using quantitative methodologies in the process of data collection and analysis. According to Carmines and Zeller (1979), researchers have the power to improve the dependability and accuracy of their findings by eliminating subjectivity and bias through the utilization of standardized techniques and numerical measurements. The findings of the research are more believable because of the accuracy that enables the replication of the study and the verification of the findings by other researchers. The ability to extrapolate results to bigger populations is one of the most significant advantages that accrues from the utilization of quantitative methodologies. Through the utilization of statistical methodologies and representative samples, researchers can derive conclusions about larger populations from a subset of data (Kothari, 2004).

Therefore, a quantitative survey methodology is particularly well-suited for this research for several key reasons: It enables the collection of data from a large and diverse sample of respondents, enhancing the representativeness of the findings and supporting broader generalizability. Its structured design allows for the objective measurement and statistical analysis of key variables related to sustainability practices and perceptions.

It facilitates direct comparison between the attitudes and behaviors of SME managers and employees, helping to identify potential gaps or alignments that can inform practical recommendations for policy development and business support initiatives.\

Thus, this study will utilize a quantitative methodology via surveys directed at both SME managers and employees to yield a thorough, data-informed comprehension of sustainability within the Kosovar SME landscape, thereby addressing a significant gap in the current literature and guiding more effective stakeholder interventions. Quantitative approaches are particularly well-suited to this study, as they yield empirical, measurable, and generalizable results. This methodology allows researchers to rigorously test hypotheses concerning the relationships between sustainability awareness, attitudes, behaviors, and external influencing factors (Babbie, 2021; Teddlie &Tashakkori, 2023). Moreover, it facilitates comparative analysis between small and medium-sized enterprises (SMEs) and employee groups—a critical step in identifying potential gaps or synergies in sustainability expectations and practices.

5.1.1 SPSS Data Analysis and Comparative Triangulation Framework

All questionnaire data were organized, coded, and analyzed using IBM SPSS Statistics software (Version 23.0). The initial stage involved data cleaning to ensure accuracy and consistency across all responses. Descriptive analysis was then conducted to summarize key variables, providing insights into general trends and distributions. Following this, comparative and relational analyses were carried out to examine differences and associations between the responses of SME managers and employees. These procedures allowed for the identification of patterns, relationships, and discrepancies relevant to sustainability practices. This study employs a quantitative design supported by role-based comparative triangulation**,** combining two data sources — SME managers and employees — to enable cross-verification of perspectives on sustainability adoption.
This comprehensive strategy revealed areas of alignment and discrepancy, thereby strengthening the internal validity of the study and contributing to a more nuanced understanding of the factors shaping sustainability adoption in Kosovo's SME sector.
The validity and richness of the findings are strengthened through data triangulation, made possible by the integration of both managerial (supply-side) and employee (work-side) perspectives via a dual-survey approach. Such contrast allows for the identification of key areas of alignment or divergence, offering valuable insights for the formulation of targeted policy interventions and corporate strategies. Furthermore, the study is grounded in a robust empirical foundation, combining primary survey data with a comprehensive review of the relevant theoretical and policy literature. This integrative approach ensures that the analysis remains both contextually informed and analytically rigorous. In the case of Kosovo's SME sector, it enhances the potential to derive practical, evidence-based recommendations for advancing sustainability adoption. As established across a range of disciplines, quantitative methodologies play a critical role in generating empirical evidence and supporting informed decision-making processes (Bryman, 2016; Denzin &Lincoln, 2018).

The statistical analysis of the collected data was conducted using IBM SPSS Statistics, Version 23.0, which provided the necessary tools for descriptive, correlation, and inferential analyses. SPSS was selected for its reliability, flexibility, and suitability for handling large-scale quantitative datasets, ensuring consistent and replicable results. Data cleaning, coding, and transformation procedures were carried out prior to analysis to ensure accuracy and completeness.

All digital data were stored on a password-protected local computer and backed up to an encrypted institutional cloud storage system compliant with the Hungarian University of Agriculture and Life Sciences' data protection policy. The data management process included periodic verification of stored files and version tracking to maintain integrity and prevent loss or unauthorized modification.

In line with the General Data Protection Regulation (GDPR, EU 2016/679), respondents were informed about the study's objectives, their voluntary participation, and their right to withdraw at any stage without consequence. The data were handled exclusively for academic and research purposes, and no information was shared with third parties. Upon completion of the study, all datasets will be retained securely for a defined period in accordance with institutional research ethics guidelines and subsequently deleted following established university data retention procedures. This comprehensive approach to data management and protection ensured that all ethical, technical, and procedural standards were met throughout the research process, reinforcing the credibility and transparency of the findings.

5.1.2 Data Collection

This study will employ both primary and secondary data gathering methods to deliver a thorough analysis of sustainability practices among small and medium-sized firms (SMEs) in Kosovo. Primary data will be collected via structured questionnaires directed at SME owners, managers, and employees, whilst secondary data will be acquired through a comprehensive analysis of current literature and pertinent documents.

The secondary research will concentrate on essential thematic areas pertinent to the study. This encompasses scholarly and policy literature on sustainability in business, specifically in relation to the Sustainable Development Goals (SDGs) and the European Union's sustainability agenda, both of which are significantly pertinent to Kosovo's economic and political destiny. The author will analyze existing research and reports on SME sustainability practices, focusing on how small enterprises adopt or encounter challenges in implementing environmental and social responsibility measures. The literature review will examine the challenges and obstacles encountered by SMEs, including financial limitations, regulatory ambiguity, and insufficient technical expertise, alongside the potential advantages of adopting sustainability, such as enhanced brand reputation, increased customer loyalty, and improved operational efficiency. This secondary study will furnish essential context, enhance the conceptual framework, and assist in the interpretation of primary data results.

To achieve these aims, the primary data collection will consist of structured surveys administered to two interconnected groups: (1) owners and managers of SMEs, and (2) employees of SMEs in Kosovo. This dual-survey methodology aims to obtain insights from both the supply-side (companies) and work-side (employees) perceptions about sustainability. A quantitative survey design facilitates the acquisition of standardized, comparable, and statistically analyzable data, enhancing the objectivity, reliability, and generalizability of the results (Carmines and Zeller, 1979; Kothari, 2004).

5.1.3 Survey Design and Implementation

To ensure uniformity and make analysis easier, both surveys will contain closed-ended questions. These questions will be accompanied by Likert scales, multiple-choice items, and categorical responses. It is planned to develop two separate surveys, each of which will be tailored to the population that is the focus of the questionnaire, while simultaneously focusing on the most important aspects surrounding sustainability awareness, behavior, and aspirations. Prior to distribution, the survey tools will be carefully reviewed to ensure clarity, cultural appropriateness, and contextual relevance to the Kosovar setting.

SMEs' Managers Questionnaire

The survey for small and medium-sized enterprise owners and managers will assess their understanding and awareness of the Sustainable Development Goals (SDGs), their attitudes and motives toward the adoption of sustainable practices, and the internal and external barriers that impede their capacity to implement sustainability efforts. The questionnaire will also gather data on the methods, tools, and frameworks that SMEs presently employ to incorporate sustainability

into their operations. The incorporation of various sectors and areas throughout Kosovo will provide significant comparisons and the identification of patterns within the SME landscape in Kosovo.

Employees' Questionnaire

The study will focus on the perspective of employees, examining their knowledge and understanding of sustainability, their attitudes toward sustainable practices within the workplace, and their perceived role in supporting such initiatives. It will also explore how employees perceive the sustainability efforts undertaken by small and medium-sized enterprises (SMEs) and the extent to which these perceptions influence their engagement, motivation, and workplace behavior. By including a diverse cross-section of participants—based on age, income level, gender, and geographic location—the study aims to develop a deeper understanding of employee expectations and the internal organizational dynamics that shape sustainability adoption.

5.1.4 Target Population

Two interrelated groups that are central to the study of sustainability adoption in the SME sector in Kosovo serve as the target demographic for this research. These groups are the owners and managers of small and medium-sized enterprises (SMEs) and the employees who work within these organizations. This dual focus reflects the study's aim to provide a comprehensive understanding of sustainability practices and perceptions from both the supply-side (business leadership) and the internal workforce perspective. By addressing both viewpoints, the research seeks to fill a critical gap in the existing literature, which has often overlooked the role of employees in shaping and responding to sustainability initiatives within SMEs.

First Target Group: SMEs' Owners and Managers

The first segment of the target population consists of business owners and managers of small and medium-sized enterprises (SMEs) in Kosovo, spanning a broad range of industries and sectors. This study adopts SME classifications based on criteria established by the European Union and Kosovo, which typically include the number of employees, annual turnover, and balance sheet size. Given the central role that SMEs play in Kosovo's national economy—as key drivers of employment, innovation, and local development—this sector is particularly relevant for the adoption and implementation of sustainable practices. Owners and managers have been selected as primary informants due to their strategic and operational decision-making authority within their enterprises. Questionnaires with managers of SMEs were successfully completed and returned via online distribution, ensuring a diverse and representative sample of SME respondents. This component of the study will explore their knowledge, perceptions, attitudes, and motivations regarding the Sustainable Development Goals (SDGs), along with the institutional, financial, and operational constraints that may shape or hinder their sustainability efforts.

The research will also examine the strategies, tools, and programs that SMEs have adopted to align their business models with sustainability principles. Furthermore, it seeks to understand how SME executives perceive the role and influence of employees in promoting or supporting sustainability practices—thereby linking internal leadership perspectives with broader organizational dynamics.

To ensure the findings are representative and generalizable, the sample includes SMEs from a wide range of sectors, including but not limited to manufacturing, retail, agriculture, services, and technology. Additionally, the study accounts for the geographical dimension of sustainability adoption by examining implementation patterns in both urban and rural areas of Kosovo. This consideration acknowledges the contextual variability of sustainability practices, which may be influenced by factors such as geographic location, resource availability, and the strength of local regulatory frameworks.

Second Target Group: SMEs' Employees

In addition to the managers and owners of small and medium-sized enterprises (SMEs) in Kosovo, the second key demographic for this study is their employees. Including this group provides valuable insight into the internal, work-side perspective on sustainability—specifically, how employees' knowledge, attitudes, and workplace experiences influence and reflect the sustainability efforts of SMEs. Understanding employee perceptions is essential, as they play a direct role in implementing and supporting sustainable practices within the organization.

The study will explore employees' awareness of the Sustainable Development Goals (SDGs), their views on environmentally and socially responsible practices, and their willingness to engage with and support such initiatives in their daily work. It aims to identify whether a gap exists between the sustainability strategies articulated by SME leadership and the perceptions or expectations held by employees. Recognizing this dynamic is crucial for aligning organizational sustainability goals with internal capacities and engagement. By incorporating employees as a central target group, the research provides a more balanced and holistic assessment of sustainability adoption within SMEs in Kosovo. It bridges the gap between top-down strategies and bottom-up experiences, offering insights into how internal organizational dynamics shape, support, or challenge the path toward sustainable development.

Relevance of the Dual Target Population

The choice of these two populations is methodologically aligned with the research objectives and is theoretically supported by literature emphasizing the relationship between internal organizational dynamics and sustainability outcomes (Carrigan et al., 2004; Trudel & Cotte, 2009). Involving both SME managers and employees enables a comparative and relational analysis that captures not only the challenges and drivers experienced by SMEs but also the internal perspectives that shape or support sustainability adoption. This dual-targeted approach enhances the analytical depth of the study by enabling the identification of potential discrepancies, misalignments, or synergies between managerial strategies and employee perceptions. Ultimately, it supports the formulation of actionable recommendations for policymakers, business support institutions, and SME stakeholders aiming to strengthen the implementation and effectiveness of sustainability initiatives within Kosovo's SME sector.

5.2 Questionnaire Content and Structure

5.2.1 Questionnaires Content for SMEs' Managers and Owners

To gather data from the supply-side perspective, a structured questionnaire was electronically distributed to SME owners and managers across various industries in Kosovo. The survey was designed to assess their attitudes, understanding, and awareness of sustainability and the Sustainable Development Goals (SDGs). A diverse and representative sample was achieved through the successful completion and return of 71 questionnaires via online methods.

The online format was selected to optimize accessibility, efficiency, and geographic reach, allowing participants to complete the survey at their convenience. The structured design of the questionnaire ensured the systematic collection of quantitative data suitable for statistical analysis, in alignment with the methodological guidelines outlined by Sreejesh (2014) and Oppenheim (2000).

This survey will assess:

- Their awareness, understanding, and attitudes toward sustainability and the SDGs.
- The internal and external challenges they face in implementing sustainability practices.
- The strategies and tools they currently use to integrate sustainability into their business operations.
- Their perceptions of employees influence and the effectiveness of their sustainability initiatives.

The implementation of standardized questions utilizing Likert-scale and multiple-choice formats will facilitate the acquisition of consistent, comparable data from a varied sample of SMEs. This will facilitate the detection of trends, patterns, and potential sectorial disparities in sustainability participation.

5.2.2 Questionnaires Content for SMEs' Employees

In addition to the managerial perspective, a second survey was conducted with employees of small and medium-sized enterprises (SMEs) to capture insights into internal organizational dynamics related to sustainability. To collect relevant data, a structured questionnaire was electronically distributed to employees working across various sectors. A total of 251 completed responses were received through this online method.

The use of an electronically administered survey allowed for broad outreach and flexible participation, enabling employees to complete the questionnaire at their convenience. The purpose of this survey was to assess:

- Employees' awareness and understanding of sustainability and the Sustainable Development Goals (SDGs);
- Their attitudes, values, and willingness to engage in or support sustainability initiatives within their organizations.
- How employees perceive the sustainability efforts of their employers and the extent to which they feel involved or empowered in those processes.

This dual-survey design enables data triangulation, allowing for a deeper analysis of the extent to which SMEs' sustainability practices align with the perceptions, expectations, and experiences of their employees.

5.3 Procedures Followed

Using structured survey tools to gather primary data from SMEs, this study utilized a quantitative research methodology. The purpose of this study was to examine the level of CSER engagement by SMEs from the viewpoints of both managers and employees. Consequently, two distinct surveys were created, one for managers of small and medium-sized enterprises (SMEs) and another for employees of SMEs. To ensure thorough and contextually grounded data, each was tailored to capture the respondent group's individual experiences, knowledge, and perceptions.

A safe and widely available survey platform was used to administer the questions online, enabling participants to reply whenever it was most convenient for them. Reaching a larger geographic sample and lessening the administrative strain of in-person data collecting were also made feasible by online distribution. Purposive and convenience sampling techniques were combined in the sample strategy. While employees were picked from within the same or similar firms to ensure alignment in context, SME managers were chosen based on their active roles in the organizational decision-making process. Both groups were chosen provided that their businesses were classified as SME's (organizations with less than 250 employees), as specified by the EU.

A total of **322** responses were collected 71 from managers and 251 from employees. All responses were initially screened for completeness and eligibility.

After data collection, a methodical data preparation procedure was executed utilizing IBM SPSS Statistics (version 23.0) as the principal instrument for data processing and analysis. The data preparation phase encompassed numerous essential steps. Initially, all responses were examined for absent values, logical discrepancies, and redundancy. Cases with significant missing data were removed, whereas small discrepancies were rectified through cross-referencing associated items. No duplicate entries were detected. Subsequently, all category replies were converted into numeric variables to facilitate statistical analysis. String values were normalized, and variable labels were distinctly assigned for enhanced interpretability. Composite variables were constructed to represent theoretical structures by amalgamating several components into singular indices when appropriate. Questions pertaining to environmental accountability were consolidated into an

environmental responsibility index, and those concerning staff engagement with CSER policies were categorized into a participation index.

Descriptive statistical methods were initially utilized to encapsulate the attributes of the sample and the primary variables of interest. The analysis encompassed frequency distributions, percentages, means, and standard deviations. Subsequently, inferential analyses were conducted to examine correlations among variables, detect trends, and investigate significant differences between the two respondent groups. Bivariate methods, including Chi-square testing and correlation analysis, were employed to investigate connections between categorical and ordinal variables. The internal consistency of the multi-item constructs was evaluated using Cronbach's Alpha. All scales met or surpassed the accepted level of 0.70, so affirming the dependability of the instruments. To guarantee data quality and fulfill assumptions for subsequent analysis, distribution normality was evaluated using Skewness and Kurtosis values, along with visual techniques such as Q-Q plots and histograms. No substantial divergences from normalcy were observed.

The utilization of IBM SPSS Statistics (Version 23.0) enabled a meticulous and clear analytical procedure. The program facilitated efficient data administration, comprehensive analysis of variable interactions, and the production of statistically valid results. All procedures adhered to ethical research protocols, encompassing informed consent, confidentiality, and the ability to withdraw, as sanctioned by the institutional review board.

This study adhered to rigorous methodologies across all phases, including instrument design, data collection, cleaning, transformation, and analysis. This methodical methodology enhances the reliability of the results and establishes a solid basis for deriving conclusions regarding CSER practices and attitudes in the SME sector.

5.4 Research Questions and Hypotheses

In line with the research objectives outlined in Chapter 1, this study formulates specific research questions and hypotheses to provide a clear framework for empirical investigation. These research questions are designed to guide the methodological approach, ensuring a systematic exploration of how small and medium-sized enterprises (SMEs) in Kosovo engage with sustainability and the UN Sustainable Development Goals (SDGs). The hypotheses are developed to be directly testable through the study's quantitative survey design and align with the dual focus of examining both SME owners'/managers' perspectives and employees' viewpoints. ***Table 2*** outlines the research questions and corresponding hypotheses, establishing a coherent linkage between the conceptual foundation of the study and the data collection and analysis methods described in this chapter.

Table 2: Research Questions and Corresponding Hypotheses

Research Question	Corresponding Hypothesis
RQ1: What is the level of awareness, understanding, and motivation toward sustainability and the SDGs among SME owners and managers in Kosovo?	H1: SME owners' and managers' level of awareness, knowledge, and understanding of the SDGs is positively associated with their motivation and commitment to integrate sustainability into their business operations.
RQ2: What are the main barriers SMEs in Kosovo face in adopting sustainability practices?	H2: Internal and external barriers, such as limited resources and weak institutional support, significantly reduce SMEs' ability to adopt sustainability practices.
RQ3: How do SME employees in Kosovo perceive and engage with sustainability initiatives, and how does this influence their organizations' sustainability practices?	H3: Employees' awareness, attitudes, and willingness to engage with sustainability initiatives significantly influence the implementation and success of sustainability practices within SMEs.

RQ4: To what extent is there alignment or a gap between SME managers' sustainability efforts and employees' expectations, and how can this be addressed to enhance sustainability integration?	H4: There is a significant gap between SME managers' sustainability efforts and employees' expectations regarding sustainable business practices, which affects the effective integration of sustainability practices in SMEs.

Source: Author's own work

The overall structure of the study design is shown in ***Figure 5***, which maps the connection between the research questions, hypotheses, methodology, and analytical process.

Figure 5 presents the logical flow of the study, starting with four research questions (RQ1–RQ4) and their corresponding hypotheses (H1–H4). It shows the two parallel data collection streams—managers' survey (n = 71) and employees' survey (n = 251)—and the SPSS statistical procedures applied (descriptive statistics, chi-square tests, ANOVA), leading to the synthesis of findings and formulation of conclusions.

*Please refer to Appendix 3 for a detailed outline of Data Analysis Method, Data Collection, Target Group, Questionnaire Content and Structure, and the Procedures Followed.

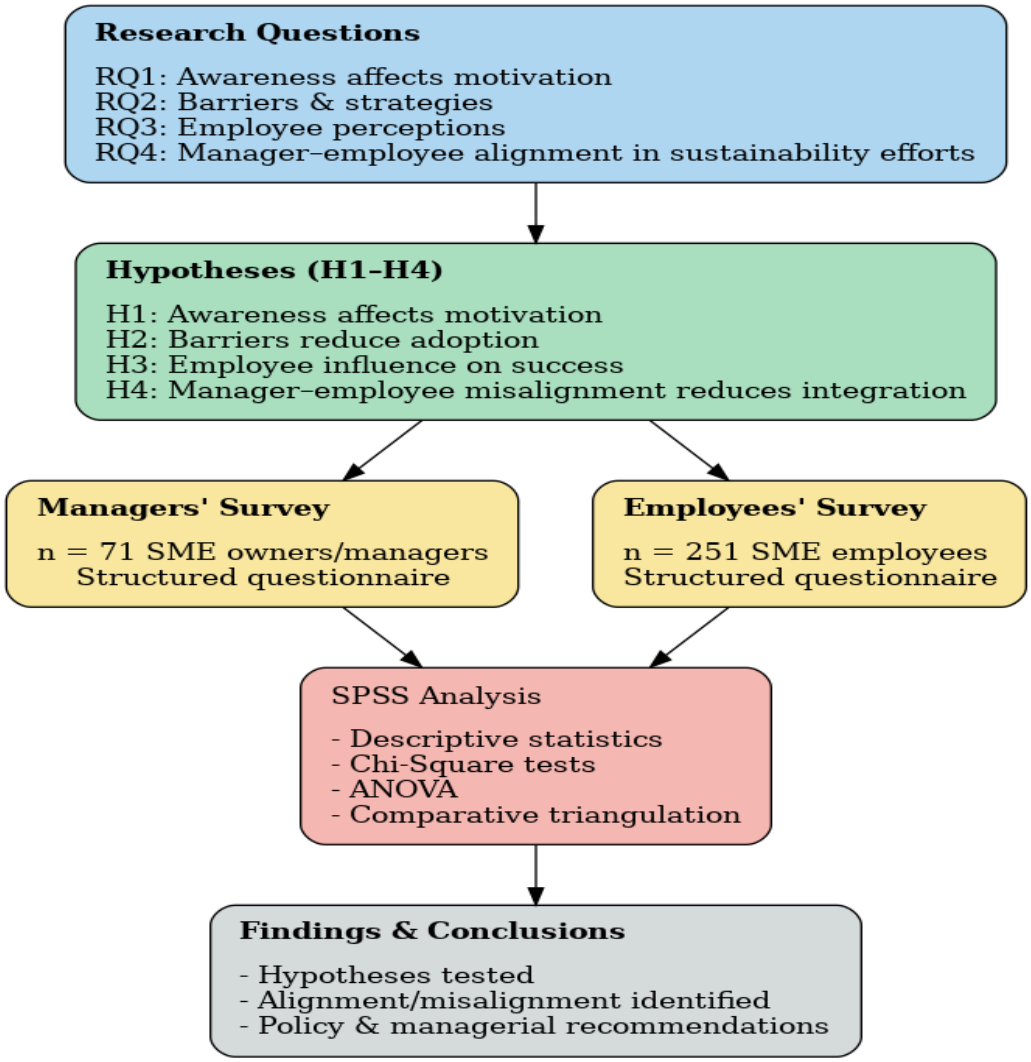

Figure 5: Research Design Flow Diagram

Source: Author's own work

CHAPTER 6: RESULTS AND FINDINGS

6.1 Overview and Introduction to Results

This chapter presents and analyzes the findings of the surveys conducted with both managers/owners and employees of small and medium-sized enterprises (SMEs) in Kosovo. Its primary aim is to examine their awareness, perceptions, and practices regarding Corporate Social and Environmental Responsibility (CSER) and sustainability, as well as to identify the internal and external challenges influencing their adoption within the SME sector. The results are derived from two structured questionnaires distributed electronically: one targeting SME managers and owners, and another directed at employees across diverse industries. All responses were systematically coded, cleaned, and analyzed using IBM SPSS Statistics software –Version 23.0. Descriptive statistical techniques (frequencies, percentages, means, and standard deviations) were used to summarize demographic and organizational profiles, patterns of awareness, and engagement with CSER and sustainability. Furthermore, inferential statistical tests, including Chi-square and ANOVA analyses, were employed to explore relationships between key variables such as sustainability awareness, business characteristics, employee demographics, and perceived barriers to CSER adoption.

The chapter is structured to reflect these analytical steps for both respondent groups. It begins with the descriptive characteristics of managers and employees, establishing context through demographic and organizational details (e.g., industry sector, business ownership, workforce size, age, and educational backgrounds). It then examines awareness and perceptions of CSER and sustainability among both groups, followed by an assessment of attitudes toward CSER implementation, including satisfaction with workplace initiatives and perceived managerial commitment. Subsequent sections focus on the practical implementation of sustainability measures, such as environmental impact mitigation, workforce training, reporting mechanisms, and workplace practices, alongside perceived benefits and core responsibilities of CSER. The analysis also highlights key barriers and challenges, such as limited institutional support, financial constraints, insufficient awareness, and weak stakeholder pressure, as identified by both managers and employees. Finally, the chapter presents statistical tests and comparative analyses that provide deeper insight into how organizational and demographic factors shape CSER adoption and sustainability engagement within SMEs. By integrating the perspectives of both managers and employees and combining descriptive, comparative, and inferential analyses, this chapter delivers a comprehensive, data-driven understanding of how sustainability is conceptualized, implemented, and experienced across Kosovo's SME sector. These findings also establish a robust foundation for triangulation with the broader literature and inform practical, evidence-based recommendations for improving sustainability adoption and policy support in this context.

6.2 Analysis and Findings of the SME Managers' Questionnaire

6.2.1 Descriptive Characteristics of SMEs and Respondents

This section provides an overview of the fundamental characteristics of the surveyed SMEs, including ownership structure, industry distribution, years of establishment, and workforce size. These descriptive statistics establish the context for understanding the operational and organizational background of the respondents, which is essential for interpreting their views and practices related to sustainability.

Business Ownership Structure

The survey captured several forms of business ownership, specifically sole proprietorships, family-owned enterprises, publicly traded companies, and additional categories. As illustrated in ***Figure 6*** family company owners constituted the largest segment of respondents, accounting for 33.8% of the total. Single owners constituted 32.4%, signifying that these two categories collectively account for the predominant types of business ownership among the participants.

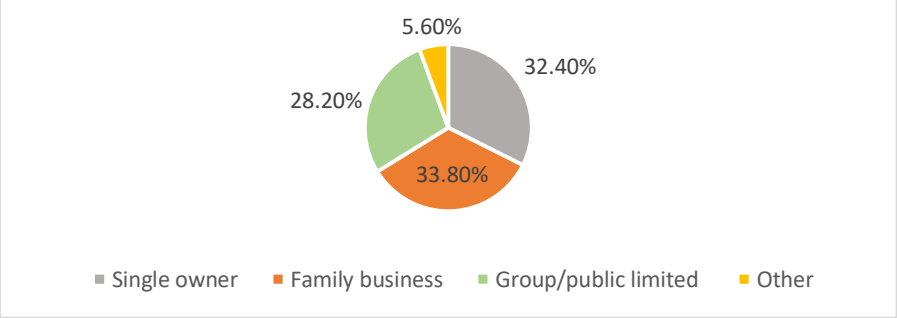

Figure 6: Business Ownership Structure Source (Author's own work)

Ownership by groups or public limited companies was indicated by 28.2% of the managers, reflecting a notable prevalence of more formally organized company arrangements. Merely 5.6% of the respondents opted for the "Other" category, indicating that non-traditional ownership arrangements are quite uncommon in this setting. These findings highlight the dominance of family and individual ownership in the business environment represented by this sample.

Industry and Economic Sector Representation

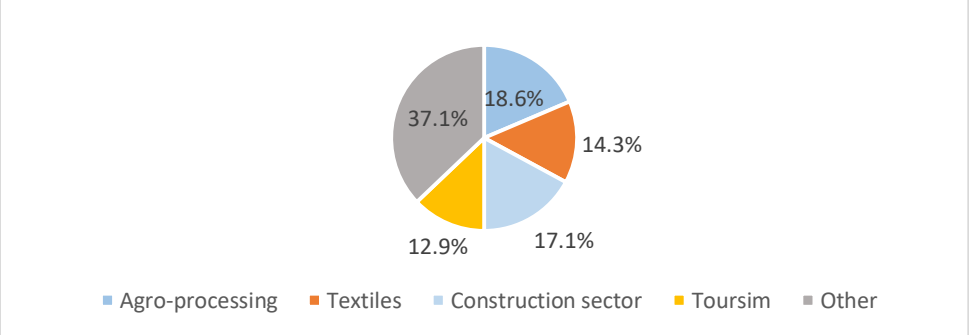

Figure 7: Industry and Economic Sector Representation (Author's own work)

Agro-processing, textiles, construction, tourism, and other industries and economic sectors were all examined in the survey. As illustrated in ***Figure 7*** the majority of participants (37.1%) reported working in sectors classified as "Other," reflecting a broad range of industries not specifically listed among the primary categories, as seen in Figure X. With 18.6% of participants, agro-processing was the most represented specific sector, followed by construction (17.1%). Of the mentioned sectors, the tourist sector had the least share at 12.9%, while the textiles sector accounted for 14.3% of the enterprises. These findings point to a varied economic environment,

with a sizable percentage of companies operating outside of the conventional industrial categories included by the study.

Years of Establishment of Enterprises

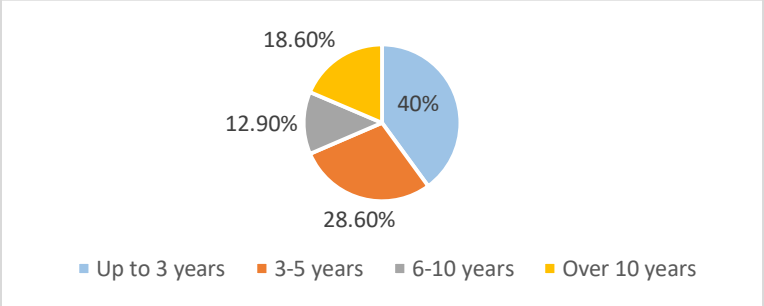

Figure 8: Years of Establishment of Enterprises (Author's own work)

The survey analyzed the years of establishment of the enterprises, dividing them into four categories: over 10 years, 6–10 years, 3–5 years, and up to 3 years. As illustrated in ***Figure 8*** a notable proportion of relatively new enterprises is evident, with most businesses (40%) having been established within the past three years. Businesses operating for 3–5 years comprised 28.6% of the responses, while those in operation for over 10 years accounted for 18.6%**.** The smallest group—12.9%**—**consisted of businesses established between six and ten years ago. These findings suggest a dynamic and evolving entrepreneurial landscape, characterized by a significant presence of relatively young firms, alongside a smaller but established segment of long-standing enterprises. This distribution reflects both the growth of new ventures and the persistence of more mature SMEs within Kosovo's business environment.

Number of Employees and Organizational Size

The survey collected data on the total workforce size of each organization, categorizing them into two groups: enterprises with fewer than 100 employees and those employing between 100 and 250 staff members. Results show that a significant majority of businesses (84.3%) reported employing fewer than 100 individuals, signifying the predominance of small-sized organizations within the sample. Merely 15.7% of the respondents reported that their businesses employed between 100 and 250 individuals, indicating a limited presence of medium-sized enterprises. The results indicate that the participants' business environment predominantly consists of smaller enterprises, potentially affecting their organizational structure, resources, and growth capacity.

6.2.2. Awareness and Perceptions of CSER among Managers

This section explores SME managers' awareness and conceptual understanding of sustainability, including environmental, social, and economic dimensions. It examines their perceptions of business responsibilities and environmental impacts, which are critical in shaping the strategic orientation of SMEs toward sustainable practices.

Familiarity with the CSER Concept

The survey inquired if participants were familiar with the phrase Corporate Social and Environmental Responsibilities (CSER) and if they comprehended its definition. 44.3% of respondents affirmed their familiarity with the word and its relevance. Nonetheless, the majority—55.7%—indicated "No," implying that over half of the surveyed managers are either uninformed of the notion or lack comprehensive understanding of it. This underscores a deficiency in understanding of CSER among the sampled company executives, indicating a possible necessity for enhanced awareness and education regarding social and environmental responsibilities within the corporate sector.

Perceived Primary Responsibilities of Enterprises (Economic, Social, Environmental)

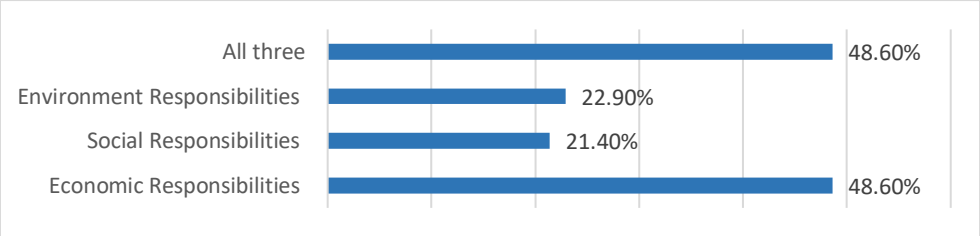

Figure 9: Perceived Primary Responsibilities of Enterprises (Author's own work)

The survey asked participants to identify what they considered to be the primary obligations of a company, offering options that included economic, social, and environmental responsibilities, either individually or in combination. As illustrated in ***Figure 9*** most respondents (48.6%) emphasized either economic responsibilities alone or the integration of all three responsibilities as the most essential for a company, highlighting a dual focus on financial performance and a broader commitment to sustainability. Conversely, environmental responsibilities were chosen by 22.9%, while only 21.4% prioritized social responsibilities as a standalone priority. These findings indicate that, even though nearly half of the managers acknowledge the significance of a comprehensive approach that encompasses social and environmental responsibilities in addition to economic objectives, a substantial number of them continue to regard economic outcomes as the primary responsibility of a business. The data underscores the necessity of further fostering the incorporation of social and environmental considerations into business practices.

Perceived Environmental Responsibility of Firms

The survey asked respondents whether they believed their firm holds a responsibility toward the environment. A substantial majority (72.9%) responded affirmatively, indicating a strong recognition of environmental responsibility among the participating enterprises. Conversely, 27.1% of the managers answered "No," indicating that more than a quarter of the participants do not perceive environmental stewardship as a component of their company's obligations. This outcome indicates a predominantly favorable disposition towards environmental accountability, although it underscores the necessity for further awareness and engagement initiatives to promote wider comprehension and implementation of ecologically responsible practices within the business sector.

Perceived Workplace Environmental Responsibility (Water, Noise, Safety, Health)

The study asked respondents whether they believed their organization bears responsibility for the working environment, including factors such as water quality, noise, dust, safety, and health. A substantial majority (74.3%) responded affirmatively, reflecting a strong recognition of and commitment to maintaining a healthy and safe workplace environment. In contrast, 25.7% of the managers answered "No," indicating that a quarter of the participants do not perceive the organization as accountable for these internal environmental and occupational issues. The overall result indicates a favorable trend in workplace responsibility; yet, the existing gap underscores the necessity of enhancing understanding and best practices for occupational health and safety regulations.

Perceived Responsibility for Working Conditions (Wages, Hours, and Rights)

The survey asked respondents whether they believed their firm is accountable for working conditions, encompassing factors such as remuneration, working hours, overtime compensation, the right to unionize, and social and health insurance. A significant majority of respondents (78.6%) affirmed "Yes," reflecting a robust perception of employer responsibility for maintaining equitable and secure working environments. Conversely, 21.4% of the managers said "No," indicating that a minority of participants do not perceive these tasks as integral to their company's purpose. The overall response indicates a favorable acknowledgment of labor rights and employer

responsibilities; nevertheless, it also highlights the necessity to enhance understanding and adherence to labor norms and regulations among certain sectors of the business community.

Perceived Environmental Impact of Companies

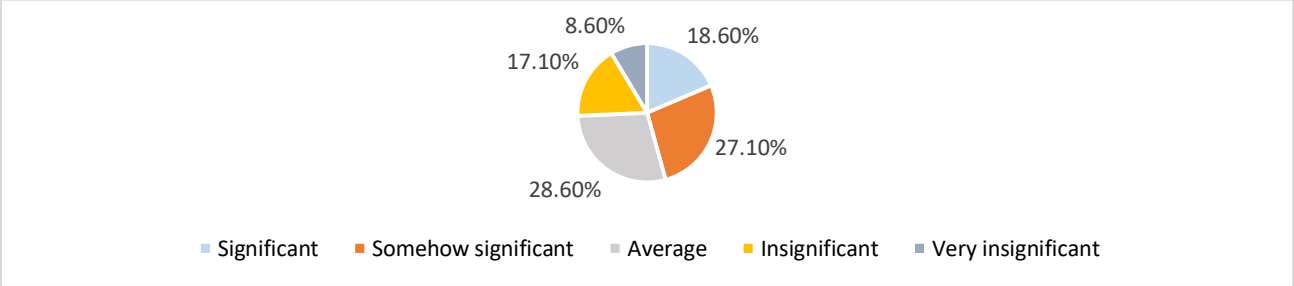

Figure 10: Perceived Environmental Impact of Companies (Author's own work)

The survey asked respondents to articulate the extent of their company's environmental impact, with options varying from Significant to Very insignificant. As illustrated in ***Figure 10***, the predominant response was "Average," chosen by 28.6% of participants, closely followed by "Somehow significant" at 27.1%. This indicates that more than fifty percent of the participants regard their company's environmental effect as moderate or somewhat significant. "Significant," whilst 17.1% deemed it "Insignificant." Merely 8.6% perceived their company's impact as "Very insignificant." The findings indicate that managers generally recognize that their enterprises effect the environment to varied extents, with most admitting to some degree of influence. The variation in responses signifies differing levels of engagement or awareness concerning environmental repercussions.

6.2.3 Internal Organizational Dynamics

This section explores the internal organizational environment, focusing on the quality of manager-employee relationships and the initiatives implemented to strengthen workplace dynamics. Such internal factors are critical in influencing employee engagement and the integration of sustainability practices within SMEs.

Manager-Employee Relationship Quality

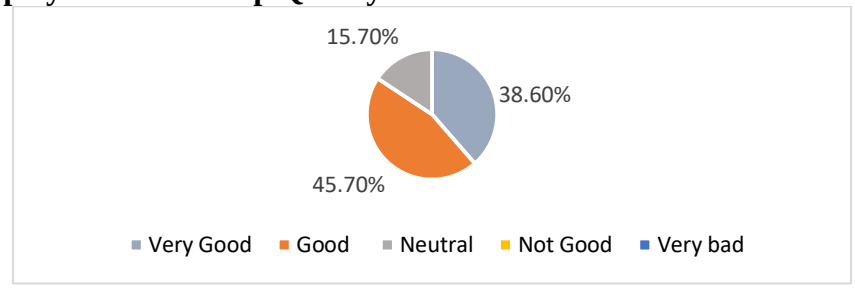

Figure 11: Manager-Employee Relationship Quality (Author's own work)

The survey asked respondents about the participants' perceptions of the interaction between management and employees in their organizations. As illustrated in ***Figure 11,*** the predominant percentage of respondents (45.7%) characterized the relationship as "Good," whilst 38.6% assessed it as "Very good," signifying that most managers recognize positive and productive interactions with their staff. Merely 15.7% of participants opted for the "Neutral" choice, and no respondents characterized the connection as "Not good" or "Very bad." The results indicate a predominantly good and collaborative relationship between management and employees in many of the surveyed organizations, with few signs of discontent or workplace conflict.

Initiatives to Strengthen Management-Employee Relations

The survey asked respondents whether they engage actions to enhance the relationship between management and employees. 64.3% of respondents answered "Yes," signifying that many organizations are actively involved in enhancing workplace relationships. Conversely, 35.7% of

the managers answered “No,” indicating that more than one-third of the enterprises do not presently engage in such activities. The overall outcome indicates a favorable trend in relationship-building initiatives inside numerous SMEs; nevertheless, the data also highlights the need for enhancement in fostering robust internal communication and employee engagement policies across all enterprises.

6.2.4 Drivers of CSER Engagement

This section identifies the key motivations driving CSER adoption among SMEs. By examining ethical, regulatory, and market-driven factors, it sheds light on why SME managers choose to engage—or not engage—in sustainability-related initiatives.

Motivations for Engaging in CSER (Ethical, Moral, Regulatory, etc.)

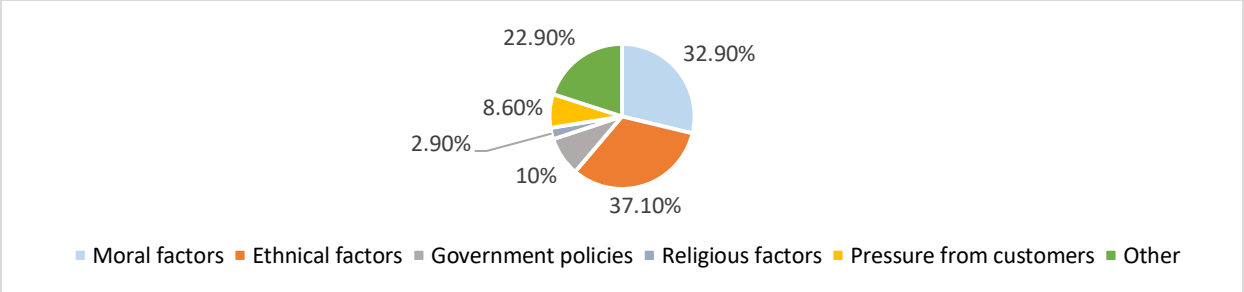

Figure 12: Motivations for Engaging in CSER (Author’s own work)

The survey asked respondents to identify the main reasons why they engage in Corporate Social and Environmental Responsibility (CSER). The most common responses, as illustrated in ***Figure 12*** were "ethical reasons" (37.1% of the total) and "moral factors" (32.9% of the total), indicating that CSER initiatives are strongly motivated by individual and group values. The following variables accounted for a lesser percentage of the responses: religious considerations (2.9%), customer pressure (8.6%), and government policies (10%). Furthermore, a significant portion of the participants (22.9%) chose "Other," suggesting that there are other unidentified factors that impact CSER engagement. In general, the evidence shows that corporations are more motivated to implement socially and ecologically responsible activities by their own internal beliefs, such as ethics and morals, rather than by external pressures or regulatory obligations.

6.2.5 Implementation of CSER Practices

This section assesses the extent to which SMEs actively implement sustainability practices within their operations. It examines the integration of sustainability into business strategies, the adoption of measures to mitigate environmental impacts, the provision of workforce training on sustainable practices, the enforcement of sustainability-oriented codes of conduct, and the use of reporting mechanisms. Together, these elements provide a clear picture of how SMEs not only recognize but also operationalize and follow through on sustainability commitments within their organizational frameworks.

Recognition and Addressing Environmental Impacts (Pollution, Waste)

The survey examined whether the managers recognized and mitigated their detrimental environmental impacts, which encompass pollution and waste. 52.9% of respondents responded "Yes," indicating that just over half of the businesses acknowledge and implement strategies to mitigate their environmental impact. Nevertheless, nearly half of the surveyed enterprises do not actively consider or mitigate the deleterious environmental impacts of their operations, as evidenced by a significant segment—47.1%—who responded with "No." This narrow disparity

highlights a critical area for improvement in environmental accountability and suggests the need for additional knowledge, regulation, or incentives to encourage sustainable company operations.

Integration of CSER into Business Strategy

The survey inquired whether the managers incorporate Corporate Social and Environmental Responsibility (CSER) activities or practices into its business strategy. Merely 35.7% of respondents affirmed "Yes," signifying that slightly more than one-third of the enterprises actively incorporate CSER into their operations. Conversely, a notable 64.3% of managers indicated that their enterprises do not adopt CSER practices. This outcome indicates that although there is some involvement with socially and environmentally responsible business practices, most companies in the sample have not integrated Corporate Social and Environmental Responsibility (CSER) into their fundamental strategies, highlighting a significant opportunity for awareness enhancement and capacity development in this domain.

Employee Training on CSER

The survey inquired if the SMEs offer training or instructional sessions regarding Corporate Social and Environmental Responsibility (CSER) practices for its employees. Merely 30% of respondents affirmed, signifying that less than one-third of organizations provide such training to their employees. Conversely, a notable 70% of managers indicated that their organizations do not offer training relevant to CSER. This outcome highlights a significant deficiency in internal education and awareness initiatives about sustainability and social responsibility. It indicates a want for increased investment in staff training to guarantee that CSER ideals are comprehended and efficiently incorporated at all organizational levels.

Presence of Codes of Conduct Linked to Stakeholder Expectations

The survey asked whether their business has codes of conduct specifically demanded by customers. A30% of respondents affirmed "Yes," signifying that a minority of enterprises have implemented formal conduct rules in response to client expectations. Conversely, a notable 70% of managers indicated that their organization lacks such rules of behavior. This indicates that most businesses in the sample are not already governed by customer-imposed ethical or operational norms, highlighting a domain where heightened consumer pressure or awareness could potentially exert a greater influence on corporate operations in the future.

Sustainability/CSER Reporting Practices

The survey inquired whether the SMEs generates a Sustainability or Corporate Social and Environmental Responsibility (CSER) report. 27.1% of respondents affirmed “Yes,” signifying that slightly more than a quarter of organizations formally record their sustainability or CSER initiatives. Conversely, a notable 72.9% of managers indicated that their organization did not generate such reports. This study indicates that most organizations in the sample are not participating in systematic reporting on sustainability or social and environmental effect, underscoring a potential opportunity for enhancement in transparency, accountability, and organized sustainability practices.

Waste Generation and Management Approaches (Landfills, Recycling, Other)

The survey asked whether their company produces waste as part of its operations. 58.6% of respondents affirmed “Yes,” signifying that most enterprises recognize their waste generation. Conversely, 41.4% answered “No,” indicating that a substantial segment of the companies either does not generate garbage or does not classify its by-products as such. These findings underscore the significance of waste management in company operations and indicate the necessity for sustained focus on environmental accountability and sustainable manufacturing practices.

Methods of Waste Management Practices (Internal vs. External)

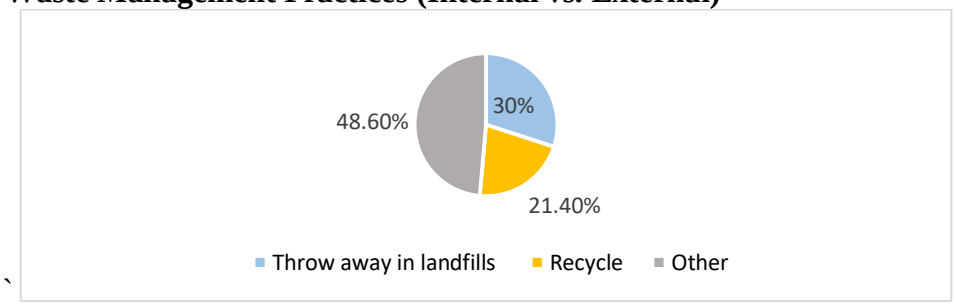

Figure 13: Methods of Waste Management Practices (Author's own work)

The survey asked how companies handle the waste they produce, offering broad categories such as disposal in landfills, recycling, or other methods. As shown in ***Figure 13***, 48.6% of respondents chose "Other," signifying that nearly half of the enterprises employ alternative waste management strategies not listed among the options. Simultaneously, 30% of the participants indicated that they dispose of rubbish in landfills, whereas 21.4% reported engaging in recycling. The findings indicate that although landfill disposal is prevalent, a significant number of businesses are implementing diverse or potentially more sustainable waste management strategies; however, the comparatively low recycling rate highlights the need for enhancement in environmentally responsible practices.

Wage Determination Practices (Internal vs. External Regulation)

The survey asked whether their company's wages are determined based on government regulations, formal certified systems/codes, internal company practices, or other factors. As shown in ***Figure 14***, 54.3% of respondents indicated that wages are determined by their company's internal systems or practices, signifying that internal decision-making is paramount in establishing employee compensation. Simultaneously, 35.7% indicated that pay adhere to government standards, while a minor percentage—4.3%—reported dependence on formal approved systems or codes.

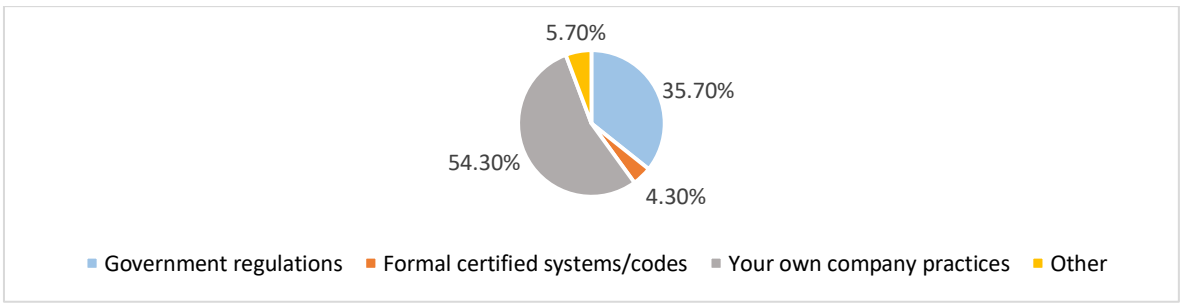

Figure 14: Wage Determination Practices (Author's own work)

An extra 5.7% opted for "Other," indicating that certain organizations employ alternative or hybrid methodologies. The findings indicate a pronounced shift towards internal wage-setting procedures, yet a significant percentage of enterprises also adhere to state-mandated standards.

Overtime Work

The results are nearly evenly split, with 51.4% of respondents reporting no overtime work and 48.6% indicating that their company does face overtime situations**.** This near balance suggests that while a slight majority of SMEs maintain workloads within standard working hours, a significant proportion still require overtime, potentially reflecting high operational demands, limited staffing, or peak workload periods. From a sustainability and labor rights perspective, this finding underscores the importance of monitoring work conditions and ensuring that overtime, where it

occurs, is managed fairly and in alignment with labor regulations and sustainable employment practices.

Overtime Work Compensation Compliance

The study inquired if employees are compensated for overtime labor, presuming that such activity takes place. 47.1% of respondents affirmed "Yes," signifying that fewer than half of the enterprises remunerate their employees for overtime hours. Conversely, 52.9% indicated that employees do not receive overtime compensation, highlighting a troubling trend wherein most organizations encountering overtime scenarios may not comply with equitable labor rules. This outcome indicates a possible deficiency in the enforcement of labor rights and underscores the necessity for enhanced adherence to legislation concerning employee remuneration for overtime work.

SMEs' Practices in Monitoring Resource Use and Environmental Impact

58.6% of respondents confirmed that their companies actively monitor waste, water, and energy consumption**,** while 41.4% reported not engaging in such monitoring practices**.** This finding suggests that most SMEs have incorporated basic environmental monitoring measures, signaling progress toward sustainable resource management. However, the significant proportion (over two-fifths) of firms that do not track their resource consumption highlights a notable gap in sustainability practices. This lack of monitoring may hinder the identification of inefficiencies, cost-saving opportunities, and compliance with environmental standards, suggesting that greater awareness and capacity-building are needed to strengthen resource management and environmental accountability within SMEs.

Drivers for Following Organizational Procedures and Sustainability Practices

The survey asked what primarily drives the procedures their companies follow regarding waste management and related sustainable practices mentioned above. As shown in ***Figure 15***, 68.6% of managers responded that these procedures are derived from their own firm practices, implying a significant dependence on internal policies rather than external regulations. In contrast, 21.4% of participants ascribed their operations to government legislation, while merely 10% indicated that their actions are directed by formal certified systems or norms. The results indicate that most of the enterprises function autonomously regarding environmental practices, with no impact from regulatory or formal certification systems.

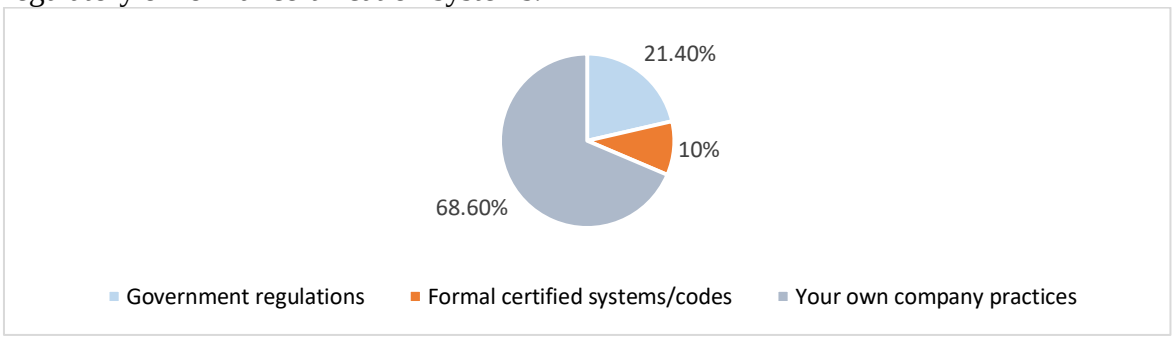

Figure 15: Drivers for Following Organizational Procedures and Sustainability Practices (Author's own work)

This highlights the necessity of fostering congruence with established standards and advocating wider adherence to external rules.

6.2.6 External Pressures and Stakeholder Influence

This section focuses on the external forces shaping SME sustainability practices, including client demands, regulatory expectations, and stakeholder influence. Understanding these pressures is crucial for assessing how SMEs respond to market and institutional sustainability demands.

Client Pressure on CSER-Related Areas (Energy, Waste, Labor, Water)

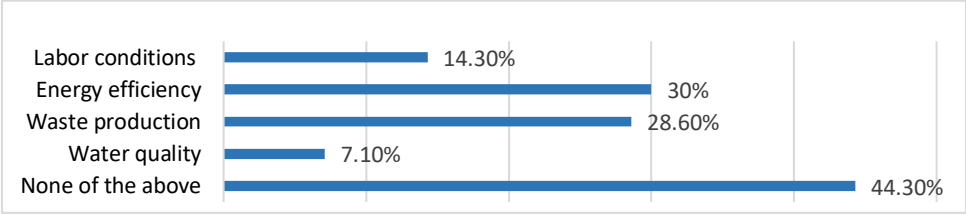

Figure 16: Client Pressure on CSER-Related Areas (Author's own work)

The study inquired if their organization experiences pressure from clients over particular areas of Corporate Social and Environmental Responsibility (CSER), including water usage, waste management, energy consumption, and labor conditions. As shown in ***Figure 16,*** 44.3% of respondents chose "None of the above," signifying that nearly half of the enterprises do not experience external pressure from clients to comply with CSER criteria. Of those who reported pressure, 30% identified energy use, while 28.6% highlighted waste management as significant areas of worry. Pressure concerning labor conditions was reported by 14.3% of respondents, but only 7.1% reported pressure relating to water usage. The findings indicate that a significant difficulty for SMEs in implementing CSER is the absence of client-driven demand or accountability, thereby diminishing the motivation to adopt or engage in responsible practices. In the absence of external pressure, particularly from business priorities, clients may subordinate CSER owing to constrained resources or conflicting.

Perceived Influence of Government, Suppliers, Customers, and Employees on Profitability

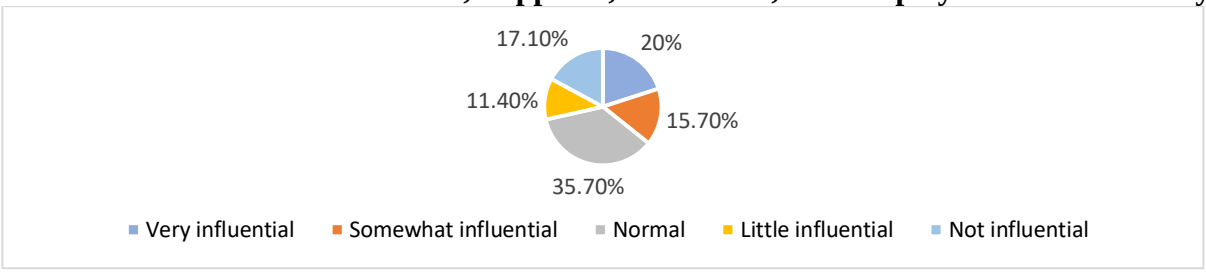

Figure 17: Perceived Influence of Government (Author's own work)

The survey inquired about the government's influence on the company's profitability. As shown in ***Figure 17***, the predominant response, at 35.7%, was "Normal," indicating that more than one-third of respondents perceive the government's influence on profitability as moderate or balanced. Simultaneously, 20% deemed the government "Very influential," while 15.7% regarded it as "Somewhat influential," indicating that a considerable segment of firms acknowledges a direct correlation between governmental actions and their financial results. Conversely, 17.1% indicated that the government is "Not influential," while 11.4% assessed its impact as "Little." The results demonstrate a nuanced perception of governmental influence, indicating a potential obstacle for SMEs in implementing CSER: if the government is not viewed as a robust and consistent promoter of profitability, businesses may be disinclined to conform to CSER expectations, particularly when such practices entail additional expenses or structural modifications. The research indicates that

more transparent and effective government policies and incentives could significantly facilitate CSER adoption among SMEs.

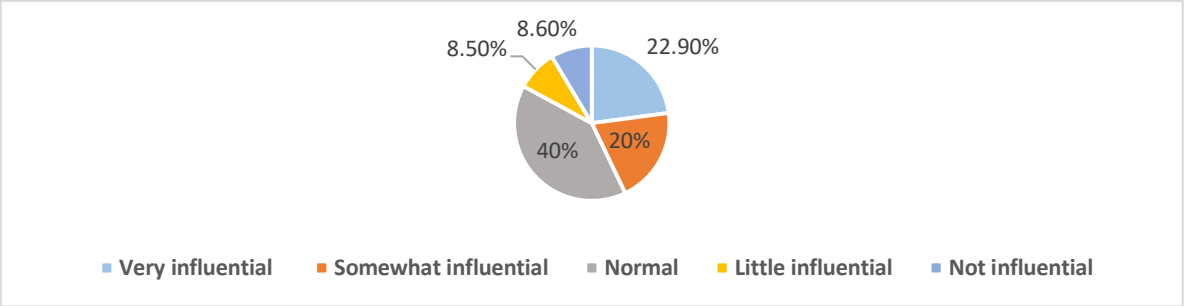

Figure 18: Perceived Influence of Suppliers on Profitability (Author's own work)

The survey asked how influential their suppliers are about company profitability. As shown in ***Figure 18***, the predominant segment of respondents—40%—assessed supplier influence as "Normal," signifying that most enterprises perceive supplier impact as moderate rather than pivotal. Moreover, 22.9% characterized suppliers as "Very influential," while 20% deemed them "Somewhat influential," indicating that a significant proportion of organizations perceive suppliers as having a substantial or moderate effect on financial performance. Conversely, 8.6% of respondents evaluated supplier influence as "Not influential," while an equal 8.6% regarded it as "Little influential." Within the framework of CSER, this data underscores a critical difficulty for SMEs: whereas certain supplier relationships might influence strategic decisions, numerous businesses may not experience substantial external pressure from suppliers to adopt responsible practices. This may diminish the imperative for implementing sustainable sourcing or ethical supply chain norms, particularly in smaller enterprises where profitability is closely monitored and dictated by cost-oriented decisions.

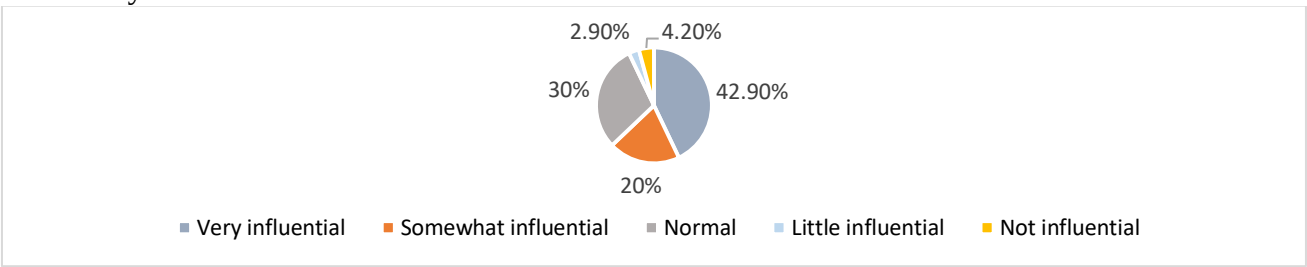

Figure 19: Perceived Influence of Customers on Profitability (Author's own work)

Managers were asked how influential customers are with regard to the profitability of their business. As shown in ***Figure 19***, 42.9% of respondents identified customers as "Very influential," rendering it the most often chosen option. This suggests that for a substantial number of SMEs, consumer behavior and expectations significantly influence financial results, followed with 30% stating as "Normal" influence of customers on profitability. Merely 2.9% and 4.2% of participants regarded consumer impact as "Little" or "Not influential," respectively. The results indicate that consumer expectations significantly influence business decisions for many SMEs. This poses both a challenge and an opportunity within the realm of CSER. Although customers exert considerable influence on profitability, previous studies indicate that this influence is not now utilized to advance responsible practices, as evidenced by the minimal pressure from clients about CSER concerns. This indicates a disparity between customer influence and CSER understanding, underscoring the necessity for heightened consumer consciousness and communication to promote sustainable and ethical accountability in SMEs.

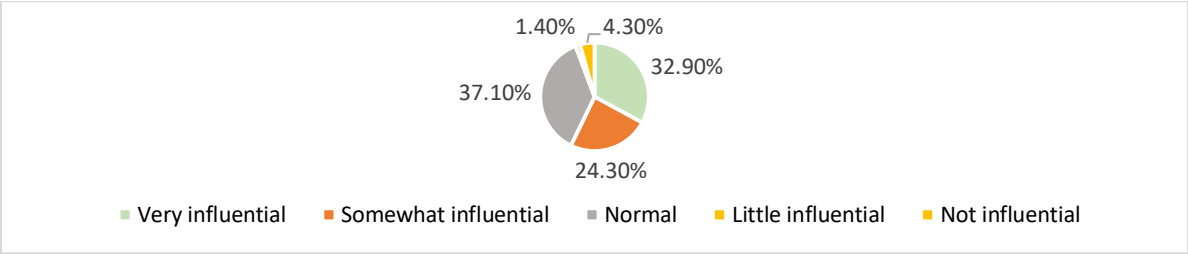

Figure 20: Perceived Influence of Employees on Profitability (Author's own work)

The survey asked managers to what extend are employees influential with regard to company profitability. As shown in ***Figure 20***, 32.9% of respondents considered their workers as "Very influential," 24.3% classified them as "Somewhat influential," and 37.1% reported a "Normal" level of influence. Merely 1.4% and 4.3% of the respondents' perceived workers as had "Little" or "No" influence, respectively. The results indicate that the majority of SMEs acknowledge their workforce as a significant factor in profitability, albeit with differing levels of influence. This data suggests that, within the framework of CSER challenges, although employees are recognized as vital to business performance, their impact may not effectively generate heightened internal pressure for responsible practices—particularly in organizations that fail to involve employees in decision-making or do not offer CSER training. This underscores the necessity for inclusive internal policies that recognize workers as not merely operational contributors but also as active stakeholders in the formulation of ethical and sustainable corporate practices.

6.2.7 Challenges and Barriers to CSER Adoption

This section identifies the primary challenges hindering CSER implementation, such as financial constraints, limited institutional support, and insufficient awareness. Recognizing these barriers is essential for formulating strategies to improve sustainability uptake within SMEs.

Key Obstacles to CSER Implementation (Government Support, Costs, Awareness, Resources)

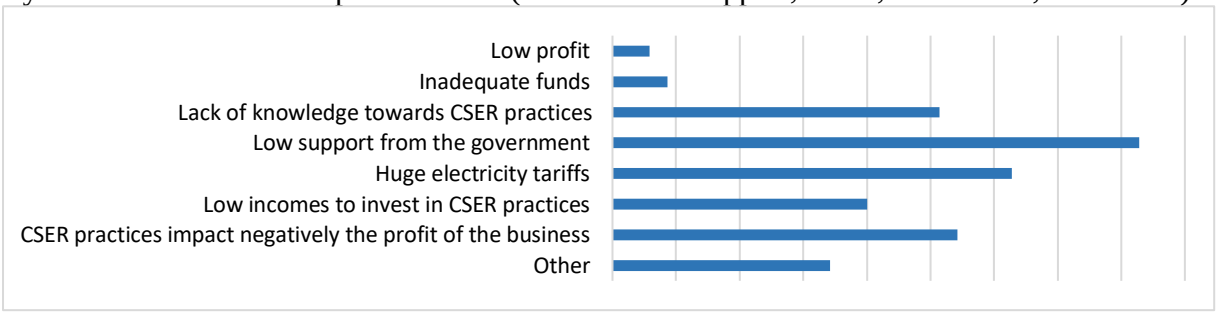

Figure 21: Key Obstacles Tóto CSER Implementation (Author's own work)

The study requested participants to pinpoint the primary obstacles to the implementation of Corporate Social and Environmental Responsibility (CSER) initiatives. ***Figure 21*** illustrates that the predominant barrier identified was insufficient governmental support, as indicated by 41.4% of respondents. This underscores a significant systemic difficulty, indicating that in the absence of enhanced policy incentives, advice, or support, SMEs encounter difficulties in implementing ethical practices. Additional substantial impediments comprised exorbitant electricity rates (31.4%) and the belief that Corporate Social and Environmental Responsibility (CSER) activities adversely affect corporate profitability (27.1%), both indicative of economic pressures that dissuade SMEs from pursuing sustainable initiatives. Moreover, insufficient awareness of CSER (25.7%) and limited financial resources to invest in CSER practices (20%) were seen as significant obstacles, highlighting both informational and economic limitations. A minority of participants chose "Other" (17.1%), suggesting the presence of other, diverse barriers not included in the predetermined alternatives. The findings reveal a complex landscape in which SMEs face intertwined financial, informational, and structural barriers to sustainability adoption. The prominence of government-related and cost-related challenges underscores the urgent need for

targeted policy interventions, financial incentives, and awareness initiatives aimed at improving the feasibility and accessibility of sustainability and CSER practices for smaller and medium enterprises.

6.2.8 **Statistical and Inferential Analysis (Chi-Square Tests)**

This section presents inferential analyses that test relationships between SME characteristics, sustainability awareness, and implementation. Through Chi-square testing, it provides empirical evidence of the factors influencing sustainability engagement, offering a deeper understanding of how organizational features and perceptions interconnect. Chi-Square Test Results for the Association between Q12: "Does you company implement CSER activities/practices in your business model?" and Q2: Ownership of the business".

Table 3:Chi-Square test between Q12+Q2 (Author's own work)

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.074[a]	3	.166
Likelihood Ratio	5.429	3	.143
Linear-by-Linear Association	3.810	1	.051
N of Valid Cases	70		

2 cells (25.0%) have expected count less than 5. The minimum expected count is 1.43.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.269	.166
	Cramer's V	.269	.166
N of Valid Cases		70	

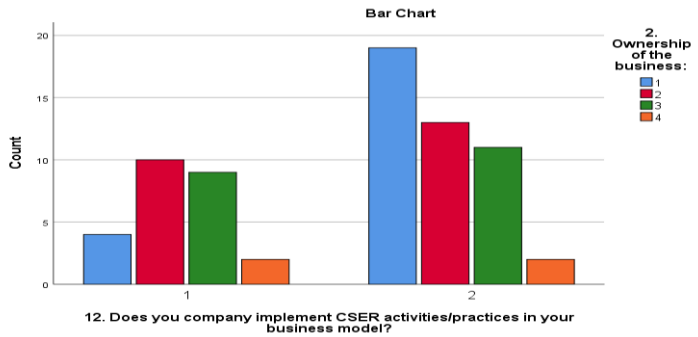

Figure 22: Bar Chart OF Q12+Q2 (Author's own work)

A Chi-Square test was performed to analyze the association between business ownership type (Q2) and the integration of Corporate Social and Environmental Responsibility (CSER) activities in the business model (Q12). The findings in ***Table 3*** and ***Figure 22*** indicate a Pearson Chi-Square value of 5.074 with 3 degrees of freedom, and a p-value of p = 0.168. As this result above the standard significance threshold of 0.05, the test suggests that there is no statistically significant correlation between firm ownership type and the adoption of CSER procedures. This study indicates that the ownership structure of a business—be it sole proprietorship, family-owned, publicly traded, or classified as "other"—does not substantially affect its engagement in CSER activities. The Cramer's V value of 0.289 indicates a weak to moderate connection, while the non-significant finding (p = 0.168) suggests that ownership structure alone does not explain variations in CSER adoption. In the realm of SMEs, this indicates that the obstacles associated with CSER are predominantly shaped by external variables, like inadequate government backing, elevated operational expenses, and minimal customer pressure, rather than by the intrinsic attribute of

ownership. Chi-Square Test Results for the Association between Q12: ”Does you company implement CSER activities/practices in your business model?” and Q3: Years of establishment”

Table 4: Chi-Square test between Q12+Q3 (Author’s own work)

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.881[a]	2	.087
Likelihood Ratio	5.077	2	.079
Linear-by-Linear Association	4.415	1	.036
N of Valid Cases	70		

1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.21.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.264	.087
	Cramer's V	.264	.087
N of Valid Cases		70	

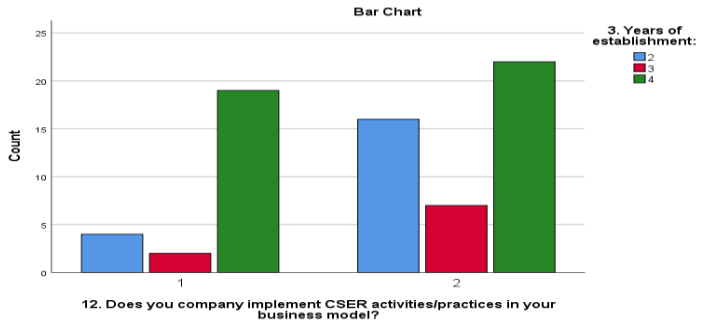

Figure 23: Bar Chart OF Q12+Q3 (Author’s own work)

A Chi-Square test was conducted to examine the relationship between the number of years a business has been established (Q3) and the implementation of Corporate Social and Environmental Responsibility (CSER) practices within the business model (Q12). The findings in ***Table 4*** and ***Figure 23*** indicate a Pearson Chi-Square value of 4.881 with 2 degrees of freedom, and a p-value of p = 0.087. As this value exceeds the customary threshold of 0.05, the relationship between the two variables is not statistically significant at the 5% level, although it is nearing significance. The Cramer's V value of 0.264 signifies a weak to moderate association, implying a potential relationship between the duration of a business's operation and its adoption of CSER practices, although this relationship lacks statistical significance in this sample (p = 0.087). The findings suggest that the length of a company's operation does not substantially affect the deployment of CSER. Within the context of SMEs, this suggests that enterprises—regardless of their years of operation—face similar challenges in implementing CSER. These challenges largely arise from external factors, including limited financial resources, inadequate institutional support, and minimal pressure from clients or policy frameworks.

Chi-Square Test Results for the Association between Q11: “Have you heard of the term Corporate Social and Environment Responsibilities (CSER) and do you understand what it means?” and Q3: “Years of establishment”

Table 5:Chi-Square test between Q11+Q3 (Author's own work)

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.748[a]	2	.056
Likelihood Ratio	5.928	2	.052
Linear-by-Linear Association	4.330	1	.037
N of Valid Cases	70		

1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.99.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.287	.056
	Cramer's V	.287	.056
N of Valid Cases		70	

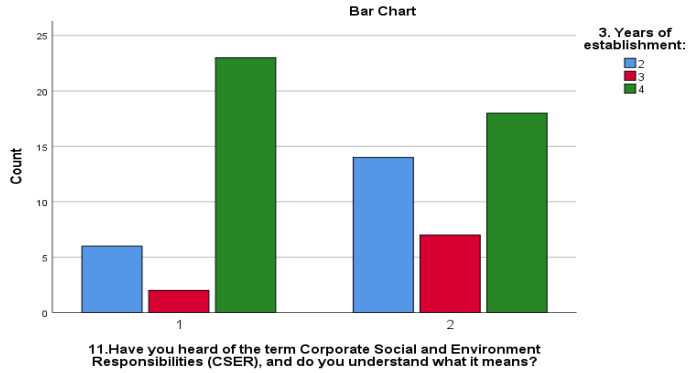

Figure 24: Bar Chart Q11+Q3 (Author's own work)

A Chi-Square test was conducted to examine the relationship between the number of years a business has been established (Q3) and whether the respondent has heard of and understands the term Corporate Social and Environmental Responsibilities (CSER) (Q11). The findings in ***Table 5*** and ***Figure 24*** indicate a Pearson Chi-Square value of 5.748 with 2 degrees of freedom, and a p-value of p = 0.056. This number, while slightly exceeding the traditional significance threshold of 0.05, suggests a marginal or borderline non-significant connection between the two variables. The Cramer's V score is 0.287, indicating a weak to moderate connection strength. Although the association does not achieve statistical significance at the 5% level (p = 0.056), it is sufficiently proximate to suggest a potential trend, indicating that years of establishment may correlate with awareness or comprehension of CSER. Recently created organizations may exhibit varying degrees of familiarity with CSER principles compared to their longer-established counterparts; nevertheless, this trend lacks sufficient strength to be deemed definitive based on the current sample. This result suggests that knowledge and awareness of CSER issues among SMEs may vary across enterprises of different ages; however, the difference is not statistically significant. This finding highlights the importance of implementing targeted awareness-raising initiatives across all SME categories, regardless of their length of operation. Chi-Square Test Results for the Association between Q12:" Does your company implement CSER activities/practices in your business model?" and Q5: |Industry /economic sector"

Table 6: Chi-Square test between Q12+Q5 (Author's own work)

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.350[a]	4	.080
Likelihood Ratio	9.117	4	.058
Linear-by-Linear Association	2.061	1	.151
N of Valid Cases	70		

4 cells (40.0%) have expected count less than 5. The minimum expected count is 3.21.

Symmetric Measures between Q12+Q5 (Refer to Appendix 3 for additional tables)

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.345	.080
	Cramer's V	.345	.080
N of Valid Cases		70	

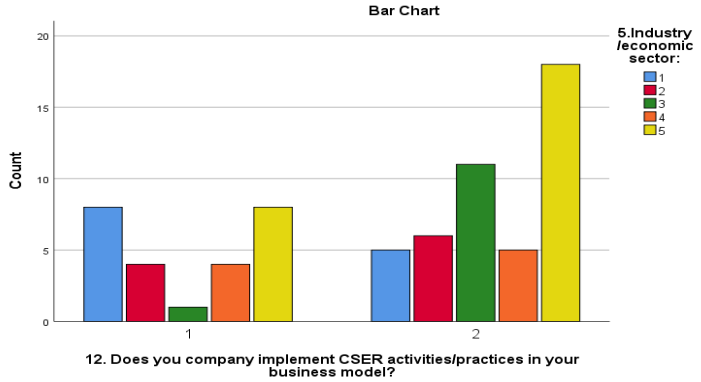

Figure 25: Bar Chart Q12+Q5 (Author's own work)

A Chi-Square test was performed to analyze the correlation between the industry or economic sector of a corporation (Q5) and the implementation of Corporate Social and Environmental Responsibility (CSER) practices in its business model (Q12). The findings in ***Table 6*** and ***Figure 25 indicate*** a Pearson Chi-Square value of 8.350 with 4 degrees of freedom, and a p-value of p = 0.080. The p-value exceeds 0.05, indicating that the relationship between economic sector and CSER implementation is not statistically significant at the 5% level, however nearing significance. The Cramer's V value is 0.345, indicating a moderate connection strength between the two variables. Although the result does not achieve statistical significance (p = 0.080), it is enough proximate to imply that specific industry sectors may exhibit varying tendencies towards the adoption of CSER techniques, despite the trend lacking robust confirmation due to the sample size. This study suggests that the industry in which a SME operates may affect its propensity to adopt CSER techniques, although this influence lacks statistical validation. Policymakers and support programs should address sector-specific characteristics when promoting CSER, especially in industries with heightened regulatory obligations or public scrutiny. Chi-Square Test Results for the Association between Q12: "Does you company implement CSER activities/practices in your business model? "and Q7:"Do you think that your company does have responsibility for the environment?"

Table 7: Chi-Square test between Q12+Q7 (Author's own work)

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	7.206[a]	1	.007		
Continuity Correction[b]	5.779	1	.016		
Likelihood Ratio	8.249	1	.004		
Fisher's Exact Test				.010	.006
Linear-by-Linear Association	7.103	1	.008		
N of Valid Cases	70				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.79.
Computed only for a 2x2 table

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.321	.007
	Cramer's V	.321	.007
N of Valid Cases		70	

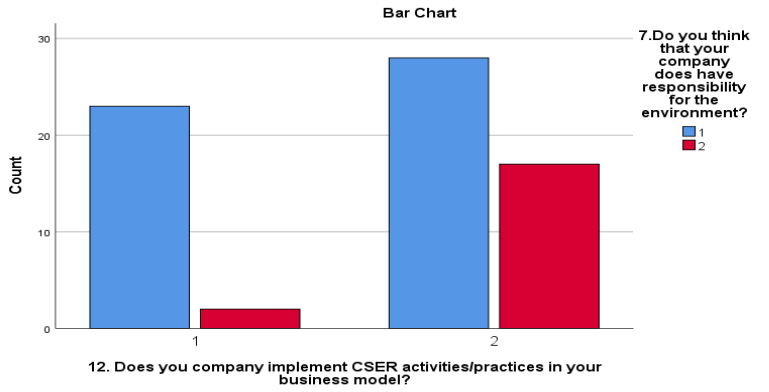

Figure 26: Bar Chart Q12+Q7 (Author's own work)

A Chi-Square test was conducted to examine the relationship between whether managers believe their company has a responsibility for the environment (Q7) and whether the company implements Corporate Social and Environmental Responsibility (CSER) practices in its business model (Q12). The findings in ***Table 7*** and ***Figure 26*** indicate a Pearson Chi-Square value of 7.208 with 1 degree of freedom, and a p-value of 0.007. The number, being below the 0.05 level, signifies a statistically significant correlation between the perception of environmental responsibility and the execution of Corporate Social and Environmental Responsibility (CSER). The Cramer's V value is 0.321, signifying a moderate degree of connection. This indicates that organizations with management that acknowledge environmental responsibility are far more inclined to adopt CSER procedures. Supporting statistics from the Likelihood Ratio (p = 0.004) and the Linear-by-Linear Association (p = 0.008) validate this finding. This conclusion underscores the significance of environmental knowledge as a catalyst for action in the context of CSER concerns faced by SMEs. It indicates that enhancing managerial comprehension and recognition of environmental responsibility is a crucial step in advancing CSER implementation. Consequently, activities designed to elevate knowledge and advocate for environmental values within enterprises may function as an effective technique to augment CSER adoption throughout the SME sector. Chi-Square Test Results for the Association between Q12: "Does you company implement CSER activities/practices in your business model? " and Q11: "Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means?"

Table 8: Chi-Square test between Q12+Q11 (Author's own work)

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	48.925[a]	1	.000		
Continuity Correction[b]	45.475	1	.000		
Likelihood Ratio	60.784	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	48.226	1	.000		
N of Valid Cases	70				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.07.
b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.836	.000
	Cramer's V	.836	.000
N of Valid Cases		70	

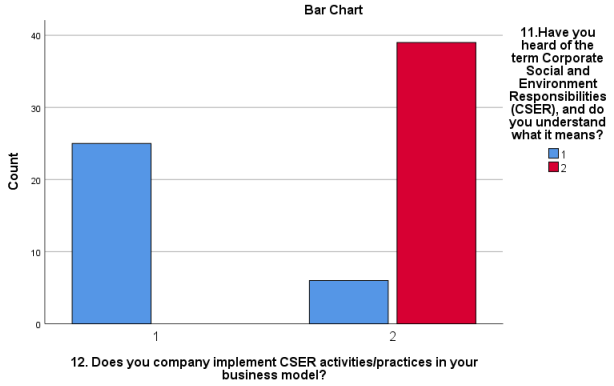

Figure 27: Bar Chart Q12+ Q11 (Author's own work)

A Chi-Square test was conducted to examine the relationship between whether respondents have heard of and understand the term Corporate Social and Environmental Responsibilities (CSER) (Q11) and whether their company implements CSER activities or practices in its business model (Q12). The findings in ***Table 8*** and ***Figure 27*** indicate a Pearson Chi-Square value of 48.925 with 1 degree of freedom, and a p-value of p = 0.000. The number, being significantly below the 0.05 significance threshold, suggests a robust and statistically significant correlation between CSER awareness and CSER implementation. The robustness of this link is further corroborated by the Cramer's V value of 0.836, signifying a very strong relationship between the two variables. Companies whose management comprehend and are knowledgeable about the notion of CSER are significantly more inclined to integrate CSER practices into their operations. The outcome is further corroborated by several tests, including the Likelihood Ratio (p = 0.000) and the Linear-by-Linear Association (p = 0.000). This discovery is highly noteworthy in the context of CSER difficulties faced by SMEs. The absence of awareness and comprehension of CSER constitutes a significant obstacle to its implementation. Consequently, enhancing awareness and delivering explicit information and education regarding CSER ideas and advantages can be seen as a pivotal method to promote the adoption of socially and environmentally responsible activities within the SME sector. Chi-Square Test Results for the Association between Q10: "Do you think that your company does have responsibility for the working conditions (level of wages, working hours, overtime payment, rights to organize, health insurance, etc)? " and Q12: "Does you company implement CSER activities/practices in your business model?"

Table 9: Chi-Square test between Q10+Q12 (Author's own work)

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.165[a]	1	.041		
Continuity Correction[b]	3.017	1	.082		
Likelihood Ratio	4.699	1	.030		
Fisher's Exact Test				.066	.037
Linear-by-Linear Association	4.106	1	.043		
N of Valid Cases	70				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.36.
b. Computed only for a 2x2 table

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.244	.041
	Cramer's V	.244	.041
N of Valid Cases		70	

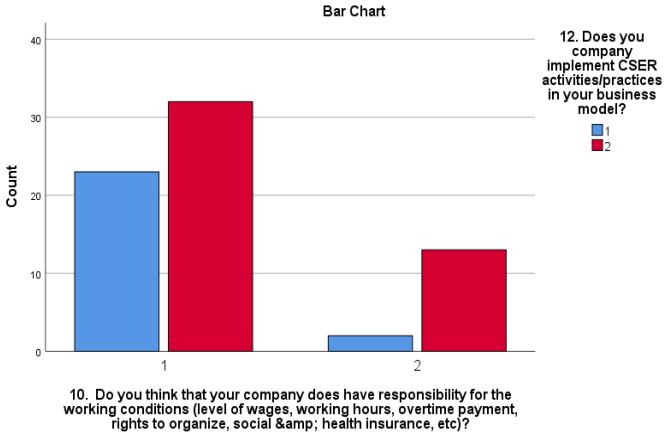

Figure 28: Bar Chart Q10+Q12 (Author's own work)

A Chi-Square test was conducted to examine the relationship between whether respondents believe their company has responsibility for working conditions (Q10) and whether the company implements Corporate Social and Environmental Responsibility (CSER) activities in its business model (Q12). The findings in ***Table 9*** and ***Figure 28*** indicate a Pearson Chi-Square value of 4.185 with 1 degree of freedom, and a p-value of p= 0.041. Given that this value is beneath the standard 0.05 level, the outcome signifies a statistically significant correlation between acknowledging responsibility for working conditions and the execution of CSER activities. The Cramer's V value is 0.244, signifying a weak to moderate connection strength. This indicates that organizations whose managers recognize their obligation to working conditions—such as equitable compensation, reasonable hours, and employee rights—are far more inclined to participate in Corporate Social and Environmental Responsibility (CSER) initiatives. Supporting data from the Likelihood Ratio (p = 0.030) and the Linear-by-Linear Association (p = 0.043) substantiate the existence of a significant association. This research highlights the significance of internal values and ethical consciousness in facilitating CSER implementation inside SMEs facing obstacles. Small and medium-sized enterprises that acknowledge the significance of social responsibility in the workplace seem more predisposed to undertake extensive corporate social and environmental responsibility initiatives. This emphasizes the necessity of advocating for decent labor practices within a comprehensive strategy for sustainable company. Chi-Square Test Results for the

Association between Q12: “Does your company implement CSER activities/practices in your business model?” and Q17: “Does your company get pressure from clients with regard to:”

Table 10: Chi-Square test between Q12+Q17 (Author’s own work)

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.296[a]	4	.081
Likelihood Ratio	8.760	4	.067
Linear-by-Linear Association	5.447	1	.020
N of Valid Cases	70		

4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.43.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.344	.081
	Cramer's V	.344	.081
N of Valid Cases		70	

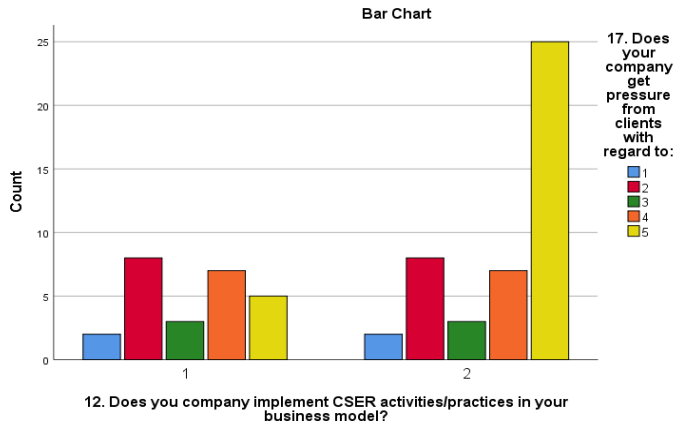

Figure 29: Bar Chart between Q12+Q17 (Author’s own work)

A Chi-Square test was conducted to examine the relationship between whether companies receive pressure from clients regarding specific issues (Q17: water, waste, energy, labor conditions, or none) and whether they implement Corporate Social and Environmental Responsibility (CSER) activities in their business model (Q12). The findings in ***Table 10*** and ***Figure 29*** indicate a Pearson Chi-Square value of 8.298 with 4 degrees of freedom, and a p-value of p = 0.081. Given that this value above the 0.05 significance level, the outcome suggests an absence of a statistically significant correlation between client pressure and CSER deployment, but the result is nearing significance. The Cramer's V value is 0.344, indicating a moderate correlation strength, albeit it lacks statistical significance. This indicates that while a correlation between external client pressure and a company's adoption of CSER procedures is evident, the observed pattern lacks sufficient strength in this sample to be deemed statistically significant at the 5% level. In the realm of CSER problems faced by SMEs, these findings indicate that client pressure alone may not serve as a robust or consistent catalyst for CSER implementation. This corresponds with previous descriptive findings demonstrating that a substantial percentage of firms report experiencing no pressure from clients regarding CSER-related matters. To enhance CSER implementation among SMEs, clearer and more consistent client expectations concerning sustainability and social responsibility may be required.

6.3 Analysis and Findings of the SME Employees' Questionnaire

6.3.1 Descriptive Characteristics of Employees

This section outlines the demographic and professional profiles of employees surveyed. It covers age distribution, educational qualifications, years of work experience, and industry representation. Understanding these characteristics provides essential context for analyzing employees' perceptions and engagement with sustainability and CSER initiatives.

Age Distribution of Employees

Based on the results. the largest group, representing 53.8%, falls within the 25–34 years old category, indicating that the SME workforce is predominantly composed of young adults in the early stages of their professional careers. The second-largest group comprises those aged 35–44 years old (25.5%), followed by 16–24 years old (10.8%), which suggests a modest proportion of entry-level or early-career employees. Older age groups are notably less represented, with 45–54 years old accounting for 7.1% and 55–64 years old comprising only 2.8% of respondents. This skew toward younger age cohorts highlights a relatively youthful workforce within Kosovo's SMEs. From a sustainability perspective, this age profile suggests that SMEs in Kosovo have a predominantly young workforce, which may be more open to adopting new sustainability practices and innovations. However, the small proportion of older employees could mean there is less influence from highly experienced staff who might contribute to shaping long-term sustainability strategies.

Educational Attainment of Employees

The majority of respondents (51.8%) reported holding a master's degree, indicating that the sample is composed of a highly educated cohort. This suggests that the study primarily engaged participants with advanced academic qualifications. A bachelor's degree was the second most common educational level, reported by 32.3% of respondents. Combined with the proportion of master's degree holders, this means that over 84% of participants possess at least an undergraduate degree, highlighting a workforce with substantial formal education. Additionally, 8.8% held a professional degree, while only a small proportion reported a high school diploma (3.9%) or a PhD (3.2%). Overall, these findings indicate that the sample largely consists of individuals with higher education credentials, reflecting a population characterized by academic and professional specialization relevant to the study's focus on sustainability and CSER awareness.

Work Experience (Years in Employment)

Most participants (35.1%) reported having between 5 and 10 years of work experience, indicating that a substantial proportion of the sample is composed of professionals who have already established themselves in their respective fields but are still in the process of career development. Individuals with 10–15 years of experience (27.5%) followed this cohort, further suggesting a substantial representation of mid-career professionals. The sample was composed of 23.9% respondents with less than 5 years of work experience, which is indicative of the presence of early-career individuals who may still be developing their expertise and familiarity with their various industries. The representation of more senior professionals was limited, as only a lesser percentage of participants reported having 15–20 years (9.6%) or more than 20 years (3.9%) of experience. Overall, these results suggest that the sample is largely composed of individuals in the early to mid-stages of their careers, providing insights grounded in current, hands-on professional experience rather than long-term strategic or executive-level perspectives. For the purposes of this study, this means that the findings are especially reflective of how sustainability and CSER practices are perceived and experienced by the operational workforce actively engaged in day-to-day SME activities. From a sustainability standpoint, this composition is significant because early and mid-career professionals often demonstrate greater openness to new ideas, including

sustainability initiatives and innovation, and can serve as key drivers of change within SMEs. However, the limited presence of highly experienced professionals may mean that long-term strategic insights into sustainability planning are underrepresented in the data.

Industry and Sector Representation of Employees

Based on the results, the respondents were drawn from a broad range of economic sectors, ensuring diverse industry representation. This diversity enhances the validity of the study by capturing perspectives from multiple sectors, thereby providing a more comprehensive understanding of sustainability and CSER practices within SMEs. The category labeled “Other” accounted for the highest proportion (17.3%), reflecting a broad inclusion of niche or less conventional sectors that were not individually categorized. This suggests a level of diversity within the dataset, encompassing a wide range of professional backgrounds. The finance, banking, and insurance sector followed closely with 15.4% of responses, indicating a strong representation from financially strategic and highly regulated industries. This is complemented by notable proportions from construction (11.4%) and tourism and hospitality (10.6%), both of which are central to infrastructure development and service-based economies. The education (9.1%) and marketing (9.1%) sectors were equally represented, reflecting the sample’s inclusion of both public service and creative industry professionals. Healthcare accounted for 7.9% of the sample, underscoring the presence of individuals from essential public service domains. Trade (4.7%) and energetics (3.9%) were less represented, yet still relevant, particularly in terms of economic exchange and sustainable energy practices. Similarly, logistics, transport, and traffic accounted for 3.9%, while production and telecommunication comprised 3.1% and 1.6%, respectively. The lowest representation came from agriculture (1.2%) and media/entertainment (0.8%). Overall, the data indicates a well-rounded and sectorial diverse sample, with significant input from service-oriented and regulatory-intensive industries such as finance, tourism, education, and healthcare. This breadth enhances the representativeness of the study and provides a multifaceted perspective on the subject matter, enabling a nuanced analysis that reflects the dynamics of various economic domains.

6.3.2 Awareness and Perceptions of CSER

This section examines employees’ awareness of Corporate Social and Environmental Responsibility (CSER) and their perceptions of SMEs obligations. It also explores their views on managers’ knowledge of CSER and their recognition of environmental and workplace responsibilities, providing insight into how employees conceptualize sustainability within their organizations.

Familiarity with CSER Concepts

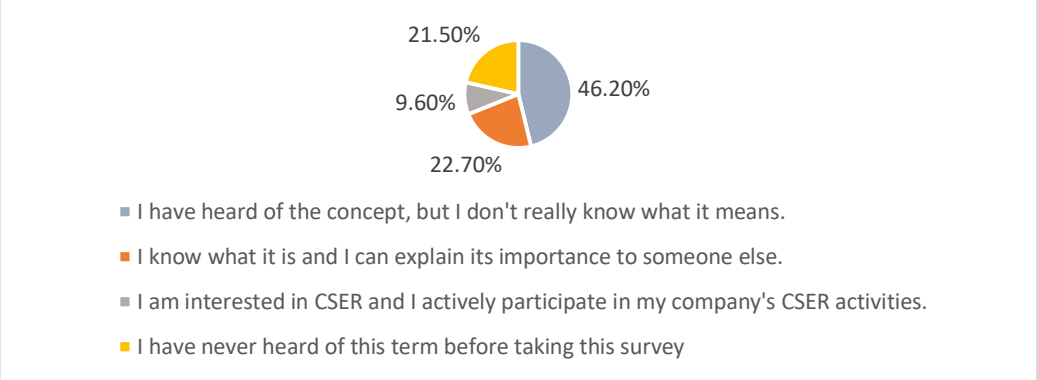

Figure 30: Familiarity with CSER Concepts (Author’s own work)

Employees were questioned regarding their familiarity with "Corporate Social and Environmental Responsibility" (CSER). As illustrated in ***Figure 30,*** 46.2% of respondents were aware of the term but did not possess a comprehensive understanding of it, suggesting that there was a general

awareness but a lack of in-depth knowledge. In the meantime, 22.7% of respondents were able to articulate the significance of the topic, and 9.6% reported active participation in CSER activities, indicating a smaller but more engaged group. In addition, 21.5% of respondents had never encountered the concept prior to the survey. The findings indicate that, despite the relatively high level of awareness of CSER, there is a lack of practical engagement and detailed understanding. Overall, these results suggest that while general recognition of CSER exists among employees, there is a considerable need for education, training, and engagement initiatives within SMEs to deepen understanding and increase participation. This limited familiarity may hinder the effective integration of sustainability practices, underscoring the importance of internal awareness programs to strengthen employee involvement in CSER efforts.

Perceived Primary Corporate Responsibilities (Economic, Social, Environmental)

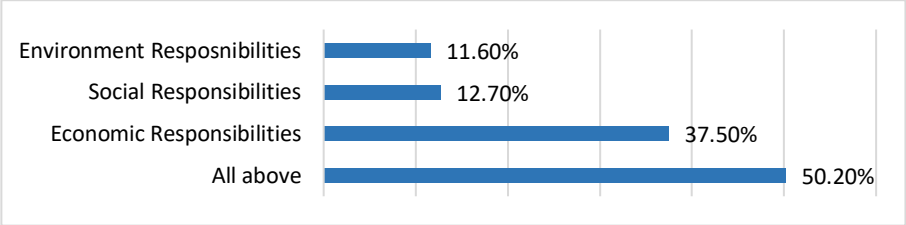

Figure 31: Perceived Primary Corporate Responsibilities (Author's own work)

Figure 31 illustrates employees' views on what they consider to be the key responsibilities of a company**.** As shown in Chart 45, 50.2% of respondents chose "All of the above," signifying their perception of economic, social, and environmental obligations as equally significant for companies. This indicates a thorough comprehension of corporate responsibility among most participants. Economic obligations were independently recognized by 37.5% of respondents, indicating that financial performance and profitability remain fundamental goals. Simultaneously, merely 12.7% underscored social obligations, while 11.6% concentrated exclusively on environmental concerns. Overall, these findings indicate that while many employees endorse a holistic view of corporate responsibility aligned with sustainability principles, a substantial segment still focuses on economic priorities. This suggests a need for greater integration of social and environmental awareness within workplace culture to reinforce the importance of sustainability alongside financial goals.

Perceived CSER Knowledge of Managers

Figure 32: Perceived CSER Knowledge of Managers (Author's own work)

Figure 32 illustrates employees' views on what they consider to be their manager's perception of Corporate Social and Environmental Responsibility (CSER). The majority (56.6%) of respondents reported that their manager lacked sufficient knowledge regarding CSER. This suggests a significant lack of cognizance or familiarity with the concept at the managerial level. Of those whose managers acknowledge CSER, 14.3% regard it as a competitive advantage for the company, while 13.5% regard it as a responsibility to the community. In addition, 11.2% of respondents believe that their managers perceive CSER as an opportunity to promote the business, 8.4% associate it with environmental and consumer care, and 8% regard it as a strategy to fortify relationships with government institutions. The findings underscore a substantial knowledge

deficit regarding CSER among managers, as over half of the respondents reported a lack of comprehension at the leadership level. Although a small number of managers acknowledge the strategic, ethical, or reputational value of CSER, these perspectives are still in the minority. This implies a pressing necessity for managerial training and awareness initiatives to more effectively integrate CSER into the company's operations and values.

Views on Environmental and Social Responsibilities

The results show employees' views on whether their company has a responsibility toward the environment. The company's role in environmental stewardship is acknowledged by the majority, as evidenced by the 59.4% of respondents who answered "Yes". Conversely, 40.6% of employees responded with "No," indicating that a substantial number of employees do not perceive environmental responsibility as a component of their organization's responsibilities. This division highlights a mixed perception among employees**:** while most acknowledge the importance of environmental accountability, a substantial minority appear unconvinced of their company's role or commitment. This suggests that stronger internal communication and visible environmental initiatives could help reinforce employees' recognition of their company's environmental responsibilities and improve alignment with sustainability goals. Employees' views on whether their company has a responsibility toward the working conditions, which include wages, working hours, overtime pay, rights to organize, and social and health insurance. 68.1% of respondents responded "Yes," suggesting that the majority of participants acknowledge their organization's responsibility for guaranteeing equitable and secure labor conditions. In contrast, 31.9% of respondents responded with "No," indicating that a substantial minority of individuals do not associate these responsibilities with their employer. This result suggests a positive but incomplete alignment between employee expectations and perceived organizational accountability. While most employees recognize their company's role in maintaining fair working conditions, the notable minority dissent underscores the need for improved labor practices, clearer policies, and better communication to reinforce confidence in organizational responsibility toward employee welfare.

Perceived Link between CSER and Business Success/Investor Appeal

The results show employees' views on whether they believed that companies that develop and implement Corporate Social and Environmental Responsibility (CSER) practices have a higher chance of success. 48.2% of the participants responded with "Yes," indicating that nearly half of them believed that CSER was associated with increased business success. Conversely, 26.7% of respondents responded with "No," suggesting that they were skeptical of the direct benefits of CSER practices. Additionally, 25.1% of respondents were unable to provide an estimate, which suggests that they were uncertain or lacked the necessary knowledge to form an opinion. The data indicates that a substantial number of respondents either question the impact of CSER or are uncertain about it, even though many respondents acknowledge a potential correlation between CSER and company success. These findings indicate a generally favorable perception of the relationship between CSER and business success but also highlight a knowledge gap among employees. This underscores the need for better internal communication and education to demonstrate how sustainability initiatives can drive competitive advantage, improve reputation, and contribute to organizational growth. Employees' views on whether they believed that companies that prioritize sustainable practices are more appealing to investors than their competitors. As illustrated in Chart 50, 55.8% of respondents responded "Yes," indicating that the majority perceive sustainability as a factor that increases investor appeal. Conversely, 24.7% of respondents responded with "No," indicating that they were dubious about the influence of sustainability on investor interest, while 19.5% were unable to provide an estimate due to uncertainty or a lack of information on the subject. The findings suggest that there is an increasing

acknowledgement of the significance of sustainability in influencing investor decisions, with more than half of the respondents identifying it as a competitive advantage. Nevertheless, the existence of skepticism and uncertainty among a substantial number of participants indicates the necessity of increased awareness and evidence regarding the impact of sustainable practices on investment behavior.

6.3.3 Attitudes toward CSER Implementation and Organizational Commitment

This section evaluates employees' attitudes toward their organizations' CSER implementation and commitment. It examines satisfaction with CSER initiatives, employee-manager relationships, and perceptions of how CSER impacts customer behavior, offering a view of how sustainability affects internal and external stakeholders.

Employer Prioritization of CSER

This section shows employees' views on whether they believed that their employer should prioritize sustainable business practices and prioritize social and environmental responsibility. 66.9% of respondents responded "Yes, always," suggesting that the majority believe that their employer's dedication to sustainability and CSER principles could be enhanced. In contrast, 19.5% of respondents responded with "No," indicating that they are of the opinion that their employer is already highly committed to CSER. Furthermore, 13.5% of respondents indicated that they were unable to provide an estimate. The findings indicate that employees have a strong desire for their employers to take on a greater degree of social and environmental responsibility. Although a small number of individuals recognize the current endeavors, most individuals are of the opinion that additional advancements are necessary. This is indicative of the increasing demand for sustainability as a fundamental component of ethical business practices. Strengthening employer engagement in social and environmental responsibility could also boost employee satisfaction and align organizational practices with workforce expectations.

Employee Satisfaction with CSER Initiatives

These sections show employees' satisfaction with the Corporate Social and Environmental Responsibility (CSER) initiatives implemented by their organization. Most participants (39.4 selected "Neutral," which suggests that they are uncertain or indifferent about their organization's CSER initiatives. Furthermore, 31.1% of respondents reported that they were "Dissatisfied," while 19.1% conveyed that they were "Satisfied." A mere 8.8% of respondents reported being "Very satisfied," while a mere 1.6% reported being "Very dissatisfied." The findings indicate that many respondents are either neutral or dissatisfied with CSER activities, indicating a generally low level of satisfaction. This may indicate a lack of visibility, communication, or efficacy of CSER initiatives within organizations. The results suggest that to more effectively satisfy employee expectations, companies must improve the quality, clarity, and engagement of their CSER initiatives.

Employee-Manager Relationship Quality

This section shows employees 'perceptions of the relationship between their management and employees. Most respondents perceive the relationship in a generally positive light, as evidenced by the fact that the largest share (28.7%) described it as "Very good" and 28.3% as "Good". Nevertheless, 26.3% of participants responded with "Not good," indicating that more than 25% of them encounter weak or strained interactions with management. A lesser percentage (16.3%) chose "Neutral," which may indicate indifference or mixed experiences. The relationship was rated as "Very bad" by a negligible percentage of respondents, indicating minimal extreme dissatisfaction. Despite the comparatively high percentage of negative and neutral responses, these results indicate that management-employee relations are predominantly viewed favorably. However, there is still room for improvement. Although a substantial number of employees express favorable sentiments regarding their working relationships with management, a substantial minority may benefit from

enhanced communication, trust-building, and support mechanisms. Strengthening these relationships could also enhance collaboration on CSER initiatives and overall workplace satisfaction.

Perceptions of Customer Willingness to Support Sustainable Firms

This section shows employees' belief on consumers' or clients' willingness to pay a premium for items or services provided by a socially and ecologically responsible company. The predominant response (44.6%) was "Yes, sometimes," suggesting that customer willingness is contingent upon contextual factors, including product kind or price variation. A minority (16.3%) responded with "Yes, always," indicating a heightened confidence in the significance consumers attribute to corporate responsibility. Simultaneously, 26.3% said "No," indicating doubt over customer behavior, while 12.7% expressed an inability to provide an estimate. These findings reflect a mixed perception among employees**,** highlighting both optimism and skepticism about the market benefits of CSER. This suggests a need for greater awareness and evidence demonstrating the business case for sustainability, reinforcing how responsible practices can enhance competitiveness and appeal to conscious consumers.

6.3.4 Perceived Benefits and Key Responsibilities of CSER

This section identifies what employees view as the primary duties and benefits of CSER. It distinguishes between internal priorities (employee engagement, workplace well-being) and external impacts (environmental protection, corporate reputation), reflecting employees' value alignment with sustainability goals.

Perceived Core Responsibilities of CSER

Figure 33 illustrates how employees perceive the core responsibilities of Corporate Social and Environmental Responsibility (CSER). The two most prominent priorities identified were improvement of employees' engagement and satisfaction (39%) and improvement of workplace conditions, including better payment (38.6%)**.** This indicates that employees strongly associate CSER with internal, workforce-focused initiatives that directly impact their well-being and job satisfaction. Environmental aspects of CSER were also recognized but ranked lower. Energy efficiency (23.5%)**,** introduction of ecological/organic/sustainable products (23.1%)**,** and reduction of pollution and waste (20.3%) received moderate emphasis, suggesting that while employees value environmental efforts, they prioritize social and labor-related responsibilities more highly.

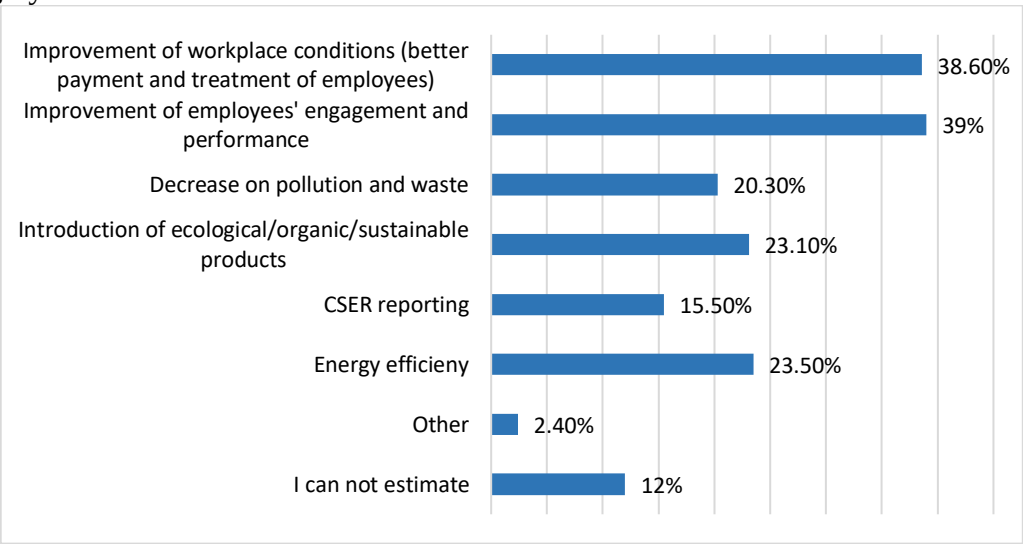

Figure 33: Perceived Core Responsibilities of CSER (Author's own work)

Additionally, CSER reporting (15.5%) was the least prioritized specific responsibility, reflecting limited employee awareness or perceived relevance of formal reporting mechanisms. A small

percentage (12%**)** indicated they could not estimate, while 2.4% selected "Other," showing minimal divergence outside the predefined categories. Overall, these findings suggest that employees view CSER primarily through a social and workplace lens, emphasizing fair treatment, engagement, and improved working conditions over broader environmental or procedural components. For SMEs, this implies the importance of balancing internal workforce needs with external environmental goals to strengthen overall CSER implementation and employee support.

Key Perceived Benefits of CSER (Employee Engagement, Reputation, Environmental Impact)

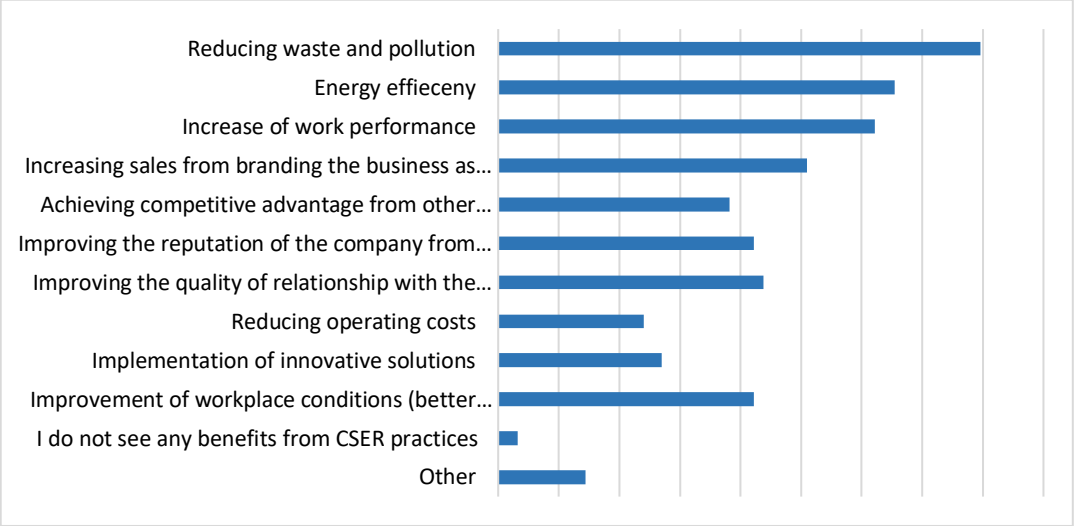

Figure 34: Key Perceived Benefits of CSER (Author's own work)

Figure 34 illustrates employees' perceptions of the advantages of Corporate Social and Environmental Responsibility (CSER). Results show that the predominant advantage identified was the reduction of waste and pollution (39.8%), underscoring significant knowledge of CSER's environmental influence. Subsequently, energy efficiency (32.7%) and enhanced job performance (31.1%) were noted, indicating that respondents acknowledge internal operational and productivity improvements. Other significant replies were augmenting revenue by eco-friendly branding (25.5%), strengthening societal connection quality (21.9%), and bolstering the company's reputation through sustainable practices (21.1%). Likewise, the enhancement of employment conditions (21.1%) and the attainment of competitive advantage (19.1%) were regarded as pertinent benefits. Lower percentages indicated that decreasing operating costs (12%) and deploying creative solutions (13.5%) were significant advantages. Merely 1.6% indicated they perceive no advantages from CSER, while 7.2% chose "Other." The findings indicate that the majority of participants perceive Corporate Social and Environmental Responsibility (CSER) as advantageous for both ecological and commercial results, especially in mitigating environmental damage, improving efficiency, and augmenting staff performance. The acknowledgment of branding, competitiveness, and enhanced public relations indicates that CSER is increasingly perceived not merely as a moral duty but also as a strategic instrument for sustained success. The minimal percentage of individuals perceiving no advantage substantiates widespread endorsement of CSER's significance in the contemporary business environment.

6.3.5 Challenges and Barriers to CSER Adoption

This section explores employees' perspectives on barriers to CSER adoption, including resource limitations, lack of awareness, and insufficient support from management or government. It also highlights employees' recommendations for policy incentives and regulatory support to improve sustainability practices.

Main Barriers to CSER Implementation (Cost, Awareness, Resources)

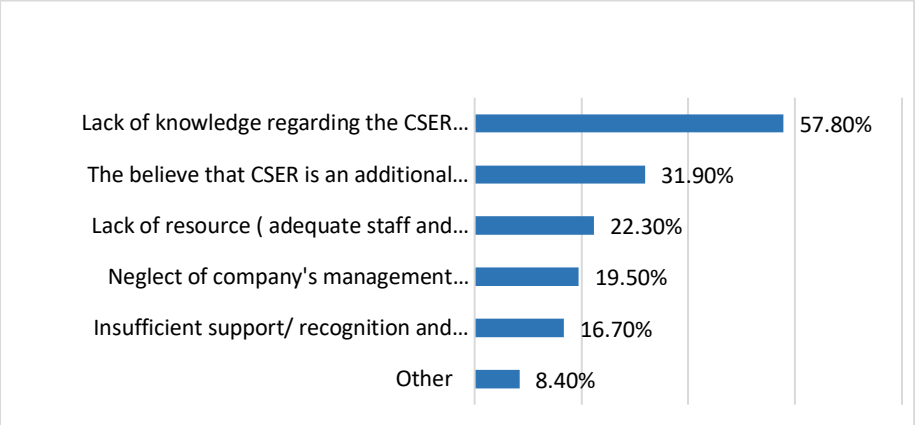

Figure 35: Main Barriers to CSER Implementation (Author's own work)

Figure 35 illustrates employees' perceptions of the primary challenges to implementing Corporate Social and Environmental Responsibility (CSER). As shown from these results, the predominant barrier stated was a lack of awareness concerning the CSER concept, identified by 57.8% of respondents. This underscores a substantial deficiency in comprehension that obstructs the successful implementation of CSER practices. Furthermore, 31.9% perceive CSER as an extraneous financial burden for enterprises, indicating that cost apprehensions serve as a significant obstacle. Additional significant challenges comprise insufficient resources (enough personnel and funding) at 22.3%, and the management's disregard for CSER at 19.5%. Additionally, 16.7% of respondents indicated inadequate support, acknowledgment, and encouragement from the government, while 8.4% selected "Other." The findings indicate that the primary obstacle to CSER implementation is the insufficient awareness and comprehension among enterprises, succeeded by apprehensions over financial implications. Inadequate management and insufficient institutional backing exacerbate the problem. The findings suggest that for CSER to achieve broader and more successful adoption, focused initiatives in education, resource distribution, leadership involvement, and supportive policy frameworks are essential.

Perceived Role of Government in Promoting CSER

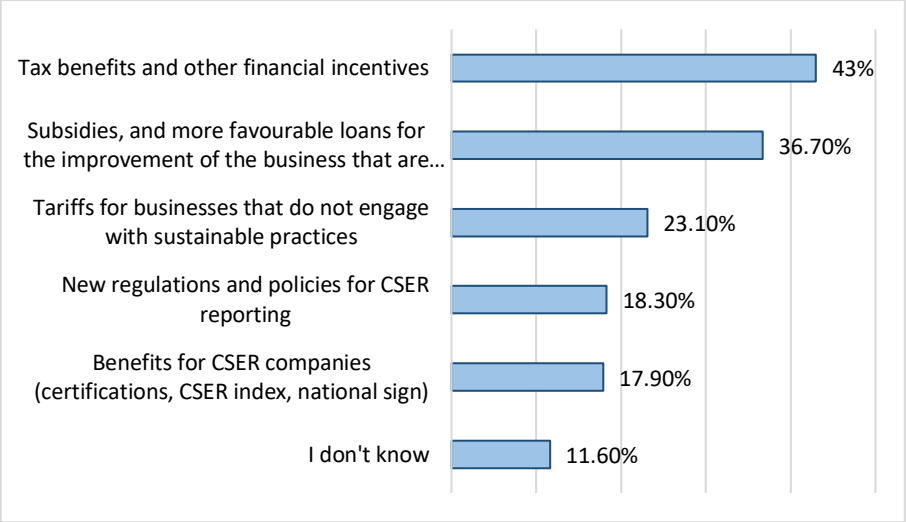

Figure 36: Perceived Role of Government in Promoting CSER (Author's own work)

Figure 36 illustrates employees' perceptions of how they believe the government should promote and enforce adherence to Corporate Social and Environmental Responsibility (CSER) policies among companies. Based on these results, tax benefits and other financial incentives were the most picked measures, chosen by 43% of participants. This signifies a pronounced inclination towards reward-based incentive to foster appropriate corporate conduct. Subsequently, 36.7% supported subsidies and preferential loans for enterprises adhering to sustainability norms, indicating that financial aid is broadly regarded as a successful instrument. 23.1% of respondents selected tariffs for companies that do not adopt sustainable practices, indicating endorsement for penalizing non-compliance. Additional replies encompassed new legislation and procedures for CSER reporting (18.3%) and advantages for CSER enterprises, including certificates or national recognition (17.9%). A minor fraction (11.6%) said, "I don't know." Overall, these results reflect a clear employee preference for incentive-based approaches over punitive ones, underscoring the belief that financial support and recognition could significantly enhance CSER adoption among companies. This insight highlights the importance of designing government interventions that balance regulatory enforcement with proactive incentives to foster sustainable business practices.

6.3.6 Employee Perceptions of CSER Impact, Current Status, and Future Outlook

This section explores employees' perspectives on the influence, prevalence, and anticipated future trajectory of Corporate Social and Environmental Responsibility (CSER) practices.

The perceived effect of CSER on Employee Motivation

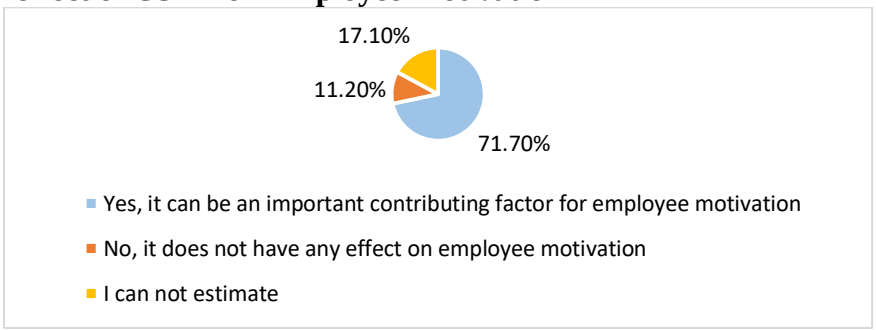

Figure 37: The perceived effect of CSER on employee motivation (Author's own work)

Figure 37 illustrates employees' belief of the impact of Corporate Social and Environmental Responsibility (CSER) initiatives on employee motivation. These results show that a substantial majority—71.7%—affirmatively responded "Yes," signifying that most participants regard CSER

as a crucial element that can enhance employee motivation. Conversely, 11.2% indicated that CSER had no influence on motivation, whereas 17.1% reported an inability to assess its impact. The results indicate that employees typically recognize a significant correlation between CSER practices and workplace morale. When organizations exhibit social and environmental responsibility, it seems to augment employees' sense of purpose and engagement. The findings highlight the potential of CSER as not merely a strategic or ethical effort, but also as an effective instrument for enhancing internal motivation and cultivating a more dedicated staff.

Employee views on the current extent of CSER adoption within their country

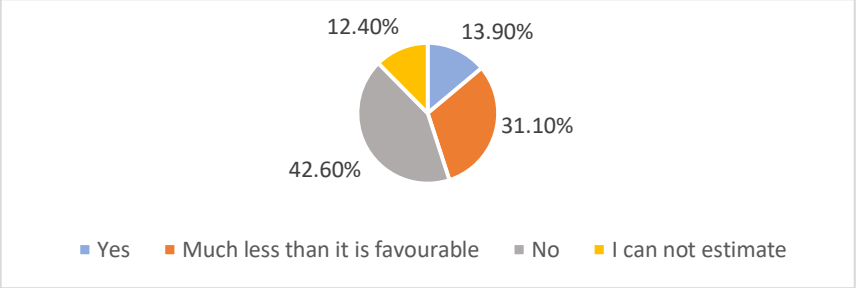

Figure 38: Employee views on the current extent of CSER adoption within their country (Author's own work)

Figure 38 shows that a significant proportion of employees perceive Corporate Social and Environmental Responsibility (CSER) as not widely practiced in their country. These results indicate that the predominant response—42.6%—was "No," suggesting that a significant number of participants believe CSER is not widely implemented at the national level. Furthermore, 31.1% indicated that CSER is implemented "Much less than it is favorable," so underscoring the belief that existing initiatives do not meet expectations. Merely 13.9% of respondents perceive CSER as prevalent, and 12.4% indicated an inability to assess. The findings indicate a widespread belief that CSER is either underdeveloped or inconsistently implemented in the nation. A small minority acknowledges its existence, whereas the majority perceives its implementation as either inadequate or completely absent. The findings suggest that employees see room for substantial improvement in the integration of CSER initiatives, pointing to the need for stronger institutional support, increased company-level commitment, and greater public visibility of sustainability-oriented actions within businesses.

Expectations regarding the future growth or decline of CSER practices in the business sector.

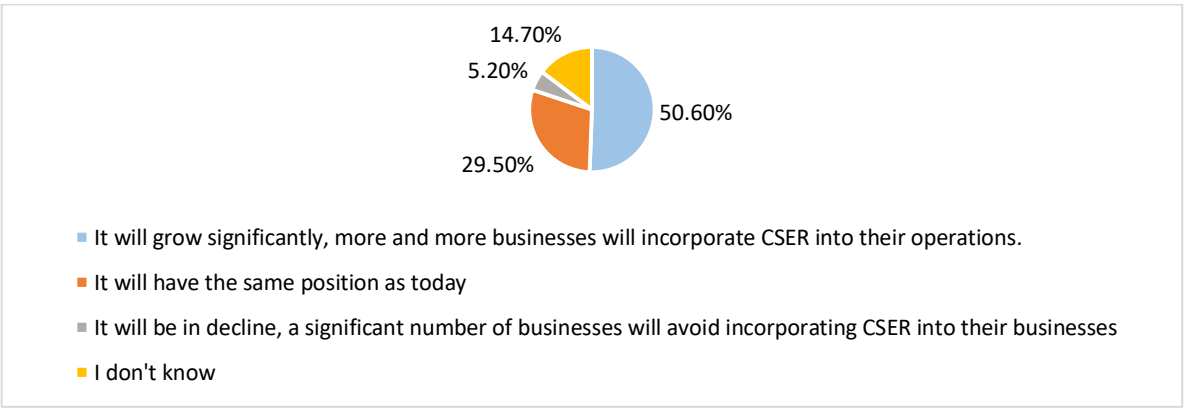

Figure 39: Expectations Regarding the Future Growth or Decline of CSER Practices in the Business Sector (Author's own work)

Figure 39 illustrates employees' expectations regarding the future trajectory of Corporate Social and Environmental Responsibility (CSER) in Kosovo. These results show that more than half of the participants (50.6%) anticipate substantial growth in CSER, with an increasing number of

enterprises likely to integrate it into their operations. Meanwhile, 29.5% believe CSER will retain its status, suggesting a perception of minimal advancement. Merely 5.2% anticipate a reduction in CSER procedures, whereas 14.7% indicated uncertainty. The results indicate a generally positive perspective on the future of CSER, with numerous individuals anticipating its growth and greater incorporation into company strategy. The significant number of respondents who foresee little change or express uncertainty indicates that the advancement of CSER will rely on comprehensive systemic initiatives—such as policy endorsement, market demand, and internal organizational priorities—to guarantee that progress persists beyond existing levels.

6.3.7 Application of CSER in Workplace Practices

This section examines how CSER principles are applied in employees' daily work environments. It includes their experiences with sustainability training, workplace fairness, overtime compensation, feedback mechanisms, and organizational environmental initiatives, highlighting the operational translation of sustainability commitments.

Integration of CSER into Organizational Strategy

Employees' perceptions of their companies' implementation of Corporate Social and Environmental Responsibility (CSER) practices. These results illustrate that 49.4% of respondents answered "No," signifying that over half of the represented enterprises do not presently include CSER into their operations. Conversely, 28.3% of respondents affirmed that their organizations actively engage in CSER activities. Meanwhile, 22.3% reported an inability to provide an estimate. The findings indicate that CSER has yet to become a standard component of business operations for numerous firms. With less than a third of respondents indicating active deployment, there is a noticeable gap between awareness of CSER and its actual application. The results indicate a necessity for enhanced internal commitment, more defined strategies, and maybe external incentives or rules to facilitate wider integration of CSER into business models.

Employee Training and Awareness Programs

The results show that a significant majority—72.5%—responded "No," signifying that most organizations do not provide formal education or guidance on CSER. Merely 27.5% of individuals affirmed that their organization offers such training. These results underscore a substantial deficiency in internal capacity development for CSER. Despite the increasing importance of sustainable and responsible business practices, most organizations fail to provide their staff with the requisite information or skills. The deficiency in training may lead to inadequate implementation and limited understanding of CSER, underscoring the necessity for organized programs and educational initiatives inside organizations.

Feedback and Participation in Decision-Making

Employees' perceptions of whether their suggestions and feedback regarding Corporate Social and Environmental Responsibility (CSER) activities are considered or implemented within their organizations. These results show that 41% responded "No," signifying that their input is disregarded. Another 33.9% indicated "I do not know," signifying doubt or inadequate communication regarding the issue. Only 25.1% of respondents affirmed that their feedback is recognized or addressed. The findings indicate that employees perceive themselves as predominantly excluded from the decision-making process about CSER. The minimal percentage of feedback considered, coupled with significant confusion and disregard, and signifies a communication gap and absence of a participative culture within businesses. This finding suggests a significant disconnect between employees and management on CSER engagement, underscoring the need for improved communication channels, participatory structures, and inclusive decision-making processes to enhance employee involvement and ownership of sustainability initiatives. Augmenting employee engagement may enhance the efficacy and credibility of CSER activities.

Overtime Compensation and Labor Fairness

This section illustrates the employees' perceptions regarding overtime payment within their organizations. Results indicate that 65, 53.5% responded affirmatively, signifying that slightly more than half of the employees are compensated for overtime labor. Conversely, 46.5% indicated that their organization does not offer compensation for overtime work. The findings indicate a nearly equal division, implying a lack of uniformity across enterprises about equitable labor standards. A modest majority adheres to overtime compensation; yet, the significant proportion of those lacking remuneration raises concerns over labor rights and ethical treatment in the workplace. This discovery highlights the necessity for more explicit laws and enforcement regarding employee remuneration.

Environmental Initiatives and Workplace Rights

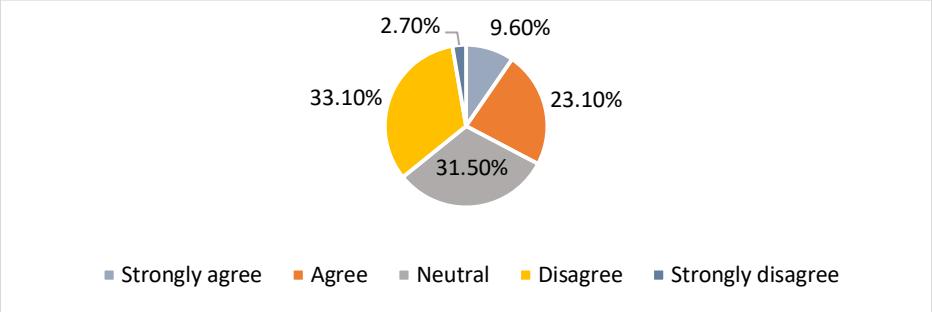

Figure 40: Environmental Initiatives and Workplace Rights (Author's own work)

Figure 40 illustrates employees' perceptions regarding whether their companies implement special programs to reduce their negative environmental impact. The results in Figure 42 show that the predominant proportion of respondents (33.1%) expressed disagreement, indicating that a significant number do not recognize substantial environmental initiatives undertaken by their firm. An additional 23.1% indicated that their companies they work for do implement such initiatives, while merely 9.6% expressed strong agreement, indicating that less than one-third of participants regard their company's environmental initiatives favorably. Simultaneously, 31.5% maintained a neutral stance, while a little fraction (2.7%) expressed strong disagreement. The results indicate a pervasive deficiency in transparency or assurance regarding corporations' initiatives to mitigate environmental effect. A greater number of respondents expressed disagreement rather than agreement, with a substantial segment remaining neutral, suggesting that environmental sustainability is either not prioritized or inadequately communicated within numerous firms. This underscores the necessity for more robust and transparent activities that demonstrably commit to environmental stewardship.

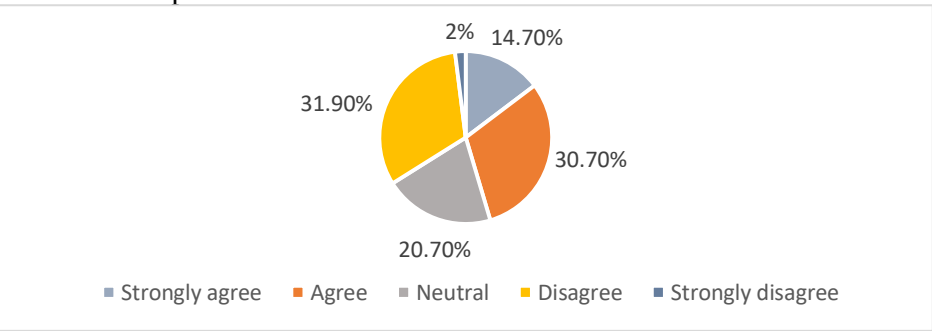

Figure 41. Workplace Rights (Author's own work)

Figure 41 illustrates employees' perceptions regarding whether their company's management primarily prioritizes employees' rights, interests, and concerns. The finding in ***Figure 41*** demonstrates that the predominant proportion—31.9%—expressed disagreement, suggesting that

numerous employees perceive management as neglecting their well-being. Simultaneously, 30.7% agreed, and 14.7% strongly agreed, indicating that fewer than half of the respondents perceive their management as prioritizing employee welfare. Furthermore, 20.7% chose indifferent, while merely 2 % strongly disagreed. The findings indicate a bifurcated attitude on the extent to which management prioritizes employee rights and concerns. A greater number of respondents expressed disagreement compared to those who strongly agreed, with a significant portion staying neutral, indicating an obvious necessity for management to enhance communication, involvement, and responsiveness to employee requirements. This split suggests that management practices related to employee engagement, rights protection, and support require stronger emphasis and more consistent implementation to build trust and foster a more positive organizational climate.

Perceptions of Managerial Fairness and Customer Satisfaction

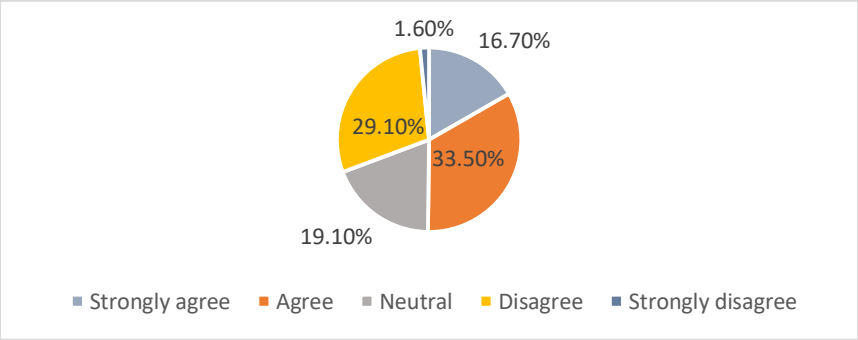

Figure 42. Perceptions of Managerial Fairness and Customer Satisfaction (Author's own work)

Figure 42 illustrates employees' perceptions of the importance their company places on customer satisfaction. The results show that 33.5% of respondents agreed and 16.7% strongly agreed, suggesting that approximately half of the participants acknowledge a robust customer-oriented strategy in their workplace. Nonetheless, 29.1% expressed disagreement, indicating that a considerable segment of employees perceives customer satisfaction as a non-priority inside their firm. Furthermore, 19.1% chose indifferent, and a minimal fraction strongly disagreed. The results indicate a varied perspective of corporate prioritization of customer pleasure. Although fifty percent of respondents deem it significant, the substantial proportion who disagreed or remained neutral indicates a lack of consistency in practice or communication. These findings suggest that while a slight majority of employees perceive customer satisfaction as a key focus**,** there remains a significant portion who are unconvinced, pointing to inconsistencies in the company's customer service approach or communication. Strengthening internal alignment and reinforcing the importance of customer satisfaction could improve both employee perception and external service outcomes.

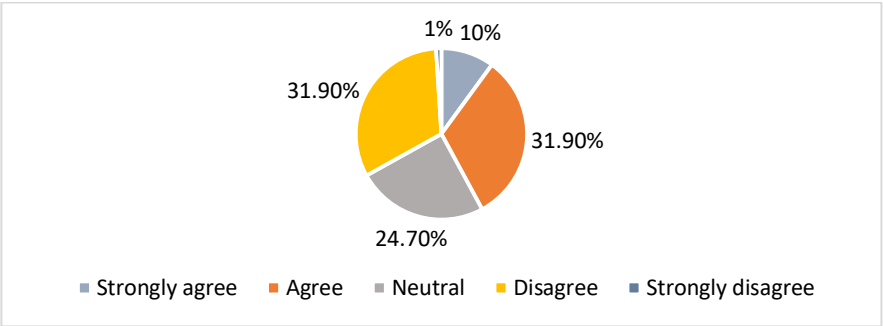

Figure 43. Perceptions of Managerial Fairness (Author's own work)

Figure 43 illustrates employees' perceptions of the fairness of managerial decisions related to their working conditions. The responses were divided, as illustrated in ***Figure 43*** The result of the survey was a clear division in the perception of fairness in managerial decision-making, as 31.9%

of respondents agreed and an equal number of respondents disagreed. Conversely, 24.7% maintained a neutral stance, which implies indifference or uncertainty. The percentage of individuals who strongly agreed was only 10%, while the percentage of individuals who strongly disagreed was minimal. The findings indicate that employees have a conflicting perspective on the equity of managerial decisions. Although some individuals perceive that they are being treated equitably, an equal number of individuals hold the opposite opinion, and a significant number are uncertain. This implies a lack of consistent or transparent management practices across organizations, indicating the necessity for enhanced employee trust in leadership, fairer processes, and clearer communication.

6.3.8 Statistical and Inferential Analysis (Chi-Square and ANOVA Tests)

This section presents the results of Chi-Square and ANOVA analyses performed to assess relationships between demographic variables, business activities, and CSER perceptions. It provides empirical evidence of the significance of factors influencing employee awareness and engagement with sustainability.

Age vs. Familiarity with CSER (Chi-Square)

Table 11: Chi-Square between Q2+Q6 (Author's own work)

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.772[a]	12	.722
Likelihood Ratio	11.966	12	.448
Linear-by-Linear Association	.133	1	.716
N of Valid Cases	251		

a. 8 cells (40.0%) have expected count less than 5. The minimum expected count is .57.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.187	.722
	Cramer's V	.108	.722
N of Valid Cases		251	

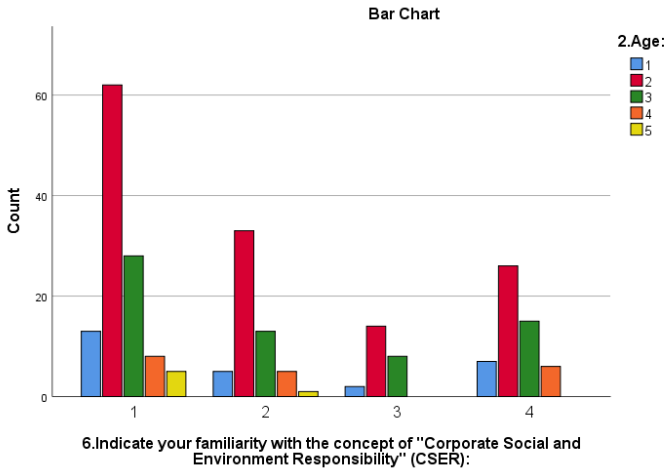

Figure 44: Bar Chart between Q2+Q6 (Author's own work)

The relationship between respondents' age (Q2) and their familiarity with the concept of Corporate Social and Environmental Responsibility (CSER) (Q6) was investigated using a Chi-Square test. Pearson Chi-Square values of 8.772 with 12 degrees of freedom and a p-value of 0.722 were obtained from the results. As shown in ***Table 11*** and ***Figure 44***, the relationship between age and

familiarity with CSER is not statistically significant, as the p-value is significantly higher than the conventional significance level of 0.05. The two variables exhibit a very feeble association, as evidenced by the Cramer's V value of 0.108. This implies that the level of familiarity with CSER among respondents does not differ significantly across different age groups in this sample. The level of familiarity with CSER of a respondent is not significantly correlated with their age. This suggests that awareness or knowledge of CSER is not primarily influenced by age-related experience, but may be more significantly influenced by other factors, such as professional role, industry exposure, or educational background. In order to enhance CSER awareness, organizations should not presume that younger or older employees are more or less informed. Rather, awareness-raising initiatives should be broadly targeted across age groups.

Education Level vs. Familiarity with CSER (Chi-Square)

Table 12: Chi-Square between Q3+Q6 (Author's own work)

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.566[a]	12	.212
Likelihood Ratio	17.949	12	.117
Linear-by-Linear Association	.787	1	.375
N of Valid Cases	251		

a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .76.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.249	.212
	Cramer's V	.144	.212
N of Valid Cases		251	

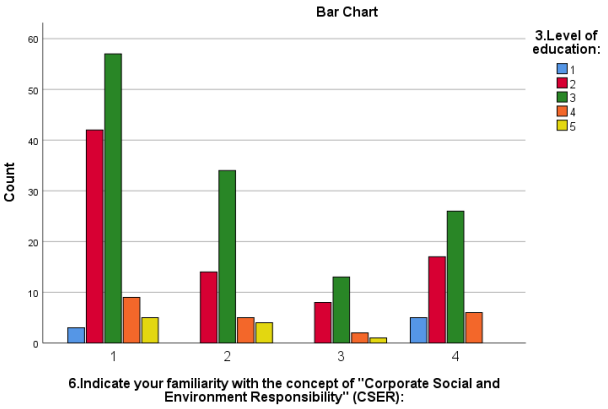

Figure 45: Bar Chart between Q3+Q6 (Author's own work)

A Chi-Square test was conducted to investigate the correlation between respondents' familiarity with the concept of Corporate Social and Environmental Responsibility (CSER) (Q6) and their level of education (Q3). As illustrated in ***Table 12*** and ***Figure 45,*** the results indicated a Pearson Chi-Square value of 15.566 with 12 degrees of freedom and a p-value of 0.212. The relationship between educational level and CSER familiarity is not statistically significant, as the p-value exceeds the commonly acknowledged significance level of 0.05. The feeble association between education level and CSER familiarity is suggested by the Cramer's V value of 0.144. Even though the data demonstrates some trends (e.g., individuals with higher education levels demonstrating marginally greater awareness), the relationship is not statistically significant and cannot be generalized beyond this sample. These findings suggest that respondents' familiarity with CSER is not significantly influenced by their educational background. It seems that formal education

levels are not a significant factor in the degree to which individuals are familiar with CSER. This implies that the acquisition of knowledge about CSER may be attributed to alternative factors, such as professional experience, sector-specific exposure, workplace training, or company culture. Consequently, CSER awareness initiatives should focus on all educational groups rather than assuming that higher education translates to a greater level of familiarity.

Familiarity with CSER vs. Perceptions of Responsibilities (Chi-Square)

Table 13:Chi-Square between Q6+Q21(Author's own work)

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	32.429[a]	21	.053
Likelihood Ratio	39.122	21	.009
Linear-by-Linear Association	2.450	1	.118
N of Valid Cases	251		

a. 15 cells (46.9%) have expected count less than 5. The minimum expected count is .38.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.359	.053
	Cramer's V	.208	.053
N of Valid Cases		251	

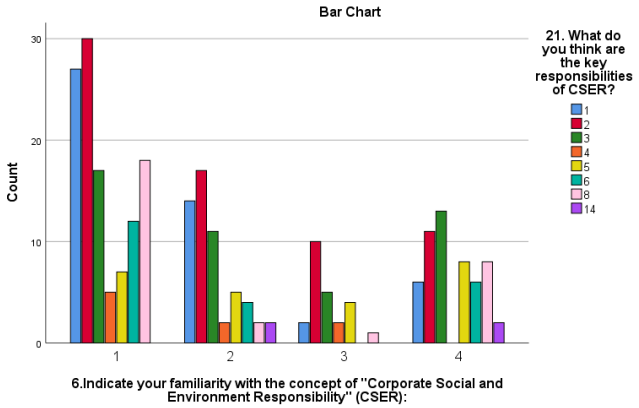

Figure 46: Bar Chart between Q6+Q21 (Author's own work)

A Chi-Square test was conducted to examine the relationship between respondents' familiarity with the concept of Corporate Social and Environmental Responsibility (CSER) (Q6) and their views on the key responsibilities of CSER (Q21). The test obtained a Pearson Chi-Square value of 32.429 with 21 degrees of freedom and a p-value of 0.053. As shown in ***Table 13*** and ***Figure 46*** even though this p-value is marginally higher than the conventional 0.05 threshold, it is significantly close to statistical significance, indicating a borderline association between the two variables. According to the Cramer's V value of 0.208, there is a weak to moderate association between the levels of familiarity individuals have with CSER and their perception of its primary responsibilities. Even though the results are not statistically significant at the 5% level, they suggest that respondents' comprehension of the fundamental responsibilities of CSER is influenced by their increased familiarity with the organization. CSER may be more closely associated with complex or multi-dimensional objectives by individuals who are more familiar with it, while those who are less familiar may have a more limited or defined perspective. These discoveries emphasize the significance of education and awareness in the formation of public perceptions regarding the objectives and applications of CSER. In the real world, the alignment of employee expectations

and comprehension of the business context's expectations regarding CSER concepts may be facilitated by an increased familiarity with these concepts.

Familiarity with CSER vs. Perceived Barriers (Chi-Square)

Table 14: Chi-Square between Q6+Q23 (Author's own work)

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	20.813[a]	15	.143
Likelihood Ratio	22.637	15	.092
Linear-by-Linear Association	3.596	1	.058
N of Valid Cases	250		

a. 11 cells (45.8%) have expected count less than 5. The minimum expected count is 1.34.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.289	.143
	Cramer's V	.167	.143
N of Valid Cases		250	

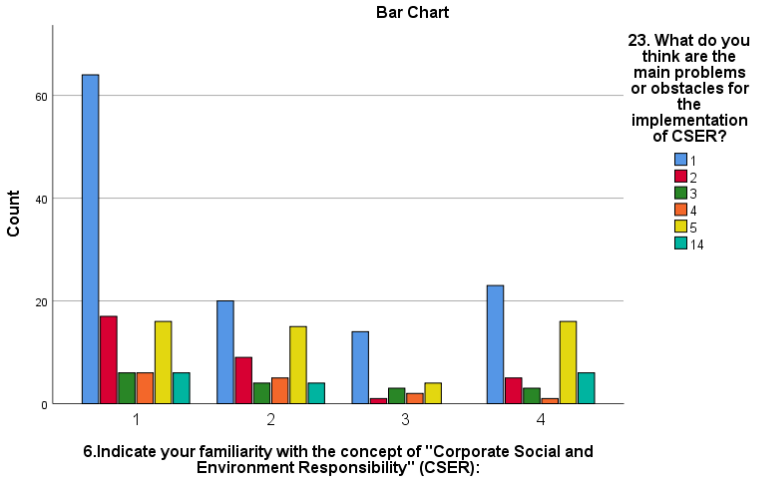

Figure 47: Bar Chart between Q6+Q23 (Author's own work)

A Chi-Square test was performed to explore the relationship between respondents' familiarity with the concept of Corporate Social and Environmental Responsibility (CSER) (Q6) and their views on the main problems or obstacles to the implementation of CSER (Q23). As shown in ***Table 14*** and ***Figure 47***, the test yielded a Pearson Chi-Square statistic of 20.813 with 15 degrees of freedom and a p-value of 0.143. As this number surpasses the normal threshold of 0.05, the correlation between the two variables is not statistically significant. A Cramer's V value of 0.167 indicates a weak correlation between familiarity with CSER and views of its implementation difficulties. The findings suggest that respondents' awareness of CSER does not significantly affect their perception of the primary challenges to its implementation. This indicates that, regardless of the level of awareness—be it just familiarity with CSER or active participation—the perceived obstacles remain largely uniform. These findings suggest that structural challenges, including insufficient resources, inadequate support, or knowledge deficiencies, are widely acknowledged, irrespective of individuals' familiarity with CSER. Consequently, addressing these obstacles necessitates systematic interventions rather than solely relying on awareness campaigns.

Business Activity vs. Barriers to CSER (Chi-Square)

Table 15: Chi-Square between Q5+Q23 (Author's own work)

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	75.715[a]	65	.171
Likelihood Ratio	79.419	65	.108
Linear-by-Linear Association	3.902	1	.048
N of Valid Cases	250		

a. 71 cells (84.5%) have expected count less than 5. The minimum expected count is .11.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.550	.171
	Cramer's V	.246	.171
N of Valid Cases		250	

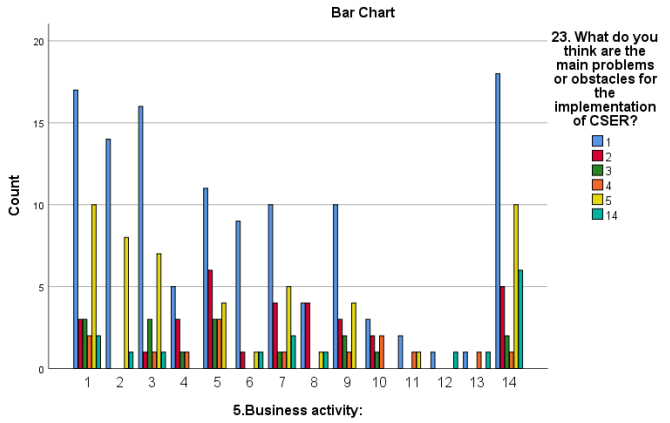

Figure 48: Bar Chart between Q5+Q23 (Author's own work)

A Chi-Square test was performed to explore the relationship between respondents' business activity (Q5) and their views on the main problems or obstacles to the implementation of Corporate Social and Environmental Responsibility (CSER) (Q23). As illustrated in ***Table 15*** and ***Figure 48,*** *the* test yielded a Pearson Chi-Square value of 75.715 with 65 degrees of freedom and a p-value of 0.171. The relationship between the two variables is not statistically significant, as the p-value exceeds the standard threshold of 0.05. The Cramer's V value of 0.246 indicates a weak to moderate correlation between perceptions of CSER-related challenges and the type of business activity. These results suggest that respondents' perceptions of the primary challenges associated with the implementation of CSER are not substantially influenced by the nature of their business activities. The perceived barriers—including a lack of financial resources, inadequate knowledge, or the absence of government incentives—are broadly consistent, regardless of whether respondents work in sectors such as manufacturing, services, or agriculture. This implies that interventions intended to address CSER challenges should be developed to be applicable across sectors, as the character of the business activity does not significantly influence the perceived or experienced nature of these challenges.

Business Activity vs. Environmental Programs (ANOVA)

Table 16: ANOVA test between Q5+Q26 (Author's own work)

ANOVA

26. The company I work for implements special programs to minimize its negative impact on natural environment:

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	29.065	13	2.236	2.249	.008
Within Groups	235.612	237	.994		
Total	264.677	250			

A one-way ANOVA test was performed to examine the relationship between respondents' business activity (Q5) and their level of agreement with the statement that **"**the company I work for implements special programs to minimize its negative impact on the natural environment" (Q26)**.** As shown from ***Table 16***, the analysis yielded a statistically significant result: F(13, 237) = 2.249, with a p-value of 0.008, which is less than the conventional threshold of 0.05. This suggests that there is a statistically significant difference in the perceptions of environmental responsibility based on the business sector. The mean values, which varied from 2.30 to 3.70, indicate that certain sectors are perceived as being more involved in the implementation of environmental programs than others. Respondents from business activity 4 ranked their companies as the most environmentally engaged (mean = 3.70), while those from activity 9 rated them significantly lower (mean = 2.30). The p-value of 0.017 was confirmed by post-hoc Tukey HSD comparisons, which revealed a statistically significant difference between business activities 4 and 14. This suggests that employees in activity 4 perceive environmental initiatives as significantly more robust than those in activity 14. These results indicate that the extent of environmental responsibility varies among industries, with certain sectors exhibiting more proactive measures to reduce environmental damage. Sector-specific norms, regulatory pressures, or access to resources may account for the variation. Therefore, it may be necessary to customize environmental initiatives to the unique challenges and capabilities of each business sector, rather than implementing a universal approach.

Business Activity vs. CSER Prevalence (Chi-Square)

Table 17: Chi-Square between Q5+Q30 (Author's own work)

Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	35.144[a]	26	.109
Likelihood Ratio	39.279	26	.046
Linear-by-Linear Association	.158	1	.691
N of Valid Cases	251		

a. 23 cells (54.8%) have expected count less than 5. The minimum expected count is .28.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.374	.109
	Cramer's V	.265	.109
N of Valid Cases		251	

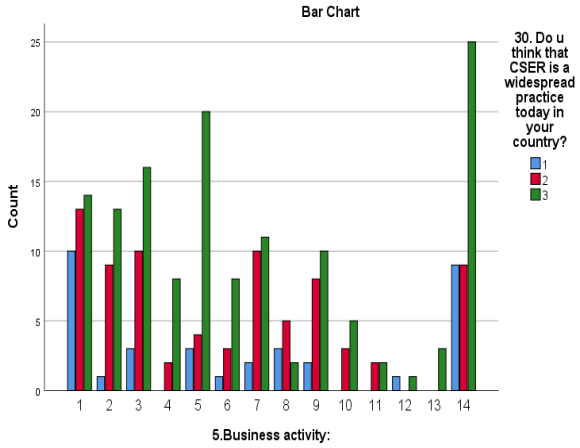

Figure 49*:* Bar Chart between *Q5+Q30* (Author's own work)

A Chi-Square test was conducted to explore the relationship between respondents**'** type of business activity (Q5) **a**nd their perception of whether Corporate Social and Environmental Responsibility (CSER) is a widespread practice in their country (Q30). As shown from ***Table 17*** and ***Figure 49***, Pearson Chi-Square value of 35.144 with 26 degrees of freedom and p-value of 0.109 were the results of the test. The result is not statistically significant, as the p-value exceeds 0.05. This implies that there is insufficient evidence to suggest a correlation between the type of business activity and the way in which individuals perceive the dissemination of CSER practices in the country. The Cramer's V value of 0.265 suggests a moderate association between business activity and perception. However, caution should be exercised in interpreting this association due to its statistical insignificance. The findings indicate that perceptions of the extent to which CSER is implemented in the country are typically consistent among employees from various business sectors. In other words, the perception of the prevalence of CSER is not substantially different among individuals employed in manufacturing, services, agriculture, or any other sector. This could suggest that public discourse or general national-level exposure are more influential in shaping awareness of CSER practices than specific industry experiences. It also implies that the promotion of CSER visibility and implementation may necessitate strategies that are comprehensive and cross-sectoral, rather than those that are only tailored to specific industries.

Table 18: Chi-Square Test between Q31+Q9 (Author's own work)

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	37.658[a]	6	.000
Likelihood Ratio	36.815	6	.000
Linear-by-Linear Association	15.956	1	.000
N of Valid Cases	251		

a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is 2.90.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.387	.000
	Cramer's V	.274	.000
N of Valid Cases		251	

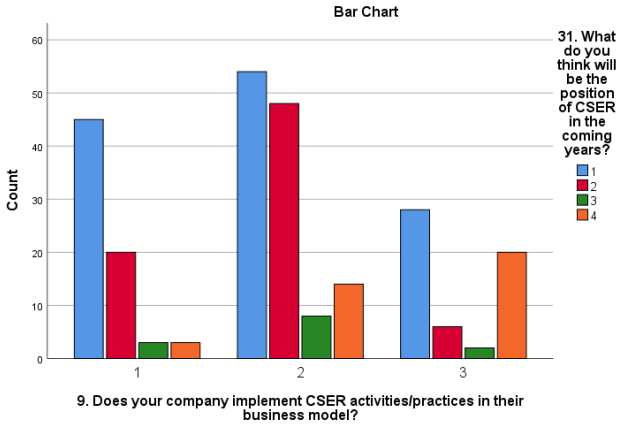

Figure 50: Bar Chart Between Q9+Q31(Author's own work)

A Chi-Square test was conducted to investigate the correlation between respondents' expectations regarding the future position of CSER (Q31) and the extent to which companies incorporate CSER activities into their business models (Q9). As illustrated from ***Table 18*** and ***Figure 50,*** the test yielded a Pearson Chi-Square value of 37.668 with 6 degrees of freedom and a p-value of 0.000. The outcome is statistically significant since the p-value is less than 0.05. This implies that there is a robust correlation between the extent to which a company presently implements CSER and the way in which its employees perceive its role in the future. The Cramer's V value of 0.274 suggests a moderate correlation between the current implementation of CSER and future expectations. The findings indicate that employees in organizations that have already implemented CSER are more inclined to anticipate that CSER will assume an increasingly significant or expanding role in the future. Conversely, employees at organizations that do not implement CSER exhibit less optimistic or more uncertain perspectives regarding its future. This discovery emphasizes the influence of practical exposure to CSER on individuals' expectations: when CSER is already integrated into the business paradigm, it is perceived as pertinent and significant for the future. People are less confident in its future role when it is absent. These findings suggest that the dissemination of CSER practices across organizations may not only enhance environmental and social outcomes but also reinforce the perception of its long-term value. Strengthening the future position of CSER may be achieved by promoting it through actual implementation, rather than mere discussion.

Table 19: ANOVA Test between Q2+Q31 (Author's own work)

ANOVA

31. What do you think will be the position of CSER in the coming years?

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	9.141	4	2.285	2.063	.086
Within Groups	272.484	246	1.108		
Total	281.625	250			

A one-way ANOVA test was performed to explore the relationship between respondents' age (Q2) and their perception of the future position of Corporate Social and Environmental Responsibility (CSER) (Q31). As shown in ***Table 19***, the test produced a F value of 2.063 with 4 degrees of freedom, and a p-value of 0.086. Since the p-value is greater than 0.05, the result is not statistically significant. This means that there is no strong evidence of a relationship between age group and respondents' expectations about the role of CSER in the coming years. The mean values ranged from 1.37 (youngest group) to 2.17 (oldest group), showing some variation in expectations, but this difference was not strong enough to be considered statistically meaningful. The findings suggest that people of different ages tend to have similar views about how CSER will develop in the future. While younger respondents (group 1) were slightly less optimistic than older respondents (groups 4 and 5), these differences are not statistically significant. This indicates that

age does not play a major role in shaping expectations about CSER's future. As such, initiatives aimed at promoting CSER as a growing and important practice can be designed to target the general population rather than specific age groups.

6.4 Conclusion of the Results and Findings

The analysis of survey data from both managers and employees of SMEs in Kosovo provides a comprehensive understanding of how Corporate Social and Environmental Responsibility (CSER) and sustainability are conceptualized, implemented, and experienced within this context. The findings reveal a mixed landscape marked by both promising developments and persistent challenges.

From the managers' perspective, there is a clear recognition of ethical and moral drivers for engaging in CSER, coupled with moderate awareness of environmental and social responsibilities. While many SMEs incorporate basic sustainability practices, such as resource monitoring and internal codes of conduct, these efforts are largely driven by internal motivations rather than external pressures or formal regulations. Financial constraints, limited institutional support, and weak regulatory enforcement remain significant barriers to broader CSER adoption, underscoring the need for targeted policy interventions and capacity-building initiatives. Statistical analyses indicate that business characteristics such as ownership type or years of operation have limited influence on CSER engagement, suggesting that these obstacles are systemic rather than enterprise specific. From the employees' perspective, the data reflects a predominantly young, highly educated, and mid-career workforce that exhibits openness toward sustainability initiatives. Employees generally perceive CSER as encompassing economic, social, and environmental dimensions and express strong expectations for government involvement in promoting sustainable practices. However, gaps are evident between employees' expectations and their reported workplace realities, particularly regarding overtime compensation, equitable labor practices, and structured sustainability programs. This misalignment highlights a need to better integrate employees into sustainability planning and communication, ensuring that internal policies match the values and expectations of the workforce.

Comparative analysis between the two groups underscores areas of alignment—such as shared recognition of CSER's importance—and divergence, particularly in perceptions of workplace implementation and institutional support. Together, these findings indicate that managers and employees perceive insufficient policy and institutional support, indicating a gap between awareness and formalized frameworks.

Overall, this chapter underscores the necessity for a coordinated approach to sustainability in Kosovo's SME sector, combining stronger regulatory frameworks, financial and technical support mechanisms, and improved internal engagement strategies. Bridging the gap between managerial intentions and employee expectations will be critical to fostering a more robust, systemic integration of CSER into SME practices. These insights provide a data-driven foundation for the subsequent discussion and the development of actionable recommendations for policymakers, SME stakeholders, and business support organizations.

Key Insights from the Results

- **Shared recognition of CSER's importance:** Both managers and employees acknowledge the relevance of CSER, viewing it as integral to ethical business practices and organizational success.
- **Implementation gaps remain significant:** Despite positive attitudes, CSER practices in SMEs are largely informal, underfunded, and insufficiently aligned with formal sustainability frameworks or regulations.
- **Discrepancies between managerial and employee perceptions:** While managers often report moderate CSER integration, employees highlight deficiencies in workplace practices, communication, and engagement in sustainability efforts.
- **Need for systemic support and internal alignment:** Addressing financial, institutional, and informational barriers—alongside improving employee involvement—will be essential to advancing sustainability adoption within Kosovo's SME sector.

CHAPTER 7: DISCUSSIONS AND RECOMMENDATIONS

7.1 Discussion of Results from the Managers' Survey

This chapter offers a comprehensive analysis of the data from a survey performed with 71 SME managers in Kosovo regarding their awareness, implementation, and issues related to Corporate Social and Environmental Responsibility (CSER). The findings reveal that although most managers endorse ethical, environmental, and social duties in theory, their practical application is constrained. Corporate Social and Environmental Responsibility (CSER) is infrequently integrated into business strategy or reinforced through formal training, codes of conduct, or sustainability reporting. Moreover, most firms depend on internal policies rather than governmental rules or recognized systems, and many do not experience substantial pressure from clients or suppliers to implement Corporate Social and Environmental Responsibility (CSER). These findings underscore a gap between values and organized action, emphasizing the necessity for enhanced awareness, institutional support, and stakeholder involvement to promote sustainability in the SME sector.

7.1.1 Awareness and Understanding of CSER

A key finding indicates that 55.7% of SME managers were unfamiliar with the concept of *Corporate Social and Environmental Responsibility (CSER)*, revealing a substantial knowledge deficit within the managerial cohort. This aligns with prior studies identifying limited managerial comprehension as a principal constraint to sustainability integration (Perego, 2009; Deloitte, 2010). In the context of Kosovo's SMEs, where structured sustainability training and institutional support remain limited, such conceptual gaps represent a significant barrier to embedding CSER within business operations. These results underscore the necessity of targeted educational and capacity-building initiatives to contextualize and promote CSER understanding among SME managers in emerging economies.

7.1.2 Perceived Responsibilities of SMEs

Approximately 48.6% of managers viewed business responsibility as primarily economic or a mix of economic, social, and environmental duties, while only 22.9% prioritized environmental and 21.4% social aspects independently. This supports Steger et al. (2007), who noted that profit imperatives continue to dominate corporate priorities. Although some managers recognize sustainability's multidimensional nature, economic concerns remain predominant, underscoring the need for stronger policy and educational measures to foster a more balanced sustainability orientation within Kosovo's SME sector.

7.1.3 Environmental and Workplace Responsibility

A majority of managers recognized responsibilities toward employees **(**74.3%**)** and the external environment (72.9%), with 89% supporting fair labor practices. However, implementation remains limited: only 30% provide CSER training, 27.1% issue reports, and 10% follow government sustainability procedures. Labor compliance is inconsistent, as less than half compensate overtime. This discrepancy between awareness and action reflects typical SME constraints—limited resources, formal structures, and external support (Kraus et al., 2020; Jenkins, 2006)—highlighting the need for stronger training, enforcement, and policy support to translate commitment into consistent practice.

7.1.4 Strategic Integration of CSER

Findings reveal a clear gap between awareness and practice: only 35.7% of SME managers integrate CSER into business strategy, while 64.3% do not. This limited integration reflects persistent challenges such as resource constraints, weak institutional support, and informal understandings of sustainability (Kraus et al., 2020; Jenkins, 2006; Williams & Schaefer, 2013). Consequently, CSER remains peripheral rather than embedded in strategic planning, highlighting the need for managerial training, sector guidelines, and policy incentives to formalize sustainability within SME operations.

7.1.5 Motivations behind CSER Engagement

The findings indicate that the leading motivations for CSER engagement among SME managers were ethical (37.1%) and moral (32.9%) considerations, while external drivers such as regulatory compliance (10%) and customer demand (8.6%) played a much smaller role. This supports the arguments of Jamali et al. (2009) and Perrini (2006), who note that SMEs are largely values-driven, guided by the personal convictions of their owners or managers rather than institutional or market pressures. However, reliance on intrinsic motivation alone often results in informal and inconsistent CSER practices. Without complementary external mechanisms such as policy incentives, regulatory frameworks, or stakeholder expectations, these ethical intentions may not evolve into systematic, long-term strategies. Consequently, targeted interventions—through supportive policies, awareness campaigns, and community engagement—are needed to connect internal values with the structured implementation of CSER within SMEs.

7.1.6 Environmental Impact and Waste Management

The findings show that while many managers recognize their company's environmental impact—28.6% rated it as "Average," 27.1% as "Somewhat significant," and 18.6% as "Significant"—their actions remain limited. Only 21.4% practice recycling, while 30% rely on landfills and 48.6% use informal disposal methods. Moreover, 68.6% depend solely on internal waste management, with minimal compliance to government (21.4%) or certified (10%) systems. These results confirm Koirala (2019) and OECD (2017), who found that SMEs often lack formal environmental strategies due to limited resources and weak institutional support. Although awareness exists, structural and financial constraints hinder effective, regulated action. Strengthening environmental performance will require clearer regulations, targeted training, and practical incentives to help SMEs move from informal practices toward sustainable compliance.

7.1.7 Internal Practices and Employment Conditions

The findings show that 54.3% of organizations set wages internally, 35.7% follow government regulations, and only 4.3% use certified standards. Among firms with overtime work, just 47.1% compensate employees, highlighting informal and inconsistent labor practices. As Preuss and Perschke (2010) note, such informality is common in SMEs but risks employee welfare and company reputation. Weak enforcement and reliance on managerial discretion lead to uneven protection of workers' rights. Stronger labor oversight, clearer standards, and practical training for managers are needed to promote fair pay and regulatory compliance.

7.1.8 Internal Communication and Manager-Employee Relations

The results show that 84.3% of managers rated their relationship with employees as "Good" or "Very Good," and 64.3% reported efforts to improve it. These positive relations likely stem from the flat hierarchies typical of SMEs but are not being used strategically to promote sustainability. As Baumgartner and Ebner (2010) argue, effective CSER requires employee participation in decision-making, yet limited training and involvement hinder this potential. SMEs should build on their strong interpersonal ties by introducing structured training and inclusive practices to transform informal goodwill into active engagement with sustainability goals.

7.1.9 External Pressures and CSER Challenges

A key obstacle identified is the lack of external pressure: 44.3% of managers said clients have no influence on CSER behavior, only 22.9% viewed suppliers as "very influential," and 35.7% saw government influence as "moderate." As noted by Lepoutre and Heene (2006) and Jenkins (2006), SMEs rarely face sufficient market or regulatory incentives to adopt sustainability. This weak external engagement undermines the business case for CSER, especially under resource constraints. Stronger public-private collaboration, regulatory incentives, and client awareness campaigns are needed to reframe sustainability as a competitive advantage rather than a financial burden.

7.1.10 Structural Barriers to CSER Implementation

The survey shows that SMEs in Kosovo face multiple barriers to sustainable practice implementation. The main challenges include lack of government support (41.4%), high electricity costs (31.4%), and the belief that CSER reduces profitability (27.1%), alongside limited awareness (25.7%) and financial constraints (20%). As noted by Jamali et al. (2009) and Koirala (2019), weak policy frameworks, economic pressures, and knowledge gaps often hinder SME sustainability. These findings underline the need for stronger government involvement through clearer policies, financial incentives, and training programs to provide the support SMEs need to adopt structured and competitive CSER practices.

7.1.11 Discussion of Statistical and Inferential Analysis Results

The analysis of the data highlights how different factors interact to shape the way SMEs in Kosovo approach Corporate Social and Environmental Responsibility (CSER). One of the clearest findings is the strong link between managers' awareness of CSER and its implementation. This shows that understanding sustainability concepts is a crucial driver of action. The results also show that managers who see their businesses as responsible for environmental protection and fair working conditions are more likely to implement CSER. On the other hand, factors such as ownership type, years in operation, and client pressure did not show a strong influence on CSER practices. Even sectorial differences showed only a limited relationship with CSER, suggesting that without stronger oversight or targeted support, industry-specific risks alone are not enough to drive change. Taken together, these results paint a clear picture. Internal drivers—like awareness, environmental responsibility, and ethical values—are currently more influential than external forces in shaping CSER practices among SMEs in Kosovo. Resource constraints, lack of institutional support, and limited outside pressure mean that many SMEs continue to approach CSER informally and inconsistently. For CSER to take hold more effectively, both internal and external factors need to be addressed. Raising managers' knowledge through training and education would help turn positive intentions into concrete actions. At the same time, stronger policies, clearer regulations, sector-specific programs, and greater pressure from clients and suppliers are needed to create the external conditions that encourage and support these changes. These findings echo what Jenkins (2006) and the OECD (2017) have argued: SME sustainability depends on both individual leadership and the wider context in which businesses operate. Without support on both fronts, CSER is likely to remain informal and uneven, limiting SMEs' contributions to sustainability goals and reducing their competitiveness in markets where sustainability is becoming increasingly important.

7.1.12 Conclusion of Managers' Survey Results

The survey of SME managers in Kosovo reveals a significant gap between recognizing Corporate Social and Environmental Responsibility (CSER) and applying it in practice. While many acknowledge ethical, social, and environmental duties, only a minority integrate them into business strategy. Awareness remains low—55.7% are unfamiliar with the term—while economic priorities continue to dominate over sustainability. Although over 70% express responsibility toward employees and the environment, only 30% provide CSER training or publish reports, and just 35.7% include CSER in their strategies. Most firms rely on internal waste management (68.6%) and informal labor practices, with more than half setting wages internally and fewer than half compensating overtime. Motivations are primarily ethical or moral rather than driven by regulation or market demand, reflecting weak external pressure. Limited government support (41.4%), high costs (31.4%), and low awareness (25.7%) further constrain progress. These findings confirm that institutional, financial, and knowledge barriers hinder CSER adoption (Jamali et al., 2009; Jenkins, 2006; Kraus et al., 2020). To move beyond informal, value-based practices, SMEs need stronger policies, targeted training, and coordinated support from government and market actors to embed CSER as a strategic and sustainable business practice.

7.2 Discussion of Results from the Employees' Survey

This chapter analyzes data from a survey of 251 SME employees in Kosovo, examining their awareness and experiences with Corporate Social and Environmental Responsibility (CSER). While many employees recognize the importance of balancing economic, social, and environmental goals, their actual involvement in CSER is limited due to weak communication, lack of training, and absence of formal participation structures. Limited managerial leadership and poor transparency further reinforce the perception that CSER is peripheral rather than integral to daily operations. Employees also identified broader barriers such as scarce resources, weak government support, and low consumer demand. Although they see benefits in improved workplace conditions and company reputation, these are often unrealized due to inadequate systems. Overall, the findings highlight a clear gap between awareness and implementation, emphasizing the need for stronger leadership, better communication, and institutional support to embed CSER within SME operations.

7.2.1 Awareness and Understanding of CSER

The findings show that employee awareness of Corporate Social and Environmental Responsibility (CSER) remains limited. While 46.2% reported basic understanding and 22.7% deeper knowledge, 21.5% had never heard of the concept, and only 9.6% had participated in related activities. This supports Vokshi and Krasniqi (2020), who note that CSER is still largely absent from formal workplace structures in Kosovo. As Halili (2021) adds, the lack of sustainability training leaves employees with little practical engagement. Awareness remains mostly theoretical, highlighting the need for targeted training, clearer communication, and staff involvement to make CSER a visible and actionable part of everyday work.

7.2.2 Perceived Responsibilities of Corporations

The findings show that half of employees (50.2%) view economic, social, and environmental responsibilities as equally important, while 37.5% still prioritize economic goals. This reflects the ongoing dominance of profit considerations in Kosovo's SMEs, as noted by Shehu and Gashi (2022). However, the growing recognition of broader responsibilities signals a gradual shift in employee expectations influenced by global sustainability trends (Gërvalla & Hoxha, 2019). Despite this awareness, most SMEs lack the policies, training, and systems to translate these values into practice. Strengthening training, communication, and organizational culture could help align business operations with employees' evolving expectations and reinforce CSER integration.

7.2.3 Perception of Managerial Attitudes toward CSER

More than half of employees (56.6%) believe their managers lack sufficient knowledge of CSER, with only small portions recognizing its strategic (14.3%), reputational (11.2%), or community (13.5%) value. This supports Krasniqi and Vokshi (2020), who argue that SME managers in Kosovo often engage with CSER superficially, treating it as an external requirement rather than an internal priority. As a result, employees see little genuine commitment to sustainability. Strengthening managerial understanding, clarifying roles, and fostering internal communication and training are crucial for embedding CSER into daily business practice and building employee trust in sustainability initiatives.

7.2.4 Environmental and Labor Responsibility

The findings show that 59.4% of employees believe their company is responsible for environmental issues, and 68.1% for labor responsibilities, while about a third are unsure or policies, poor overtime compensation, and inconsistent safety standards (Shehu & Gashi, 2022) reinforce this gap. Although employees increasingly recognize environmental and labor responsibilities disagree. This indicates that sustainability values are only partially internalized. As Gërvalla and Hoxha (2019) note, awareness exists but is not reflected in daily practices. Informal wage, weak internal systems and limited management commitment prevent consistent application, showing that awareness alone is insufficient without organizational follow-through.

7.2.5 Strategic Value and Future Expectations of CSER

The results show that nearly half of employees (48.2%) believe CSER contributes to company success, and 55.8% think it helps attract investors, suggesting growing recognition of its business value. However, about one-third remain unsure or see current efforts as sufficient, indicating mixed perceptions. As Shehu and Gashi (2022) note, many SMEs still view CSER as secondary to immediate operations. While awareness of its potential benefits is rising, the lack of visible integration and long-term commitment limits confidence. Demonstrating how sustainability directly supports business growth could strengthen employee belief in CSER's importance.

7.2.6 Satisfaction and Employee Involvement

The results show that only 8.8% of employees are highly satisfied with their company's CSER efforts, while 31.1% are dissatisfied, indicating that many feel excluded from sustainability initiatives. As Halili (2021) notes, most SMEs in Kosovo lack formal mechanisms for employee involvement, contributing to this dissatisfaction. CSER is most effective when employees participate directly (Vokshi & Krasniqi, 2020), yet limited engagement leaves many feeling disconnected. Greater inclusion through training, feedback, and participation could increase satisfaction and make CSER a more genuine, organization-wide effort.

7.2.7 Managerial Relations and Communication

The results show that 57% of employees rate their relationship with management as "Good" or "Very Good," yet only 30.7% feel their needs are genuinely prioritized. This reflects Shehu and Gashi's (2022) observation that Kosovo's SMEs often rely on informal manager-employee relations without formal systems to address issues. As Halili (2021) notes, ethical leadership and open dialogue are vital for effective CSER, but these remain limited. While personal relationships foster trust, clearer communication channels and feedback mechanisms are needed to turn goodwill into meaningful CSER action and inclusive workplace practices.

7.2.8 Consumer and Market Perspectives

The findings show that 44.6% of employees believe customers are "sometimes" willing to pay more for products that meet CSER standards, while only 16.3% think this is usually the case. This supports Gërvalla and Hoxha's (2019) point that while awareness of sustainability is slowly

improving in Kosovo, it isn't strong enough yet to significantly shape consumer behavior. From the employees' perspective, this lack of consistent demand helps explain why many SMEs don't treat CSER as a priority. These results suggest that employees recognize weak consumer demand as a key barrier to stronger CSER practices. Without more pressure from the market, sustainability is likely to remain a secondary concern for many SMEs. This highlights the need to raise public awareness of CSER's importance and for businesses themselves to help educate customers about the value of sustainable products and practices. For employees, stronger consumer demand would also mean more pressure on managers to prioritize CSER, bringing workplace efforts in line with market expectations.

7.2.9 Perceived Benefits of CSER

The results show that employees view reduced pollution, better energy efficiency, and improved job performance as the main benefits of CSER, reflecting Halili's (2021) observation that SME employees focus on tangible, short-term outcomes. Few mentioned innovation or competitiveness, supporting Shehu and Gashi's (2022) view that SMEs prioritize daily operations over long-term strategy. Employees thus link CSER to visible workplace improvements rather than broader business growth. Expanding understanding of CSER's role in competitiveness could strengthen engagement and support for more ambitious sustainability efforts.

7.2.10 Perceived Barriers to CSER Implementation

The results show that employees view the main barriers to CSER as low awareness (57.8%), limited budgets (31.9%), and weak managerial support (19.5%). This supports Vokshi and Krasniqi (2020), who note that Kosovo's SMEs face systemic challenges like poor training, scarce resources, and limited institutional backing. As Halili (2021) observes, these issues cut across sectors. Employees see both practical constraints and lack of leadership as major obstacles, emphasizing the need for stronger management commitment, clearer guidance, and better resources to make CSER part of everyday business practice.

7.2.11 Role of Government in Supporting CSER

The findings show that employees view government involvement as crucial for advancing CSER, with 43% calling for financial incentives, 43.9% for stronger monitoring, and 21.9% for public awareness campaigns. This supports Shehu and Gashi's (2022) view that Kosovo's sustainability policies remain fragmented and weak. Employees believe SMEs cannot advance CSER alone and see the government as essential for providing oversight, funding, and clear standards. Without stronger policies and support, sustainability efforts are likely to stay limited and inconsistent.

7.2.12. Reporting and Transparency

The results show that only 13.1% of employees said their company shares information about CSER, supporting Gërvalla and Hoxha's (2019) finding that SMEs in Kosovo lack transparency and accountability. This poor communication leaves employees unaware of sustainability efforts and doubtful of their company's commitment. Better internal reporting and regular updates could build trust, improve engagement, and make CSER feel like a shared, visible part of organizational life.

7.2.13. Internal Training and Capacity Building

The results show that only 33.9% of employees said they had received any training on CSER. This reflects what Halili (2021) noted—that sustainability training in SMEs is often irregular and not part of formal employee development. For most staff, this means their understanding of CSER stays basic and disconnected from their day-to-day work. This lack of training is important because, without it, employees are less likely to feel equipped or confident enough to get involved in sustainability efforts. While some awareness is there, it isn't backed up by the practical

knowledge needed to turn it into action. Vokshi and Krasniqi (2020) also highlight that this is a common issue in Kosovo's SMEs, where the absence of structured capacity-building stops CSER from becoming part of normal workplace routines. These findings show that even when employees know about CSER, the lack of training holds back progress. Regular, practical training could help employees better understand how sustainability ties into their work and give them the tools to contribute meaningfully. Without it, CSER risks staying more of an idea than something people actively practice at work.

7.2.14 Cross-Sector Comparisons

The findings show that although CSER awareness varies slightly by sector, common barriers—such as financial constraints and lack of training—persist across all. This supports Vokshi and Krasniqi's (2020) view that CSER challenges in Kosovo's SMEs are systemic rather than sector-specific. Even in more aware sectors like services, limited resources and weak institutional support (Halili, 2021) hinder progress. Improving CSER therefore requires broad, cross-sector solutions addressing these structural gaps rather than isolated industry efforts.

7.2.15 Conclusion of Findings from the Employee Survey

The survey reveals a clear gap between employees' views on Corporate Social and Environmental Responsibility (CSER) and its actual practice in Kosovo's SMEs. While many value balancing economic, social, and environmental goals, limited training, weak communication, and minimal employee participation hinder progress. Managers are often seen as lacking knowledge and commitment, and government support remains weak. Employees recognize CSER's potential benefits—better reputation, investment appeal, and workplace conditions—but note it is not well integrated into daily business. Stronger leadership, clearer communication, and greater government incentives and oversight are needed to make CSER a consistent and meaningful part of SME operations.

7.3 Discussion of the Comparative Findings from Managers' and Employees' Surveys

The comparison between managers and employees in SMEs in Kosovo shows both clear overlaps and important differences in how they view and approach Corporate Social and Environmental Responsibility (CSER). Both groups share low levels of awareness about CSER, which has limited its integration into business practices. Many managers admitted they were unfamiliar with the concept, while a significant number of employees reported never having heard of it or taking part in related initiatives. While this points to a shared lack of understanding, its causes differ: managers' knowledge gaps are linked to the absence of formal training and exposure to sustainability frameworks, while employees' gaps result largely from poor internal communication and a lack of training opportunities at work. This shows that although both groups are underinformed, the reasons behind it lie in different parts of the organizational structure.

Views on business responsibilities also show differences. Managers tend to focus on economic priorities, with nearly half seeing profitability as their main responsibility and giving less attention to social or environmental issues. Employees, however, show a more balanced perspective, with half emphasizing that economic, social, and environmental roles should be equally important. This suggests that employees may be more influenced by global conversations on sustainability, while managers remain driven by immediate financial pressures. Here, the contrast reflects a misalignment between employees' expectations and managers' day-to-day priorities, where profit still takes precedence over broader sustainability concerns.

The question of managerial competence in CSER deepens this divide. Managers often describe themselves as supportive of sustainability but constrained by limited resources and weak institutional backing. However, employees see this differently: over half believe their managers lack the necessary knowledge or leadership to turn CSER ideas into action, often viewing current

efforts as superficial or symbolic. This disconnect undermines trust and creates frustration. While managers feel they are doing what they can in a difficult context, employees interpret the same lack of results as a lack of commitment, which discourages them from getting involved.

This gap between what people say and what happens is clear in both groups. Managers acknowledge CSER but rarely turn it into policies, training programs, or reports, while employee's express dissatisfaction and point out that they are rarely involved in these initiatives. Managers tend to explain this gap by pointing to external barriers like costs or weak government support, while employees focus more on internal issues such as poor communication and limited involvement. This shows that while both external pressures and internal culture matter, employees are especially sensitive to what happens within their own workplace and whether their voices are heard.

Workplace and labor practices further illustrate this difference in perspective. Managers widely recognize their responsibility for fair pay and safe conditions, but their reliance on informal practices means employees experience inconsistent wages, unpaid overtime, and uneven safety standards. Similarly, both groups recognize environmental responsibility, but while managers cite costs and limited support to explain informal waste practices, employees express doubt because they see little evidence of change in their workplaces. In both areas, the gap lies not in recognition but in translating words into actions employees can see and trust.

Motivations for CSER also differ subtly. Managers are mainly driven by personal ethics and moral considerations, while employees focus on practical benefits, such as cleaner workplaces and reduced pollution. Employees are more concerned with outcomes they can directly experience, whereas managers tend to keep their engagement at a values-based, abstract level. Without visible results, this makes it harder for employees to connect to CSER in a meaningful way.

When it comes to barriers, both groups agree that resources and support are lacking, but they view the problem from different angles. Managers emphasize external challenges such as weak government incentives and high costs, while employees see the problem more in terms of insufficient managerial leadership and low workplace awareness. This shows that change will require addressing both systemic and internal obstacles at the same time.

Relationships and communication within SMEs show a similar pattern. Both managers and employees describe their relationships as generally good, reflecting the informal, close-knit nature of small businesses. Yet employees also feel excluded from decisions about CSER and say there are few formal ways to share feedback or get involved. While managers see positive relationships as enough to maintain a healthy workplace, employees want clearer communication and a more active role in sustainability efforts. Without this, good personal ties do not translate into progress on CSER.

Finally, both sides agree that transparency is weak. Few managers publish CSER reports or updates, and employees say they rarely hear about any sustainability efforts within their companies. For employees, this lack of information makes CSER feel distant or unimportant, while managers frame it as a resource issue. This lack of communication contributes to a perception gap: even when some efforts are being made, they remain largely invisible to staff.

Overall, while managers and employees both recognize CSER's importance, they approach it from different angles. Managers see it primarily as a matter of ethics and values, constrained by costs and weak institutional support, while employees focus on tangible workplace improvements, stronger leadership, and clearer communication. This misalignment reinforces the gap between awareness and action: managers' limited initiatives fail to engage employees, and low employee involvement does little to push managers toward more formal integration of CSER. Addressing this divide will require building managerial capacity, improving communication, involving employees more actively in decision-making, and strengthening external policies and incentives For CSER to move beyond a rhetorical concept and become embedded in the functioning of SMEs in Kosovo, it is essential to bridge the gap between managerial priorities and employee expectations, fostering a shared and coordinated approach to sustainability.

7.4 Discussion of Research Hypotheses

This section discusses the four research hypotheses based on the empirical results presented in Chapter 6. Each hypothesis is examined in relation to the findings of the statistical analyses (Chi-square and ANOVA tests) and descriptive data. The discussion integrates these findings with the existing literature reviewed in Chapters 2 and 3, and draws implications relevant to SMEs in Kosovo.

H1: Awareness and Motivation

H1: stated that SME owners' and managers' level of awareness, knowledge, and understanding of the SDGs is positively associated with their motivation and commitment to integrate sustainability into their business operations.

The results (see Section 6.2.2 and Chi-square tests in Section 6.2.8) indicate that managers who reported higher awareness of the SDGs were significantly more likely to engage in sustainability-related practices ($p < 0.05$). However, these practices were often informal, suggesting a gap between awareness and formal implementation. This supports H1 and aligns with studies by Kraus et al. (2020) and Wickert et al. (2016), which emphasize awareness as a necessary but insufficient driver of sustainability in SMEs.

These findings imply that while knowledge of SDGs motivates action, SMEs in Kosovo still need targeted institutional support and training programs to convert awareness into structured sustainability strategies.

H2: Barriers to Adoption

H2 proposed that internal and external barriers, such as limited resources and weak institutional support, significantly reduce SMEs' ability to adopt sustainability practices

Results in Section 6.2.7 confirmed that financial constraints, lack of technical expertise, and insufficient government support were the most commonly cited barriers. This hypothesis is supported by statistical evidence linking these barriers to lower sustainability implementation levels. These findings are consistent with prior research (Bassi and Guidolin, 2021) that highlights resource scarcity and weak policy frameworks as critical obstacles for SMEs.

Addressing these barriers through government incentives, access to finance, and capacity-building programs could help SMEs in Kosovo formalize and scale up their sustainability efforts.

H3: Employee Influence

H3 proposed that employees' awareness, attitudes, and willingness to engage with sustainability initiatives significantly influence the implementation and success of sustainability practices within SMEs.

The findings (Sections 6.3.2 and 6.3.8) provide clear support for this hypothesis. Employees who demonstrated higher awareness of sustainability issues and positive attitudes toward such practices were significantly more likely to participate in sustainability-related activities within their organizations. Furthermore, SMEs where employees perceived strong managerial commitment to sustainability showed notably higher levels of sustainability engagement. These results indicate that employees' attitudes not only reinforce managerial initiatives but also serve as a catalyst for embedding sustainability within organizational routines.

This evidence resonates with Renwick et al. (2016), who emphasize that sustainability within SMEs is contingent upon workforce participation and shared organizational values. In Kosovo's context, where SMEs often lack formal sustainability structures, employee-driven engagement becomes even more critical. The findings underscore that employee awareness is not peripheral but central to successful sustainability integration, acting as a bridge between managerial intent and operational execution.

In practical terms, this suggests that SMEs must invest in internal awareness campaigns, employee training, and participatory approaches to sustainability decision-making. By doing so, they can leverage employees' willingness and transform it into a key asset for advancing sustainability goals.

H4: Alignment Gap

H4 asserted that there is a significant gap between SME managers' sustainability efforts and employees' expectations regarding sustainable business practices.

The comparative analysis (Section 7.3) strongly validates this hypothesis. While managers generally rated their sustainability efforts as adequate, employees expressed higher expectations, particularly in environmental initiatives, ethical labor practices, and transparency. This divergence highlights a perception gap: managers believe their current measures are sufficient, whereas employees view them as falling short of modern sustainability standards.

This finding aligns with Carrigan et al. (2004), who argue that such internal misalignment can undermine organizational cohesion and weaken sustainability outcomes. In Kosovo's SMEs, this gap reflects the broader challenge of integrating sustainability in resource-constrained settings where managerial priorities are often shaped by immediate operational pressures rather than longer-term sustainability visions. Addressing this gap requires fostering more inclusive sustainability planning processes, creating platforms for dialogue between managers and employees, and clearly communicating sustainability goals and progress. Doing so would align internal.

To summarize the empirical discussion and hypothesis verification, Table 20 provides a concise overview of the examined hypotheses, analytical findings, verification results, and final conclusions.

Table 20: Summary of Hypotheses, Discussion, Verification and Conclusions (Author's own work)

Hypothesis	Discussion / Examination Summary	Verification Result	Final Conclusion / Summary
H1: Awareness and Motivation – SME managers' awareness of the SDGs is positively associated with their motivation to integrate sustainability.	Statistical results show that managers with higher SDG awareness engage more in sustainability practices ($p < 0.05$), though mainly informally. Indicates a gap between awareness and structured implementation.	Supported (Partially Verified)	Awareness motivates engagement, but institutional support and training are needed to formalize sustainability strategies.
H2: Barriers to Adoption – Internal and external barriers (resources, support)	Findings confirm financial, technical, and institutional barriers as main	Supported	Government incentives, technical assistance, and capacity-

reduce SMEs' sustainability adoption.	limiting factors. Aligns with previous studies highlighting policy and resource constraints.		building programs are essential for scaling sustainability.
H3: Employee Influence – Employees' awareness and attitudes influence the success of sustainability practices.	Strong statistical evidence shows employee awareness correlates with organizational engagement. High alignment between positive attitudes and active participation.	Supported	Employee engagement and training are vital. Participatory approaches enhance implementation of sustainability in SMEs.
H4: Alignment Gap – Discrepancy between managers' and employees' sustainability perceptions affects implementation.	Comparative data show a clear misalignment: managers report higher sustainability awareness than employees. This hinders coordinated CSER practice.	Supported	Bridging perception gaps through improved communication and shared planning can embed sustainability more effectively.

7.5 Recommendations Based on Survey Findings from Managers and Employees

This chapter outlines recommendations drawn from the combined findings of the managers' and employees' surveys on Corporate Social and Environmental Responsibility (CSER) in SMEs in Kosovo. The surveys revealed common challenges such as low awareness, limited training, weak institutional support, and the lack of formal integration of CSER into everyday business practices. They also highlighted differences between managerial and employee perspectives, emphasizing the need for solutions that strengthen both leadership capacity and employee engagement. The recommendations presented here focus on practical ways to improve managerial knowledge and strategic planning for CSER, increase employee participation, strengthen communication and transparency, and create stronger external support through policy incentives and collaboration with stakeholders. Together, these measures aim to close the gap between awareness and implementation and help SMEs in Kosovo embed CSER more effectively into their operations.

7.5.1 Recommendations Based on Survey Findings from Managers

Enhance Awareness and Conceptual Understanding of CSER

Considering that numerous managers were unacquainted with the word CSER and lacked understanding of its elements, it is imperative to create focused awareness campaigns and instructional programs. These should:

- Present CSER concepts in a manner that is both practical and straightforward, and that is applicable to SMEs.
- Enhance engagement by employing culturally contextualized examples and local languages.
- Emphasize tangible advantages by promoting success stories from the region.
- Academic institutions, business associations, and NGOs can cooperate to provide workshops, seminars, and online modules aimed at establishing a fundamental comprehension of sustainability principles.

Integrate CSER into Business Strategy and Operations

Even though numerous managers expressed ethical responsibility toward the environment and employees, this was not reflected in strategic documents or formal company policies. To address this implementation deficit, it is recommended that SMEs be strongly encouraged and assisted in the integration of CSER objectives into their business plans.

- Managers should embed CSER practices into core business strategies rather than treating them as separate or optional. This includes developing written CSER policies, codes of conduct, and integrating sustainability metrics into performance evaluations and reporting.
- Small enterprises should have access to sustainability strategies, codes of conduct, and reporting formats in simplified and adaptable formats, such as toolkits and templates
- Business support organizations could provide one-on-one mentoring or consulting services to assist SMEs in the effective customization and application of these tools.

Enhance Environmental Responsibility and Practices

- •Since perception of environmental responsibility is significantly associated with CSER implementation, SMEs should focus on low-cost, practical steps like energy efficiency measures, better waste management, and recycling programs.
- •Adoption of basic environmental management tools (like ISO 14001 light versions or local equivalents) can improve compliance and signal responsibility to clients and partners.

Strengthen Training and Capacity Building for Managers and Employees

The reported minimal levels of CSER-related training underscore the necessity for ongoing capacity development within organizations. Recommended actions include:

- •Offering subsidized training programs for managers on CSER management, legal compliance, and sustainable innovation.
- •Providing workplace-based training for employees to foster inclusive engagement in sustainability goals.
- •Embedding sustainability and CSER into vocational education and business development programs to build long-term capacity.

Improve Workplace Standards and Social Responsibility

Inconsistent practices concerning salary norms, overtime compensation, and waste management indicate a necessity for more explicit advice and pragmatic solutions. Recommendations include:

- Formulating sector-specific rules on equitable labor practices and appropriate environmental conduct.
- Advocating for affordable, readily implementable strategies for waste minimization, recycling, and energy conservation
- Fostering peer learning through SME networks, which facilitate the exchange of practical ideas and challenges among enterprises.
- Recognizing the significant link between fair working conditions and CSER adoption, SMEs should prioritize compliance with labor laws (wages, overtime pay, health and safety).
- Managers can formalize HR policies to standardize practices and reduce reliance on informal arrangements, improving employee satisfaction and company reputation.

Increase External Incentives and Regulatory Support

The minimal pressure from customers, suppliers, and authorities results in sustainability frequently being deprioritized. To tackle this issue:

- Governments and municipalities ought to implement incentives such as tax reductions, procurement benefits, or public acknowledgment for SMEs exhibiting robust CSER performance.
- Regulatory frameworks should be explained and simplified, ensuring that SMEs comprehend their obligations without being inundated by bureaucracy.
- •Enhanced enforcement of labor and environmental norms is essential to provide equitable conditions and incentivize responsible conduct.

Foster Collaboration and Stakeholder Engagement

SME's are incapable of independently meeting the challenge of sustainability. More collaborative structures are required due to the absence of external stakeholder engagement identified in the study:

- Develop multi-stakeholder platforms that enable SMEs to collaborate with government agencies, NGOs, academia, and consumers in the development of CSER strategies.
- Foster collective initiatives that encourage larger organizations and supply chain executives to aid and guidance to small and medium-sized enterprises (SMEs) in their transition to sustainable practices.
- Foster a dialogue between civil society organizations and SMEs to establish mutual accountability and trust.

Invest in Monitoring, Evaluation, and Knowledge Sharing

To monitor advancements and encourage ethical conduct:

- Encourage small and medium-sized enterprises (SMEs) to initiate basic internal evaluations of their environmental and social impacts, regardless of their ability to conduct comprehensive reporting.
- Develop local CSER benchmarks to assist SMEs in comparing their performance and identifying areas for improvement.
- Utilize accessible platforms, such as regional business forums or chambers of commerce too disseminate results, case studies, and lessons learned.

Promoting Client, Supplier, and Employee Pressure for Sustainability

Engaging Clients:

- Publish simple sustainability reports to showcase responsible practices.
- Use clear labeling or certification (even local or sector-specific) to build consumer trust.
- Communicate sustainability efforts openly through websites, social media, and in-store • materials to raise client awareness and demand.
- Actively educate clients about sustainable practices and their benefits through campaigns, workshops, or direct communication, encouraging them to support responsible businesses.

Collaborating with Suppliers:

- Work with suppliers to set shared sustainability standards within the supply chain.
- Join or form industry-led sustainability initiatives to align supplier practices.
- Use joint procurement of eco-friendly materials or services to cut costs and encourage sustainable options.

Empowering Employees:

- Provide basic CSER training to employees to raise awareness.
- Create green teams or sustainability committees to involve staff in initiatives.
- Link CSER to workplace benefits (e.g., improved safety, fair pay) and recognize employees who contribute to sustainability efforts.

Concluding Note

These recommendations underscore the necessity of a multifaceted strategy to promote CSER among SMEs, which includes strategic integration, training, supportive policies, and collaborative structures. The SME sector in Kosovo can progressively transform into a more sustainable, resilient, and ethically grounded component of the national economy by addressing both internal limitations and external gaps. Sustainable development is not only a global obligation but also a local opportunity, and small and medium-sized enterprises (SMEs) can be effective agents of this metamorphosis when they are adequately supported.

7.5.2 Recommendations Based on Survey Findings from Employees

Based on the findings and discussion of the study that involved employees of small and medium-sized enterprises (SMEs) in Kosovo, this chapter provides recommendations that are both practical and strategic. Within the context of small and medium-sized businesses, these guidelines are directed primarily toward employee involvement and empowerment, as well as the conditions that are required to make CSER more inclusive, actionable, and effectively implemented.

1. **Strengthen Employee Awareness and Understanding of CSER**

- Offer basic training sessions or informational materials to employees about their role in environmental and social responsibility.
- Encourage peer-to-peer learning and discussion around workplace ethics, sustainability, and labor rights.
- Use staff meetings or internal newsletters to highlight the relevance of CSER to employees' everyday roles.

2. **Promote Employee Involvement in CSER Initiatives**

- Establish suggestion boxes or feedback channels to allow employees to propose CSER actions or raise concerns.
- Involve employee representatives in CSER planning and evaluations.
- Recognize employee contributions to environmental and social initiatives through internal awards or bonuses.

3. **Provide Access to Skills Development Related to CSER**

- Offer short-term workshops or online resources on energy efficiency, recycling, ethical behavior, and workplace sustainability.
- Link CSER skills with professional development pathways and job satisfaction.
- Encourage participation in local or NGO-led sustainability initiatives as part of work-based learning.

4. **Improve Communication Between Management and Employees on CSER**

- Encourage two-way dialogue where employees can ask questions and express concerns about CSER responsibilities.
- Train supervisors to communicate CSER goals in a way that motivates and includes all staff members.
- Ensure transparency by regularly updating employees on the company's sustainability progress and challenges.

5 **Ensure Fair and Safe Working Conditions as a CSER Priority**

- Empower employees to report violations or unsafe practices without fear of retaliation.
- Promote a culture of respect, fairness, and shared responsibility in matters like overtime, wage transparency, and work safety.
- Incorporate employee well-being as a core element of the company's CSER vision.

6 **Create Incentives for Employee Engagement in CSER**

- Reward proactive employees who demonstrate commitment to sustainability through role modeling or innovative ideas.
- Introduce team challenges or green campaigns that foster collective responsibility for environmental and social impact.
- Develop simple recognition systems to celebrate daily contributions to CSER goals.

7 **Encourage Participation in Monitoring and Reporting**

- Invite employees to participate in evaluating the company's sustainability efforts or internal audits.
- Provide easy-to-understand formats for staff to contribute data or observations related to CSER.
- Use results from employee participation to inform internal improvements and future plans.

Concluding Note

These proposals put employees at the center of CSER initiatives, acknowledging their role not just as implementers but also as vital partners in the process of establishing a culture that is sustainable in the workplace. It is possible for small and medium-sized enterprises (SMEs) to maximize the full potential of their workforce to develop meaningful and context-sensitive sustainability practices if they foster awareness, engagement, and fair treatment.

7.6 Limitations and Future Research

Limitations of the Study

While this study provides valuable empirical insights into the sustainability practices of small and medium-sized enterprises (SMEs) in Kosovo, several limitations must be acknowledged. These limitations do not diminish the significance of the findings but rather delineate the boundaries of interpretation and suggest pathways for future scholarly inquiry.

Sample Size and Selection Bias.
The sample size, although appropriate for an exploratory study of this nature, may not fully capture the diversity and heterogeneity of SMEs operating across various sectors in Kosovo. Furthermore, as participants were recruited through online distribution channels and purposive convenience sampling, the resulting sample may disproportionately represent enterprises with stronger digital access, greater technological engagement, or heightened interest in sustainability issues. This introduces a potential selection bias, which may constrain the generalizability of the results to the broader SME population. Future research could mitigate this limitation by employing probabilistic or stratified sampling techniques and expanding the sample size to enhance representativeness.

Contextual Scope and Measurement Validity.
The study's focus on SMEs in Kosovo—an emerging economy characterized by its distinct socio-economic, institutional, and regulatory context—offers rich contextual insights but limits broader cross-national generalization. Although validated measurement instruments were employed where possible, several items were adapted linguistically and contextually to ensure their appropriateness within the Kosovar setting. Such adaptations, while necessary, may affect measurement validity. Future studies are encouraged to undertake formal validation procedures to confirm the psychometric robustness of the adapted scales.

Self-Reported Data and Common Method Bias.
The study relied exclusively on self-administered, self-reported surveys as the primary data collection method. This approach may be subject to social desirability bias and common method variance, potentially inflating correlations among constructs. Employing multiple data collection methods—such as qualitative interviews, observational techniques, or longitudinal tracking—would strengthen methodological triangulation and reduce the risk of response bias.

Sampling Design and Paired Data.
Although the dual-survey design enabled comparative analysis between managers and employees, the two respondent groups were not directly matched within the same firms. Consequently, inferences regarding alignment or divergence between managerial and employee perspectives should be interpreted at an aggregate rather than firm-specific level. Future research could

incorporate paired or nested sampling frameworks to allow for more precise intra-organizational comparisons.

Stakeholder Scope and Performance Indicators.
The present study focused primarily on internal organizational actors—managers and employees—while excluding other critical stakeholders such as customers, suppliers, policymakers, and community representatives. Including these perspectives in future research through a multi-stakeholder analytical framework would enrich the understanding of external influences and inter-organizational dynamics affecting sustainability practices. Additionally, the present analysis concentrated on awareness, attitudes, and self-reported sustainability practices but did not empirically assess objective performance outcomes. Integrating performance indicators, sustainability audits, or verified reports could provide a more comprehensive assessment of the relationship between sustainability intentions and realized outcomes.

Collectively, these limitations delineate important directions for future research. Expanding sample representativeness, validating context-specific measurement tools, incorporating multiple data sources, and adopting mixed-method or longitudinal designs would enhance both the theoretical depth and empirical robustness of subsequent studies. Such advancements would contribute to a more comprehensive and contextually grounded understanding of how SMEs in emerging economies, such as Kosovo, integrate sustainability principles into their operational and strategic practices.

CHAPTER 8: NEW SCIENTIFIC RESULTS

Integrating Managerial and Employee Perspectives

This study adopts a dual-perspective approach by including both managers and employees from Kosovo's SMEs. Unlike previous research centred mainly on managers, it reveals how employees also perceive and influence sustainability. Integrating these viewpoints offers a more comprehensive understanding of how internal dynamics shape sustainable practices within SMEs.

The Knowledge–Implementation Gap in Kosovo SMEs

The study reveals a clear gap between sustainability awareness and implementation in Kosovo's SMEs. While managers and employees value sustainability, the shortfall lies not in awareness but in structural barriers—limited resources, weak institutional support, and short-term market pressures—that hinder the translation of intentions into concrete action.

Placing sustainability in Kosovo's real-world context:

By focusing on Kosovo, this study shows how limited funding, weak regulation, and evolving institutions shape SMEs' engagement with sustainability. It demonstrates how the realities of a transitional economy create distinct challenges and opportunities compared to developed contexts.

Understanding the Influence of Employee Values

The study reveals that employees in Kosovo's SMEs hold strong ethical and environmental values that often diverge from managerial priorities. This misalignment affects how sustainability is interpreted and practiced within firms. The finding highlights the decisive role of workplace culture and employee engagement in shaping the success or failure of sustainability initiatives in small enterprises.

A Practical Framework for Sustainable SME Development

Drawing on these insights, the study proposes a practical framework that connects global sustainability goals, such as the UN SDGs, with the specific realities of SMEs in Kosovo. This framework bridges theory and practice, offering actionable guidance for policymakers, business leaders, and support organizations seeking to strengthen sustainability in transitional economies.

CHAPTER 8: SUMMARY

This study examined how small and medium-sized enterprises (SMEs) in Kosovo engage with the principles of sustainability and the UN Sustainable Development Goals (SDGs). Although sustainability has emerged as a global priority, much of the existing literature has focused primarily on large corporations, leaving limited understanding of the perspectives and practices of SMEs, particularly in emerging economies. Considering that SMEs constitute the overwhelming majority of businesses in Kosovo and play a crucial role in job creation, regional development, and social well-being, understanding their approach to sustainability represents both a theoretical and practical necessity.

The central purpose of the study was to investigate the perceptions, attitudes, and motivations of SME owners and managers in relation to sustainability, while also incorporating the perspective of employees in order to provide a comprehensive understanding of how internal organizational dynamics shape sustainability outcomes. Four main questions guided the research: the extent of awareness and motivation toward sustainability among SME leaders, the barriers they face in implementation, the perceptions and engagement of employees, and the degree of alignment between managerial efforts and workforce expectations. From these questions, hypotheses were formulated concerning the relationship between awareness and commitment, the influence of barriers on sustainability practices, the role of employee engagement, and the potential gaps between management and staff in shaping the integration of sustainable development principles.

To address these objectives, a quantitative research design supported by triangulation was employed. The study combined an extensive review of relevant literature with two quantitative surveys targeting SME managers and employees. This design enabled the analysis of both supply-side dynamics (represented by owners and managers) and internal demand-side perspectives (represented by employees). Statistical analyses, including chi-square and ANOVA tests, were conducted to explore patterns and associations between awareness, attitudes, practices, and barriers to sustainability adoption. To enhance validity and reliability, the study applied data-source triangulation, integrating literature review, survey results, and comparative analysis between managerial and employee perspectives. The comparative examination of managers' and employees' views—an example of role-based triangulation—provided a nuanced understanding of alignment and divergence in sustainability engagement, allowing the research to move beyond anecdotal accounts and produce robust empirical evidence that informs both theory and practice.

The findings revealed that although awareness of sustainability and the SDGs among managers is steadily increasing, their depth of understanding and level of strategic integration remain limited. For many SMEs, sustainability is perceived more as a regulatory obligation or reputational factor than as a fundamental business strategy. Financial constraints, insufficient technical expertise, weak institutional support, and regulatory complexity emerged as significant barriers that prevent SMEs from adopting sustainability practices on a larger scale. Despite these challenges, managers expressed willingness to integrate sustainability when clearer incentives, support mechanisms, and training opportunities are available.

Employees, on the other hand, demonstrated lower levels of formal knowledge about sustainability but expressed generally positive attitudes toward its adoption. They showed a willingness to engage with sustainability initiatives, particularly when these initiatives were clearly communicated and connected to their working environment. Importantly, the research revealed a notable misalignment between managerial perspectives and employee expectations. Managers

often emphasized compliance, cost reduction, and external image, whereas employees placed stronger value on workplace conditions, fairness, participation, and the social benefits of sustainability. This mismatch highlights the need for stronger internal communication and more inclusive approaches that actively involve employees in shaping sustainability strategies. The study also found that companies with more transparent communication and stronger manager–employee relations exhibited greater success in integrating sustainability into their operations. In such cases, employees felt more motivated and connected to sustainability objectives, which reinforced organizational commitment and improved implementation. These findings underscore the role of employees not merely as passive recipients of managerial decisions but as active drivers of sustainability adoption.

The study makes several contributions to theory and practice. Theoretically, it extends the literature on corporate sustainability by situating SME engagement with the SDGs in the underexplored context of a transitional economy. The dual-lens approach—capturing both managerial and employee perspectives—enriches existing models of SME sustainability, which have typically privileged leadership viewpoints. This broader perspective demonstrates the significance of intra-organizational dynamics in shaping sustainability outcomes and contributes to the growing recognition that sustainability is not solely a strategic or structural question but also a cultural and participatory one. The study provides clear implications for policymakers, emphasizing the need for targeted support in the form of financial incentives, training, and simplified regulatory frameworks that reflect the capacities of SMEs. For business support organizations, the results underline the importance of awareness-raising and capacity-building initiatives that engage both managers and employees. For SMEs themselves, the findings highlight the necessity of building stronger internal alignment by improving communication, involving employees in decision-making, and aligning sustainability efforts with workforce values.

In conclusion, the research shows that while SMEs in Kosovo recognize the relevance of sustainability, significant challenges hinder the translation of awareness into practice. The barriers of limited resources, insufficient institutional support, and fragmented communication complicate strategic integration. At the same time, employees represent an underutilized yet highly important source of potential for advancing sustainability, as their attitudes and willingness to participate can strongly shape organizational outcomes. By addressing the gap between managerial efforts and employee expectations, SMEs can move toward more effective and inclusive integration of sustainable development principles.

This thesis ultimately demonstrates that advancing sustainability in SMEs requires a dual focus: overcoming structural constraints while also fostering a culture of engagement and participation within the organization. By capturing the perspectives of both managers and employees, the study provides a holistic understanding of SME sustainability in Kosovo and offers valuable insights for academia, policymakers, and practitioners. These insights can inform the design of strategies that not only strengthen sustainability adoption among SMEs but also contribute to the broader global agenda of achieving the Sustainable Development Goals by 2030.

APPENDICES

Appendix 1: References

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Appendix 2: Survey Questionnaire for Managers and Employees

Appendix 2.1: Survey Questionnaire for Managers

Attitudes and Perceptions of SMEs' managers towards CSER
This questionnaire aims to analyze the attitudes and perceptions of SMEs' managers towards Corporate Social and Environment Responsibilities practices.
1. Name of enterprise:
2. Ownership of the business: Single owner; Family; Group/public limited; Other
3. Years of establishment: Up to 3 years; 3-5 years; 6-10 years; Over 10 years
4. Total number of employees: Less than 100 employees; 100-250 employees
5.Industry /economic sector: Agro-processing; Textiles and Clothing; Construction sector; Tourism; Other
6.What do you think are the key responsibilities for a company? : Economic responsibilities; Social Responsibilities; Environment Responsibilities; All above
7. Do you think that your company does have responsibility for the environment? : Yes; No
8. Do you consider and address the negative impact that your business has on the environment (waste, pollution)?: Yes; No
9. Do you think that your company does have responsibility for the working environment in the company (water quality, noise, dust, safety, health etc)? : Yes; No
10. Do you think that your company does have responsibility for the working conditions (level of wages, working hours, overtime payment, rights to organize, social and health insurance, etc)? : Yes; No
11.Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means? : Yes; No
12. Does you company implement CSER activities/practices in your business model? : Yes; No
13: Do you provide training information for CSER practices for your employees? : Yes; No
14. Does your company have so called codes of conduct demanded by your customers? : Yes; No
15. Does your company get pressure from clients with regard to: Water; Waste; Energy; Labor conditions; None of the above;
16. Does your company produce a Sustainability or CSER report? : Yes; No
17. Does your company produce waste? : Yes; No
18. How do you handle the waste - broadly described? Throw away in landfills; Recycle; Other.
19. Are these procedures due to: Government regulations; Formal certifies systems/codes; Your own company practices
20. Do you monitor your waste, water and energy consumption? Yes; No
21. How would you describe the impact that your company has on the environment?: Significant; Somehow significant; Average; Insignificant; Very insignificant.
22. Does your company have occupational health and safety issues? Yes; No
23. If yes, which of the following: Noise; Dust; Smell; Smoke; Vapour; Waste; Other.
24. Could you briefly describe how you handle the occupational health and safety (OHS) issues?
25. Are your wages according to: Government regulations; Formal certified systems /codes; Your own company system/practices; Other
26. Does your company face situation of overtime work? Yes; No
27. If yes, do employees receive over time payment? Yes; No
28. How would you describe the relations between management and the employees? Very good; Good; Neutral; Not good; Very bad
29. Do you undertake particular activities in order to strengthen the relationship? Yes; No
30. How influential is your government with regard to your profitability? Very influential; Somewhat influential; Normal; Little influential; Not Influential.

31. How influential are your suppliers with regard to your profitability? Very influential; Somewhat influential; Normal; Little influential; Not Influential.
32. How influential are your customers with regard to your profitability? Very influential; Somewhat influential; Normal; Little influential; Not Influential.
33. How influential are your workers with regard to your profitability? Very influential; Somewhat influential; Normal; Little influential; Not Influential.
34. What do you think are the factors that make it difficult to implement CSER practices? CSER practices impact negatively the profit of the business; Low incomes to invest in CSER practices; Huge electricity tariffs; Low support from the government; Lack of knowledge towards CSER practices; Other
35. What do you think are the motivating factors for undertaking CSER? Moral fators; Ethical reasons; Government policies; Religious factors; Pressure from customers; Other

Appendix 2.2: Survey Questionnaire for Employee

Employees' perception towards Corporate Social and Environment Responsibility (CSER)
This questionnaire aims to understand the perceptions that employees have on Corporate Social and Environment Responsibility and CSER's implementation at their workplace.
1.Gender: Female/Male
2. Age: 18-24 years old; 25-34 years old; 35-44 years old; 45-54 years old; 55-64 years old
3. Level of education: High School Degree; Bachelor's Degree; Master's Degree; Professional Degree; PhD Degree; Other
4.Work experience: Less than 5 years; 5-10 years; 10-15 years; 15-20 years; More than 20 years
5.Business activity: Finance/banking/insurance; Education;; Energetics; Tourism/hospitality; Trade; Marketing; Logistics/transport/traffic; Healthcare; Production; Telecommunication; Media/entertainment; Agriculture; Other
6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER): I have heard of the concept, but I don't really know what it means.; I know what it is and I can explain its importance to someone else.; I am interested in CSER and I actively participate in my company's CSER activities.; I have never heard of this term before taking this survey.
7.What do you think are the key responsibilities of a company? Economic responsibilities; Social responsibilities; Environment Responsibilities; All above
8.In your opinion, how does your manager perceive CSER? My manager does not have enough knowledge about CSER.; My manager perceives CSER as a responsibility towards the community.; My manager perceives CSER as a competitive advantage for the company.; My manager perceives CSER as a good opportunity to promote their business.; My manager perceives CSER as a care for customers and the environment.; My manager perceives CSER as a good strategy to strengthen the relation with the government institutions.
9. Does your company implement CSER activities/practices in their business model? Yes; No
10.Do you think your company has responsibility for the environment? Yes; No
11. Do you think that your company has responsibility for the working conditions (level of wages, working hours, overtime payment, rights to organize, social and health insurance, etc)? Yes; No
12. Does the company you work for provide training information for CSER practices? Yes; No
13.Do you think that companies that develop and implement CSER practices have a higher chance for success? Yes; No
14.Do you think that companies that are oriented on sustainable practices are more attractive for investors, compared to their competitors? Yes; No
15.Do you think that your employer should be more socially and environmentally responsible and focused on sustainable business? Yes, always; No, because it is already very devoted to CSER concept; I can not estimate.
16. How satisfied are you with the CSER activities conducted by your organization? Very satisfied; Satisfied; Neutral; Dissatisfied; Very dissatisfied

17. Are your suggestions and feedback regarding CSER activities considered or implemented? Yes; No; I do not know
18. If you work overtime, does you company provide overtime payment? Yes; No
19. How would you describe the relations between your management and the employees? Very good; Good; Neutral; Not good; Very bad
20. Do you think that consumers/clients are willing to pay more for a product/service of a socially/environmentally responsible company? Yes always; Yes sometimes; No; I can not estimate
21. What do you think are the key responsibilities of CSER? Improvement of employees' engagement and performance; Improvement of workplace conditions (better payment and treatment of employees); Energy efficiency; CSER reporting; Introduction of ecological/organic/sustainable products; Decrease on pollution and waste; Other; I can not estimate
22. What do you think are the key benefits of CSER? Reducing waste and pollution; Energy efficiency; Increase of work performance; Increasing sales from branding the business as eco-friendly; Achieving competitive advantage from other competitors; Improving the reputation of the company from sustainable practices; Improving the quality of relationship with the society; Reducing operating costs; Implementation of innovative solutions; Improvement of workplace conditions (better payment and treatment of employees); I do not see any benefits from CSER practices; Other
23. What do you think are the main problems or obstacles for the implementation of CSER? Lack of knowledge regarding the CSER concept; The believe that CSER is an additional expense for the company; Lack of resource (adequate staff and finance); Neglect of company's management towards CSER concept; Insufficient support/ recognition and encouragement from the government; Other
24. In what way do you think the government should encourage companies to operate in accordance with CSER practices? Tax benefits and other financial incentives; Subsidies, and more favorable loans for the improvement of the business that are in accordance with the principles of sustainability; Tariffs for businesses that do not engage with sustainable practices; New regulations and policies for CSER reporting; Benefits for CSER companies (certifications, CSER index, national sign); I don't know
25. Do you think that CSER practices of a company have any effect on employee motivation? Yes, it can be an important contributing factor for employee motivation; No, it does not have any effect on employee motivation; I can not estimate.
26. The company I work for implements special programs to minimize its negative impact on natural environment: Strongly agree; Agree; Neutral; Disagree; Strongly disagree
27. The management of the company I work for is primarily concerned with its employees' rights, needs and concerns: Strongly agree; Agree; Neutral; Disagree; Strongly disagree
28. In the company I work for, customer satisfaction is highly important: Strongly agree; Agree; Neutral; Disagree; Strongly disagree
29. In the company I work for, managerial decisions related to the working conditions of employees are usually fair: Strongly agree; Agree; Neutral; Disagree; Strongly disagree
30. Do u think that CSER is a widespread practice today in your country? Yes; Much less than it is favourable; No; I can not estimate
31. What do you think will be the position of CSER in the coming years? It will grow significantly; more and more businesses will incorporate CSER into their operations. It will have the same position as today; It will be in decline; a significant number of businesses will avoid incorporating CSER into their businesses; I don't know.

Appendix 3 Additional Tables that support the Results Chapter

This appendix provides additional tables/figures that support the findings of Managers' Survey discussed in the main text.

Chi-Square Test Results for the Association between Q12: "Does you company implement CSER activities/practices in your business model?" and Q2: Ownership of the business"

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
12. Does you company implement CSER activities/practices in your business model? * 2. Ownership of the business:	70	97.2%	2	2.8%	72	100.0%

12. Does you company implement CSER activities/practices in your business model? * 2. Ownership of the business: Crosstabulation

			2. Ownership of the business:				
			1	2	3	4	Total
12. Does you company implement CSER activities/practices in your business model?	1	Count	4	10	9	2	25
		Expected Count	8.2	8.2	7.1	1.4	25.0
	2	Count	19	13	11	2	45
		Expected Count	14.8	14.8	12.9	2.6	45.0
Total		Count	23	23	20	4	70
		Expected Count	23.0	23.0	20.0	4.0	70.0

Chi-Square Test Results for the Association between Q12:"Does you company implement CSER activities/practices in your business model?" and Q3: Years of establishment"

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
12. Does you company implement CSER activities/practices in your business model? * 3. Years of establishment:	70	97.2%	2	2.8%	72	100.0%

12. Does you company implement CSER activities/practices in your business model? * 3. Years of establishment: Crosstabulation

			3. Years of establishment:			
			2	3	4	Total
12. Does you company implement CSER activities/practices in your business model?	1	Count	4	2	19	25
		Expected Count	7.1	3.2	14.6	25.0
	2	Count	16	7	22	45
		Expected Count	12.9	5.8	26.4	45.0
Total		Count	20	9	41	70
		Expected Count	20.0	9.0	41.0	70.0

Chi-Square Test Results for the Association between Q11: "Have you heard of the term Corporate Social and Environment Responsibilities (CSER) and do you understand what it means?" and Q3: "Years of establishment"

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
11.Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means? * 3. Years of establishment:	70	97.2%	2	2.8%	72	100.0%

11.Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means? * 3. Years of establishment: Crosstabulation

		3. Years of establishment:			
		2	3	4	Total
11.Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means? 1	Count	6	2	23	31
	Expected Count	8.9	4.0	18.2	31.0
2	Count	14	7	18	39
	Expected Count	11.1	5.0	22.8	39.0
Total	Count	20	9	41	70
	Expected Count	20.0	9.0	41.0	70.0

Chi-Square Test Results for the Association between Q12:" Does your company implement CSER activities/practices in your business model?" and Q5: |Industry /economic sector"

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
12. Does you company implement CSER activities/practices in your business model? * 5.Industry /economic sector:	70	97.2%	2	2.8%	72	100.0%

12. Does you company implement CSER activities/practices in your business model? * 5.Industry /economic sector: Crosstabulation

		5.Industry /economic sector:					
		1	2	3	4	5	Total
12. Does you company implement CSER activities/practices in your business model? 1	Count	8	4	1	4	8	25
	Expected Count	4.6	3.6	4.3	3.2	9.3	25.0
2	Count	5	6	11	5	18	45
	Expected Count	8.4	6.4	7.7	5.8	16.7	45.0
Total	Count	13	10	12	9	26	70
	Expected Count	13.0	10.0	12.0	9.0	26.0	70.0

Chi-Square Test Results for the Association between Q12: "Does you company implement CSER activities/practices in your business model? "and Q7:"Do you think that your company does have responsibility for the environment?"

Case Processing Summary

	Cases					
	Valid		Missing		Total	
E	N	Percent	N	Percent	N	Percent
12. Does your company implement CSER activities/practices in your business model? * 7.Do you think that your company does have responsibility for the environment?	70	97.2%	2	2.8%	72	100.0%

12. Does you company implement CSER activities/practices in your business model? * 7.Do you think that your company does have responsibility for the environment? Crosstabulation

			7.Do you think that your company does have responsibility for the environment?		
			1	2	Total
12. Does you company implement CSER activities/practices in your business model?	1	Count	**23**	**2**	25
		Expected Count	18.2	6.8	25.0
	2	Count	**28**	**17**	45
		Expected Count	32.8	12.2	45.0
Total		Count	51	19	70
		Expected Count	51.0	19.0	70.0

Chi-Square Test Results for the Association between Q12: "Does you company implement CSER activities/practices in your business model? " and Q11: "Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means?"

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
12. Does you company implement CSER activities/practices in your business model? * 11.Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means?	70	97.2%	2	2.8%	72	100.0%

12. Does you company implement CSER activities/practices in your business model? * 11.Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means? Crosstabulation

\\			11.Have you heard of the term Corporate Social and Environment Responsibilities (CSER), and do you understand what it means?		Total
			1	2	
12. Does you company implement CSER activities/practices in your business model?	1	Count	25	0	25
		Expected Count	11.1	13.9	25.0
	2	Count	6	39	45
		Expected Count	19.9	25.1	45.0
Total		Count	31	39	70
		Expected Count	31.0	39.0	70.0

Chi-Square Test Results for the Association between Q10: "Do you think that your company does have responsibility for the working conditions (level of wages, working hours, overtime payment, rights to organize, social andamp; health insurance, etc)? " and Q12: "Does you company implement CSER activities/practices in your business model?"

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent

10. Do you think that your company does have responsibility for the working conditions (level of wages, working hours, overtime payment, rights to organize, social andamp; health insurance, etc)? * 12. Does you company implement CSER activities/practices in your business model?	70	97.2%	2	2.8%	72	100.0%

10. Do you think that your company does have responsibility for the working conditions (level of wages, working hours, overtime payment, rights to organize, social andamp; health insurance, etc)? * 12. Does you company implement CSER activities/practices in your business model? Crosstabulation

			12. Does you company implement CSER activities/practices in your business model?		
			1	2	Total
10. Do you think that your company does have responsibility for the working conditions (level of wages, working hours, overtime payment, rights to organize, social andamp; health insurance, etc)?	1	Count	23	32	55
		Expected Count	19.6	35.4	55.0
	2	Count	2	13	15
		Expected Count	5.4	9.6	15.0
Total		Count	25	45	70
		Expected Count	25.0	45.0	70.0

Chi-Square Test Results for the Association between Q12: "Does your company Implement CSER activities/practices in your business model?" and Q17: "Does your company get pressure from clients with regard to:"

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
12. Does you company implement CSER activities/practices in your business model? * 17. Does your company get pressure from clients with regard to:	70	97.2%	2	2.8%	72	100.0%

12. Does you company implement CSER activities/practices in your business model? * 17. Does your company get pressure from clients with regard to: Crosstabulation

			17. Does your company get pressure from clients with regard to:					
			1	2	3	4	5	Total
12. Does you company implement CSER activities/practices in your business model?	1	Count	2	8	3	7	5	25
		Expected Count	1.4	5.7	2.1	5.0	10.7	25.0
	2	Count	2	8	3	7	25	45
		Expected Count	2.6	10.3	3.9	9.0	19.3	45.0
Total		Count	4	16	6	14	30	70
		Expected Count	4.0	16.0	6.0	14.0	30.0	70.0

Appendix 3.2 This appendix provides additional tables that support the findings of Employees' Survey discussed in the main text.

Age vs. Familiarity with CSER (Chi-Square)

Case Processing Summary

	Cases		
	Valid	Missing	Total

	N	Percent	N	Percent	N	Percent
6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER): * 2.Age:	251	100.0%	0	0.0%	251	100.0%

6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER): * 2.Age: Crosstabulation

			2.Age:					
			1	2	3	4	5	Total
6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER):	1	Count	13	62	28	8	5	116
		Expected Count	12.5	62.4	29.6	8.8	2.8	116.0
	2	Count	5	33	13	5	1	57
		Expected Count	6.1	30.7	14.5	4.3	1.4	57.0
	3	Count	2	14	8	0	0	24
		Expected Count	2.6	12.9	6.1	1.8	.6	24.0
	4	Count	7	26	15	6	0	54
		Expected Count	5.8	29.0	13.8	4.1	1.3	54.0
Total		Count	27	135	64	19	6	251
		Expected Count	27.0	135.0	64.0	19.0	6.0	251.0

Education Level vs. Familiarity with CSER (Chi-Square)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER): * 3.Level of education:	251	100.0%	0	0.0%	251	100.0%

6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER): * 3.Level of education: Crosstabulation

			3.Level of education:					
			1	2	3	4	5	Total
6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER):	1	Count	3	42	57	9	5	116
		Expected Count	3.7	37.4	60.1	10.2	4.6	116.0
	2	Count	0	14	34	5	4	57
		Expected Count	1.8	18.4	29.5	5.0	2.3	57.0
	3	Count	0	8	13	2	1	24
		Expected Count	.8	7.7	12.4	2.1	1.0	24.0
	4	Count	5	17	26	6	0	54
		Expected Count	1.7	17.4	28.0	4.7	2.2	54.0
Total		Count	8	81	130	22	10	251
		Expected Count	8.0	81.0	130.0	22.0	10.0	251.0

Familiarity with CSER vs. Perceptions of Responsibilities (Chi-Square)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER): * 21. What do you think are the key responsibilities of CSER?	251	100.0%	0	0.0%	251	100.0%

6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER): * 21. What do you think are the key responsibilities of CSER? Crosstabulation

			21. What do you think are the key responsibilities of CSER?								
			1	2	3	4	5	6	8	14	Total
6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER):	1	Count	27	30	17	5	7	12	18	0	116
		Expected Count	22.6	31.4	21.3	4.2	11.1	10.2	13.4	1.8	116.0
	2	Count	14	17	11	2	5	4	2	2	57
		Expected Count	11.1	15.4	10.4	2.0	5.5	5.0	6.6	.9	57.0
	3	Count	2	10	5	2	4	0	1	0	24
		Expected Count	4.7	6.5	4.4	.9	2.3	2.1	2.8	.4	24.0
	4	Count	6	11	13	0	8	6	8	2	54
		Expected Count	10.5	14.6	9.9	1.9	5.2	4.7	6.2	.9	54.0
Total		Count	49	68	46	9	24	22	29	4	251
		Expected Count	49.0	68.0	46.0	9.0	24.0	22.0	29.0	4.0	251.0

Familiarity with CSER vs. Perceived Barriers (Chi-Square)

6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER): * 23. What do you think are the main problems or obstacles for the implementation of CSER? Crosstabulation

			23. What do you think are the main problems or obstacles for the implementation of CSER?						
			1	2	3	4	5	14	Total
6.Indicate your familiarity with the concept of "Corporate Social and Environment Responsibility" (CSER):	1	Count	64	17	6	6	16	6	115
		Expected Count	55.7	14.7	7.4	6.4	23.5	7.4	115.0
	2	Count	20	9	4	5	15	4	57
		Expected Count	27.6	7.3	3.6	3.2	11.6	3.6	57.0
	3	Count	14	1	3	2	4	0	24
		Expected Count	11.6	3.1	1.5	1.3	4.9	1.5	24.0
	4	Count	23	5	3	1	16	6	54
		Expected Count	26.1	6.9	3.5	3.0	11.0	3.5	54.0
Total		Count	121	32	16	14	51	16	250
		Expected Count	121.0	32.0	16.0	14.0	51.0	16.0	250.0

Business Activity vs. Barriers to CSER (Chi-Square)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
5.Business activity: * 23. What do you think are the main problems or obstacles for the implementation of CSER?	250	99.6%	1	0.4%	251	100.0%

5.Business activity: * 23. What do you think are the main problems or obstacles for the implementation of CSER? Crosstabulation

		23. What do you think are the main problems or obstacles for the implementation of CSER?	Total

			1	2	3	4	5	14	
5.Business activity:	1	Count	17	3	3	2	10	2	37
		Expected Count	17.9	4.7	2.4	2.1	7.5	2.4	37.0
	2	Count	14	0	0	0	8	1	23
		Expected Count	11.1	2.9	1.5	1.3	4.7	1.5	23.0
	3	Count	16	1	3	1	7	1	29
		Expected Count	14.0	3.7	1.9	1.6	5.9	1.9	29.0
	4	Count	5	3	1	1	0	0	10
		Expected Count	4.8	1.3	.6	.6	2.0	.6	10.0
	5	Count	11	6	3	3	4	0	27
		Expected Count	13.1	3.5	1.7	1.5	5.5	1.7	27.0
	6	Count	9	1	0	0	1	1	12
		Expected Count	5.8	1.5	.8	.7	2.4	.8	12.0
	7	Count	10	4	1	1	5	2	23
		Expected Count	11.1	2.9	1.5	1.3	4.7	1.5	23.0
	8	Count	4	4	0	0	1	1	10
		Expected Count	4.8	1.3	.6	.6	2.0	.6	10.0
	9	Count	10	3	2	1	4	0	20
		Expected Count	9.7	2.6	1.3	1.1	4.1	1.3	20.0
	10	Count	3	2	1	2	0	0	8
		Expected Count	3.9	1.0	.5	.4	1.6	.5	8.0
	11	Count	2	0	0	1	1	0	4
		Expected Count	1.9	.5	.3	.2	.8	.3	4.0
	12	Count	1	0	0	0	0	1	2
		Expected Count	1.0	.3	.1	.1	.4	.1	2.0
	13	Count	1	0	0	1	0	1	3
		Expected Count	1.5	.4	.2	.2	.6	.2	3.0
	14	Count	18	5	2	1	10	6	42
		Expected Count	20.3	5.4	2.7	2.4	8.6	2.7	42.0
Total		Count	121	32	16	14	51	16	250
		Expected Count	121.0	32.0	16.0	14.0	51.0	16.0	250.0

Business Activity vs. Environmental Programs (ANOVA)

Descriptives

26. The company I work for implements special programs to minimize its negative impact on natural environment:

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	37	2.92	1.140	.187	2.54	3.30	1	5
2	23	2.61	.891	.186	2.22	2.99	1	4
3	29	3.03	.865	.161	2.71	3.36	1	4
4	10	3.70	.675	.213	3.22	4.18	2	4
5	27	3.52	.893	.172	3.17	3.87	1	4
6	12	2.92	1.165	.336	2.18	3.66	1	5
7	23	3.13	1.058	.221	2.67	3.59	1	5
8	10	2.60	1.174	.371	1.76	3.44	1	4
9	20	2.80	.834	.186	2.41	3.19	2	4
10	8	3.50	.756	.267	2.87	4.13	2	4

11	4	2.50	1.291	.645	.45	4.55	1	4
12	2	3.50	.707	.500	-2.85	9.85	3	4
13	3	3.33	.577	.333	1.90	4.77	3	4
14	43	2.60	1.094	.167	2.27	2.94	1	5
Total	251	2.96	1.029	.065	2.84	3.09	1	5

Multiple Comparisons

Dependent Variable: 26. The company I work for implements special programs to minimize its negative impact on natural environment:

Tukey HSD

(I) 5.Business activity:	(J) 5.Business activity:	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	Upper Bound
1	2	.310	.265	.996	-.59	1.21
	3	-.116	.247	1.000	-.95	.72
	4	-.781	.355	.631	-1.99	.42
	5	-.600	.252	.501	-1.45	.26
	6	.002	.331	1.000	-1.12	1.12
	7	-.212	.265	1.000	-1.11	.69
	8	.319	.355	1.000	-.89	1.52
	9	.119	.277	1.000	-.82	1.06
	10	-.581	.389	.967	-1.90	.74
	11	.419	.525	1.000	-1.36	2.20
	12	-.581	.724	1.000	-3.03	1.87
	13	-.414	.599	1.000	-2.44	1.61
	14	.314	.224	.981	-.44	1.07
2	1	-.310	.265	.996	-1.21	.59
	3	-.426	.278	.961	-1.37	.52
	4	-1.091	.378	.190	-2.37	.19
	5	-.910	.283	.083	-1.87	.05
	6	-.308	.355	1.000	-1.51	.90
	7	-.522	.294	.885	-1.52	.47
	8	.009	.378	1.000	-1.27	1.29
	9	-.191	.305	1.000	-1.22	.84
	10	-.891	.409	.646	-2.28	.50
	11	.109	.540	1.000	-1.72	1.94
	12	-.891	.735	.995	-3.38	1.60
	13	-.725	.612	.996	-2.80	1.35
	14	.004	.258	1.000	-.87	.88
3	1	.116	.247	1.000	-.72	.95
	2	.426	.278	.961	-.52	1.37
	4	-.666	.366	.865	-1.90	.57
	5	-.484	.267	.867	-1.39	.42
	6	.118	.342	1.000	-1.04	1.28
	7	-.096	.278	1.000	-1.04	.85
	8	.434	.366	.996	-.80	1.67
	9	.234	.290	1.000	-.75	1.22
	10	-.466	.398	.996	-1.81	.88
	11	.534	.532	.999	-1.27	2.34
	12	-.466	.729	1.000	-2.94	2.00
	13	-.299	.605	1.000	-2.35	1.75
	14	.430	.240	.877	-.38	1.24
4	1	.781	.355	.631	-.42	1.99
	2	1.091	.378	.190	-.19	2.37
	3	.666	.366	.865	-.57	1.90
	5	.181	.369	1.000	-1.07	1.43
	6	.783	.427	.858	-.66	2.23
	7	.570	.378	.965	-.71	1.85
	8	1.100	.446	.436	-.41	2.61
	9	.900	.386	.534	-.41	2.21
	10	.200	.473	1.000	-1.40	1.80
	11	1.200	.590	.744	-.80	3.20
	12	.200	.772	1.000	-2.42	2.82

	13	.367	.656	1.000	-1.86	2.59
	14	1.095	.350	.105	-.09	2.28
5	1	.600	.252	.501	-.26	1.45
	2	.910	.283	.083	-.05	1.87
	3	.484	.267	.867	-.42	1.39
	4	-.181	.369	1.000	-1.43	1.07
	6	.602	.346	.899	-.57	1.77
	7	.388	.283	.984	-.57	1.35
	8	.919	.369	.421	-.33	2.17
	9	.719	.294	.453	-.28	1.72
	10	.019	.401	1.000	-1.34	1.38
	11	1.019	.534	.821	-.79	2.83
	12	.019	.731	1.000	-2.46	2.49
	13	.185	.607	1.000	-1.87	2.24
	14	.914*	.245	.017	.08	1.74
6	1	-.002	.331	1.000	-1.12	1.12
	2	.308	.355	1.000	-.90	1.51
	3	-.118	.342	1.000	-1.28	1.04
	4	-.783	.427	.858	-2.23	.66
	5	-.602	.346	.899	-1.77	.57
	7	-.214	.355	1.000	-1.42	.99
	8	.317	.427	1.000	-1.13	1.76
	9	.117	.364	1.000	-1.12	1.35
	10	-.583	.455	.991	-2.13	.96
	11	.417	.576	1.000	-1.53	2.37
	12	-.583	.762	1.000	-3.16	2.00
	13	-.417	.644	1.000	-2.60	1.76
	14	.312	.326	1.000	-.79	1.42
7	1	.212	.265	1.000	-.69	1.11
	2	.522	.294	.885	-.47	1.52
	3	.096	.278	1.000	-.85	1.04
	4	-.570	.378	.965	-1.85	.71
	5	-.388	.283	.984	-1.35	.57
	6	.214	.355	1.000	-.99	1.42
	8	.530	.378	.981	-.75	1.81
	9	.330	.305	.998	-.70	1.36
	10	-.370	.409	1.000	-1.76	1.02
	11	.630	.540	.996	-1.20	2.46
	12	-.370	.735	1.000	-2.86	2.12
	13	-.203	.612	1.000	-2.28	1.87
	14	.526	.258	.740	-.35	1.40
8	1	-.319	.355	1.000	-1.52	.89
	2	-.009	.378	1.000	-1.29	1.27
	3	-.434	.366	.996	-1.67	.80
	4	-1.100	.446	.436	-2.61	.41
	5	-.919	.369	.421	-2.17	.33
	6	-.317	.427	1.000	-1.76	1.13
	7	-.530	.378	.981	-1.81	.75
	9	-.200	.386	1.000	-1.51	1.11
	10	-.900	.473	.823	-2.50	.70
	11	.100	.590	1.000	-1.90	2.10
	12	-.900	.772	.997	-3.52	1.72
	13	-.733	.656	.998	-2.96	1.49
	14	-.005	.350	1.000	-1.19	1.18
9	1	-.119	.277	1.000	-1.06	.82
	2	.191	.305	1.000	-.84	1.22
	3	-.234	.290	1.000	-1.22	.75
	4	-.900	.386	.534	-2.21	.41
	5	-.719	.294	.453	-1.72	.28
	6	-.117	.364	1.000	-1.35	1.12
	7	-.330	.305	.998	-1.36	.70
	8	.200	.386	1.000	-1.11	1.51

	10	-.700	.417	.922	-2.11	.71
	11	.300	.546	1.000	-1.55	2.15
	12	-.700	.739	1.000	-3.21	1.81
	13	-.533	.617	1.000	-2.63	1.56
	14	.195	.270	1.000	-.72	1.11
10	1	.581	.389	.967	-.74	1.90
	2	.891	.409	.646	-.50	2.28
	3	.466	.398	.996	-.88	1.81
	4	-.200	.473	1.000	-1.80	1.40
	5	-.019	.401	1.000	-1.38	1.34
	6	.583	.455	.991	-.96	2.13
	7	.370	.409	1.000	-1.02	1.76
	8	.900	.473	.823	-.70	2.50
	9	.700	.417	.922	-.71	2.11
	11	1.000	.611	.934	-1.07	3.07
	12	.000	.788	1.000	-2.67	2.67
	13	.167	.675	1.000	-2.12	2.45
	14	.895	.384	.533	-.41	2.20
11	1	-.419	.525	1.000	-2.20	1.36
	2	-.109	.540	1.000	-1.94	1.72
	3	-.534	.532	.999	-2.34	1.27
	4	-1.200	.590	.744	-3.20	.80
	5	-1.019	.534	.821	-2.83	.79
	6	-.417	.576	1.000	-2.37	1.53
	7	-.630	.540	.996	-2.46	1.20
	8	-.100	.590	1.000	-2.10	1.90
	9	-.300	.546	1.000	-2.15	1.55
	10	-1.000	.611	.934	-3.07	1.07
	12	-1.000	.863	.997	-3.93	1.93
	13	-.833	.762	.998	-3.41	1.75
	14	-.105	.521	1.000	-1.87	1.66
12	1	.581	.724	1.000	-1.87	3.03
	2	.891	.735	.995	-1.60	3.38
	3	.466	.729	1.000	-2.00	2.94
	4	-.200	.772	1.000	-2.82	2.42
	5	-.019	.731	1.000	-2.49	2.46
	6	.583	.762	1.000	-2.00	3.16
	7	.370	.735	1.000	-2.12	2.86
	8	.900	.772	.997	-1.72	3.52
	9	.700	.739	1.000	-1.81	3.21
	10	.000	.788	1.000	-2.67	2.67
	11	1.000	.863	.997	-1.93	3.93
	13	.167	.910	1.000	-2.92	3.25
	14	.895	.721	.994	-1.55	3.34
13	1	.414	.599	1.000	-1.61	2.44
	2	.725	.612	.996	-1.35	2.80
	3	.299	.605	1.000	-1.75	2.35
	4	-.367	.656	1.000	-2.59	1.86
	5	-.185	.607	1.000	-2.24	1.87
	6	.417	.644	1.000	-1.76	2.60
	7	.203	.612	1.000	-1.87	2.28
	8	.733	.656	.998	-1.49	2.96
	9	.533	.617	1.000	-1.56	2.63
	10	-.167	.675	1.000	-2.45	2.12
	11	.833	.762	.998	-1.75	3.41
	12	-.167	.910	1.000	-3.25	2.92
	14	.729	.595	.994	-1.29	2.75
14	1	-.314	.224	.981	-1.07	.44
	2	-.004	.258	1.000	-.88	.87
	3	-.430	.240	.877	-1.24	.38
	4	-1.095	.350	.105	-2.28	.09
	5	-.914*	.245	.017	-1.74	-.08

	6	-.312	.326	1.000	-1.42	.79
	7	-.526	.258	.740	-1.40	.35
	8	.005	.350	1.000	-1.18	1.19
	9	-.195	.270	1.000	-1.11	.72
	10	-.895	.384	.533	-2.20	.41
	11	.105	.521	1.000	-1.66	1.87
	12	-.895	.721	.994	-3.34	1.55
	13	-.729	.595	.994	-2.75	1.29

*. The mean difference is significant at the 0.05 level.

Business Activity vs. CSER Prevalence (Chi-Square)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
5.Business activity: * 30. Do u think that CSER is a widespread practice today in your country?	251	100.0%	0	0.0%	251	100.0%

5.Business activity: * 30. Do u think that CSER is a widespread practice today in your country? Crosstabulation

			30. Do u think that CSER is a widespread practice today in your country?			
			1	2	3	Total
5.Business activity:	1	Count	10	13	14	37
		Expected Count	5.2	11.5	20.3	37.0
	2	Count	1	9	13	23
		Expected Count	3.2	7.1	12.6	23.0
	3	Count	3	10	16	29
		Expected Count	4.0	9.0	15.9	29.0
	4	Count	0	2	8	10
		Expected Count	1.4	3.1	5.5	10.0
	5	Count	3	4	20	27
		Expected Count	3.8	8.4	14.8	27.0
	6	Count	1	3	8	12
		Expected Count	1.7	3.7	6.6	12.0
	7	Count	2	10	11	23
		Expected Count	3.2	7.1	12.6	23.0
	8	Count	3	5	2	10
		Expected Count	1.4	3.1	5.5	10.0
	9	Count	2	8	10	20
		Expected Count	2.8	6.2	11.0	20.0
	10	Count	0	3	5	8
		Expected Count	1.1	2.5	4.4	8.0
	11	Count	0	2	2	4
		Expected Count	.6	1.2	2.2	4.0
	12	Count	1	0	1	2
		Expected Count	.3	.6	1.1	2.0
	13	Count	0	0	3	3
		Expected Count	.4	.9	1.6	3.0
	14	Count	9	9	25	43
		Expected Count	6.0	13.4	23.6	43.0
Total		Count	35	78	138	251
		Expected Count	35.0	78.0	138.0	251.0

Chi-Square between Q31+Q9

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent

9. Does your company implement CSER activities/practices in their business model? * 31. What do you think will be the position of CSER in the coming years?	251	100.0%	0	0.0%	251	100.0%

9. Does your company implement CSER activities/practices in their business model? * 31. What do you think will be the position of CSER in the coming years? Crosstabulation

			31. What do you think will be the position of CSER in the coming years?				
			1	2	3	4	Total
9. Does your company implement CSER activities/practices in their business model?	1	Count	45	20	3	3	71
		Expected Count	35.9	20.9	3.7	10.5	71.0
	2	Count	54	48	8	14	124
		Expected Count	62.7	36.6	6.4	18.3	124.0
	3	Count	28	6	2	20	56
		Expected Count	28.3	16.5	2.9	8.3	56.0
Total		Count	127	74	13	37	251
		Expected Count	127.0	74.0	13.0	37.0	251.0

ANOVA Test between Q2+Q31

Descriptives

31. What do you think will be the position of CSER in the coming years?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	27	1.37	.688	.132	1.10	1.64	1	4
2	135	1.81	1.101	.095	1.63	2.00	1	4
3	64	2.02	1.046	.131	1.75	2.28	1	4
4	19	2.00	1.000	.229	1.52	2.48	1	4
5	6	2.17	1.472	.601	.62	3.71	1	4
Total	251	1.84	1.061	.067	1.71	1.97	1	4

Multiple Comparisons

Dependent Variable: 31. What do you think will be the position of CSER in the coming years?

Tukey HSD

(I) 2.Age:	(J) 2.Age:	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1	2	-.444	.222	.268	-1.05	.17
	3	-.645	.242	.061	-1.31	.02
	4	-.630	.315	.270	-1.50	.24
	5	-.796	.475	.450	-2.10	.51
2	1	.444	.222	.268	-.17	1.05
	3	-.201	.160	.718	-.64	.24
	4	-.185	.258	.952	-.89	.52
	5	-.352	.439	.930	-1.56	.85
3	1	.645	.242	.061	-.02	1.31
	2	.201	.160	.718	-.24	.64
	4	.016	.275	1.000	-.74	.77
	5	-.151	.449	.997	-1.39	1.08
4	1	.630	.315	.270	-.24	1.50
	2	.185	.258	.952	-.52	.89
	3	-.016	.275	1.000	-.77	.74
	5	-.167	.493	.997	-1.52	1.19
5	1	.796	.475	.450	-.51	2.10
	2	.352	.439	.930	-.85	1.56
	3	.151	.449	.997	-1.08	1.39
	4	.167	.493	.997	-1.19	1.52

31. What do you think will be the position of CSER in the coming years?

Tukey HSD[a,b]

2.Age:	N	Subset for alpha = 0.05
		1
1	27	1.37
2	135	1.81
4	19	2.00
3	64	2.02
5	6	2.17
Sig.		.160

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 17.898.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

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