Practices of CSR in Moroccan SMEs: Status and Issues

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Abstract- Understanding the concept of the Corporate Social Responsibility (CSR) and its benefits in the small and medium size enterprises (SMEs) context is no longer in need to be demonstrated in developed countries. Indeed, empirical research shows that CSR practices appropriation have a positive influence on corporate global performances even though the benefits are less obvious for the SMEs than for the big corporates.
However, despite an increasing awareness of this new management approach, there are only few studies about CSR in Moroccan SMEs. Nonetheless, there is no evidence that the results and the relationships built up in developed countries are applicable to different environments such as Morocco. What is the current situation of CSR practices in Moroccan SMEs?
An empirical study will assess the degree of ownership of these companies in CSR practices through the presentation of an inventory, then highlight the issues and benefits of such practices for these SMEs.

Keywords: CSR; SMEs; CSR practices; issues

1. INTRODUCTION

Corporate Social Responsibility (CSR) has long been seen as a prerogative for large companies and multinational groups, leaving small and medium-sized ones aside. According to the Bank-Al-Maghreb (2013) SME represent more than 95% of the Moroccan companies and create a lot of jobs opportunities. They contribute to 40% of the private sector investments and 30% of exports. Their impact on society is far from being insignificant due to the fact that they interact with different stakeholders internally and externally. Therefore, from a CSR perspective, SMEs have an important economic, social and environmental impact that should not be underestimated (Lepoutre & Heene, 2006)[16]. In this context, the non-integration of CSR practices in the management, at least, of a critical mass of SMEs, jeopardizes the achievement of the objectives of sustainable development. (Labelle, 2008[13]; Labelle & Aka, 2009[14]; Luetkenhorst, 2004[17]; Spence M., 2005)[23]. It is within this framework that researchers have been interested in CSR in SMEs for a few years now. The economic, social and environmental impact of SMEs is no longer negligible and they are gradually gaining ground in global economic policies as well as in academic research (Courrent, 2012)[5]. However, despite the importance of taking into account this new management method, there are very few studies that have focused on CSR in SMEs in a Moroccan context. CSR is slow to take place in Moroccan SMEs. One of the reasons for this delay could be that these SMEs are not aware of the challenges and the gains related to the appropriation of CSR.

The focus of this paper is to examine the current situation of CSR practices in Moroccan SMEs and to present their challenges.

To do that we conducted an empirical study through a questionnaire, taking into account the specificities of Moroccan SMEs and evaluating these companies’ appropriation degree of CSR practices through the presentation of their states of assessments so as to reveal the challenges and the benefits of such practices for these SMEs, to allow a real emergence of CSR in SMEs in Morocco and also to enrich CSR field of knowledge in the Moroccan SMEs.

This paper provides two important sections: The first section deals with definitions of CSR in the SME and present the most relevant theoretical approaches related to CSR for SMEs, and the second part presents the CSR practices and issues in SMEs by including the results of the study conducted among a panel of Moroccan SMEs.

2. CSR AND SME: DEFINITION AND THEORETICAL APPROACHES

Before presenting the theoretical approaches, it is first necessary to define CSR and SMEs. The commonly accepted definitions of SMEs and CSR come from national, regional or international bodies and institutions. However, with the emergence of CSR in the SME context, some researchers are trying to highlight SME definitions in relation to CSR and congruent CSR in SME context (Labelle and Aka, 2010).

2.1 The Definitions of CSR in SMEs

Before defining CSR in an SME context, we will present the definition of the SME according to its favorable and negative characteristics to CSR.

2.1.1 SME, What Are We Talking About?
Traditionally, SMEs are the main component of the economic and trade fabric of countries. However, given their size, they face particular difficulties that national and
international laws seek to compensate by granting various benefits.

Most countries refer to the same criteria for defining this category of enterprise (employment size, amount of turnover and / or total balance sheet); however, the thresholds used varied considerably from one country to another.

Until July 2002, there was no "official" definition of SMEs in Morocco. From then two approaches prevailed:

- The first, widespread, was to consider SME as any company whose turnover was 75 million DH.
- The second, was proposed in September 2001 by the authors of the document "Vision of the future of Morocco - What vision for SMEs / SMI?" written on the occasion of the project "Morocco - Vision 2020". Following an in-depth reflection on the notion of SMEs in Morocco and from the stratification of a sample of nearly 10,000 companies, they proposed to define Moroccan SMEs / SMIs on the basis of these three criteria: Total workforce less than 200 people, turnover less than 50 million DH and the total balance sheet below 30 million DH.

These criteria present a quantitative definition of the SME, however apart from the size, other factors can make it possible to understand the SME compared to the CSR.

A qualitative definition of SMEs emerged in the works of several researchers on CSR (Blombäck and Wigren 2009[1], Jenkins 2004[10], Spence L. 2007[22], Vives 2006)[24]. It shows that the qualitative definition emphasizes specific personal, organizational and operational specificities of SMEs that may be appropriate or inappropriate for the appropriation of CSR behaviors and practices in SMEs. Labelle and Aka (2010) summarized in the table below the main favorable and unfavorable characteristics that define the SME from a CSR perspective.

Table 1: Definition of the SME according to its favorable and unfavorable characteristics to the CSR.

<table>
<thead>
<tr>
<th>Favorable (Blombäck and Wigren,2008; Jenkins,2009; Spence L., 2007)</th>
<th>Personal characteristics</th>
<th>Organizational characteristics</th>
<th>Operational characteristics</th>
</tr>
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<tbody>
<tr>
<td>1. The owner-manager is close to his employees and influences the values and culture of the company. 2. Relationships are informal between the owner-manager and its customers, suppliers, business partners and people in the business.</td>
<td>3. Flexibility facilitates the integration of new approaches and practices. 4. proximity to networks and peers. 5. Less open to institutional pressures. This supports a voluntary commitment to CSR. 6. The lack of hierarchies in the SME accelerates decision-making and operations. 7. Solidarity between employees and between SMEs and external actors.</td>
<td>8. SMEs are creative and innovative so they are more open to new opportunities offered by CSR. 9. The daily presence of the owner-manager in the operations of the company accelerates and facilitates the operationalization of CSR. 10. Fast dissemination of information. 11. Open and fluid communications.</td>
<td></td>
</tr>
<tr>
<td>Unfavorable (Blombäck &amp; Wigren,2008; Castka &amp; Al, 2004; Lepoutre &amp; Heene 2006)</td>
<td>1. Lack of time to engage in long-term profit-oriented activities: CSR is perceived as remote from the owner-manager's core business, which is costly and difficult to measure 2. Lack of knowledge outside of those related to his job: CSR is perceived as requiring other knowledge and expertise. 3. Aversion to bureaucracy: owner-managers perceive CSR as generating too much formalism in practices.</td>
<td>4. Financial, material and human resources are limited: CSR is perceived as requiring expensive additional resources. 5. The SME depends on the influence and interests of external actors, especially those who are honest upstream and downstream of its value chain: the sensitivity to CSR or not of these actors can determine the commitment of the SME to adopt CSR practices. 6. The fact that the SME is less visible from public institutions would make it less concerned with CSR.</td>
<td>7. The SME depends on some raw materials or goods available from its supplier: if these products are not environmentally friendly, there is a good chance that those of the SME are not so or are much less.</td>
</tr>
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Source: (Labelle and Aka, 2010). P: 3

2.1.2 What CSR for SMEs?

CSR research from an SME perspective is significantly different from research based on the practices of large companies. SMEs are subject to a number of distinctive and intrinsic characteristics that make them different from
their larger counterparts, which affects the content, nature, and extent of CSR activities of SMEs.

The definition of CSR in SMEs is consistent with the decisions and actions of the leader (Paradas, 2007), indeed in the context of SMEs, it is essential to understand how CSR is perceived by owner-managers (Lapointe and Gendron, 2004)[15]. For Blommbäck and Wigren (2009)[1], the CSR vocabulary used by the owner-manager does not fully reflect CSR activities in SMEs. SME leaders have their own interpretations of CSR. Blommbäck and Wigren (2009)[1] explain that for SME managers, CSR would imply at the operational level, to conduct ethical activities with an environmental and social responsibility, be in harmony with the community, have and maintain good relations with local actors and worry about employees.

According to Castka and al. (2004)[2], for managers CSR in the SME means having "just good business practices", increasing the morale and motivation of employees, giving donations to the local community and safeguarding the image and the reputation. For Lapointe and Gendron (2004)[15], Spence M. (2005)[23], SME managers define CSR as taking into account the needs, health, safety and well-being of employees, to recycle their waste and to support the community. In other words, to be part of their daily management activities.

However, Courrent (2012)[5] states that given the size of the SME, the manager often does not consider himself concerned by the issue of sustainable development because the social demands were initially the large companies concerns. While for Labelle & St-Pierre (2015)[12], the SME would be more sensitive to the challenges of sustainable development because of their natural proximity to the population and the local authorities. Therefore, CSR in an SME context seems to be influenced by the personality of the owner-manager, its employees, its management style, the organizational structure, the sector of activity and the age of the SME (Jenkins, 2004)[10] Murillo and Lozano 2006, Spence L. 2007)[22].

Also, according to (Paradas, 2007), the SME is embedded in its local environment and is particularly sensitive to it. So it would be appropriate to mobilize two main theories to approach the specificity of CSR for SMEs.

2.2 Theoretical approaches to CSR relevant for SMEs

Various theoretical approaches have been mobilized to understand the behavior and practices of SMEs in relation to CSR, based on the specific characteristics of SMEs. Two approaches seem the most relevant: Stakeholder Theory, and the Resource Dependence Theory.

2.2.1 Stakeholder Theory

The stakeholder theory is very frequently mobilized when you consider the theme of CSR. It explains the influence and the power between the SME and its stakeholders and determines the extent to which stakeholders are taken into account. It allows the recognition of the most relevant stakeholders for an SME. The relationship with stakeholders determines and explains the CSR commitment of a large majority of SMEs.

In the narrow perception of this theory, the firm can only influence or be influenced by the stakeholders that are significant to it, that is, those that directly affect its survival (Clarkson, 1995)[3], namely the shareholders, employees, customers and suppliers.

In its broader perception, stakeholder theory suggests that any individual or group of individuals that influences or can be influenced by a company's activities should be considered by managers in their decision-making (Freeman, 1984)[6]. This is in keeping with the broad insertion of stakeholders.

Castka and al. (2004)[2], Jenkins (2009)[9] and Spence L. (2007)[22] explain that the employees, the customers and the suppliers are the relevant stakeholders of the SME. So it is the narrow perception that is most frequently considered in SME context.

However, apart from the stakeholder theory, another theory could also help to understand the behavior and practices of the SME towards the CSR: the theory of dependence on resources.

2.2.2 Resource Dependence Theory

According to the Resource Dependence Theory, the firm depends on its internal and external environment (in broad acceptance) which provides it with decisive resources to carry out its activities (Pfeffer and Salancik, 1978)[19]. According to these authors, the vulnerability of an organization with respect to its environment is linked to the possibility of obtaining the resources it needs (capital, knowledge, work team, etc.). If the organization is dependent on these resources, the environment is indeed demanding, however, if the organization controls the resources it needs, its environment is less demanding. Since the company does not have internal and external control over resources, to acquire and maintain them, it is necessary to negotiate with those who own them by meeting their expectations (Mathieu and Reynaud, 2005)[18].

SMEs are generally known for their limited resources and this is even one of their specificities compared to large companies. In addition, SMEs consider that CSR requires considerable financial and material resources as well as resources in terms of skills and time (Lepoutre et al., 2006)[16], Vives 2006)[24]. Thus the Resource Dependence Theory invites the SME to get closer to these groups that have resources and often CSR-related criteria to acquire them (Labelle and Aka, 2010).

3. CSR PRACTICES AND ISSUES IN MOROCCAN SMEs: PRESENTATION OF THE RESULTS OF THE STUDY

To carry out our work we opted for an exploratory quantitative research with a descriptive aim, through the
administration of a questionnaire to a panel of Moroccan SMEs (all sectors combined). To define SMEs, our survey refers to the representative aspects of the size of the firm. The Ministry of Industry and Trade in Morocco relies solely on size criteria, calculated by the number of employees to determine SMEs. In this selection, any company employing less than 250 permanent employees is an SME. Criteria that we made the choice to retain. The questionnaire administered to these SMEs revolves around the following themes: perceptions of CSR by SMEs, CSR practices and issues for SMEs.

Following the administration of this questionnaire, we had 74 respondents on the basis of which we conducted our analysis.

The analysis of the characteristics of the panel of respondents reveals that the majority of the respondents belong to the services sector (40%) and industry sector (24%), followed by the business and trading sector (13%), and are mainly located in Casablanca (56%), Fez (20%) and Mohammedia (12%). We also noticed that the largest number of respondents is owner-managers (60%), and that nearly 70% of the SMEs surveyed are employing between 10 and 100 employees.

Concerning the perception of CSR in SMEs, the majority of respondents have already heard about CSR (92%), without being a priority in their company, only 43% say that it is a priority for them, and even though 47% are aware of the issues, no action or clear approach such as certification has been taken.

Indeed, the practice of CSR in these SMEs, as already pointed out by Lapointe and Gendron (2005), generally informal, would be implicit and essentially fueled by the personal values of owner-managers, without being reflected in an official corporate commitment.

The empirical study, which we conducted, aims to highlight the degree of appropriation of CSR practices through the presentation of an inventory of these practices in SMEs, while highlighting the issues and benefits of such practices.

### 3.1 CSR practices in SMEs

CSR practices in SMEs according to Vives (2006)[24] fall into two types: internal and/or external social practices, and environmental practices. Internal social practices concern the staff, the work environment and external social practices are interested in community-oriented practices. Whereas, environmental practices are related to reducing the environmental impact.

Following the same logic, the Canadian Business for Social Responsibility (2003) studies determine CSR practices in SMEs at three levels: employees, the environment and the community.

#### 3.1.1 Internal social practices

At the level of the internal social practices on which the SMEs were questioned, it appeared that the managers consider that the improvement of the working conditions (health and safety...) and the social dialogue are a priority for their company (96%) as well as the motivation and loyalty of their employees through the payment of incentive bonuses, allowances, promotions, housing subsidies, performance bonuses, occasional bonuses, help with the schooling of children ... (81%) and also the development of skills through the continuous training of their employees and the literacy of certain categories of workers ... (74%), however, it is important to point out that positive discrimination is taken into account by managers in favor of people with reduced mobility, the gender approach, etc. (81%). It should also be noted that there is a formalization of flexible policies to ensure a good balance between work and private life of employees (65%).(Figure1)

![Figure1. Internal social practices of Moroccan SMEs in terms of CSR](image)

Source: authors’ construction

#### 3.1.2 External social practices

At the level of external social practices, the SMEs questioned give a big importance to the dialogue with external stakeholders (customers, suppliers, citizens, public authorities, ...) (81%). We also find that more than 67% of respondents participate in campaigns and projects that seek to promote the well-being of civil society (regional development, region of implantation, partnerships with universities, sponsoring). Respect for consumer rights beyond legal requirements (71%) and complete and accurate customer information on company’s products (84%) are seen by respondents as an important form of their social responsibility. Also 61% of respondents indicate that their company is engaging or
intends to initiate a certification / evaluation / labeling process (Figure 2).

Figure 2. CSR external social practices in CSR

3.1.3 Environmental practices

Regarding environmental practices, it appears that some of the managers of the SMEs questioned do not adopt any environmental practice, nevertheless 81% of SMEs try to reduce the environmental impact of their activity (waste, water, energy, releases into the air, ...), also only half of the SMEs questioned try to reduce the environmental impact of their products and/or services through an eco-design, more than 63% of them adopt a responsible purchasing approach (Figure 3).

Figure 3. CSR environmental practices of SMEs

Source: authors’ construction

Source: authors’ construction
3.2 The Challenges of CSR for SMEs

According to the managerial literature, CSR is about to become a real strategic lever for organizations. Many authors defend the idea of a CSR business case presented as a "win-win" strategy, according to which organizations would be encouraged to commit to responsible management through economic arguments (Sandrine Berger-Douce, 2012) [21].

According to Sandrine Berger-Douce, this utilitarian approach to CSR is due to several issues that are mainly related to the cost savings through process improvement (e.g. eco-efficiency) image improvement and the reputation of the companies involved. As a result, there is an increase of employees and customers’ loyalty, external stakeholders’ confidence and a competitive advantage based on strengthening the resources and skills of SMEs.

It, thus, appears that the issues of CSR for SMEs mainly concern, on the one hand, the development of these companies and their relationship with internal stakeholders and, on the other hand, their privileged relations with external stakeholders and the territories in which they are located.

Although the majority of SMEs surveyed are conscious of the issues and gains related to the appropriation of CSR, there are few who don’t. 96% claim that the main issue that could encourage them to adopt a CSR approach would be the image improvement, and nearly 80% cost savings.

It also appears from our analysis that SMEs are aware that employees’ loyalty (83%) and their well-being through the control of psychosocial risks (85%) (Absenteeism, sick leave, poor quality of the social climate) constitute important issues.

In addition, the implementation of a CSR approach could also strengthen the confidence of external stakeholders (87%) and allows a competitive advantage (91%) based on increased resources and skills, as well as involvement in local projects thus developing privileged relationships with external stakeholders and the territories in which they are located. (Figure 4)

![Figure 4. CSR issues for SMEs](image)

Source: authors’ construction

For the respondents surveyed, the CSR stakes for SMEs are not as important, for 83% of respondents the most important issue would be savings, thanks to improved processes (economy of business, energy, water ...), closely followed by the improvement of the image of the company (81%) and of the loyalty of the employees (80%), indeed if the first objective of these commitments consists in achieving savings by acting for sustainable development, it is also a strategic tool to improve the image of the company, retain employees and attract new ones.

With 76% of the responses, well-being at work appears to be the fourth most important issue and achieving a competitive advantage is the fifth issue with 63% of answers.

We also note that building external stakeholders’ trust (60%) and involvement in local development projects (55%) are not the prior issues for SMEs (Figure 5)
4. CONCLUSION

Our goal in this article was twofold: We first wanted to highlight the current state of CSR practices in Moroccan SMEs, and then to present the stakes of these practices for the latter.

To achieve this goal, we have essentially implemented a quantitative study to analyze the data collected by questionnaire from a sample of 75 SMEs in Morocco. The results of the survey show that more than half of the respondents say they have heard and know about CSR. Moroccan SME executives are increasingly aware of the value of engaging in CSR and that social responsibility can have direct economic value.

As a result, at the end of this work, two important points should be noted:

Firstly, we note that although CSR practices are not very formalized in SMEs, they are used to different degrees and informally, consequently, we can no longer say that CSR is the only privilege of large companies.

Secondly, we note that SMEs are becoming aware of the challenges of CSR practices and their importance, which means that Moroccan SMEs will be less and less able to stay away from CSR initiatives.

Indeed, the results allowed us to take a critical look, on the one hand, on CSR practices in Moroccan SMEs and on the other hand, on the challenges of these practices in the context of CSR initiatives. The results indicate that CSR is perceived as a motivating factor and satisfaction of employee demands that leads to the improvement of the productivity. It is also a factor in improving relationships with external stakeholders leading to greater economic performance.

Our study has limits, included problems related to the method of data collection, namely, the questionnaire survey administered remotely, it would have been desirable to interview the executives of the company.

Also the size of the sample retained does not allow a generalization of the results to all the Moroccan SMEs.

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