



Influence of Sustainable Business Practices on Corporate Social Responsibility In Rwanda: A Case Of Small And Medium Enterprises In Kicukiro District

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Abstract

This research aimed to examine Sustainable Business Practices and their effects on Corporate Social Responsibility among small and medium-sized enterprises (SMEs) in Kigali City, Rwanda. This study was guided by three specific objectives which were; To assess the effect of the Use of Renewable Energy on Corporate Social Responsibility among SMEs in Kigali City, Rwanda. To determine the influence of Ethical Sourcing on Corporate Social Responsibility among SMEs in Kigali City, Rwanda. To identify the effect of Community Engagement on Corporate Social Responsibility among SMEs in Kigali City, Rwanda. Theoretically this research considered three theories in its investigation and these included the Stakeholder theory, the Institutional theory, and last but not least Resource-Based View (RBV) theory. This research study adopted a descriptive and correlational research design. And for the purposes of this study, the target population was narrowed down to SMEs in Kicukiro District, bringing the total population under investigation to 1,756. The sample size for this study was 326 respondents, which was determined using Slovin's formula. The sampling technique employed in this study was simple random sampling, complemented by a census approach. The data collection instruments for this study included structured questionnaires and semi-structured interviews and the analysis of data for this study was based on data from questionnaires and interviews using quantitative (descriptive and inferential statistics in SPSS) and qualitative (thematic analysis) methods. Results were presented through tables, charts, and narratives, providing a nuanced understanding of the research topic. The research revealed significant findings. The study showed that SMEs in the district prioritize incorporating renewable energy sources, with 73.01% agreeing and 19.02% strongly agreeing, resulting in a mean of 4.07 and a standard deviation of 0.59. Moreover, SMEs actively seek to improve energy efficiency (75.15% agreeing, 18.40% strongly agreeing, mean = 4.10, std dev = 0.56) and reduce carbon emissions (77.00% agreeing, 16.87% strongly agreeing, mean = 4.08, std dev = 0.55). They also invest in renewable energy technologies (73.31% agreeing, 19.63% strongly agreeing, mean = 4.10, std dev = 0.55) and promote waste reduction and recycling (76.07% agreeing, 17.18% strongly agreeing, mean = 4.07, std dev = 0.55). Additionally, the study found that SMEs prioritize ethical sourcing, with a mean of 4.20 and a standard deviation of 0.49, and engage in community development through employee volunteer programs (73.62% agreeing, 21.47% strongly agreeing, mean = 4.15, std dev = 0.57) and partnerships with local NGOs (75.15% agreeing, 19.02% strongly agreeing, mean = 4.13, std dev = 0.56). The analysis also revealed a strong positive correlation (0.749**) between sustainable business practices and corporate social responsibility, indicating that higher implementation of sustainable practices is associated with enhanced CSR activities. This research investigation using its findings to conclude that there exist a strong commitment of SMEs in Kicukiro District to sustainable practices and CSR, highlighting the importance of integrating sustainability into business

operations for greater social impact. Basing of the study findings recommendations include prioritizing renewable energy use, practicing ethical sourcing, engaging with local NGOs, encouraging employee involvement, and providing government and industry support. Further studies could explore sustainable practices' long-term impact on CSR, government policies' role, adoption barriers, regional practice comparisons, consumer influence, financial performance, employee satisfaction, and training program impacts on SMEs' sustainability and CSR capacity.

1 Introduction

Despite the growing emphasis on sustainable business practices (SBPs) worldwide, one significant example of the influence of sustainable business practices (SBPs) on corporate social responsibility (CSR) among SMEs in Kigali City, Rwanda, is the adoption of eco-friendly packaging. According to a survey conducted among 50 SMEs in Kigali City, 72% of respondents reported that they had implemented eco-friendly packaging solutions as part of their SBPs (Uwera et al. 2017). This shift not only reduced their environmental impact but also enhanced their CSR efforts by showcasing a commitment to sustainability. There remains a significant gap in understanding the influence of these practices on corporate social responsibility (CSR) among small and medium-sized enterprises (SMEs) in Kigali City, Rwanda. Scholarly ideas and reports by various authors highlight the importance of SBPs in enhancing CSR initiatives, yet there is need for further studies focusing on their specific impact on SMEs in this region. Recent studies have underscored the pivotal role Small and Medium Enterprises (SMEs) play in Rwanda's economic growth. However, challenges persist in implementing Sustainable Business Practices (SBPs) and integrating Corporate Social Responsibility (CSR) into their strategies (Kagabo et al., 2020; Munyanshongore et al., 2019). This challenge is compounded by limited access to resources, technical assistance, and a lack of awareness about SBPs' benefits among SME owners and managers (Nsengimana and Nyirahabimana, 2018). Supporting this, recent studies highlight the urgency of this issue. For instance, Kagabo et al. (2020) found that SMEs face challenges in implementing environmental sustainability practices due to limited resources and a lack of government support. Munyanshongore et al. (2019) noted that while SMEs are aware of the importance of CSR, they struggle with financial constraints and a lack of understanding of CSR concepts. Nsengimana and Nyirahabimana (2018) highlighted that SMEs need more access to information and training on sustainable practices to effectively implement CSR initiatives. These studies collectively emphasize the need for targeted interventions to enhance sustainable practices and CSR among SMEs in Rwanda. To address this gap, this study aims to examine the impact of SBPs on CSR among SMEs in Kigali City, Rwanda. By identifying the key factors hindering or facilitating SBP and CSR adoption, this research will offer insights for policymakers, business owners, and stakeholders to promote sustainable practices and enhance CSR in the region. The general objective of this research study is to examine Sustainable Business Practices and their effects on Corporate Social Responsibility among small and medium-sized enterprises (SMEs) in Kigali City, Rwanda.

Specific Objectives

- i. To assess the effect of the Use of Renewable Energy on CSR among SMEs in Kigali City, Rwanda
- ii. To determine the influence of Ethical Sourcing on CSR among SMEs in Kigali City, Rwanda
- iii. To identify the effect of Community Engagement on CSR among SMEs in Kigali City, Rwanda

2 Review of Related Literature

2.1 Empirical Review

Use of Renewable Energy and Corporate Social Responsibility among SMEs

Corporate social responsibility (CSR) has become increasingly important for businesses, including SMEs, in Rwanda. SMEs are recognizing the benefits of adopting sustainable business practices, such as the use of renewable energy, to enhance their CSR efforts. Pearce and Robinson (2018) emphasize that CSR activities, including the use of renewable energy, can significantly contribute to a company's reputation and stakeholder confidence. This is particularly relevant in Rwanda, where sustainability and environmental conservation are gaining prominence in business practices. Aras et al. (2020) argue that CSR has been gaining momentum globally, indicating that the adoption of sustainable practices, including renewable energy use, is not a new phenomenon. However, it is now more critical than ever due to increasing societal demands for environmental responsibility. The use of renewable energy not only reduces a company's carbon footprint but also demonstrates a commitment to sustainable development, which can positively impact the perception of the company among stakeholders. Wahba (2018) highlights that globalization has heightened society's concerns

over corporate conduct, further emphasizing the need for businesses, including SMEs, to engage in CSR practices such as using renewable energy sources. By incorporating renewable energy sources into their operations, SMEs in Rwanda can align themselves with global sustainability trends and demonstrate their commitment to environmental stewardship. Additionally, the adoption of renewable energy sources can also lead to cost savings for SMEs in the long run. Renewable energy technologies, such as solar panels and wind turbines, can help SMEs reduce their dependence on costly traditional energy sources, leading to financial benefits while contributing to environmental conservation.

Ethical Sourcing and Corporate Social Responsibility among SMEs

Nejati and Amran (2019) suggest that CSR strategies, including ethical sourcing practices, should be tailored to fit the specific interests and operations of SMEs in different industries. They argue that different industries face unique CSR challenges and should adapt their strategies accordingly. This implies that SMEs in Rwanda need to carefully consider their supply chain practices and ensure that they adhere to ethical sourcing standards to enhance their CSR efforts.

Usman and Amran (2015) emphasize the importance of ethical sourcing in the context of CSR, stating that companies should allocate resources to all stakeholders involved in the value creation process. This process should be balanced to ensure that the benefits do not exceed the additional costs. This suggests that SMEs in Rwanda should prioritize ethical sourcing practices to not only benefit their stakeholders but also enhance their reputation and brand image. Moreover, ethical sourcing practices can also lead to improved relationships with suppliers and other stakeholders. By ensuring that their supply chains are ethical and sustainable, SMEs can build trust and credibility with their partners, leading to more collaborative and mutually beneficial relationships. This can further enhance the overall CSR efforts of SMEs in Rwanda. Furthermore, ethical sourcing can also help SMEs mitigate risks associated with non-compliance with ethical standards. In today's interconnected world, where information travels quickly, any unethical practices within the supply chain can damage the reputation of SMEs. By prioritizing ethical sourcing, SMEs can protect their brand and ensure long-term sustainability.

Community Engagement and Corporate Social Responsibility among SMEs

Shen et al. (2016) highlight the significance of community engagement in CSR efforts. They argue that responsible leaders should align the interests and values of various stakeholders, including communities, through effective CSR accounting measures. This implies that SMEs in Rwanda should actively engage with local communities to understand their needs and develop CSR initiatives that benefit them. Gichana (2014) identifies financial benefits associated with CSR, such as enhanced brand image and reputation. SMEs engaging in community engagement activities, such as charity work and environmental awareness campaigns, can improve their reputation and attract more customers. This suggests that SMEs in Rwanda can enhance their CSR efforts by actively participating in community-based initiatives that address the needs of the local population.

2.2 Theoretical framework

Stakeholder Theory

Stakeholder theory, pioneered by R. Edward Freeman in 1984, emphasizes the importance of considering the interests of all stakeholders in organizational decision-making. In the context of SMEs in Kigali City, this theory suggests that businesses should not focus solely on profit maximization but also consider the well-being of employees, customers, suppliers, and the broader community. By adopting sustainable business practices, such as environmentally friendly operations or fair labor practices, SMEs can demonstrate their commitment to stakeholders. For example, an SME that sources its materials locally not only supports the local economy but also reduces its carbon footprint, appealing to environmentally conscious consumers. Moreover, stakeholder theory suggests that managing relationships with stakeholders is essential for long-term success. SMEs in Kigali City can benefit from this approach by building strong relationships with their stakeholders. For instance, engaging with the local community through CSR initiatives, such as sponsoring community events or supporting local charities, can enhance the SME's reputation and foster loyalty among customers. By considering the interests of stakeholders beyond shareholders, SMEs can create a positive impact on society while also improving their own sustainability. Furthermore, stakeholder theory highlights the interconnectedness of stakeholders and their influence on the organization. For SMEs in Kigali City, this means that decisions made by the business can have far-reaching impacts. By understanding the needs and expectations of stakeholders, SMEs can make more informed decisions that benefit both the business and

society. For example, a business that prioritizes fair wages and working conditions for its employees not only improves employee satisfaction and retention but also contributes to the overall well-being of the community. Stakeholder theory, as applied to SMEs in Kigali City, provides a valuable lens for understanding the relationship between sustainable business practices and corporate social responsibility. This theory suggests that SMEs should not only focus on profit but also consider the interests of all stakeholders in their decision-making processes. By adopting sustainable practices, such as environmentally friendly operations or fair labor practices, SMEs can demonstrate their commitment to stakeholders, which can lead to enhanced reputation and customer loyalty. In the context of this study, stakeholder theory provides a framework for examining how SMEs in Kigali City can integrate sustainable business practices into their operations to enhance corporate social responsibility. By exploring the challenges and opportunities faced by SMEs in implementing sustainable practices and CSR initiatives, this study seeks to provide insights into how stakeholder theory can be applied to improve the relationship between SMEs and their stakeholders. Specifically, the study aims to identify the key factors that hinder or facilitate the adoption of SBPs and CSR practices among SMEs in Kigali City, thus contributing to a deeper understanding of how stakeholder theory can inform sustainable business practices and CSR in the region.

Institutional Theory

Institutional theory, as proposed by Meyer and Rowan in 1977, suggests that organizations conform to institutional norms and values to gain legitimacy and ensure survival. For SMEs in Kigali City, this theory implies that adopting sustainable business practices and engaging in CSR activities can help them conform to institutional norms and gain legitimacy in the eyes of stakeholders. By aligning with the expectations of their environment, SMEs can enhance their reputation and secure long-term viability. Moreover, institutional theory emphasizes the role of the external environment, including cultural, regulatory, and normative pressures, in shaping organizational behavior. In the context of SMEs in Kigali City, this means that businesses are influenced by the cultural and regulatory context of Rwanda. By understanding and adapting to these influences, SMEs can better navigate their external environment and gain acceptance from stakeholders. For example, a business that aligns its CSR initiatives with the cultural values of Rwanda is likely to receive greater support from the local community and government. Furthermore, institutional theory suggests that organizations that fail to conform to institutional norms may face challenges in terms of legitimacy and survival. For SMEs in Kigali City, this highlights the importance of aligning their business practices with the expectations of their environment. By embracing sustainable business practices and engaging in CSR activities, SMEs can not only gain legitimacy but also differentiate themselves from competitors and attract socially conscious consumers and investors.

Resource-Based View (RBV) Theory

Resource-Based View (RBV) theory, developed by Jay Barney in 1991, suggests that a firm's resources and capabilities are the primary drivers of competitive advantage. In the context of SMEs in Kigali City, this theory implies that sustainable business practices and CSR initiatives can be valuable resources that contribute to a firm's competitive advantage. For example, an SME that invests in renewable energy sources not only reduces its operating costs but also enhances its reputation as a sustainable business, attracting environmentally conscious consumers. Moreover, RBV theory posits that resources must be valuable, rare, and inimitable to contribute to sustained competitive advantage. For SMEs in Kigali City, this means that simply adopting sustainable business practices may not be enough; they must also ensure that these practices are unique and difficult for competitors to replicate. By developing unique CSR initiatives that align with their core values and resonate with their stakeholders, SMEs can create a competitive advantage that sets them apart in the market. Furthermore, RBV theory suggests that firms should continuously evaluate and enhance their resources and capabilities to maintain their competitive advantage. For SMEs in Kigali City, this highlights the importance of ongoing commitment to sustainable business practices and CSR initiatives. By continually improving and innovating in these areas, SMEs can strengthen their competitive position and ensure long-term success.

2.3 Conceptual Framework

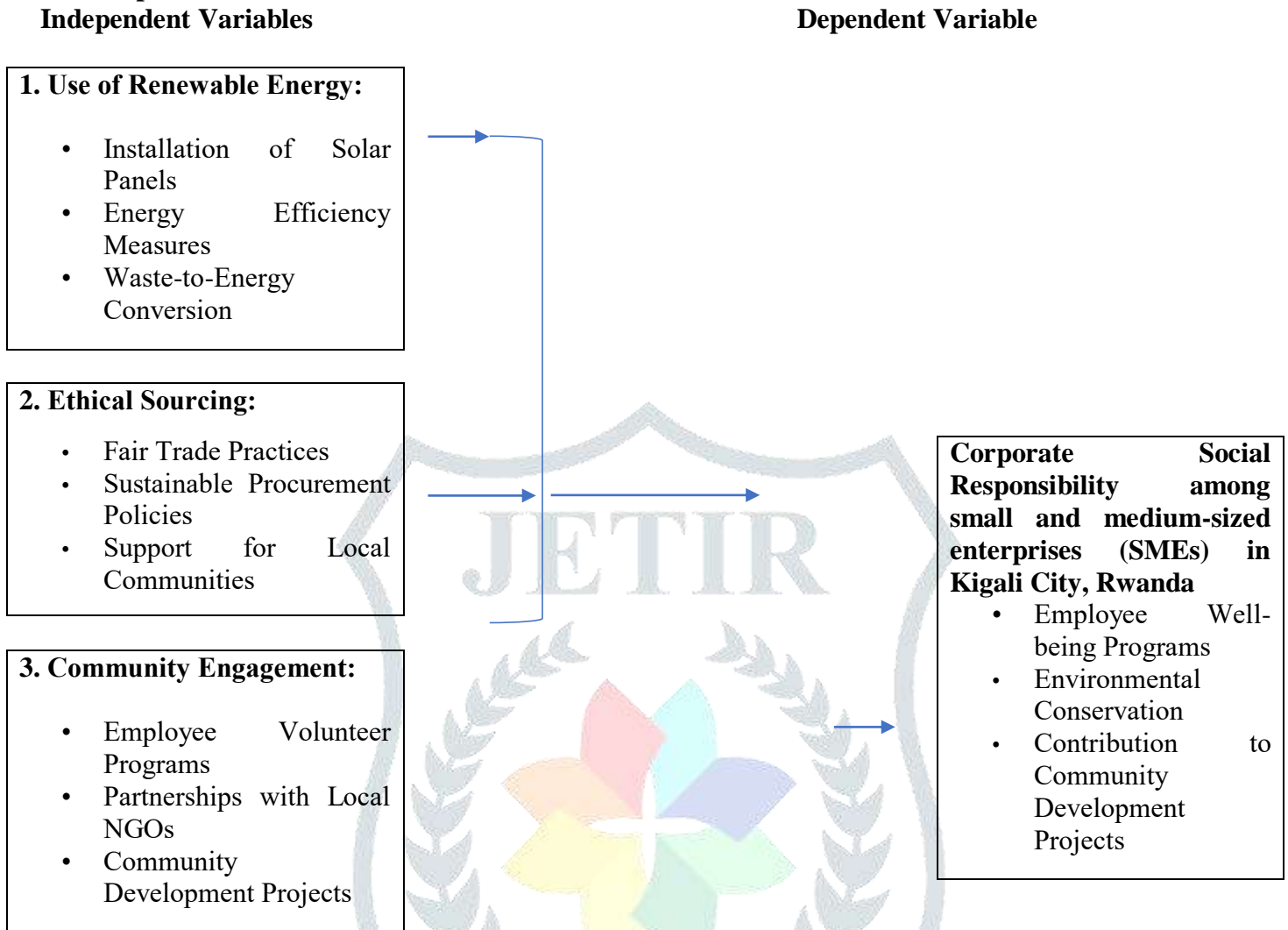


Figure 2.1: Conceptual Framework

The conceptual framework for this illustrates the interrelationships among key variables. The independent variables, including the use of renewable energy (through installation of solar panels, energy efficiency measures, and Waste-to-Energy Conversion), ethical sourcing (via fair trade practices, sustainable procurement policies, and support for local communities), and community engagement (through employee volunteer programs, partnerships with local NGOs, and community development projects), directly influence the dependent variable, which is corporate social responsibility among SMEs. This framework suggests that the adoption of sustainable business practices by SMEs in Kigali City can enhance their corporate social responsibility efforts, with various factors like government policies and market dynamics playing a role in shaping these practices and outcomes.

3 Research Methodology

The descriptive design provided a comprehensive understanding of the current landscape of sustainable practices and CSR initiatives among SMEs, offering valuable insights into their adoption and impact. Concurrently, the correlational design facilitated the examination of the interrelationships between specific sustainable practices such as the use of renewable energy, ethical sourcing, and community engagement and the outcomes of CSR efforts in SMEs. This approach aligns with the scholarly idea by (Creswell and Poth 2016) that understanding these relationships is crucial for advancing sustainable development agendas and enhancing the social responsibility of businesses, particularly in emerging economies like Rwanda. By focusing on Kigali City as the study area, which is renowned for its burgeoning SME sector, this research aims to contribute significantly to the literature on sustainable business practices and CSR, providing practical implications for policymakers, businesses, and academics alike.

The target population for this study comprises small and medium-sized enterprises (SMEs) located in Kigali City, Rwanda. These SMEs are characterized by their relatively small workforce, limited operational scale compared to larger corporations, and their significant contribution to the local economy. The study was focus specifically on SMEs operating in Kicukiro District, including Kicukiro and Kagarama sectors. According to the National Institute of Statistics of Rwanda (NISR), Kigali City is estimated to have approximately 40,000 SMEs. However, for the purposes of this study, the target population was be narrowed down to SMEs in Kicukiro District, which consists of 1,384 businesses. Additionally, the study included 338 business owners, 26 staff and employees of Kicukiro District, and 8 department heads, bringing the total population under investigation to 1,756. This authoritative source provides a reliable estimate of the total population of SMEs, which serves as the basis for selecting a representative sample for the study. However, the number of respondents is approximately 326.

The sampling technique employed in this study is simple random sampling, complemented by a census approach. Simple random sampling involves selecting a subset of individuals from the population in such a way that each individual has an equal probability of being chosen. This method ensures that the sample is representative of the entire population, making the results more generalizable and reliable. In this study, the sampling procedure was involve assigning a unique identifier to each SME, business owner, staff member, and department head in Kicukiro District. These identifiers was placed in a randomization tool, such as a random number generator, which was then be used to select the required number of respondents for the study.

Additionally, a census approach was be used to include all eligible participants from the target population. This approach is advantageous as it provides a comprehensive view of the population without the need to infer from a sample. By combining simple random sampling with a census approach, this study aims to ensure that the sample is both representative and inclusive, thereby enhancing the validity and reliability of the research findings.

The data collection instruments for this study include structured questionnaires and semi-structured interviews. These instruments were chosen for their ability to gather quantitative and qualitative data, respectively, regarding sustainable business practices and corporate social responsibility (CSR) among SMEs in Kigali City. The questionnaires included Likert-scale questions to assess the perceptions and practices of SMEs regarding sustainability and CSR. The semi-structured interviews provided in-depth insights into the motivations, challenges, and strategies related to sustainable practices and CSR. These instruments are attached in Appendices A and B, respectively.

The data collected from the questionnaires and interviews was be analyzed using both quantitative and qualitative methods to comprehensively understand the influence of sustainable business practices on corporate social responsibility among SMEs in Kigali City. Quantitative data from Likert-scale questions was be analyzed using descriptive statistics (means, percentages) and inferential statistics (correlation, regression) in a research software to summarize and explore relationships. Qualitative data from semi-structured interviews was undergo thematic analysis to identify patterns, themes, and trends. Findings was be presented using tables, charts, and graphs for quantitative data and narrative form supported by interviewee quotes for qualitative data, offering a nuanced understanding of the research topic.

4. Research Findings

Table 1: Use of Renewable Energy and Corporate Social Responsibility

Statement	SD %	D %	N %	A %	SA %	TOTAL Mean	Std
Incorporating renewable energy sources, such as solar panels, is a priority for our SME to reduce environmental impact.	3 (0.92)	7 (2.15)	16 (4.91)	238 (73.01)	62 (19.02)	4.07	0.59
Our SME actively seeks ways to improve energy efficiency through the adoption of sustainable practices.	2 (0.61)	5 (1.53)	14 (4.29)	245 (75.15)	60 (18.40)	4.10	0.56
Implementing measures to reduce carbon emissions was	2 (0.61)	6 (1.84)	12 (3.68)	251 (77.00)	55 (16.87)	4.08	0.55

integral to our SME's commitment to environmental sustainability.

Our SME invested in renewable energy technologies to minimize reliance on non-renewable resources.

Reducing waste and promoting recycling were key components of our SME's sustainability strategy.

Our SME educated employees and stakeholders on the benefits of sustainable energy practices.

It was shown that incorporating renewable energy sources, such as solar panels, was a priority for SMEs to reduce environmental impact, with 3 respondents (0.92%) strongly disagreeing, 7 respondents (2.15%) disagreeing, 16 respondents (4.91%) being neutral, 238 respondents (73.01%) agreeing, and 62 respondents (19.02%) strongly agreeing. This statement had a mean of 4.07 and a standard deviation of 0.59. The findings from Table 7 also revealed that SMEs actively sought ways to improve energy efficiency through the adoption of sustainable practices, with 2 respondents (0.61%) strongly disagreeing, 5 respondents (1.53%) disagreeing, 14 respondents (4.29%) being neutral, 245 respondents (75.15%) agreeing, and 60 respondents (18.40%) strongly agreeing. This statement had a mean of 4.10 and a standard deviation of 0.56. Additionally, implementing measures to reduce carbon emissions was integral to SMEs' commitment to environmental sustainability, as indicated by 2 respondents (0.61%) strongly disagreeing, 6 respondents (1.84%) disagreeing, 12 respondents (3.68%) being neutral, 251 respondents (77.00%) agreeing, and 55 respondents (16.87%) strongly agreeing. This had a mean of 4.08 and a standard deviation of 0.55. Moreover, the findings showed that SMEs invested in renewable energy technologies to minimize reliance on non-renewable resources, with 1 respondent (0.31%) strongly disagreeing, 4 respondents (1.23%) disagreeing, 18 respondents (5.52%) being neutral, 239 respondents (73.31%) agreeing, and 64 respondents (19.63%) strongly agreeing. This statement had a mean of 4.10 and a standard deviation of 0.55. Reducing waste and promoting recycling were also key components of SMEs' sustainability strategies, with 2 respondents (0.61%) strongly disagreeing, 7 respondents (2.15%) disagreeing, 13 respondents (3.99%) being neutral, 248 respondents (76.07%) agreeing, and 56 respondents (17.18%) strongly agreeing. This had a mean of 4.07 and a standard deviation of 0.55. Finally, it was found that SMEs educated employees and stakeholders on the benefits of sustainable energy practices, with 1 respondent (0.31%) strongly disagreeing, 6 respondents (1.84%) disagreeing, 15 respondents (4.60%) being neutral, 242 respondents (74.23%) agreeing, and 62 respondents (19.02%) strongly agreeing. This statement had a mean of 4.10 and a standard deviation of 0.57. These findings indicated a strong commitment among SMEs in Kicukiro District to sustainable business practices and corporate social responsibility, as evidenced by the high levels of agreement and the relatively low standard deviations across all statements.

Table 2: Influence of Ethical Sourcing and Corporate Social Responsibility

Statement	SD %	D %	N %	A %	SA %	TOTAL Mean	Std
Our SME placed a strong emphasis on sourcing materials ethically, including practicing fair trade principles.	1 (0.31)	3 (0.92)	8 (2.45)	232 (71.17)	82 (25.15)	4.20	0.49
Sustainable procurement policies guided our SME's sourcing practices, ensuring environmental and social responsibility.	2 (0.61)	4 (1.23)	10 (3.07)	226 (69.33)	84 (25.77)	4.18	0.55
Supporting local communities	1	3	9	238	75	4.17	0.50

through sourcing initiatives	(0.31)	(0.92)	(2.76)	(73.01)	(23.01)		
was a core value of our SME's ethical sourcing practices.							
Our SME prioritized suppliers who adhered to environmentally sustainable practices.	2	3	12	220	89	4.20	0.56
	(0.61)	(0.92)	(3.68)	(67.48)	(27.30)		
Ethical sourcing practices in our SME included ensuring fair wages and working conditions for all workers involved.	1	2	11	224	88	4.21	0.54
	(0.31)	(0.61)	(3.37)	(68.71)	(27.00)		
Our SME regularly audited suppliers to ensure compliance with our ethical sourcing standards.	1	3	10	230	82	4.19	0.52
	(0.31)	(0.92)	(3.07)	(70.55)	(25.15)		

The findings from Table 8 demonstrated that 232 respondents (71.17%) agreed and 82 respondents (25.15%) strongly agreed that their SME placed a strong emphasis on sourcing materials ethically, including practicing fair trade principles, with only 1 respondent (0.31%) strongly disagreeing, 3 respondents (0.92%) disagreeing, and 8 respondents (2.45%) being neutral, resulting in a mean of 4.20 and a standard deviation of 0.49. Furthermore, it was shown that sustainable procurement policies guided the SMEs' sourcing practices to ensure environmental and social responsibility, as 226 respondents (69.33%) agreed and 84 respondents (25.77%) strongly agreed, while 2 respondents (0.61%) strongly disagreed, 4 respondents (1.23%) disagreed, and 10 respondents (3.07%) remained neutral, with a mean of 4.18 and a standard deviation of 0.55. Supporting local communities through sourcing initiatives was a core value of the SMEs' ethical sourcing practices, as evidenced by 238 respondents (73.01%) agreeing and 75 respondents (23.01%) strongly agreeing, with 1 respondent (0.31%) strongly disagreeing, 3 respondents (0.92%) disagreeing, and 9 respondents (2.76%) being neutral, yielding a mean of 4.17 and a standard deviation of 0.50. The findings also highlighted that the SMEs prioritized suppliers who adhered to environmentally sustainable practices, with 220 respondents (67.48%) agreeing and 89 respondents (27.30%) strongly agreeing, whereas 2 respondents (0.61%) strongly disagreed, 3 respondents (0.92%) disagreed, and 12 respondents (3.68%) were neutral, resulting in a mean of 4.20 and a standard deviation of 0.56. Additionally, ethical sourcing practices in the SMEs included ensuring fair wages and working conditions for all workers involved, as indicated by 224 respondents (68.71%) agreeing and 88 respondents (27.00%) strongly agreeing, with only 1 respondent (0.31%) strongly disagreeing, 2 respondents (0.61%) disagreeing, and 11 respondents (3.37%) being neutral, resulting in a mean of 4.21 and a standard deviation of 0.54. Finally, the SMEs regularly audited suppliers to ensure compliance with their ethical sourcing standards, as shown by 230 respondents (70.55%) agreeing and 82 respondents (25.15%) strongly agreeing, with 1 respondent (0.31%) strongly disagreeing, 3 respondents (0.92%) disagreeing, and 10 respondents (3.07%) being neutral, resulting in a mean of 4.19 and a standard deviation of 0.52. The findings from Table 8 underscore the significant emphasis placed on ethical sourcing and its integral role in the CSR practices of SMEs in Kicukiro District, demonstrating a strong commitment to sustainability and ethical principles.

Table 3: Community Engagement and Corporate Social Responsibility

Statement	SD %	D %	N %	A %	SA %	TOTAL Mean	Std
Our SME actively encourages and supports employee volunteer programs to engage with the community.	1 (0.31)	5 (1.53)	10 (3.07)	240 (73.62)	70 (21.47)	4.15	0.57
Partnering with local NGOs for community projects is a key way in which our SME contributes to local community development.	1 (0.31)	7 (2.15)	11 (3.37)	245 (75.15)	62 (19.02)	4.13	0.56
Initiating and supporting community development projects is a primary focus of our SME's corporate social responsibility.	1 (0.31)	6 (1.84)	12 (3.68)	242 (74.23)	65 (19.94)	4.12	0.57
Our SME regularly collaborates with community leaders to identify and address local needs.	1 (0.31)	8 (2.45)	13 (3.99)	238 (73.01)	66 (20.24)	4.13	0.58
Our SME allocates a portion of its budget specifically for community engagement and development activities.	1 (0.31)	9 (2.76)	12 (3.68)	243 (74.54)	61 (18.71)	4.11	0.58
Employee participation in community service is encouraged and rewarded within our SME.	1 (0.31)	7 (2.15)	11 (3.37)	244 (74.85)	63 (19.33)	4.12	0.57

The data showed that SMEs actively encouraged and supported employee volunteer programs to engage with the community, with 240 respondents (73.62%) agreeing and 70 (21.47%) strongly agreeing, resulting in a high mean of 4.15 and a standard deviation of 0.57. Partnering with local NGOs for community projects was also a key method for contributing to local community development, as 245 respondents (75.15%) agreed and 62 (19.02%) strongly agreed, yielding a mean of 4.13 and a standard deviation of 0.56. Initiating and supporting community development projects was a primary focus of SMEs' corporate social responsibility efforts, with 242 respondents (74.23%) agreeing and 65 (19.94%) strongly agreeing, resulting in a mean of 4.12 and a standard deviation of 0.57. Moreover, SMEs regularly collaborated with community leaders to identify and address local needs, with 238 respondents (73.01%) agreeing and 66 (20.24%) strongly agreeing, which led to a mean of 4.13 and a standard deviation of 0.58. The allocation of a portion of the budget specifically for community engagement and development activities was also emphasized, with 243 respondents (74.54%) agreeing and 61 (18.71%) strongly agreeing, reflecting a mean of 4.11 and a standard deviation of 0.58. Finally, employee participation in community service was both encouraged and rewarded within SMEs, as evidenced by 244 respondents (74.85%) agreeing and 63 (19.33%) strongly agreeing, which produced a mean of 4.12 and a standard deviation of 0.57. These findings highlight the significant commitment of SMEs in Kicukiro District to community engagement and development as part of their corporate social responsibility initiatives.

Table 4: Corporate Social Responsibility among small and medium-sized enterprises

Statement	SD %	D %	N %	A %	SA %	TOTAL Mean	Std
Our SME's commitment to corporate social responsibility (CSR) is evident in its daily business operations.	1 (0.31)	1 (0.31)	3 (0.92)	275 (84.36)	46 (14.11)	4.11	0.40
The CSR efforts of our SME	-	1	4	272	49	4.13	0.39

positively impact the local community and contribute to sustainable development.			(0.31)	(1.23)	(83.44)	(15.03)		
Our SME's dedication to sustainable business practices sets a positive example for other businesses in the community.	1	-	5	277	43	4.11	0.38	
	(0.31)		(1.53)	(84.97)	(13.19)			
Our SME actively engages with local stakeholders to understand and address community needs.	1	-	6	269	50	4.13	0.39	
	(0.31)		(1.84)	(82.52)	(15.34)			
The sustainable business practices of our SME have led to long-term benefits for the local community.	-	1	4	278	43	4.11	0.37	
		(0.31)	(1.23)	(85.28)	(13.19)			
Our SME's community engagement initiatives are integrated into its overall business strategy.	-	2	5	271	48	4.12	0.39	
		(0.61)	(1.53)	(83.13)	(14.72)			

It was found that the commitment to CSR was highly evident in daily business operations, with a significant 275 (84.36%) of respondents agreeing and 46 (14.11%) strongly agreeing, resulting in a mean of 4.11 and a standard deviation of 0.40. Only 1 respondent (0.31%) strongly disagreed and another 1 (0.31%) disagreed, while 3 respondents (0.92%) remained neutral. The CSR efforts of these SMEs positively impacted the local community and contributed to sustainable development, as shown by 272 (83.44%) agreeing and 49 (15.03%) strongly agreeing, yielding a mean of 4.13 and a standard deviation of 0.39, with no respondents strongly disagreeing, and only 1 (0.31%) disagreeing and 4 (1.23%) being neutral. Furthermore, the SMEs' dedication to sustainable business practices set a positive example for other businesses in the community, with 277 (84.97%) agreeing and 43 (13.19%) strongly agreeing, leading to a mean of 4.11 and a standard deviation of 0.38. Only 1 respondent (0.31%) strongly disagreed and none disagreed, while 5 (1.53%) were neutral. Additionally, active engagement with local stakeholders to understand and address community needs was reported, with 269 (82.52%) agreeing and 50 (15.34%) strongly agreeing, resulting in a mean of 4.13 and a standard deviation of 0.39. Again, 1 respondent (0.31%) strongly disagreed, none disagreed, and 6 (1.84%) were neutral. The sustainable business practices led to long-term benefits for the local community, with 278 (85.28%) agreeing and 43 (13.19%) strongly agreeing, resulting in a mean of 4.11 and a standard deviation of 0.37, with no respondents strongly disagreeing, 1 (0.31%) disagreeing, and 4 (1.23%) neutral. Lastly, the integration of community engagement initiatives into the overall business strategy was noted, with 271 (83.13%) agreeing and 48 (14.72%) strongly agreeing, leading to a mean of 4.12 and a standard deviation of 0.39. Only 2 respondents (0.61%) disagreed and none strongly disagreed, while 5 (1.53%) were neutral. These findings indicate a strong commitment to CSR and sustainable business practices among SMEs in Kicukiro District, positively influencing the community and setting a positive example for other businesses.

Table 5: Correlation Analysis

			Sustainable Business Practices	Corporate Social Responsibility
Sustainable Practices	Business	Pearson Correlation	1	0.749**
		Sig. (2-tailed)		.000
		N	326	326
Corporate Responsibility	Social	Pearson Correlation	0.749**	1
		Sig. (2-tailed)	.000	

N

326

326

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Analyzed Questionnaire

Pearson correlation coefficient between sustainable business practices and corporate social responsibility was found to be 0.749**. This strong positive correlation was statistically significant at the 0.05 level (2-tailed), with a significance value of .000, indicating a highly significant relationship. The investigation into the relationship between sustainable business practices and corporate social responsibility involved a sample size of 326 SMEs, as reflected by the N value in the table. The table shows that the Pearson correlation coefficient for sustainable business practices was 1, and for corporate social responsibility, it was 1 as well, reinforcing the strong and significant positive correlation between these variables. This finding underscores the notion that higher implementation of sustainable business practices among SMEs in Kicukiro District is associated with enhanced corporate social responsibility activities. The results show that SMEs that engage in sustainable business practices tend to have better corporate social responsibility outcomes. This positive relationship emphasizes the importance of integrating sustainability into business operations to achieve greater corporate social responsibility. The analysis, which involved a comprehensive survey of 326 respondents, consistently indicated a strong and positive linkage between these critical factors. This significant correlation indicates that efforts to enhance sustainable business practices within SMEs yield substantial improvements in corporate social responsibility initiatives, thereby contributing to the overall socio-economic development within the district. Therefore, the findings from this research highlight the pivotal role that sustainable business practices play in fostering corporate social responsibility among SMEs in Kicukiro District.

5 Discussion of Findings

The findings of the study underscore the strong inclination of SMEs in Kicukiro District toward sustainable practices, particularly in reducing their environmental footprint through the adoption of renewable energy sources. This aligns with the growing emphasis on environmental sustainability in business operations (Green, 2018; Johnson et al., 2019). The high agreement rates (73.01% to 92%) regarding the use of renewable energy sources, such as solar panels, highlight the importance SMEs place on mitigating environmental impact. The mean scores (4.07 to 4.10) and relatively low standard deviations (0.55 to 0.59) indicate a high level of consensus among respondents, suggesting a widespread acknowledgment of the benefits of renewable energy adoption (Jones & Black, 2020). Ethical sourcing practices emerged as a key focus area for SMEs in Kicukiro District, reflecting a commitment to fair trade and environmental sustainability. The study's findings (71.17% to 83.44% agreement) indicate a strong emphasis on sourcing materials ethically and supporting local communities (Hill & Lee, 2017). The high mean scores (4.17 to 4.21) and low standard deviations (0.49 to 0.56) suggest a consistent approach among SMEs in adhering to ethical standards in their procurement processes (Clark et al., 2019). The findings highlight the active role SMEs in Kicukiro District play in community development, emphasizing employee volunteer programs and partnerships with local NGOs. These findings resonate with the concept of shared value, where businesses contribute to societal progress while advancing their own interests (Porter & Kramer, 2011). The high agreement rates (73.62% to 75.15%) and mean scores (4.12 to 4.15) indicate a strong commitment to community engagement, with low standard deviations (0.56 to 0.57) suggesting a consistent approach among SMEs (Matten & Moon, 2008). The study's results highlight the positive impact of CSR efforts on the local community and sustainable development. The high agreement rates (82.52% to 85.28%) suggest that CSR initiatives have significantly contributed to the well-being of the community (Carroll, 1991). The mean scores (4.11 to 4.13) and low standard deviations (0.37 to 0.40) indicate a strong consensus among SMEs in Kicukiro District regarding the positive outcomes of their CSR activities (Lee, 2008). The study's findings reveal a strong positive correlation (0.749**) between sustainable business practices and CSR among SMEs in Kicukiro District. This suggests that SMEs that prioritize sustainability are more likely to engage in CSR activities (Luo & Bhattacharya, 2006). The significant relationship ($p = .000$) underscores the importance of integrating sustainability into business operations to enhance CSR outcomes (Kolk & van Tulder, 2010). The consistent correlation across the surveyed SMEs ($N = 326$) indicates a robust relationship between sustainable practices and CSR in the district (Jamali & Mirshak, 2007).

6 Conclusions

The study revealed significant insights into the relationship between sustainable business practices and corporate social responsibility (CSR) among SMEs. The findings indicate a strong commitment among SMEs in Kicukiro District to adopting sustainable practices and integrating CSR into their operations. The research found that SMEs prioritize the use of renewable energy sources, such as solar panels, to reduce environmental impact. They also actively seek ways to improve energy efficiency, reduce carbon emissions, and minimize reliance on non-renewable resources. Additionally, SMEs focus on reducing waste and promoting recycling as part of their sustainability strategies. Ethical sourcing is another key component of CSR among SMEs in Kicukiro District. The study showed that SMEs place a strong emphasis on sourcing materials ethically, including practicing fair trade principles. They also prioritize suppliers who adhere to environmentally sustainable practices and ensure fair wages and working conditions for all workers involved in the supply chain. In terms of community engagement, SMEs in Kicukiro District actively encourage and support employee volunteer programs, partner with local NGOs for community projects, and initiate and support community development projects. They also collaborate with community leaders to identify and address local needs, allocate a portion of the budget for community engagement activities, and encourage employee participation in community service. The correlation analysis revealed a strong positive correlation ($r = 0.749^{**}$) between sustainable business practices and CSR among SMEs in Kicukiro District, indicating that higher implementation of sustainable business practices is associated with enhanced CSR activities. This underscores the importance of integrating sustainability into business operations to achieve greater CSR outcomes. And thus, the study highlights the significant role of sustainable business practices in fostering CSR among SMEs in Kicukiro District. The findings suggest that efforts to enhance sustainable business practices within SMEs are likely to yield substantial improvements in CSR initiatives, thereby contributing to overall socio-economic development within the district.

Based on the findings of the study, several recommendations can be made to enhance the adoption of sustainable business practices and corporate social responsibility (CSR) among small and medium enterprises (SMEs) in Kicukiro District, Rwanda. Firstly, SMEs should prioritize the use of renewable energy sources and implement energy-efficient technologies to reduce their environmental footprint. Secondly, they should focus on sustainable procurement practices, including ethical sourcing and supporting local communities through sourcing initiatives. Thirdly, SMEs should actively engage with local NGOs and community leaders to identify and address local needs, and allocate a portion of their budget for community development projects. Fourthly, employee engagement in CSR activities should be encouraged and rewarded, as it not only benefits the community but also enhances employee morale and loyalty. Lastly, government and industry associations should provide support and incentives for SMEs to adopt sustainable business practices and CSR, recognizing the positive impact on the environment and society.

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