Navigating the Roadblocks: Exploring Challenges in Implementing Corporate Social Responsibility (CSR) Initiatives in a Sub-Saharan African Economy's Small and Medium Enterprises (SMEs)

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Abstract

Purpose: This study examines the adoption of corporate social responsibility (CSR) practices among small and medium-sized enterprises (SMEs) in a developing economy. The primary objective is to explore the challenges faced by SMEs in adopting CSR practices and to identify strategies that enhance their CSR engagement.

Design/methodology/approach: Grounded in social capital theorization, this study employs a qualitative research methodology, incorporating semi-structured interviews with a cohort of 34 SME owners and managers from the Nigerian business environment.

Findings: This research reveals that CSR adoption among Nigerian SMEs is hindered by four key factors: stakeholder apathy, politically motivated CSR interventions, cultural nuances, and 'tone at the top.' This study further identifies resilience building and regulatory compliance as pivotal strategies employed by Nigerian SMEs to enhance their CSR engagement.

Originality/value: This research offers profound insights from SME owners and managers, examining the complex dynamics of historical mistrust, political instrumentalization, cultural intricacies, and leadership issues that hinder CSR engagement among SMEs. The study emphasizes the importance of nuanced strategies that align CSR practices with local cultural expectations, thereby contributing to a deeper understanding of the challenges faced by SMEs in integrating CSR into their business models.

Keywords: Small and medium enterprises, Corporate social responsibility, social capital, resilience building, cultural nuances.

1. Introduction

Corporate social responsibility (CSR) has become a key focus in many organizations, as it creates shared value by addressing social, environmental, and economic issues (Berniak-Woźny et al., 2023). Le et al. (2023) note that adopting responsible practices not only improves stakeholder trust but also strengthens a company's competitive position. By moving beyond profit-making, CSR supports sustainable development and builds positive relationships with local communities (Ngo and Le, 2023). The contemporary global business environment faces serious challenges that CSR can help tackle. For example, rising social inequality, climate change, and resource shortages demand new approaches by organizations (Dixit and Priya, 2023). Oduro et al. (2022) also state that firms struggle to maintain ethical standards across complex supply chains and cope with the growing expectations of consumers for transparent operations. However, scholars (Jamali, Lund-Thomsen and Jeppesen, 2017; Oduro, Bruno and Maccario, 2024) have reported that small and medium-sized enterprises (SMEs) are under particular strain due to limited resources and weaker institutional support.

SMEs account for over 90 % of businesses worldwide (Haddad et al., 2020) and drive sustainable, inclusive growth (Ndiaye et al., 2018). Recognizing this economic contribution, governments increasingly place SMEs at the centre of CSR initiatives (Battaglia et al., 2014; Stoian and Gilman, 2017). Their small scale and close community ties let them adopt practical, locally focused CSR actions that large corporations often cannot match. Yet SMEs face distinct hurdles. Resource constraints, including limited budgets, few dedicated staff, and pressing daily demands, often limit formal CSR engagement (Bahta et al., 2021; Dixit and Priya, 2023). Sweeney (2007) showed that Irish SMEs lacked the funds and people to implement CSR, prioritizing survival ahead of social goals. Baumann-Pauly et al. (2013) also found that SMEs rarely have CSR teams, making extra spending difficult. Furthermore, Zou et al. (2021) found that scarce capital and expertise compel SMEs to choose between immediate needs and longer-term CSR commitments. These studies reveal a common dilemma: while SMEs are crucial CSR, their limited resources demand tailored support to translate good intentions into sustained practice.

Therefore, there is a critical need to explore the engagement of SMEs in CSR, particularly within the context of developing economies (Colovic et al., 2019; Adomako et al., 2023), where these enterprises often form the backbone of economic activity. The literature (e.g., Bahta et al., 2021; Ngo and Le, 2023; Adomako et al., 2023) investigating the role of SMEs in implementing CSR projects has gained momentum, acknowledging the unique challenges and opportunities that characterize these enterprises. While research has explored the CSR practices of large firms (Ting, 2021), the specific concerns associated with SMEs in the developing world demand greater scrutiny. Existing literature (e.g., Aftab et al., 2022; Le, Ngo and Aureliano-Silva, 2023) offers insights into the potential benefits of CSR engagement for SMEs, ranging from enhanced reputation to improved stakeholder relationships. Yet, a significant research gap persists in comprehensively understanding the challenges faced by SMEs in developing economies and the strategic approaches they employ to navigate these challenges. This study aims to address this gap by conducting a qualitative investigation into the CSR engagement of SMEs in a developing economy. Such insights are crucial for advancing knowledge and informing policies that promote responsible business practices among SMEs, as well as sustainable development in the broader economy. Consequently, this study investigates the primary question:

What are the challenges hampering Nigerian SMEs' engagement with CSR initiatives, and how are they navigating these challenges?

To address the above research question, this study draws on the theory of social capital. This theory underpins the investigation because it emphasizes relationships, trust, and community ties, which are central to SMEs' CSR engagement within resource-constrained and institutionally fragile environments. Engaging with bonding and bridging forms of social capital sheds insights into how local networks and external stakeholders drive or impede CSR. Consequently, the theory offers a nuanced framework for understanding how SMEs in developing economies navigate political pressures, cultural norms, and limited regulatory enforcement. It thus aligns well with the study's aim of exploring CSR barriers and strategies among Nigerian SMEs.

Building on social capital theorization, this study identifies challenges that impact the adoption of CSR practices by Nigerian SMEs. The identified factors—stakeholder apathy, politically motivated CSR interventions, cultural nuances, and 'tone at the top'—underscore the complex interplay of historical mistrust, power dynamics, cultural expectations, and leadership styles that shape CSR engagement. Furthermore, the study unpacks two proactive strategies employed by Nigerian SMEs to enhance their CSR involvement. Firstly, Nigerian SMEs adopt resilience-building measures, incorporating resource adaptability, innovation, and stakeholder relationships to strengthen their CSR engagement. Secondly, regulatory compliance, which encompasses ethical governance, effective handling of ambiguous regulations, and aligning governance with CSR, has emerged as another strategy SMEs use to deepen their CSR interventions. These findings contribute to a robust understanding of the multiple challenges SMEs face and the strategic initiatives they undertake to embed CSR within their organizational frameworks.

The above findings offer several important contributions to the field of CSR research, especially within the context of developing economies. Theoretically, it applies social capital theory to the SME sector in a Sub-Saharan African (SSA) setting, demonstrating how bonding and bridging social capital shape CSR practices. Empirically, it identifies key challenges faced by Nigerian SMEs, providing nuanced insights into these dynamics. Practically, the study offers actionable strategies for SMEs to enhance CSR engagement, emphasizing the importance of resilience-building and regulatory compliance as key interventions. The research also presents policy implications by highlighting the influence of political factors on CSR practices and recommending that policymakers promote transparency and ensure that CSR initiatives align with genuine societal benefits.

The subsequent sections of this study are organized as follows: Section 2 discusses the theory and provides a comprehensive review of the literature. Following that, Section 3 outlines the research methodology. Sections 4 and 5 present the study's findings along with their discussions. Lastly, we examine the managerial and practical implications of the study in Section 6 and conclude the paper in Section 7.

2. Literature Review

2.1 Conceptualisation of CSR

According to Carroll (1999), CSR encompasses the responsibility of enterprises for their impacts on society, emphasizing the need to meet or exceed the ethical, legal, commercial, and public expectations that society has of businesses. Crane, Matten and Spence (2019) also view CSR as the way in which firms manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the marketplace, the workplace, the supply chain, the community, and the public policy realm. Aguinis (2011) adds a strategic perspective, defining CSR as actions that appear to further some social good beyond the interests of the firm and those required by law. Primarily, CSR clarifies what a company must do for the communities around it (Okpara and Idowu, 2013; Lund-Thomsen, Jamali, and Vives, 2014), how these obligations are managed (Moon, 2014), and which policies and practices show that a business is committed to wider social well-being (Matten and Moon, 2008). Moon (2014) argues that these viewpoints share several main ideas, including a company's responsibility to society (being accountable), for society (paying for any harm done and adding value), ethical conduct (acting ethically, responsibly, and sustainably), and managing how a business interacts with society.

While these traditional viewpoints have laid the groundwork for understanding CSR, their distinctions lie in the degree to which they highlight moral duty, stakeholder engagement, or strategic advantages. For example, Carroll (1999) emphasizes accountability across multiple domains, whereas Crane et al. (2019) highlight the importance of holistic impact management. For the purpose of this study, we draw on the foregoing views to conceptualise CSR as the set of ethical, legal, and strategic actions businesses take to address their social, environmental, and economic impacts, exceeding minimum legal requirements while engaging stakeholders and promoting broader societal well-being. This definition integrates perspectives from Aguinis (2011), Carroll (1999) and Crane et al. (2019).

2.2. Social Capital Theory

In CSR research, stakeholder theory (Freeman, 1984) is frequently employed to explain how firms manage the diverse interests of various groups, including employees, customers, and communities. This approach emphasizes that business success depends on balancing multiple, sometimes conflicting, expectations (Donaldson & Preston, 1995). Institutional theory (DiMaggio & Powell, 1983) also appears frequently, highlighting how external pressures—such as regulations, norms, and cultural values—drive organizations to adopt socially responsible practices. While these theories offer valuable insights, social capital theory (Bourdieu, 2002) is more suitable for this study, particularly in contexts like Nigeria.

Social capital theory, articulated by Bourdieu (2002) and further developed by Häuberer (2011), emphasizes the tangible and intangible resources that individuals accrue through their membership in networks characterized by institutionally recognized relationships. These memberships endow individuals with a collective capital that influences their access to various forms of support and recognition. According to Sørensen (2016), social capital encompasses two dimensions. While the first is the bonding social capital, which signifies the strong ties within homogenous groups that encourage trust and cooperation but potentially lead to exclusivity (Putnam, 2000), the second, i.e., bridging social capital, involves connections across diverse groups, facilitating access to broader resources (Lin, 2001). While social capital theory offers a robust lens for analyzing how social networks impact individual and collective behaviour, Kim and Cannella (2008) explain that its application across diverse contexts reveals several theoretical and methodological challenges that necessitate critical examination.

First, the definition and measurement of social capital remain a subject of debate. Bourdieu's distinction between economic, cultural, and social capital is fundamental, yet these categories can overlap in practice (Portes, 1998). Scholars such as Coleman (1990) and Kim and Cannella (2008) emphasize the benefits of social capital, but others criticize this perspective for assuming that social structures always yield positive outcomes (Fine, 2001; Kyne and Aldrich, 2020). Second, the bonding-versus-bridging split (Ceci, Masciarelli, and Poledrini, 2020) often overlooks complexities. Bonding social capital fosters strong ties within homogeneous groups but can exclude outsiders (Putnam, 2000; Kim and Cannella, 2008), whereas bridging social capital extends across diverse networks but often lacks the deep trust characteristic of tight-knit communities (Lin, 2001; Kyne and Aldrich, 2020). Third, geographic and cultural differences further challenge the universal application of social capital, as many studies reflect Western assumptions (Woolcock, 1998). In collectivist societies, the balance between individual and group priorities may appear differently, raising questions about the applicability of Western-centric social capital models.

Social capital theory helps explain how SMEs in SSA navigate the unique challenges and opportunities associated with CSR. Strong communal ties, shared values, and trust, known as bonding social capital, often support their work, particularly in settings with weak formal regulations (Ademola, Adegboyegun, and Adegoke, 2020). In Nigeria, where socio-economic uncertainty and mistrust in institutions are prevalent, SMEs rely on these strong community ties to establish trust and gain legitimacy. Such networks can also help create CSR programs that focus on local needs. However, this approach has its downsides, particularly when local traditions conflict with external CSR requirements. This tension shows both the value and the limits of relying on bonding social capital for CSR.

In addition to bonding social capital, bridging social capital enables SMEs to tackle external challenges and expand their CSR efforts by connecting them with groups such as government agencies, NGOs, and larger firms (Kyne and Aldrich, 2020; Ceci et al., 2020). These broader networks provide SMEs with access to resources, expertise, and guidance to navigate complex regulations, thereby enhancing the effectiveness of their CSR efforts. In Nigeria, bridging social capital is crucial for mitigating political interference and stakeholder apathy, as external partnerships enhance trust in CSR projects and reduce risks associated with biased or politically driven agendas. Together, bonding and bridging social capital allow SMEs to meet local community needs while also pursuing bigger development goals. This study applies social capital theory to demonstrate how Nigerian SMEs navigate cultural, regulatory, and political challenges to support their CSR objectives

2.3 CSR Specifics in SMEs

Although the CSR concept originally focused on large corporations, it now includes organizations of all sizes, and research shows that SMEs not only embrace the concept of CSR but also implement it in practice (Jamali et al., 2017; Colovic et al., 2019). Recent studies have highlighted several differences between CSR in SMEs and in large organizations. One key difference relates to resources and formal structures. Larger firms typically have dedicated departments or teams for CSR, allowing for formal policies and more extensive reporting (Baumann-Pauly et al., 2013). By contrast, SMEs often lack these specialized units and may rely on the owner's personal values or community connections to drive socially responsible actions (Amaeshi et al., 2016). Due to smaller budgets and staff, SME CSR efforts are frequently informal and focused on the local community (Le et al., 2023). Nevertheless, this local focus tends to strengthen trust among community stakeholders, as evidenced by SMEs prioritizing local projects that address issues such as education, healthcare, or environmental concerns (Berniak-Woźny et al., 2023). SMEs may also be more adaptive in their CSR choices, responding swiftly to emerging local needs rather than adhering to large-scale, uniform policies (Bahta et al., 2021).

Another notable difference is the scope and visibility of CSR programs. Large organizations often prioritize branding and global reach, announcing ambitious CSR targets and publicly disclosing detailed reports (Gholami et al., 2022). While this may enhance reputation on a wide scale, it can also lead to criticism if stakeholders view such efforts as mere "greenwashing." In contrast, SMEs generally operate closer to their stakeholders, allowing for more direct interaction and genuine engagement in community-driven activities (Oduro et al., 2022). Their smaller size and personal relationships can lead to higher trust, which activates a sense of authenticity in CSR initiatives (Ngo and Le, 2023). However, SMEs may struggle with formal reporting and consistent follow-through due to limited managerial capacity and the owner's dual roles (Spence, 2016). Despite these challenges, research shows that SMEs tend to excel in local networking and shared community values, which can be highly effective in driving responsible and sustainable practices (Ashiru et al., 2023). Ultimately, the distinct nature of SME CSR, rooted in personal values, local focus, and flexibility, sets it apart from the more formal, globally oriented approaches in large firms.

2.4 CSR Adoption by SMEs: The Business Case

Scholars (e.g., Xu and Liu, 2020; Mahmood et al., 2021) have reported that CSR interventions enable SMEs to maximize their corporate wealth. The business case for CSR within SMEs often builds on the potential to enhance brand reputation (Bahta et al., 2021; Le et al., 2023; Le, 2023). These authors demonstrate how brand reputation and customer loyalty influence the relationship between CSR interventions and SME performance. In a questionnaire-based study from a developing economy, Bahta et al. (2021) demonstrate that CSR has a positive influence on SME performance, with firm reputation significantly mediating this effect. However, Graafland (2018) suggested that CSR may introduce reputational risks, particularly if SMEs engage in these practices superficially. Their analysis of 1,355 European SMEs indicates that half-hearted CSR commitments expose firms to heightened public scrutiny and criticism compared to those that disregard CSR. This highlights the importance of SMEs adopting a comprehensive approach to CSR to mitigate potential reputational damage and capitalize on the growing consumer preference for ethical and sustainable business practices (Sarbutts, 2003; Bahta et al., 2021).

The business case for CSR in SMEs is further strengthened by its connection to social capital (Sen and Cowley, 2013). SMEs often rely on their local networks to enhance CSR engagement, leveraging bonding social capital to build trust within their communities and bridging social capital to establish partnerships with external stakeholders (Ceci, Masciarelli, and Poledrini, 2020). This social capital enables SMEs to better align their CSR initiatives with local expectations and create shared value. As a result, CSR interventions that are deeply embedded in social networks can help SMEs enhance their reputation, foster customer loyalty, and improve overall business performance.

Beyond enhancing brand reputation and internal dynamics, such as employee satisfaction and productivity, research indicates that CSR has significant financial benefits for SMEs. Ansong (2017), Agyemang and Ansong (2017), and Ngo and Le (2023) establish that a robust commitment to CSR enhances SMEs' access to capital, thereby improving their financial performance. Gholami, Murray, and Sands (2022) also note the growing importance of environmental, social, and governance (ESG) considerations in investment decisions, suggesting that a robust CSR strategy attracts socially responsible investors and positively impacts financial outcomes. Empirical evidence suggests a positive correlation between CSR and key financial metrics, including profitability. For instance, Ansong (2017) and Ngo and Le (2023) find that SMEs that engage stakeholders through CSR are better positioned to secure external financing. Furthermore, in their research involving 423 Ghanaian SMEs, Agyemang and Ansong (2017) propose that superior CSR practices enhance a firm's reputation, which is associated with improved financial performance. Although they did not find a direct link between CSR and access to capital, the positive association suggests that embracing CSR can help SMEs overcome capital constraints, leading to improved financial health. These findings further underscore the importance of bridging social capital in encouraging relationships with investors, financial institutions, and regulatory bodies, thereby enhancing SMEs' access to capital and promoting their long-term sustainability. This literature emphasizes the economic benefits of incorporating CSR into business strategies for SMEs, particularly when supported by robust social capital networks that enable SMEs to maximize the impact of their CSR initiatives.

2.5 Challenges Faced by SMEs in CSR Adoption

Despite the scholarly evidence emphasizing the compelling business case for increased CSR engagement among SMEs, Stoian and Gilman (2017) and Dixit and Priya (2023) reiterate that CSR adoption by SMEs remains low and rife with challenges. Among the reasons for this phenomenon, a recurrent theme in the literature centres on the resource constraints SMEs face, including financial limitations, a dearth of dedicated staff, and time constraints (Zou et al., 2021; Berniak-Wozny, 2023). Zou et al. (2021) identify a lack of resources as the primary factor hindering Pakistani SMEs from actively engaging in CSR activities. Torugsa, O'Donohue, and Hecker (2012) explain that business and legislative pressures prompt a reactive rather than proactive CSR approach among SMEs, often leaving them with limited resources to engage in CSR beyond meeting regulatory requirements. The nature of CSR initiatives, which require upfront investments and sustained commitments, poses particular challenges for SMEs struggling with constrained budgets and personnel (Öberseder et al., 2011; Berniak-Wozny, 2023). As revealed in a study involving Irish SMEs, Sweeney (2007) establishes a positive correlation between the volume of CSR activities and firm size, often defined by the available resources. This correlation suggests that limited resources render SMEs less likely to fully leverage the benefits of proactive CSR endeavours (Jamali et al., 2017; Stoian and Gilman, 2017).

Dixit and Priya (2023) shed light on a fundamental challenge inhibiting the widespread adoption of CSR programs among SMEs, i.e., a pervasive lack of awareness and knowledge within these entities. This knowledge gap is marked by a deficient understanding among SME owners and managers regarding the practical implications and benefits of CSR practices. Examining a substantial sample of SMEs in Portugal, Santos (2011) identifies three factors of awareness and knowledge that hinder the greater adoption of CSR in SMEs. Firstly, many SME owners had not previously considered implementing CSR programs, and for those interested, there is a notable lack of information on the operational aspects. Secondly, a significant number of small entrepreneurs assert that CSR initiatives are irrelevant to their company's activities. Baumann-Pauly et al. (2013) further posit that SMEs often lack the resources for continuous knowledge generation on the increasingly complex issue of CSR, necessitating input and guidance from external stakeholders to manage such processes. The knowledge gap significantly contributes to a lack of initiative or enthusiasm in adopting CSR practices. Leveraging social capital emerges as a potential remedy for SMEs facing this challenge (Ademola et al., 2020). SMEs lacking a robust social capital infrastructure for effective knowledge dissemination may exhibit reluctance or inertia in embracing CSR initiatives.

Equally noteworthy is that the perceived complexity and compliance burden associated with implementing CSR present formidable challenges for SMEs (Hsu and Cheng 2012). Hsu and Cheng (2012) note that the complexity of CSR can discourage SMEs from adopting it. Factors such as social compliance costs, tight schedules, and limited guidance make it challenging for SMEs to implement CSR. According to Baumann-Pauly et al. (2013), SMEs often use informal management and lack sophisticated public relations tools, which adds pressure when stakeholders expect detailed CSR reports. Lee, Herold, and Yu (2016) further show that regulatory demands can worsen this burden if SMEs lack the resources for extensive CSR communication. From a social capital viewpoint, SMEs may also lack broad networks to share information on complex CSR rules and guidelines (Aragón, Narvaiza, and Altuna, 2016). As a result, handling diverse regulations and meeting reporting requirements becomes challenging for smaller firms with limited support systems.

The extent to which SME engagement in CSR improves or worsens SME profitability represents another theme in the literature investigating CSR adoption by SMEs (Jamali et al., 2017). Many scholars have noted that a focus on short-term profitability can overshadow long-term sustainability goals in SMEs (Jamali et al., 2017). Influenced by Friedman's (1970) neoclassical view, some SMEs perceive CSR as a cost that reduces their competitive advantage, believing their primary goal should be maximizing profit (Bahta et al., 2021). As a result, they may prioritize quick financial returns and view CSR as non-essential. However, more recent arguments challenge this idea, saying that profit alone no longer guarantees success. Russo and Perrini (2010) emphasize that stakeholder relationships and responsible practices are essential for a firm's longevity. Dean and McMullen (2007) and Stoian and Gilman (2017) go further, suggesting that CSR and profitability can actually support each other. Sen and Cowley (2013) found that SMEs often see no conflict between ethical obligations and financial aims, regarding CSR as morally acceptable behaviour. This aligns with the concept of "sequential rationalization," where SMEs recognize the importance of profitability to fund CSR yet still believe in their ethical duty to engage in responsible business (Dincer and Dincer, 2013; Sen and Cowley, 2013).

3. Study Methodology

This study employed a qualitative methodology to examine the lesser-known challenges that hinder the adoption of CSR practices, and the strategies used to overcome these challenges among Nigerian SMEs. While the nature of the research problem motivated the use of this approach, the method also aligned with studies that investigated similar research objectives (e.g., Sweeney, 2007; Dincer and Dincer, 2013; Zou et al., 2021).

3.1 Research Context

This study focuses on Nigeria because its economic and institutional characteristics make it an ideal setting for examining CSR dynamics among SMEs. Nigeria's SME sector contributes about 50% of GDP, driving employment, innovation, and growth in sectors such as agriculture, trade, and services (Tobora, 2015; Ashiru et al., 2023). Despite this, CSR regulation in Nigeria remains underdeveloped, with weak enforcement and low awareness among SMEs (Amaeshi et al., 2016). The country's socio-economic complexity, marked by political instability, limited formal institutions, and strong informal networks, creates a robust setting to explore how SMEs leverage social capital to engage in CSR. Moreover, Nigeria's large and diverse SME environment, coupled with its inconsistent regulatory environment, provides insights that are likely applicable across SSA, where many economies share similar challenges (Nakpodia et al., 2018). By studying Nigeria, we can uncover how SMEs navigate scarce resources, ambiguous rules, and local cultural expectations to implement CSR, offering lessons for policymakers aiming to strengthen responsible business practices throughout the region.

3.2 Sampling and Research Participants

Given the research focus, selecting participants with relevant attributes is critical for enhancing the validity of the research outcomes. To meet this expectation, we employed a purposeful sampling technique (Ames, Glenton, and Lewin, 2019) to identify participants. This study involves SME operators, i.e., owners and top-level managers, who are experienced in their organization's strategy. To qualify for participation, individuals must have at least five years of experience owning or managing an SME. We contend that by engaging with such experienced owners and managers, we were able to leverage a wealth of expertise and knowledge that facilitates the achievement of the research objectives.

To recruit participants, two of the authors relied on their combined LinkedIn contacts. Individuals who met the agreed participation criteria were approached with a message (via LinkedIn) outlining the study's primary objectives. Messages were initially sent to 64 individuals, but response rates were low, prompting the adoption of a snowball sampling strategy (Parker, Scott, and Geddes, 2020). This strategy involved recruited participants introducing other individuals who meet the specified profile. In total, we engaged with 34 participants. It is important to state that data saturation was achieved by the time the 34th interview was conducted, as no new themes or insights emerged during the final stages of data collection. By this point, significant consistency was noted across participants' responses, indicating that additional interviews were unlikely to produce further novel data.

Thus, we concluded that the sample size was sufficient to capture the experiences of SME owners and managers regarding their CSR engagement. The participants' distribution comprises 21 SME owners and 13 SME managers from SMEs operating in Nigeria (refer to Table 1 for participant information). In addition, as Table 1 illustrates, participants were drawn from various sectors, including financial services, real estate, manufacturing, services, agriculture, and information and communication technology (ICT). 65% of the participants are male, and the average experience of the participants is approximately 11 years (see Table 1).

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3.3 Data Collection

To explore the specific challenges impeding CSR adoption and the strategies SMEs use to navigate them (research objectives 1 and 2), we conducted 34 semi-structured interviews (Brinkmann, 2014; Adams, 2015). This approach allowed us to probe deeply into each participant's experiences. Our interview guide (see Appendix 1), developed from the literature on SME CSR barriers, ensured questions remained focused on these core themes. Follow-up "how" and "why" prompts prompted context-rich examples of resource adaptability, innovation, and regulatory compliance strategies.

All interviews were scheduled via Zoom (Archibald et al., 2019; Oliffe et al., 2021) to accommodate participants across Nigeria during Q4 2021 and Q1 2022. To ensure participants' familiarity with the interview questions, we sent them an interview guide prior to the interviews. This proactive measure not only addressed ethical considerations related to informed consent and privacy but also prevented potential harm to participants (Diener and Crandall, 1978). Interviews averaged 67 minutes, were conducted in English, and were audio-recorded with permission. This format balanced logistical constraints with the need for in-depth data, directly helping our objective to uncover insights for SMEs operating under resource and regulatory limitations.

3.4 Analyzing the Data

To address our research objectives, we transcribed all 34 interviews using Otter.ai. We then manually reviewed and corrected each transcript (Da Silva, 2021). Two authors independently conducted iterative readings to immerse themselves in the data and ensure accuracy (Green et al., 2007; Maher et al., 2018). The finalized transcripts (221 pages) were imported into NVivo (Jackson & Bazeley, 2019), where we embarked on a process of classifying, sorting, and organizing the data to identify codes and themes.

Next, we used the qualitative content analysis (QCA) technique (Schreier, 2012), which enabled a systematic examination of our textual data, facilitating the identification and interpretation of recurring themes or patterns within our data (Vaismoradi et al., 2016). One researcher undertook the data coding to ensure consistency, relying on the three-phase coding approach proposed by Williams and Moser (2019): open coding, axial coding, and selective coding. The coding process began with initial open coding, where key concepts and ideas were identified from the transcripts to determine the initial thematic domains for data assemblage. We utilized the "Explore – Word Frequency – Run Query" function in NVivo to generate a word cloud, which revealed the most frequently referenced themes in the dataset. During open coding, we observed that themes such as historical scepticism, political instrumentalization of CSR, collectivism and community-centric CSR, among others, attracted considerable interest among study participants (see Figure 1).

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Figure 1 here.

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Following open coding, we proceeded to axial coding, where codes from the open coding were grouped into categories and themes through an iterative process of comparison and refinement. This helped us refine and categorize themes from open coding, establishing distinct thematic categories that illustrate relationships between open codes (Williams and Moser, 2019). Continuous analysis and refinement led to the emergence of categories, including stakeholder apathy, resilience-building, cultural nuances, 'tone at the top,' and politically motivated CSR interventions, which reflect the study's core themes. Throughout this process, we ensured that themes reflected the entrepreneurial and socio-cultural dynamics of Nigerian SMEs.

In the final phase, i.e., selective coding, we focused on selecting and integrating categories to form cohesive and meaningful expressions (Williams and Moser, 2019). During this phase, we also reviewed and cross-referenced themes with the study's theoretical framework to ensure coherence between the findings and the research objectives. This structured approach enabled us to generate nuanced insights into the CSR practices of Nigerian SMEs while also facilitating an abstraction procedure that connects with our study's primary focus (Flick, 2022).

4. Findings

This research examined the primary challenges and strategies associated with CSR among SMEs in Nigeria. The findings are organized into two sub sections: "Challenges Confronting CSR Implementation among Nigerian SMEs," which identifies the key barriers to CSR adoption, and "Strategies for Enhancing Nigerian SMEs' CSR Engagement," (see Figure 1) which outlines the approaches employed by SMEs to overcome the challenges while engaging with CSR.

4.1 Challenges Confronting CSR Implementation among Nigerian SMEs

This study revealed four challenges impeding the integration of CSR initiatives within Nigerian SMEs, as illustrated in Figure 1. Firstly, stakeholder apathy arose from perceived limited benefits, communication barriers, and historical mistrust, leading to reduced engagement in CSR activities. Secondly, politically motivated CSR interventions steered CSR efforts towards achieving political objectives, thereby complicating the pursuit of genuine social impact. Thirdly, cultural nuances underscored the impact of deeply ingrained cultural practices and community expectations, which can diverge from standardized CSR frameworks, resulting in misalignments. Lastly, the 'Tone at the Top' highlighted the detrimental effects of hierarchical leadership structures, lack of executive support, prioritization of short-term profitability, and resource limitations on sustaining CSR commitments. These challenges, derived from our qualitative data, are explored in detail in the following sections.

4.1.1 Stakeholder Apathy

CSR implementation is more effective in competitive markets, where market forces motivate the deliberate adoption of self-regulated CSR practices. On the contrary, in less competitive markets, the incentive for SMEs to embrace CSR is weaker. Participants reveal a well-referenced concern confronting Nigerian SMEs in advancing CSR initiatives: stakeholder apathy towards CSR projects. Participants 2, 9, and 13 stressed the perceived lack of tangible benefits resulting from CSR interventions. Participant 2 (SME Owner – Property Sales) noted that:

> *Most CSR projects are designed to help the local community, but what can you do when there is little or no encouragement from the supposed beneficiaries of the intervention? Most people in the communities feel that CSR projects do not directly address their immediate needs or provide tangible benefits. For example, if a CSR initiative focuses on long-term sustainability but does not address pressing issues like unemployment, poverty or basic healthcare, the community might not embrace it.*

Expanding on the above, Participant 13 (SME Owner - Manufacturing) suggested that stakeholder apathy towards CSR derives from communication gaps:

One of the issues we contend with in implementing CSR is communication. If there is a lack of effective communication between SMEs (that want to engage in CSR) and the community regarding the goals of the CSR project, it could lead to scepticism and apathy. ... If they don't understand the intended positive impact, they may disengage from the project.

Furthermore, Participant 9 (SME Manager - Manufacturing) presented how historical mistrust by supposed recipients of CSR projects heightens their apathy towards CSR proposals:

From my interactions with local community members, you can see that previous experiences of unfulfilled promises or failed projects from the government or businesses create a sense of mistrust. Past instances of CSR initiatives that did not deliver expected benefits contribute to a lack of interest, as the people may doubt the sincerity of new efforts.

In summary, stakeholder apathy, stemming from stakeholders' perceptions of limited benefits, persistent communication barriers, and historical mistrust, hinders the adoption of CSR among Nigerian SMEs. Our data suggest that these factors collectively diminish stakeholders' willingness to support CSR initiatives, thereby reducing the effectiveness and sustainability of CSR activities within SMEs.

4.1.2 Politically Motivated CSR Interventions

While stakeholder apathy highlights how potential recipients of CSR projects perceive CSR, the data also suggests that political rationalizations, rather than genuine environmental support, incentivize Nigerian SMEs' engagement in CSR. Participants 1, 21, 29, and 34 suggest that this approach may be suboptimal, as the intention to adopt CSR is deceptive. Participant 29 (SME Owner - Agriculture) clarified the political instrumentalization of CSR:

Most times, we undertake CSR projects to secure political favour or patronage. In our business, politicians are our biggest customers; hence, we do what we can to attract and maintain their interest in our company. ... We focus on CSR projects with political interests.

In support of Participant 29's views, Participant 34 (SME Owner – Real Estate) reflected on power dynamics and corporate philanthropy:

The political system is powerful (in Nigeria). It cannot be ignored if you want to succeed as a business. As you may know, there are power dynamics between firms and political institutions. For instance, CSR projects could be used to influence or secure political support.

Participant 21 (SME Manager – Software Development) offered a further rationale for politically driven CSR intervention:

We deploy CSR as a (soft power) strategy to access political institutions and politicians. CSR helps to enhance our corporate reputation, which may attract politicians' attention. Here, CSR could be used to influence political decision-makers, potentially leading to favourable concessions or policy considerations.

Our data suggests that political patronage, power dynamics, and soft power strategies blend to divert CSR efforts towards political agendas, thereby complicating the pursuit of desired social impact. These interventions prioritize political gains over genuine societal benefits, resulting in CSR programs that lack transparency and fail to address core community needs. Ultimately, this frustrates the true purpose of CSR within Nigerian SMEs.

4.1.3 Cultural Nuances and CSR

The impact of culture on the adoption of CSR by SMEs has attracted substantial interest among study participants. Relying on diverse perspectives, participants suggested that culture influences CSR engagement among Nigerian SMEs as well as impacts the prioritization of CSR initiatives. Participant 27 (SME Owner – Real Estate) provided two examples of the cultural embeddedness in CSR:

During Covid-19, we were not allowed to embark on a community project because it was seen as conflicting with their cultural practices.

I also remember when we offered financial support to a community, but it was rejected because the community elders felt we did not comply with traditional gift-giving norms.

Participant 4 (SME Manager – E-Commerce) offered further evidence of how SMEs might encounter resistance if their CSR interventions are deemed inconsistent with a community's vision:

There was a time when we wanted to implement a technology-focused CSR project, but the community was not excited about the project. I remember the leaders of the community requested to meet with my boss and asked if the project could be tailored towards agriculture or craftsmanship as they are more aligned with their cultural disposition.

While Participants 4 and 27's comments show that the clash between modern CSR approaches and traditional perspectives can hinder adoption, Participant 18 (SME Owner – Rubber Production) commented on how elders and community leaders hamper SMEs' engagement in CSR:

The hierarchical structures in many local communities mean that elders and community leaders can dictate the strategic direction and implementation of SMEs' CSR activities. Many communities have to approve our CSR plans before we can proceed with implementation.

Concerning the above, Participant 15 (SME Owner – Real Estate) noted that:

Sometimes, CSR plans are abandoned because of bribe requests from the community.

Participant 19 (SME Owner - FinTech) also reflected on how the dominant collectivist cultural orientation in Nigeria shapes SMEs' CSR engagement:

Some communities prefer CSR projects that address collective needs. My company once tried to provide scholarships to brilliant students, but community members resisted because they felt only a few would benefit from the program.

The aforementioned findings underscore the lack of support among SMEs for perceived individualistic CSR initiatives. Negotiating the competing demands within a collectivist framework presents challenges, necessitating a delicate balance to impede CSR adoption by SMEs.

Moreover, insights from participants (e.g., Participants 6, 26, 28) shed light on the influence of spiritual and religious values on the adoption of CSR by SMEs. Participants (e.g., Participants 6 and 28) share instances where businesses incorporated religious ideologies into their CSR proposals. Participant 28 (SME Owner - Confectionary) informs:

Our predominantly Muslim community influences our CSR activities. To enhance the acceptance of our CSR projects, we have included Zakat (an Islamic tradition of charitable giving) principles into some of our community projects.

However, Participant 6 (SME Owner – Metal Fabrication) explained how religious principles can stifle SMEs' CSR activities:

Because of the multiple religions in our environment, we struggle to design CSR programs that accommodate these religions. Some have complained about our CSR activities, accusing us of religious insensitivity and threatening to halt our operations.

This study revealed the influence of cultural nuances on CSR engagement among Nigerian SMEs. Participants emphasized that local cultural practices and community expectations are crucial in prioritizing and executing CSR. This is evident in how conflicts with traditional practices or a community's collective preference can obstruct CSR projects. Furthermore, hierarchical community structures and the influential role of elders often shape the strategic direction of CSR efforts. Spiritual and religious values also play a key role; for example, incorporating Zakat principles can enhance community acceptance of CSR interventions. However, accommodating diverse religious values can complicate the implementation of CSR.

4.1.4 'Tone at the Top'

Intentionality is a crucial factor motivating SMEs to adopt CSR. However, SME leadership must actively pursue such an intention. In Nigeria, the 'tone at the top' within SMEs, often influenced by hierarchical and authoritative leadership structures, dictates CSR engagement. As Participant 30 (SME Manager – Property Development) affirmed:

> *CSR decisions in my company are made solely by the founder, without input from workers.*

If top management is not fully committed to ethical and socially responsible practices, it sets a precedent that resonates throughout the firm. A persistent theme in the data is the lack of support from SME leadership for CSR initiatives. According to Participant 7 (SME Owner – Ceramic Manufacturing):

> *The 'tone at the top' does not encourage us to propose CSR projects. There are no incentives to leverage this opportunity. We do not have a budget for CSR, and my performance metrics do not include CSR targets.*

To strengthen Participant 7's concern, Participant 9 (SME Manager - Manufacturing) emphasised SMEs' corporate focus:

> *My boss shows limited interest in CSR. He considers (CSR) initiatives as secondary to profit-making. Because of this, we are not incentivized to engage in socially responsible practices.*

Participants also point to two critical factors that help explain why the 'tone at the top' for SMEs' CSR interventions is poor. According to Participant 3 (SME Manager - Manufacturing):

> *Most small entrepreneurs just want to make money. They have a short-term focus; hence, they do not see the long-term benefits of CSR. ... They lack the knowledge to understand how CSR can help their businesses grow.*

On their part, Participant 25 (SME Owner – Fish Farming) emphasised resource constraints:

> *Most of us do not have the resources to engage in CSR. Implementing CSR projects can be capital-intensive. They do not have the personnel, finances, or technology to engage in CSR.*

Despite the lack of knowledge and resource constraints, small entrepreneurs lack a genuine commitment to ethical conduct and responsible business practices, which inhibits the integration of CSR into the core values and operations of SMEs in Nigeria.

4.2 Strategies for Enhancing Nigerian SMEs' CSR Engagement

In addition to uncovering the factors that prevent SMEs from adopting CSR, this research also highlighted strategies to overcome these challenges. Our interviews revealed two key approaches for Nigerian SMEs: *resilience-building and regulatory compliance* (see Figure 1). Resilience-building involves utilizing resources flexibly, fostering innovation, and cultivating strong relationships to overcome the uncertainties of CSR. Regulatory compliance entails adhering to ethical governance principles and navigating complex regulations to ensure that CSR efforts remain legally and ethically sound. Together, these strategies provide Nigerian SMEs with a robust roadmap for engaging in CSR in a more impactful and sustainable manner.

4.2.1 Resilience Building and CSR Adoption by SMEs

Organizational resilience is crucial for SMEs to navigate disruptions and maintain operational continuity. This resilience is characterized by adaptability to potential risks, a desire for innovation, and responsiveness to market dynamics. Our data reveal four interconnected elements of organizational resilience: resource adaptability, stakeholder relationships and trust, innovation and flexibility, and regulatory compliance, which shape the extent of CSR engagement among Nigerian SMEs.

Many participants identified *resource adaptability* as a critical resilience-building strategy among SMEs. Participants 4, 15, 16, and 23 indicate that SMEs' participation in CSR activities is influenced by their ability to adapt to the limited resources available to them. SMEs often operate with limited resources; therefore, their ability to utilize these resources effectively for CSR is crucial. According to Participant 16 (SME Manager – Food Processing):

> *As a medium-sized manufacturer, we understand the environmental impact of our operations. We have incorporated CSR principles into our supply chain. Working with our suppliers, we have remodelled our procurement practices to prioritize sustainable materials by consciously integrating CSR principles into our operations without imposing a significant financial burden.*

Participant 23 (SME Owner - Poultry) also discussed how they have adapted resources to their employee volunteer programs:

> *In my company, we adopted a creative approach to engage our employees. Usually, we commit a substantial budget to traditional philanthropic activities, but recently, we introduced an employee volunteer program that allowed us to leverage their skills and time for community projects, including mentoring local students and providing pro-bono consulting services to charities, among others.*

The above shows how SMEs manage resources to promote responsible business practices. Further comments by participants (e.g., Participants 7, 15, and 31) indicated that their organizations consistently explore innovative strategies to allocate existing resources efficiently to social responsibility initiatives.

Organizational resilience enables SMEs to exhibit innovation and flexibility in their CSR activities. The view is supported by participants, as they (Participants 11, 17, and 28) identified *innovation and flexibility* as vital themes underpinning CSR adoption among Nigerian SMEs. Participant 17 (SME Manager - Manufacturing) noted that:

I have witnessed firsthand how our small cosmetics company engage in CSR. We consistently tweak our product packaging to meet environmental standards. For us, it is not just about cosmetics; it's about adapting to what our customers care about and being innovative in our sustainable practices.

While emphasizing how their organizations deploy employee-led social initiatives to establish its CSR intervention, Participant 11 (SME Owner – Software Development) explained that:

In our tech startup, we created a culture where staff members drive our CSR efforts. This creates opportunities for CSR innovation, giving everyone a say in social initiatives. This flexibility aligns with our employees' values and shows our company's adaptability to the evolving expectations of our clients and society.

Echoing Participants 11 and 17's sentiments, Participant 28 (SME Owner - Confectionary) emphasized how their firm draws on adaptive community support, illustrating that:

In our bakery, we strive to be adaptable in our community support. When times are tough, we get creative, providing surplus baked goods to shelters and homeless individuals. It's our way of (CSR) innovation. This, in turn, helps us access scarce social capital (such as greater collaboration with local charities).

Organizational resilience is closely tied to the ability of SMEs to manage challenges and uncertainties effectively, thereby building *trust among their stakeholders*. Through continuous collaboration with and support from stakeholders, SMEs can foster strong relationships, thereby laying a solid foundation for effective CSR practices. Narratives from participants (e.g., Participants 1, 8, 14, 16, 3 and 32) reinforce this position. According to Participant 8 (SME Owner - Services):

My organization's dedication to developing strong relationships with our customers has been key to our CSR policies and interventions. On several occasions, we have involved our customers in our charitable activities. This has enabled us to create a sense of shared responsibility with our customers, enhancing the sustainability of our CSR activities.

Participant 14 (SME Owner – Wine Production) also presented how the engagement with another stakeholder group has enabled them to leverage the benefits of social responsibility engagement:

Our brewery has built strong relationships with local farmers, aligning our CSR efforts with sustainable farming practices. We have met and discussed with these farmers to enable them to understand our position concerning sustainability and environmentally friendly raw materials. These meetings have also served to educate the local farmers on sustainability practices.

Participant 1 (SME Manager – Micro-Finance Bank) offered additional evidence of how stakeholder relationship incentivizes SMEs' CSR engagement:

We support our neighbourhood bookstore's initiative. We assist in sourcing used books offered free to school children or sold at discounted prices.

4.2.2 Regulatory Compliance and CSR Adoption by SMEs

SMEs' capacity to navigate regulations and maintain ethical governance is central to their CSR engagement. SMEs that understand CSR-related regulations and proactively integrate ethical considerations into their governance structures are more likely to engage meaningfully in CSR. These notions align with our data. We present three themes – ethical governance structure, ambiguous regulatory environments, and alignment of ethical governance and CSR- that clarify how SMEs employ regulation to engage in CSR.

In explaining how Nigerian SMEs modify their *ethical governance framework* to respond to evolving CSR-related regulation, Participant 26 (SME Manager - Telecommunications) noted that:

Our internal governance system is designed to keep pace with evolving data privacy regulations. We are committed to ethical responsibility in handling our customer's data. ... We consider this an important social responsibility.

Participant 13 (SME Owner - Manufacturing) provided similar insight:

Beyond (merely) complying with new standards, my company has reshaped its governance system to embed sustainability. This has enabled us to update our internal policies to encourage eco-friendly practices.

Our data also suggest that CSR interventions by SMEs have benefited from how SMEs *navigate ambiguous regulatory environments*, allowing them to allocate resources to address rapidly changing regulations concerning CSR. This sheds further light on their resilience in adhering to ethical standards amid uncertainties. In this sense, Participant 20 (SME Owner - ICT) stated that:

Due to evolving data privacy regulations and growing awareness among our clients, we needed to comply with emerging standards. The improvements enhanced our CSR practices, as we can stay ahead of regulatory changes and prove our commitment to ethical data handling.

While Participant 20 discussed how their organization updated regulations to enhance their CSR efforts, Participant 5 (SME Owner – Textile Production) offered a similar account:

Recently, there have been frequent changes to environmental laws in (Lagos). We respond by updating our governance policies to meet new sustainability laws. We have won a few awards from regulators for our environmental sustainability and CSR projects.

Participants further discussed the strategic alignment of ethical governance and CSR as critical for their CSR engagement. They stated that Nigerian SMEs have strategically aligned their ethical governance systems and their CSR initiatives. This highlights how a cohesive approach encourages long-term sustainability in CSR. Comments by Participants 9, 12, 18 and 33 reinforce the foregoing. As Participant 18 (SME Owner – Rubber Production) informed:

In our company (a local agricultural firm), we constantly update our ethics and governance to align with CSR because, unlike before, many of our customers check if that is the case. Due to various government laws, our (clients) are now environmentally and sustainability conscious; hence, they are always asking questions about our products and operations.

Participant 12 (SME Manager - Manufacturing) explained how regulation has stimulated greater interest in CSR programs:

Because of various regulations and growing public interest in social responsibility, we established a CSR committee to oversee the task of integrating CSR and ethical principles into our governance system. This has helped us to engage more in social responsibility.

In summary, we uncovered four key barriers to CSR adoption among Nigerian SMEs: stakeholder apathy, driven by limited perceived benefits and mistrust; politically motivated CSR, where interventions often serve political interests rather than true social impact; cultural nuances, which reflect conflicts between traditional practices and modern CSR approaches; and tone at the top, where leaders' limited support and focus on short-term gains undermine CSR efforts. Despite these obstacles, we found that SMEs employed two main strategies to deepen their CSR engagement: resilience-building, which involves adaptive resource use, innovation, and strong stakeholder relationships; and regulatory compliance, which focuses on ethical governance and navigating uncertain legal frameworks.

5. Discussion of Findings

This research aimed to investigate the challenges hindering the integration of CSR practices among Nigerian SMEs. The challenges identified, which include stakeholder apathy, politically motivated CSR interventions, cultural nuances, and 'tone at the top', - provide a robust understanding of the problems faced by Nigerian SMEs in their CSR pursuits. Stakeholder apathy, rooted in a history of mistrust, a perceived lack of tangible benefits, and inadequate communication of CSR initiatives, necessitates a strategic recalibration of CSR approaches by Nigerian SMEs. These findings align with Öberseder et al. (2011), Amaeshi et al. (2016), and Naatu et al. (2022). Building on Öberseder et al. (2011), who suggested that complex evaluative processes contribute to stakeholder apathy, our study deepens the discourse by uncovering how historical scepticism and doubts about the tangibility of CSR benefits exacerbate stakeholder apathy. Similar to Amaeshi et al. (2016), we identify the lack of awareness among CSR project beneficiaries in many developing economies regarding the long-term benefits for SMEs, which hinders their support for CSR initiatives. Consistent with Naatu et al. (2022), our research sheds light on historical scepticism, illustrating how previous organizational failures in delivering CSR promises contribute to the reluctance of beneficiaries to embrace new CSR proposals.

Our research delves into the intricate interplay between politics, social capital, and CSR practices within the Nigerian context, aligning with scholarly insights from Xu and Liu (2020), Sorour et al. (2021), and Adomako et al. (2023). Sorour et al. (2021) illustrate how banks' CSR reporting practices have shifted from a predominantly 'business-case' perspective to addressing a wider array of societal challenges in line with a political CSR approach. Consistent with Xu and Liu (2020) and Adomako et al. (2023), our findings reveal instances of politically motivated CSR within Nigeria. This phenomenon frustrates SMEs that strive for substantial societal impact. We also observe that social capital significantly contributes to politically motivated CSR practices, as SMEs deploy their networks and relationships to enhance their reputation and legitimacy within the community and among key stakeholders. By utilizing strong social ties, SMEs align their CSR initiatives with political agendas to gain favour and influence. While such practices boost SMEs' status and legitimacy through social capital (Sorour et al. (2021), our findings indicate that core CSR principles, such as transparency, are often compromised, reinforcing the instrumental CSR proposition (Lock and Seele, 2018; Sorour et al., 2021). This study corroborates Lock and Seele (2018) and Hasan and Jiang (2023), highlighting that instrumental CSR practices can undermine their long-term value, particularly in politically unstable environments such as Nigeria.

Consistent with the literature (e.g., Amaeshi et al., 2016; Ansong, 2017; Mahmood et al., 2021), our investigation unveils the complex role of cultural nuances in hindering CSR adoption within Nigerian SMEs. The study stresses the profound impact of social responsibility deeply embedded in local cultures, the influential role of community elders, a collectivist orientation, and the preference for community-centric CSR, necessitating tailored approaches. This finding reveals the role of social capital in the SME-CSR culture nexus, as strong community networks and relationships both support and complicate CSR initiatives. While strands of research (Amaeshi et al., 2016; Ansong, 2017) suggest that cultural nuances offer opportunities for SMEs to enhance their CSR adoption by leveraging social capital, our data highlight the challenging aspects of cultural influences on CSR adoption. This inconsistency may be attributed to institutional variations, as some contexts permit greater flexibility in cultural considerations. Nevertheless, in line with Ansong (2017) and Mahmood et al. (2021), our study reinforces the critical importance of acknowledging and allying with these cultural dynamics and engaging social capital for meaningful CSR initiatives.

Expanding our focus to the 'Tone at the Top' within Nigerian SMEs, our research reveals an unfavourable narrative shaped by a hierarchical leadership structure, inadequate leadership support, a perception of CSR as secondary to short-term profitability, a limited understanding of CSR's long-term benefits, and resource constraints. Much of these factors have been scrutinized in the literature (Santos, 2011; Torugsa et al., 2012; Dincer and Dincer, 2013; Lee et al., 2016; Feder and Weißenberger, 2019). Our findings align with the conclusions reported in previous studies, highlighting that resource limitations among SMEs divert executive attention away from CSR interventions to prioritize core business areas. Also, consistent with Dixit and Priya (2023), we uncover a limited understanding of CSR's long-term benefits, especially among small entrepreneurs. The knowledge gap reinforces the need for targeted leadership education within Nigerian SMEs to foster a deeper understanding of the multifaceted aspects of CSR.

To understand the strategies employed by Nigerian SMEs to boost their CSR engagement, our study illuminates two fundamental approaches: resilience building and regulatory compliance. These strategies, encompassing resource adaptability, innovation and flexibility, stakeholder relationships and trust, ethical governance, management of ambiguous regulatory environments, and the strategic alignment of ethical governance with CSR, provide a robust framework for effective CSR practices among Nigerian SMEs. Similar to Garcia-Santiago (2022) and Adomako and Ahsan (2022), our research substantiates that resilience building constitutes a cornerstone strategy for SMEs committed to substantive CSR engagement. We observe that the triad of resource adaptability, innovation, and flexibility, along with stakeholder relationships and trust, collectively functions as a form of social capital, fortifying SMEs against the inherent challenges in pursuing CSR. Leveraging social capital through innovation and operational flexibility, SMEs differentiate themselves, as advocated by Garcia-Santiago (2022) and Ashiru et al. (2023). Following these perspectives, our data reveal that Nigerian SMEs, characterized by resilience, consistently innovate and adapt their operations, leveraging social capital to enhance existing and create new opportunities for CSR adoption. These characteristics facilitate the embedding of CSR into strategic agendas, linking SME practices with broader social and environmental imperatives (Amaeshi et al., 2016).

Regulatory compliance, identified as another pivotal strategy in our study, unveils the intricate nature of ethical governance and its dynamic interplay with CSR engagement. SMEs that demonstrate a robust understanding of CSR-related regulations and integrate ethical considerations into their governance structures are more likely to engage meaningfully in CSR practices (Santos, 2011; Oduro et al., 2024). Resilient SMEs proficient in interpreting and adhering to ethical standards gain a distinctive CSR advantage despite operating in ambiguous regulatory environments. Our data, as well as the literature (Santos, 2011; Zheng et al., 2021), support these conclusions. The strategic alignment of ethical governance with CSR initiatives underscores the importance of integrating CSR considerations into broader organizational frameworks. Recognizing CSR as an integral component of governance ensures that ethical principles guide CSR activities (Graafland and Smid, 2017), thereby furthering long-term sustainability and effectiveness.

This research substantially contributes to social capital theory by exposing how Nigerian SMEs utilize social capital to navigate challenges and enhance their engagement in CSR. The findings connect with bonding (Ademola et al., 2020) and bridging (Ceci et al., 2020) social capital frameworks. Bonding social capital is exemplified in how SMEs, operating within collectivist frameworks, engage existing relationships within homogenous groups, such as families, to advance CSR initiatives in the face of challenges like stakeholder apathy and politically motivated CSR interventions. This study expands the concept of bridging social capital (Ceci et al., 2020; Kyne and Aldrich, 2020) by illustrating how SMEs collaborate with diverse stakeholder groups, including suppliers and employees, to effectively implement CSR projects. Synthesizing the principles underpinning bonding and bridging social capital could minimize the potential of instrumental CSR (Lock and Seele, 2018), as greater collaboration with relevant stakeholders would ensure better communication among all stakeholders, facilitate the implementation of projects, and mitigate the perceived lack of tangible benefits. This research further underscores the relevance of social capital theory in contexts characterized by weak formal institutions. In Nigeria, bonding social capital is critical in building trust within local communities, whereas bridging social capital facilitates connections with external stakeholders. These dynamics offer fresh insights into trust-building and stakeholder engagement in CSR, particularly in developing economies, where informal networks play a more prominent role than formal institutional structures. Moreover, a distinctive feature of the Nigerian SME experience is their reliance on informal CSR practices, driven by community-focused motivations, that compensate for regulatory mismatch and weak enforcement. These informal approaches, rooted in local social capital, allow SMEs to respond swiftly to community needs but also highlight the need for policy frameworks that bridge the gap between formal regulations and grassroots CSR initiatives. This understanding broadens the application of social capital theory to CSR research, particularly in cross-context comparisons between developing and developed contexts.

6. Managerial and Practical Implications

The findings of this study provide important managerial and practical implications for both policymakers and SME managers, particularly in developing economies. The research emphasizes that leveraging social capital—both bonding and bridging—can significantly enhance CSR engagement by building trust, improving stakeholder relationships, and reducing barriers to CSR adoption (Kyne and Aldrich, 2020). For policymakers, this reinforces the importance of creating regulatory frameworks that facilitate ongoing community engagement and trust-building. One practical intervention could involve introducing mandatory community forums where SMEs regularly engage with local stakeholders to present CSR initiatives, gather feedback, and report on outcomes. These forums would strengthen bonding social capital by reinforcing trust and collaboration within local communities, which is critical in addressing historical mistrust that often hampers CSR efforts. Also, policymakers should establish clear guidelines to distinguish between CSR and politically motivated activities. Establishing transparent reporting mechanisms and independent oversight bodies would mitigate the risk of CSR being exploited for political gain, thereby promoting genuine social impact. Such policies would strengthen bridging social capital by facilitating relationships between SMEs and external stakeholders, such as regulators and civil society organizations, thereby ensuring accountability and enhancing the credibility of CSR.

For SME managers, the study emphasizes the importance of leveraging social capital to foster resilience and navigate the challenges of CSR engagement (Ceci et al., 2020). Developing bonding social capital within local communities is essential for securing buy-in and ensuring that CSR initiatives align with local needs and cultural expectations. Managers must recognize that stakeholder trust is a valuable asset that can enhance the effectiveness of CSR programs. This can be achieved through transparent communication and collaborative engagement that addresses community concerns and demonstrates the tangible benefits of CSR projects. Additionally, bridging social capital is crucial for fostering partnerships with external actors, including government agencies, financial institutions, and non-governmental organizations, which can provide support and resources to enhance CSR initiatives. SME managers should integrate resilience-building strategies into their operations by adapting resources, fostering innovation to address social and environmental challenges, and aligning governance frameworks with evolving regulatory requirements. Moreover, tailoring CSR practices to reflect cultural nuances and community values will enhance acceptance and impact. Engaging local leaders and elders can facilitate trust-building and ensure that CSR efforts resonate with community priorities, thereby reinforcing bonding social capital. Ultimately, leveraging both bonding and bridging social capital will enable SMEs to embed CSR effectively within their organizational practices, improve stakeholder relationships, and contribute to long-term business sustainability.

7. Conclusion and Areas for Further Research

In the evolving field of CSR, SMEs have become a focal point for both practitioners and researchers due to their increasing role in shaping CSR (Zou et al., 2021; Oduro et al., 2022; Berniak-Woźny et al., 2023). Although many studies look at CSR in specific countries (Aftab et al., 2022; Dixit and Priya, 2023) and regions (Adomako et al., 2023; Le et al., 2023), there remains a lack of a clear understanding of how SMEs in developing economies engage with CSR (Amaeshi et al., 2016; Dixit and Priya, 2023). In Nigeria, SMEs play a significant role in the economy, but their CSR efforts have not been thoroughly examined (Ashiru et al., 2023). This study examines the challenges Nigerian SMEs encounter when engaging in CSR, utilizing in-depth interviews to identify the obstacles that hinder their participation.

This research further extends its investigation to understand the strategies these SMEs use to overcome the identified problems.

This study reveals key barriers preventing SMEs in Nigeria from adopting CSR, including stakeholder apathy, politically driven CSR, cultural factors, and the "tone at the top." These issues reflect deep mistrust, power dynamics, cultural norms, and leadership styles that shape CSR efforts. The study also examines how Nigerian SMEs overcome these challenges. They build resilience by adapting resources, encouraging innovation, and forming strong stakeholder relationships. At the same time, they adhere to regulations by enforcing ethical governance and managing evolving legal requirements. These findings provide a deeper insight into the complex challenges SMEs encounter and the strategies they employ to integrate CSR into their businesses. By revealing these tactics, the study not only contributes to the CSR literature on developing economies but also provides policymakers and business leaders with valuable insights for creating a more supportive environment for sustainable and socially responsible practices among Nigerian SMEs.

While this study provides valuable insights, it is not without limitations. Its qualitative design and focus on Nigerian SMEs limit the generalizability of the findings. Future research could adopt a comparative approach, examining CSR practices in SMEs across various regions within Nigeria or in other SSA countries to uncover contextual similarities and differences. Such exploration would reveal how cultural nuances, differing regulatory contexts, and economic conditions shape SMEs' CSR efforts. Also, the reliance on semi-structured interviews with SME owners and managers may introduce participant bias, including social desirability bias, where participants could overstate their CSR activities. Despite these limitations, the study makes a unique contribution by demonstrating how Nigerian SMEs, representing a broader set of developing economies, utilize social capital to address CSR challenges. Trust-building and stakeholder engagement are influenced by local cultural norms and informal networks, unlike in developed contexts, where more formal CSR structures prevail. Future work could compare SMEs in developing and developed settings to examine how institutional strength affects trust, stakeholder engagement, and CSR outcomes. Further research may also investigate how bridging social capital expands broader networks and resources, revealing new perspectives on sustainable CSR in resource-constrained environments.

Moreover, the depth of information provided may be limited by the participants' willingness or ability to articulate detailed insights, potentially overlooking some nuanced challenges and strategies related to SMEs' CSR engagement. While the authors took steps to address participant bias and concerns about the depth of information by employing semi-structured interviews, we propose that future research should integrate qualitative findings from interviews with quantitative instruments, such as surveys measuring CSR impact metrics and statistical analyses of CSR engagement levels among Nigerian

SMEs. This mixed-method approach could provide a more comprehensive understanding of the factors influencing CSR practices and the effectiveness of different strategies, thereby enhancing the robustness and generalizability of the research findings. For instance, scholars could quantitatively investigate the level of CSR implementation by asking participants to rate the extent to which their SMEs have implemented CSR practices. This could include questions about specific CSR activities, such as community engagement, environmental sustainability, or ethical governance. Furthermore, this study primarily focuses on challenges and strategies within the Nigerian context. A more expansive examination could explore how global trends, such as the rise of ESG (Environmental, Social, and Governance) considerations, impact CSR practices among Nigerian SMEs.

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Appendix 1 – Interview Questions

1. Can you provide an overview of your company's current engagement in CSR initiatives?
2. How would you describe the current level of awareness and understanding of CSR among Nigerian SMEs?

Theme 1: Challenges in SMEs' CSR Engagement

1. What specific challenges do you encounter in implementing CSR projects?
2. What are the main barriers or obstacles that your company faces when attempting to integrate CSR practices into its business operations?
3. What resource constraints hinder your company from engaging in more extensive CSR?
4. Can you identify any external factors, such as economic conditions or regulatory environment, that impede your firm from actively participating in CSR initiatives?
5. How do your stakeholders respond to your CSR projects, and what impact does it have on your company's motivation to further engage in CSR?
6. How does your company perceive the financial constraints associated with implementing CSR activities, and how does this affect your engagement in such initiatives?
7. Are there any challenges related to the lack of standardised guidelines for CSR intervention?
8. How does the perception of CSR relative to firm profitability affect your CSR engagement?

Theme 2: Strategies for Enhancing SMEs' CSR Engagement

9. From your perspective, what innovative approaches or strategies have your company adopted to overcome identified constraints and improve participation in CSR initiatives?
10. Can you provide examples of how your SME adapts its resources to ensure CSR innovation?
11. How can government policies or incentives be designed to encourage SMEs like your organisation to integrate CSR practices into their business models effectively?
12. Are there successful examples of collaboration or partnerships between your company and larger corporations or NGOs that have positively influenced CSR engagement?
13. Please elaborate on any strategic alliances your company has formed to enhance CSR activities.
14. How does your company align CSR initiatives with your business strategies and objectives?
15. How does your company build and maintain relationships with key stakeholders for CSR?

16. Can you identify any potential benefits or competitive advantages that your company gain by actively engaging in CSR?

Table 1 – Information about Research Participants

Participants	Industry Sector	SME Category	Owner / Manager	Years of Experience	CSR Engagement	Gender
1	Micro-Finance Bank	Medium	Manager	12	Medium	Female
2	Property Sales	Medium	Owner	7	Medium	Male
3	Manufacturing	Small	Manager	11	Low	Male
4	E-Commerce	Medium	Manager	8	Low	Female
5	Textile Production	Small	Owner	12	Medium	Male
6	Metal Fabrication	Micro	Owner	22	High	Male
7	Ceramic Manufacturing	Small	Owner	8	Medium	Female
8	Services	Medium	Owner	16	High	Male
9	Manufacturing	Small	Manager	9	High	Male
10	Food Retailing	Small	Manager	6	Low	Female
11	Software Development	Micro	Owner	12	Medium	Male
12	Manufacturing	Medium	Manager	7	Low	Female
13	Manufacturing	Micro	Owner	8	Low	Male
14	Wine Production	Small	Owner	7	Low	Male
15	Real Estate	Medium	Owner	11	High	Male
16	Food Processing	Small	Manager	11	Medium	Female
17	Manufacturing	Medium	Manager	6	Medium	Female
18	Rubber Production	Medium	Owner	19	High	Male
19	FinTech	Small	Owner	12	High	Female
20	ICT	Micro	Owner	8	Low	Male
21	Software Development	Small	Manager	6	Medium	Female
22	IT Consulting	Small	Owner	15	High	Male
23	Poultry	Micro	Owner	12	Medium	Male
24	Manufacturing	Micro	Owner	11	Medium	Male
25	Fish Farming	Small	Owner	18	High	Male
26	Telecommunications	Medium	Manager	9	Low	Female
27	Real Estate	Medium	Owner	7	Low	Male
28	Confectionary	Small	Owner	8	Low	Male
29	Agriculture	Medium	Owner	26	High	Male
30	Property Development	Medium	Manager	8	Medium	Female
31	Furniture	Small	Manager	12	Medium	Female
32	Livestock Farming	Medium	Manager	5	Low	Male
33	Wealth Management	Small	Owner	14	Medium	Male
34	Real Estate	Small	Owner	16	High	Male

Figure 1 – Key CSR Barriers and Strategies Identified from the Interview Data