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Social Sustainability Practices and Business Growth of Small and Medium Enterprises (SMEs) in North-Central Nigeria

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Abstract: *This study examined social sustainability practices on business growth of Small and Medium Enterprises (SMEs) in North-Central Nigeria, focusing on responsible sourcing, ethical labour practices, corporate social responsibility, and the moderating role of firm size. A mixed-methods research design was adopted, combining survey data from 2,559 SMEs with qualitative interviews across seven states. Quantitative analysis was conducted using descriptive statistics and Partial Least Squares Structural Equation Modelling (PLS-SEM), while thematic analysis provided contextual interpretations. The findings revealed that ethical labour practices and firm size were the most significant predictors of SME growth, underscoring the importance of fair wages, workplace safety, and organizational scale in driving performance. Other social sustainability practices, including responsible sourcing, and corporate social responsibility, demonstrated weaker or indirect statistical effects, though qualitative evidence highlighted their operational, reputational, and continuity benefits. The study concluded that while responsible sourcing and CSR remain constrained by financial barriers, ethical labour practices offer immediate and measurable growth outcomes. Firm size further amplifies the adoption and benefits of social sustainability, positioning larger SMEs to leverage scale for competitive advantage. The research contributes to knowledge by integrating social sustainability into SME growth models, offering both theoretical and practical insights. It recommends targeted support for SMEs through subsidies, training, concessional loans, and policy frameworks that enable inclusive and scalable adoption of social sustainability practices to foster long-term competitiveness and adaptability.*

Keywords: business growth, corporate social responsibility (CSR), ethical labour practices, responsible sourcing, performance, small and medium sized enterprises (SMEs).

INTRODUCTION

Small and Medium Enterprises (SMEs) are central to national development, serving as engines of innovation, job creation, and inclusive economic growth. In Nigeria, they constitute over 90% of all businesses and contribute significantly to employment and poverty reduction (SMEDAN & NBS 2021). Yet, as the global business environment increasingly embraces sustainability, attention has shifted toward not only how firms generate profit but also how they contribute to social well-being. Within this evolving paradigm, social sustainability, the human dimension of sustainable development has emerged as a crucial determinant of long-term organizational performance and legitimacy (Türkes, Bănacu, and Stoenică 2024;Saunila, Ukko, Kinnunen 2023).

Social sustainability extends beyond philanthropy; it covers the ethical and relational obligations businesses hold toward their employees, suppliers, and communities (Akor 2023). It emphasizes ethical labour practices, responsible sourcing, and corporate social responsibility (CSR) as pathways for creating shared value and promoting equity, fairness, and inclusion (Türkes et al 2024; Lewandowska et al., 2023). These practices reflect a firm's capacity to operate responsibly while enhancing the welfare of those within and around its value chain.

Beyond its moral imperative, social sustainability has become a strategic asset. Empirical evidence shows that organizations integrating social sustainability achieve stronger non-financial performance, including enhanced employee morale, stakeholder trust, and brand reputation (Oduro & Haylemariam, 2025). SMEs are uniquely positioned to drive social sustainability due to their close ties with local communities, customers, and suppliers (El-Yaqub, Ismail & Usman, 2025; Toromade & Chikezie, 2024). Their scale and flexibility allow them to disseminate knowledge, foster inclusive employment, and support regenerative practices making them strategic actors in Nigeria's transition to a sustainable economy (El-Yaqub et. al. 2025).

However, in the Nigerian context, the social dimension of sustainability remains underdeveloped (Oduro & Haylemariam, 2025). Despite their economic significance, many SMEs operate informally and lack structured frameworks to promote socially responsible practices. Limited awareness, weak regulatory frameworks, inadequate infrastructure, and insufficient policy incentives have hindered progress (Iheanachor & Etim 2022; Ogunyemi 2022). As a result, the potential of SMEs to drive equitable growth and foster community well-being remains largely unrealized. and often confined to larger firms or donor-driven initiatives (Adesua-Lincoln, 2025). While some SMEs engage in community-based initiatives, such efforts are typically fragmented, short-term, and poorly aligned with broader sustainability goals (Adesua-Lincoln, 2025). This fragmentation not only limits their social impact but also constrains their long-term performance and competitiveness in markets that increasingly value ethical and responsible business behaviour.

Additionally, firm size acts as a moderating variable in the relationship between social sustainability practices and business performance. Larger SMEs typically have more financial resources, better access to technology, and a broader market presence, allowing them to adopt sustainability practices more effectively and scale them across their operations (Zhang & Sharon 2023; Hernández, Yañez-Araque, & Moreno-García, 2019). Smaller SMEs, however, face resource constraints that limit their ability to implement certain sustainability practices fully (Anaman, Ahmed, Suleman & Dzakah 2023; Durrani, Raziq, Mahmood & Khan 2024). As such, the moderating role of firm size is important for understanding how different-sized businesses can benefit from sustainability practices and what challenges they might face in their adoption. The significance of this study lies in its ability to enhance our understanding of the dynamics between social responsibility and business success, particularly in the context of a developing economy. Furthermore, its findings will serve as a foundation for educational and policy discussions, aiding both academic and practical communities in fostering sustainable development within the SME sector.

Against this backdrop, this study investigates the relationship between social sustainability and the performance of SMEs in North-Central Nigeria. It seeks to understand how SMEs in the region perceive, adopt, and implement ethical labour practices, responsible sourcing, and CSR and how these practices shape their overall performance. By examining these dynamics, the study aims to illuminate pathways through which social sustainability can strengthen both enterprise success and community well-being, thereby advancing inclusive and resilient economic development in Nigeria.

Despite increasing global attention to sustainability, small and medium enterprises (SMEs) in North-Central Nigeria continue to face significant challenges in implementing key social sustainability practices, particularly ethical labour, responsible sourcing, and corporate social responsibility (CSR). These challenges stem largely from limited awareness, weak supply chain governance, inadequate stakeholder engagement, and resource constraints (Toromade & Chikezie, 2024; Ogunyemi, 2022; Adesua-Lincoln, 2025). Consequently, many SMEs struggle to adopt these practices consistently, undermining their operational efficiency, employee morale, and market competitiveness (Toromade & Chikezie 2024).

Although SMEs are strategically positioned to promote sustainable development through their strong community ties, their potential in this regard remains underutilized (Adesua-Lincoln, 2025). Additionally, there is limited empirical evidence on how social responsibility practices such as ethical labour, responsible sourcing, and CSR affect the performance of SMEs in North-Central Nigeria. This lack of evidence creates a knowledge gap that constrains policymakers and business owners from developing effective strategies to enhance social sustainability and performance within the sector. Therefore, this study seeks to examine the relationship between social responsibility practices and the performance of SMEs in North-Central Nigeria, while assessing the moderating influence of firm size, with a view to providing evidence-based understanding that can inform sustainable business models and promote inclusive economic growth. To achieve the main objective, the study has the following specific objectives which are to:

i. ascertain the effect of responsible sourcing on business growth of SMEs in North-Central Nigeria.
ii. investigate the effect of ethical labour practice on business growth of SMEs in North-Central Nigeria.
iii. assess the effect of corporate social responsibility on business growth of SMEs in North-Central Nig
iv. evaluate the moderating effect of firm size on sustainability practices and business growth of SMEs in North-Central Nigeria.

In line with the objectives of the study the following null hypotheses are formulated:

H01: Responsible sourcing has no significant effect on business growth of SMEs in North-Central Nigeria.
H02: Ethical labour practice has no significant effect on business growth of SMEs in North-Central Nigeria
H03: Corporate social responsibility has no significant effect business growth of SMEs in North-Central Nigeria.
H04: Firm size has no significant moderating effect on sustainability practices and business growth of SMEs in North-Central Nigeria.

The remainder of the paper is organised as follows. Section 2 provides the conceptual review and clarifies key constructs. Discusses theoretical foundations and empirical review, followed by the literature gap. Section 3 outlines the methodology of the literature-based study. Sections 4 synthesize results, test the hypotheses qualitatively and discuss the findings. Section 5 concludes with recommendations for policy, practice and further research.

LITERATURE REVIEW

Social Sustainability

Social sustainability is a fundamental pillar of sustainability alongside economic and environmental dimensions, ensuring that businesses operate in ways that promote equity, inclusion, and community well-being. Despite its significance, it is often overlooked, leading to imbalances that hinder holistic sustainability efforts (Davidson, 2019). It comprises a broad range of values such as social equity, justice, inclusion, human rights, labour rights, cultural transformations, democracy, good governance, accessibility and community development (De Fine Licht and Folland 2024; Lewandowska et al., 2023). In organisational settings it is defined through factors such as diversity, equity, fair labour practices, responsible business operations, work–life balance, overall welfare of employees and meaningful community engagement (Lewandowska et al., 2023; Kolawole et al. 2023; Afum et al., 2020).

While the definition social sustainability is fluid and varies based on context, it fundamentally seeks to ensure that societal structures and processes foster social cohesion, participation, and well-being without compromising future generations' needs. Akor (2023) describes social sustainability as a context-dependent and dynamic concept shaped by diverse expectations, values, and benchmarks. It is deeply intertwined with societal structures, political systems, cultural norms, and economic distribution. Masocha (2019) emphasizes the role of businesses and communities in actively enhancing social sustainability through engagement in social responsibility initiatives, ethical labour practices, and community development. Similarly, Ansar et al. (2023) highlight the importance of social justice, social capital, and social cohesion as key components, reinforcing the idea that sustainability extends beyond environmental concerns to include social welfare and equitable resource distribution.

A significant challenge in conceptualizing social sustainability lies in its contextual variability. Akor (2023) notes that Western models often dominate discourse due to established political and economic systems, whereas in developing economies, social support structures are largely family-based. Traditional and cultural beliefs continue to shape social sustainability outcomes, sometimes hindering progress in areas such as gender equality and labour rights. This aligns with Masocha (2019), who acknowledges that SMEs in different regions contribute to social sustainability in distinct ways, with European and Latin American businesses focusing on sports, culture, and community partnerships, while African SMEs support employment opportunities for marginalized populations.

The relationship between social sustainability and SMEs is particularly significant, given that SMEs play a crucial role in fostering community engagement, providing employment, and promoting fair labour practices. Masocha (2019) asserts that socially responsible SMEs enhance their reputation and competitive advantage by demonstrating commitment to community well-being. Ansar et al. (2023) further emphasize that SMEs investing in social sustainability can experience improved economic performance and environmental consciousness, as social capital and corporate ethics influence overall business success. Akor (2023) extends this perspective by asserting that SMEs, as integral components of local economies, have the potential to drive large-scale social sustainability initiatives if provided with adequate institutional support and policy frameworks.

Social sustainability is a vital pillar of sustainable development, while its conceptualization is influenced by cultural, economic, and political factors, the fundamental goal remains the same: creating societies that are inclusive, just, and sustainable (Rosario et al 2022; Sabino et al., 2024; Davidson, 2019). SMEs, given their close ties to local communities, have a unique role in advancing social sustainability through ethical business practices, stakeholder engagement, and corporate social responsibility (Ansar et al 2023; Masocha 2019). To achieve lasting social sustainability, proactive planning, institutional support, and collective participation are necessary to bridge gaps and foster a more equitable and cohesive society.

In this study social sustainability will be measured using responsible sourcing, corporate social responsibility (CSR), and ethical labour practice.

Responsible Sourcing

In the literature responsible sourcing appears under multiple labels including, ethical sourcing, responsible procurement, and sustainable sourcing, all of which describe similar practices. It is a critical component of sustainable supply chain management, ensuring that materials, products, and services are procured in a manner that benefits both workers and the environment. According to Agyapong et. al. (2024) responsible sourcing involves acquiring products and services in ways that minimise environmental harm while promoting social welfare and achieving positive economic outcomes. It includes practices designed to ensure that procurement activities benefit stakeholders and support overall sustainability. Akpabot et al. (2024) further highlights that responsible sourcing practices include procuring from small and local suppliers, prioritizing products that can be recycled or reused, adhering to labour rights, reducing carbon emissions in logistics, enhancing operational efficiency, promoting product innovation, and ensuring that suppliers commit to waste reduction goals. Responsible sourcing aligns with concepts such as socially responsible buying and purchasing social responsibility, all of which emphasize integrating ethical, social, and economic considerations into sourcing decisions (Maniatis & Maniatis, 2024; Kim et al., 2018).

Another fundamental aspect of responsible sourcing is the adherence to fair labour practices (Kim et al. 2018). This involves ensuring, adequate wages, reasonable work schedules, and safe working conditions. It also incorporates broader principles including human rights, employment equality, corporate social responsibility, social inclusiveness, and gender equity (Akpabot et al. 2024; Kim et al. 2018). Social responsibility further strengthens responsible sourcing by encouraging organizations to engage in community development, support marginalized groups, and invest in ethical business operations (Akpabot et al., 2024). Despite the apparent benefits of responsible sourcing, its widespread adoption faces several challenges. Kim et al. (2018) highlight that supply chain disruptions caused by geopolitical tensions, pandemics, and climate-related events pose significant obstacles to maintaining consistent responsible sourcing practices. Limited availability in certain regions and cost considerations also remain a major impediment, as ethically sourced materials often come at a premium (Akpabot et al., 2024; Okogwu 2023). With responsible sourcing SMEs must navigate the delicate balance between financial viability and sustainability, ensuring that ethical sourcing does not compromise profitability

Ethical Labour Practices

Ethical labour practices are fundamental to ethical business conduct, ensuring that employees receive equitable treatment, fair wages, and safe working conditions. These principles extend beyond corporate responsibility to influence broader socio-economic development, fostering workplace dignity and stability (Nogueira et al., 2024). While linked to social sustainability, ethical labour practices intersect with legal regulations, ethical employment standards, and corporate governance frameworks, making them a critical component of responsible business operations (Nogueira et al. 2024; Akpabot et al. 2024; Okogwu et al. 2023).

Ethical labour practices involve various dimensions, including equitable wages, safe working conditions, reasonable working hours, and protections against discrimination and exploitation (Nogueira et al., 2024). Ethical recruitment ensures transparency in job terms, preventing exploitative arrangements, while workplace inclusivity promotes diversity and equal career opportunities (Dharshini & Anupamaa, 2023). Ethical labour standards extend supply chain accountability to indirect employees, preventing child labour, forced labour, and unsafe working conditions (Ochenje, 2023).

Additionally, labour rights frameworks, such as those established by the International Labour Organization (ILO), provide global benchmarks for non-discrimination, just compensation, and the right to collective bargaining (Gutterman, 2023). Beyond legal compliance, businesses that embed fair labour principles into their corporate culture cultivate trust, improve employee morale, and contribute to social sustainability by fostering stable employment and community well-being (Busayo & Oluwaseun, 2022). According to Dutta & Banerjee (2011) ethical labour practices are more than an operational obligation for SMEs, they are strategic imperatives that strengthens businesses and communities alike. When smaller enterprises integrate fairness, transparency, and safe working conditions into their daily operations they reinforce trust within their workforce and the communities they serve (Turyakira 2018). By embedding these principles into business operations, SMEs contribute to a fairer, more inclusive and sustainable labour environment, demonstrating that ethical treatment of employees is essential to their growth, stability and over all social impact.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has become a crucial concept in the business world, with an increasing number of companies recognizing its importance in addressing social and environmental concerns CSR is a commitment by businesses to contribute to sustainable economic development by engaging with employees, their families, local communities, and society to improve quality of life (Chou 2024; Lewandowska et al., 2023; Pineyrua et al. 2021). CSR is an effort to balance profit-making, social responsibility, and environmental preservation through strategic programs. While CSR has traditionally been associated with philanthropy and voluntary financial support, there is growing recognition that it must extend beyond these aspects to include macro-level policy decisions and real commitments to sustainable business practices (Lewandowska et al., 2023; Nicoara and Kadile, 2023; Maulanda et al., 2023).

Atangana et al. (2023) describe CSR through four key dimensions: Social Commitment, which focuses on internal workplace practices like fair remuneration, gender parity, and career development; Societal Commitment, which emphasizes corporate contributions to local economic development, philanthropy, and pollution control; Environmental Protection Commitment, which involves waste management, risk prevention, and sustainability policies; and Economic Responsibility, which ensures long-term business sustainability while maintaining ethical practices. Work ethics and employee job satisfaction also play a role in corporate responsibility. Ethical workplace behaviour influences engagement, attitudes toward career growth, and perceptions of monetary rewards. Additionally, work stress is a critical issue affecting employee well-being and productivity. High levels of stress can lower job satisfaction, emphasizing the need for organizations to cultivate a positive work environment (Juned et al., 2023).

Despite the academic and practical attention given to CSR, its implementation among SMEs is often informal, unstructured, and largely discretionary. Implementing CSR requires significant investments, both material and immaterial. Several challenges hinder the execution of CSR practices among SMEs (Atangana et al., 2023). These include a lack of awareness regarding CSR implementation processes, inefficient management structures due to the absence of qualified CSR practitioners, and financial constraints, as many SMEs do not allocate a separate budget for CSR initiatives. Because of these limitations, small businesses often struggle to recognize the strategic role and long-term benefits of CSR. Without adequate funding and expertise, CSR remains an optional rather than a core activity for many SMEs (Atangana et al., 2023; Buthelezi, 2021).

Performance

Performance is broadly defined as the achievement of an organization in relation to its set goals, encompassing both economic and behavioural outcomes (Enyi et al., 2024; Abdullahi et al. 2022). It reflects the results achieved through the contributions of individuals or teams toward the organization's strategic objectives. Measuring performance is a critical component of organizational management, providing reliable data to assess efficiency and effectiveness. This process involves quantifying past actions through the acquisition, sorting, analysis, interpretation, and dissemination of relevant data, enabling organizations to evaluate their success in achieving strategic objectives (Enyi et al., 2024). Traditionally, financial metrics have been the dominant means of assessing firm performance. Common financial indicators include profitability, return on investment (ROI), total output turnover, sales volume, and corporate identity (Enyi et al., 2024). These measures offer perspective into a company's ability to generate revenue and sustain financial stability. It reflects an organization's viability, customer acceptance, and ability to seize opportunities while mitigating threats. Sustained growth is considered essential for long-term survival, prosperity, and competitive advantage (Slavik et al., 2023).

However, the reliance on financial metrics alone has been widely criticized for its limitations, particularly in capturing intangible value and long-term sustainability. To address this gap, scholars advocate for a more comprehensive approach that integrates non-financial performance measures (Mahohoma, 2024). Non-financial metrics such as customer satisfaction, innovation, and internal business process efficiency provide deeper assessment of a firm's long-term success and overall organizational health (Abdullahi et al., 2022). These indicators help firms identify and communicate key success factors, facilitate organizational learning, and enhance evaluation and reward systems. For small and medium-sized enterprises (SMEs), achieving optimal performance requires a balanced approach that incorporates both financial and non-financial indicators. This integrative method ensures a holistic understanding of value creation, fostering competitive advantage and sustainable growth (Mahohoma, 2024). However, SMEs are typically opaque in terms of their financial health, as they are not required to present financial statements to the public (Kijkasiwat & Phuensane, 2020). Given this lack of financial transparency, relying on financial indicators alone may not provide an accurate representation of an SME's performance.

Therefore, this study opts for non-financial performance measures, which offer more accessible and meaningful assessment of SME' performance. In this regard, business growth is chosen as the performance measure, providing a practical and widely applicable means of evaluating SME performance across various industries.

Business Growth

Business growth is a recognized indicator of organizational success, reflecting a firm's ability to expand, compete, and sustain operations over time. For SMEs, business growth serves as a practical

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and observable performance measure. Given that financial data is often undisclosed or inconsistent, growth provides a clear and comparable indicator across different sectors (Kijkasiwat & Phuensane, 2020). According to Dev (2022), growth is driven by several factors including market expansion, workforce growth, improved operational efficiency, customer base expansion, increased brand awareness and product or service diversification. Strategic initiatives such as starting new ventures or acquiring other businesses also play a vital role in a firm's development. These factors collectively demonstrate a business's capacity to adapt, scale, and thrive in competitive environments (Dev 2022). Positioning business growth as the performance measure in this study enables an assessment of how social sustainability practices contribute not only to immediate outcomes but also to a firm's capacity to evolve and succeed over time.

Firm size

Firm size is a critical moderator in business studies, influencing the relationship between variables and outcomes (Hernández et al., 2019). It classifies firms by assets, sales, or employees, with larger firms generally showing greater financial stability and profitability than smaller ones (Sumaryati & Prawitasari, 2022). Beyond classification, firm size shapes operations, strategic decisions, and sustainability practices, as larger firms benefit from economies of scale and resource availability. In sustainability adoption, larger firms are better positioned due to their resources, capital access, and infrastructure, enabling proactive integration of environmental and social initiatives (Seroka-Stolka & Fijorek, 2020; Baeshen et al., 2021; Abdi et al., 2022; Drempetic et al., 2019). Their size and reputation also heighten sensitivity to stakeholder pressures, reinforcing legitimacy (Zhang & Sharon, 2023). Conversely, smaller firms face resource constraints but may leverage flexibility, entrepreneurial vision, and market proximity to adopt sustainability reactively yet effectively (Baeshen, 2021; Seroka-Stolka & Fijorek, 2020). Research highlights a complex, possibly curvilinear relationship: while large firms' resources aid sustainability, organizational complexity may hinder it, whereas SMEs' agility fosters innovative strategies (Baeshen et al., 2021; Seroka-Stolka & Fijorek, 2020; Shakil, 2020). The moderating role of firm size in linking social sustainability practices to performance remains inconclusive, particularly for SMEs, which can still achieve positive outcomes by capitalizing on unique organizational traits (Seroka-Stolka & Fijorek, 2020). Further empirical work is needed to clarify these dynamics.

Conceptual Framework

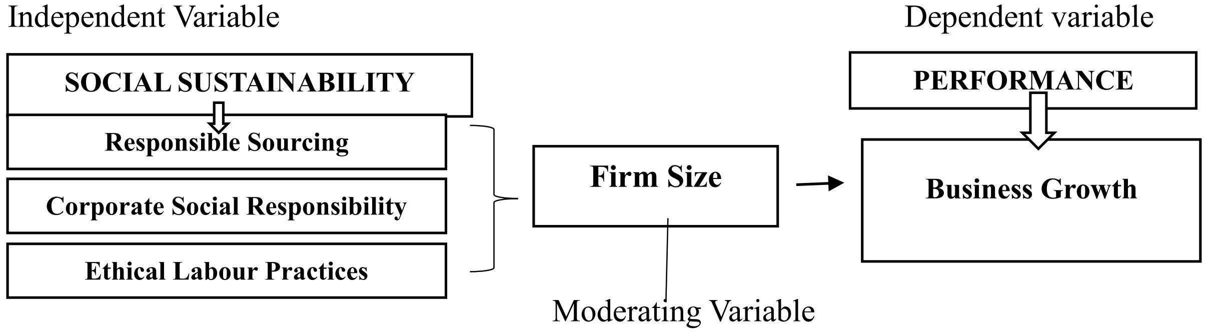

Figure 1: Conceptual Model Source: Author's design (2025)

Theoretical Review

This study is grounded in Stakeholder Theory, which provides a robust foundation for examining how social sustainability practices influence SME performance. Introduced by Freeman (1984), the theory challenges the traditional shareholder-centric view of corporate governance by emphasizing that firms operate within a network of relationships involving multiple stakeholders, each with legitimate claims and influence over decision-making (Freeman, 1984; Boluwaji et al., 2024). Stakeholders include employees, customers, suppliers, investors, communities, and regulators. Groups that both affect and are affected by a firm's activities (Baah et al., 2020). Effective stakeholder management requires identifying these groups, fostering transparency, and balancing competing interests. By integrating economic, environmental, and social considerations into decision-making, firms build trust, legitimacy, and adaptability while reducing risks associated with conflict or regulatory pressures (McDougall et al., 2019; Anaman et al., 2023; Khan, 2024).

A central contribution of Stakeholder Theory is its emphasis on corporate responsibility beyond profit maximization. It promotes ethical practices, accountability, and recognition of societal and environmental impacts (Kolawole et al., 2023). This perspective has shaped corporate social responsibility (CSR) initiatives and underpins environmental, social, and governance (ESG) frameworks, which are increasingly vital for investors and policymakers. Firms that actively engage stakeholders often benefit from enhanced reputation, improved risk management, and stronger financial performance (Dagunduro et al., 2022; Boluwaji et al., 2024). Within the context of SMEs, social sustainability is reflected in practices such as ethical labour policies, CSR initiatives, and responsible sourcing. By engaging stakeholders through fair employment, community involvement, and transparent supply chains, SMEs can foster trust, strengthen reputation, and enhance long-term stability. Research suggests that SMEs adopting social sustainability practices experience tangible benefits, including greater customer loyalty, higher employee retention, and improved supplier relationships, all of which contribute positively to overall performance (Mishra & Yadav, 2020). Thus, Stakeholder Theory provides the theoretical lens for this study, positioning social sustainability not merely as a moral obligation but as a strategic approach that aligns stakeholder interests with SME performance outcomes.

Empirical Review

To provide a comprehensive understanding of how social sustainability influences SME performance, this study presents the empirical review sequentially across its variables. Each variable represents a distinct dimension of social sustainability and is examined through prior research to highlight its impact on organizational outcomes.

As one of the dimensions of social sustainability, CSR has received considerable empirical attention. The following review examines how prior studies have approached CSR in SMEs, setting the foundation for understanding its influence on performance. Juned et al. (2023) examined "The Role of Perceived Organizational Support, Corporate Social Responsibility and Work Ethics on SMEs Performance" found that perceived organizational support, CSR, and work ethics significantly improve SME performance in Indonesia, arguing through stakeholder and resource-based perspectives that supportive and ethical environments elevate employee morale and trust. Similarly, Atangana et al. (2023) study titled "Analysis of the Impact of Societal and Environmental Commitment on the Performance of SMEs in the Cameroonian Context" reported that CSR practices encompassing social, societal, and environmental levels positively influence SME performance in Cameroon by strengthening corporate image and generating financial value

In Nigeria, Achi et al. (2022) conducted a study titled "CSR and green process innovation as antecedents of micro, small, and medium enterprise performance: Moderating role of perceived environmental volatility" demonstrated that CSR enhances MSME performance indirectly through green process innovation, with the effect stronger under low environmental volatility. Their study, grounded in the dynamic capability's framework, highlights CSR-driven innovation as a strategic response to uncertainty. Hernández et al. (2019) investigated "Moderating effect of firm size on the influence of corporate social responsibility in the economic performance of micro-, small- and medium-sized enterprises examine CSR's effect on the economic performance of MSMEs in Spain further reinforce CSR's performance benefits, showing that economic, social, and environmental CSR dimensions improve the economic performance of Spanish MSMEs, with the effect more pronounced in larger firms.

Gallardo-Vázquez and Lizcano-Álvarez (2020) study on CSR-related competitiveness and legitimacy in MSMEs in Spain found that CSR elements related to key stakholders, employees, customers, suppliers, and competitors are central to enhancing competitiveness and legitimacy among Spanish MSMEs, although environmental and community-related aspects receive less attention.The review now shifts to Responsible sourcing, another important dimension of social sustainability, also referred to as responsible sourcing, green sourcing, or sustainable procurement has gained growing attention across industries, with research on SMEs highlighting its potential to strengthen sustainability performance while underscoring the need for supportive policies, resources, and stakeholder engagement.

Agyapong et al. (2024) examined "Sustainable Procurement Practices and Sustainable Performance: Evidence from Small and Medium-Sized Manufacturing Enterprises" in Ghana and found that green, ethical, and lean procurement practices contribute to environmental, social, and economic performance. The study emphasizes sustainable procurement as both a constraint-reducing mechanism and a strategic resource. Similarly, Nangpiire et al. (2024) study titled "Sustainable Procurement Practices and Organisational Performance of Small and Medium Enterprises" in Ghana investigated sustainable procurement drivers' top management support, sustainable IT infrastructure, and staff competence and reported that leadership commitment and technology adoption significantly enhance SME performance. Junejo et al. (2024) study "Navigating Sustainability: The Role of Green Purchasing and E-Sourcing in Transforming Supplier Relationships for Environmental Performance in SMEs of a Developing Country" further link procurement to environmental outcomes, showing that green purchasing and e-sourcing strengthen environmental performance in Pakistani SMEs, with supplier greening mediating these effects.

In Nigeria, Bolaji et al. (2024) study titled Integrating Green Practices and Environmental Performance: Evidence from Nigeria's SME Sector", found that customer integration and green purchasing improve environmental performance among SMEs, though external green supply chains show weaker influence, pointing to the need for greater technological and infrastructural support. Research in other contexts reinforces these relationships. Türkes et al. (2024) study ''The Effect of Supply Chain Sustainability Practices on Romanian SME Performance" showed that economic, social, and environmental supply chain sustainability practices significantly predictor. Saunila et al. (2024) investigated "The Importance of Performance Measurement and Management in Sustainable Supply Chain Governance Among SMEs" also demonstrated that performance measurement and management drive business and sustainability outcomes indirectly through effective supply chain governance, highlighting the importance of integrating governance mechanisms into SME sustainability practices. Beyond SMEs, sustainable sourcing has also been explored in larger firms. Akpabot et al. (2024), examined in their study titled Sustainable Sourcing and Quality Service Delivery in the Nigerian Beverage Industry, found that sustainable sourcing positively influences quality service delivery that environmental, economic, and social sustainability practices each contribute to improved service quality, enhancing customer assurance, interaction, and reliability.

Overall, empirical evidence across regions shows that ethical sourcing and sustainable procurement are central to improving environmental, social, and economic outcomes, with technology, leadership, governance, and supplier relationships serving as critical enablers. Finally, ethical labour practices, also known as fair labour practices, are a critical aspect of social sustainability. While research often examines these practices from legal or organizational perspectives, fewer studies focus on their role in SME sustainability and performance.

Nogueira et al. (2024) study "The Contribution of Labour Practices to Organizational Performance: The Mediating Role of Social Sustainability" in Portugal highlight that labour practices measured through employee development, participation, and equal opportunity positively influence organizational performance via social sustainability, emphasizing stakeholder theory and inclusive HR policies. Similarly, Igbekoyi and Oluwajuyigbe (2022) conducted a study "Sustainable Labour Practices and Financial Performance of Listed Premium Board Firms in Nigeria." show that employee turnover and productivity can enhance financial performance in Nigerian SMEs, though benefits and non-discrimination policies have mixed effects, reinforcing the need for strategic HR management aligned with sustainability goals. Busayo and Oluwaseun (2022) study titled "Unfair Labour Practices in Industrial Relations in Nigeria and the Role of the National Industrial Court" examine the Nigerian context, demonstrating that socio-economic pressures contribute to unfair labour practices such as casualization, discrimination, and poor remuneration. Their study underscores the importance of robust legal frameworks, effective enforcement, and worker protection in promoting fair labour practices and organizational sustainability.

Furthermore, Andini, Wahyuni, and Nurinayah (2024) study titled "Achieving equity in the workplace: Women workers' rights in the small businesses" illustrate that in Indonesian SMEs, women workers often face incomplete employment contracts, insufficient wages, and unfair working hours, highlighting the persistent gap between legal compliance and ethical responsibility. Ligege and du

Plessis (2023) study titled "Exploring small business owners' perceptions of equitable workplace practices in a selected area within Gauteng" similarly show that SME owners in South Africa are aware of equitable workplace practices, including employment equity and inclusion, but face practical constraints such as limited resources and managerial capacity, emphasizing the need for training and external support to implement fair labour practices effectively. Dzomonda and Fatoki (2017) examined "The impact of ethical practices on the performance of small and medium enterprises in South Africa" found that SMEs in South Africa with formal ethical practices experienced improved reputation, stakeholder trust, and operational outcomes, though many lacked structured ethical policies, and demographic factors influenced adoption.

Literature Gap

Despite extensive research on sustainability in Nigeria, social sustainability remains the least studied, particularly within SMEs. Though corporate social responsibility has been widely examined, research on ethical labour practices and responsible sourcing remains limited, specifically in the north-central Nigerian context.

Little to no research has integrated corporate social responsibility, ethical labour practices, and responsible sourcing to measure sustainability while considering firm size as a moderating factor in SME performance. This variable gap limits understanding of how these dimensions interact, leaving gaps in knowledge on their combined impact on business outcomes.

Methodologically, prior research has largely relied on either quantitative or qualitative approaches in isolation, restricting analytical depth and limiting the ability to capture a comprehensive understanding of sustainability practices. While some studies have employed mixed methods, their application remains limited. The predominant reliance on single-method approaches constrains the integration of diverse perspectives, reducing the ability to fully assess the relationship between sustainability practices and SME performance. This study fills these gaps by examining the social sustainability practices and performance of SMEs in North-Central Nigeria, incorporating firm size as a moderating variable.

METHODOLOGY

Survey research design is adopted for the study. This study employs two primary instruments for data collection: a structured questionnaire and a semi-structured interview. These instruments are designed to capture both quantitative and qualitative data to provide a comprehensive understanding of the research problem. The mixed-methods design, supported by pragmatism, ensures that statistical trends from quantitative data are complemented by nuanced perspectives from qualitative interviews. This combination enhances the depth and applicability of the study's conclusions by capturing both the broad patterns of social sustainability practices across SMEs and the specific experiences and motivations of SME managers in implementing these practices. The study focuses on SMEs operating across states in Nigeria's North-central geopolitical zone, specifically Benue, Kogi, Kwara, Nasarawa, Niger, Plateau, and the Federal Capital Territory (FCT). The population consists of SMEs classified by SMEDAN (Small and Medium Enterprise Development Agency of Nigeria) which are nano, micro,

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small, and medium enterprises based on the number of employees. These classifications align with the study's focus on assessing sustainability practices across different firm sizes.

Table 1: Population Distribution of SMEs by Size and by State.

State	Nano	Micro	Small	Medium	Total
Benue	1,580	9,479	13,271	1,580	25,909
Kogi	2,196	7,686	12,087	439	22,400
Kwara	664	10,565	24,952	604	42,561
Nasarawa	2,582	7905	10,163	565	21,450
Niger	3,682	9,205	22,092	1,105	36,084
Plateau	2,912	7,764	19,867	2,265	32,028
FCT	5,047	10,095	18,408	4,453	38,002
Total	18,663	62,699	120,840	10,011	218,434

Source: SMEDAN report (2025)

To determine an appropriate sample size, this study applies Yamane's (1967) statistical formula for finite populations:

$$n = \frac{N}{(1 + N (e)^2)}$$

Where: n = sample size; N = total population; e = margin of error (0.05)

Table 2: Determination of sample size using taro Yamane formula

State	Sample size calculation (Taro Yamane formula) n = N/ (1 +N (e) 2)	Sample size (n)
Benue	n =25,909 /(1 + (25,909 * (0.05)2)	394
Kogi	n= 22,400/ (1 + (22,400 * (0.05)2)	393
Kwara	n = 42,561/ (1 + (42,561 * (0.05)2)	396
Nasarawa	n = 21,450/ (1 + (21,450* (0.05)2)	393
Niger	n = 36,084/ (1 + (36,084 * (0.05)2)	396
Plateau	n = 32,028/ (1 + (32,028 * (0.05)2)	395
FCT	n = 32,028/(1 + (32,028 * (0.05)2)	395
Total		2763

Source: Authors' Computation, 2025

Thus, using Yamane's method, the sample sizes for each state range from 393 to 396. Given that the population consists of SMEs of different categories, Bowley's proportional allocation method was applied to determine the number of respondents per category within each state:

nh= (Nh/N) * n

Where: nh = sample size allocated to each firm size category; n = total sample size for the state; Nh = number of firms in each category; N= total population in the state

Using Bowley's allocation method, each category (Nano, Micro, Small, and Medium) was assigned a proportionate number of respondents based on its representation within the total SME population in the state.

Table 3: Final Allocated Samples

State	Nano	Micro	Small	Medium
Benue	24	144	202	24
Kogi	39	135	212	8
Kwara	7	114	269	7
Nasarawa	48	146	188	10
Niger	40	101	242	12
Plateau	35	93	239	27
FCT	53	105	192	46

Source: Authors' Computation, 2025

Stratified random sampling is adopted to ensure proportional representation across SME subgroups, minimizing bias and enhancing generalizability (Berndt, 2020). Given that firm size is the moderating variable, SMEs are categorized into four strata based on employee count: nano (1–2), micro (3–9), small (10–49), and medium (50–199) (SMEDAN &NBS 2021). Within each stratum, respondents are randomly selected for both the quantitative (questionnaire) and qualitative (interview) phases, ensuring balance and preventing dominance by any single group. This approach aligns with best practices in structured sampling, promoting statistical stability and richer contextual interpretations (Turner, 2020).

Model Specification

The model used to examine the moderating effect of firm size on the relationship between sustainability practices and SME performance is specified as follows:

SMEP = f (RSS, CSR, ELP, FS)

Where: SMEP = SME Performance; RSS = Responsible Sourcing; CSR = Corporate social responsibility; ELP = Ethical labour practices; FS = Firm size (moderating variable)

The econometric form of the equation is represented as:

$SMEP = \alpha + \beta_1 RSSi + \beta_2 CSRi + \beta_3 ELPi + \beta_4 FSi + \varepsilon i$

Where: α = Intercept/Constant; $\beta_1 - \beta_4$ = Coefficients of the independent variables; ε = Error term

RESULTS AND DISCUSSION

This section presents the validation of the formulated hypotheses through both inferential and thematic analyses. The quantitative data were obtained through a structured questionnaire distributed to SMEs across six states and the Federal Capital Territory in North-Central Nigeria (Benue, Kogi, Kwara, Nasarawa, Niger, Plateau, and FCT) yielding 2,559 valid responses and a response rate of 92.6 percent. Quantitative analysis was performed using Partial Least Squares Structural Equation Modelling (PLS-SEM) in SmartPLS, supported by descriptive statistics, reliability, and validity assessments. The qualitative data, collected through semi-structured interviews with SME owners and managers, were analysed using NVivo software following Braun and Clarke's (2006) six-phase thematic analysis approach. The analysis focused on key social sustainability variables namely responsible sourcing, ethical labour practices, and corporate social responsibility (CSR). The integration of both methods enabled the identification of both numerical trends and lived experiences, providing a well-rounded interpretation of findings. The quantitative model demonstrated good explanatory power, with an R value of 0.688 and an R^2 value of 0.473, indicating that 47.3 percent of the variance in SME performance is explained by social sustainability practices and firm size. The model achieved an acceptable fit (SRMR = 0.066, NFI = 0.776), confirming the statistical adequacy for hypothesis testing.

Model Examination

The results of the model examination presented in Table 5 provide a detailed picture of how sustainability practices and firm size influence SME performance in North-Central Nigeria. The path coefficients, t-statistics, and p-values collectively determine the significance and strength of each relationship. A key finding is that ethical labour practices (ELP → SMEP) emerged as the most significant predictor of SME performance, with a path coefficient of 0.228, a t-statistic of 3.373, and a p-value of 0.001. This indicates that improvements in ethical labour practices strongly enhance SME performance, confirming the importance of fair treatment, equitable practices, and workforce-related sustainability commitments in driving growth outcomes. Firm size (FS → SMEP) also shows a positive and statistically significant relationship with SME performance (path coefficient = 0.160, t = 2.303, p = 0.021). This suggests that larger SMEs tend to perform better, likely due to resource advantages, greater capacity to absorb sustainability investments, and stronger market positioning compared to smaller firms. The combined significance of ELP and FS highlights the centrality of internal resources and organisational structure in influencing SME outcomes.

Table 4: Model Examination

Constructs	Path coefficients	T statistics (|O/STDEV|)	P values
CSR -> SMEP	0.101	1.402	0.161
ELP -> SMEP	0.228	3.373	0.001
FS -> SMEP	0.16	2.303	0.021
RSS -> SMEP	0.128	1.773	0.076
FS x ELP -> SMEP	0.042	0.658	0.51
FS x CSR -> SMEP	0.018	0.241	0.809
FS x RSS -> SMEP	0.066	1.013	0.311

Source: Research Analysis, 2025

In contrast, other direct relationships show weaker results. Corporate social responsibility (CSR → SMEP) recorded a path coefficient of 0.101 with a t-statistic of 1.402 and a p-value of 0.161, rendering it statistically insignificant. Similarly, responsible sourcing (RSS → SMEP) showed modest positive coefficient of 0.128, t-statistic (1.773) and p-value (0.076) fall short of the 0.05 threshold, indicating non-significance at conventional levels. These results suggest that while social sustainability practices may conceptually contribute to SME performance, their direct statistical impact in this study context is limited. The moderating role of firm size was also examined by including interaction terms between FS and the social sustainability constructs. The results show that none of these interaction effects reached significance. For example, FS × ELP → SMEP had a path coefficient of 0.042 with a t-statistic of 0.658 and a p-value of 0.510, indicating no moderation. Similarly, FS × CSR (path coefficient = 0.018, p = 0.809), and FS × RSS (path coefficient = 0.066, p = 0.311) all produced insignificant results. These findings imply that while firm size directly influences performance, it does not meaningfully moderate the effect of social sustainability practices on SME outcomes.

Taken together, the model examination reveals that the explanatory strength of the model rests mainly on ethical labour practices and firm size, with other sustainability constructs exhibiting limited or non-significant direct effects. This highlights a context-specific reality: social sustainability practices, particularly those tied to workforce wellbeing and organisational scale, appear to have greater immediate performance benefits. Nonetheless, the positive though insignificant coefficients for CSR and RSS indicate potential long-term benefits if these practices are more systematically integrated into SME operations. Overall, the model underscores the dual importance of human-centred sustainability and firm capacity in shaping SME performance.

Summary of Hypotheses

The results of hypothesis testing, as summarised in Table 5, provide clear insights into the relationships between sustainability practices, firm size, and SME performance in North-Central Nigeria. Each hypothesis was tested using t-statistics and p-values, with the decision rule set at a significance level of 0.05.

Table 5: Summary of Hypotheses

Hypothesis	t-statistic	p-value	Decision
Ho1: Responsible sourcing has no significant effect on business growth of SMEs	1.773	0.076	Rejected (no effect)
Ho2: Ethical labour practice has no significant effect on business growth of SMEs	3.373	0.001	Accepted (significant effect)
Ho3: Corporate social responsibility has no significant effect on business growth of SMEs	1.402	0.161	Rejected (no effect)
Ho4: Firm size has no significant moderating effect on sustainability practices and business growth of SMEs	2.303	0.021	Accepted (significant moderating effect)

Source: Research Analysis, 2025

For H01, which stated that responsible sourcing has no significant effect on business growth. The results show a t-statistic of 1.773 and a p-value of 0.076, which, though close to significance, remain above the conventional threshold. Consequently, the null hypothesis is rejected. This outcome suggests that responsible sourcing may have emerging but not yet statistically established effects on SME growth, likely reflecting the early stage of sustainability-driven procurement practices among SMEs. In contrast, H02 produced strong and significant results. The hypothesis tested whether ethical labour practices affect SME performance, recording a t-statistic of 3.373 and a p-value of 0.001. Since the p-value falls well below 0.05, the null hypothesis is accepted as significant, confirming that ethical labour

practices positively influence SME growth. This underscores the central role of fair treatment, equitable labour policies, and employee wellbeing in driving business performance in the region.
H03, which is concerned corporate social responsibility (CSR), showed a t-statistic of 1.402 and a p-value of 0.161. These values indicate insignificance, leading to rejection of the null hypothesis and confirming that CSR activities do not have a measurable effect on SME growth in this study. This suggests that while CSR initiatives may enhance reputation and stakeholder goodwill, their immediate performance impact is limited in the SME context examined.

H04 addressed the moderating role of firm size. The results show a t-statistic of 2.303 and a p-value of 0.021, both of which are statistically significant. Thus, the null hypothesis is accepted, confirming that firm size significantly moderates the relationship between sustainability practices and SME performance. This finding highlights that larger SMEs are better positioned to translate sustainability initiatives into business growth, due to their stronger resource bases and operational capacities.
The hypotheses testing indicates that among the four propositions, only ethical labour practice (H02) and firm size moderation (H04) show significant effects on SME performance, while responsible sourcing and Corporate social responsibility (H01 & H02) remain statistically insignificant.

Qualitative Findings
The qualitative strand of this study explored how SMEs perceive and implement social sustainability practices within their operations across North-Central Nigeria. Semi-structured interviews were conducted with SME owners and managers in Benue, Kogi, Kwara, Nasarawa, Niger, Plateau States, and the FCT and the data were analysed using NVivo software guided by the Braun and Clarke's (2006) thematic analysis framework. The results illuminate how entrepreneurs interpret and implement social sustainability within the constraints of limited resources, while striving for efficiency, legitimacy, and community trust.

Ethical Labour Practices and Business Growth
Ethical Labour Practices constituted the most dominant theme. Respondents emphasised fair treatment of employees, timely payment of wages, and provision of a safe and respectful work environment as essential to maintaining productivity and morale. Several owners described ethical labour as "good business practice" that reduces conflict and enhances loyalty. This theme closely aligns with the quantitative result showing ethical labour as the most significant predictor of SME performance. Across all seven states, ethical labour practices were consistently linked to workforce stability, productivity, and business credibility. The most common practices were the use of written contracts (15%), timely and fair wage payment (14%), provision of health and safety measures (14%), on-the-job training (11%), and gender inclusion or non-discrimination policies (10%).

In Benue, respondents viewed ethical labour as a stabilising mechanism. One owner explained, "We give every staff a written contract because it prevents disputes and helps us retain them." Timely payment was equally prioritised: "When we pay salaries on time, workers don't leave suddenly, and that continuity keeps our production running." Kogi participants emphasised credibility and legitimacy. "Customers ask if we treat our staff well; we tell them we provide safety gear and fair pay," said one manufacturer. Training apprentices was also linked to performance and brand value: "Their skills improve our quality and reduce waste." In Kwara, ethical labour was framed as both a moral and productivity-enhancing choice. "We pay above the local average; it keeps workers motivated, and productivity has improved," explained one respondent. Gender inclusion was also evident: "We encourage women to take roles in our factory; it helps us tap a wider pool of talent." Nasarawa SMEs grounded ethics in welfare and community care. "We provide lunch and rest breaks; it makes workers feel cared for," one participant shared. Informal agreements prevailed but were seen as fair and trust-based: "We don't have formal benefits, but we never delay pay." In Niger, participatory management and structured benefits were observed. "We involve staff in decision-making; it builds trust and ownership," one manager said. Another linked maternity leave to retention: "It saves us recruitment costs." Plateau entrepreneurs demonstrated a holistic approach combining contracts, fair pay, and safety. "We maintain open communication; it reduces conflict and attracts skilled workers," one respondent noted.

Across the region, ethical labour practices emerged as strategic investments rather than mere compliance measures. They improved staff retention, reduced conflict, and enhanced organisational image each of which contributes directly to SME growth. However, the extent of adoption was moderated by firm size, financial capacity, and regulatory awareness.

Corporate Social Responsibility (CSR) and Business Growth

CSR practices among SMEs in North-Central Nigeria demonstrate an evolving consciousness that links business success with social value creation. The most frequent activities included community donations and sponsorships (18%), staff welfare programmes (16%), environmental cleanups (15%), youth empowerment (12%), and educational or health support (10%). In Benue, CSR was primarily informal but deeply rooted in reciprocity. "We sponsor youth football tournaments and give food donations during festive periods," said one entrepreneur. "Helping the community builds trust; people support our business in return." Kogi respondents saw CSR as a credibility enhancer. "When we clean drainage or plant trees, people associate us with responsibility," one noted. Limited funds constrained larger projects: "We want to do more, but capital constraints hold us back." In Kwara, CSR was integrated with business strategy. "We offer apprenticeships to young people; it helps the community and builds our talent base," said one owner. Another added, "CSR gives us access to partnerships with NGOs and agencies." Nasarawa SMEs linked CSR to social harmony and expectations. "We contribute to community projects and local schools because it's expected of us," explained one trader. "It gives our business a good name and reduces tension." Niger firms demonstrated a shift toward institutionalised CSR. "We publicise our clean-up and scholarship drives online, it attracts clients," said one respondent. "CSR helps us qualify for government contracts because it shows accountability." Plateau entrepreneurs connected CSR to peacebuilding and risk management. "We employ displaced youth and support widows; it keeps the community stable," one respondent shared. "Our CSR reduces hostility and protects our premises." Across the region, CSR manifests as three interpretive patterns:

1. CSR as Reciprocity — strengthening community trust and customer loyalty (Benue, Nasarawa).
2. CSR as Reputation — enhancing legitimacy and visibility (Kogi, Niger).
3. CSR as Strategic Growth — generating partnerships, improving human capital, and reducing risk (Kwara, Plateau).

Collectively, these findings indicate that CSR contributes to SME growth through reputational gains, market access, and social stability. While these practices improve local goodwill and brand reputation, most SMEs admitted that their CSR activities are spontaneous rather than strategic. Limited financial capacity and lack of structured CSR frameworks were cited as constraints. However, limited financial capacity and lack of formal CSR frameworks constrain the scale and consistency of impact.

Responsible Sourcing and Business Growth

Responsible Sourcing appeared prominently in discussions about supplier selection and material procurement. Many SME owners indicated a preference for sourcing locally to support their communities and reduce transportation costs. However, few had formal supplier evaluation systems or written ethical sourcing policies, reflecting an informal but value-driven approach to procurement. Overall, the qualitative results affirm that social sustainability is deeply rooted in the values and culture of SMEs in North-Central Nigeria. Even without formal structures, many businesses practise social responsibility intuitively through community support and fair labour relations. The findings reveal that SMEs prioritise social dimensions of sustainability because they yield tangible benefits in terms of trust, reputation, and workforce stability.

CONCLUSION AND RECOMMENDATIONS

This study demonstrates that sustainability practices, though uneven in adoption and impact, hold significant implications for the growth of SMEs in North-Central Nigeria. Ethical labour practices emerged as the strongest and most consistent driver of business growth, underscoring the critical role of fair wages, contracts, workplace safety, and training in boosting employee productivity and firm performance. Firm size also proved decisive, as larger SMEs were better equipped to integrate sustainability due to stronger financial capacity and access to resources, while smaller firms remained constrained by cost and infrastructural challenges. Other practices, such as responsible sourcing, and CSR, did not show significant direct statistical effects but revealed important indirect benefits through community goodwill and reputational gains. Ultimately, the study concludes that while social sustainability adoption remains partial and resource-limited, it is a vital enabler of long-term resilience, competitiveness, and inclusive growth for SMEs in the region. The study recommends the following practical actions:

1. Promote responsible sourcing by facilitating supplier linkages, creating a national registry of ethical suppliers, and implementing recognition incentives to encourage SMEs to adopt sustainable procurement practices.
2. Enhance fair labour practices by strengthening compliance with fair wages, formal contracts, and workplace safety standards to improve productivity, reduce employee turnover, and foster a stable workforce.
3. Support SME-led CSR by providing grants, establish partnerships with NGOs, and implementing recognition schemes to encourage SMEs to engage in community development and build public trust.
4. Build capacity and financial inclusion by developing targeted training programs, online mentoring platforms, and financial support schemes, to help smaller SMEs scale up sustainability initiatives.

Suggestions for Future Research

Future research should build on the evidence from this study by exploring several key directions that can deepen understanding of social sustainability and SME performance. Cross-country comparative analyses would also be valuable in identifying the barriers and incentives that influence responsible sourcing across different institutional and cultural contexts. Future studies should examine how leadership styles and entrepreneurial orientation shape the adoption and consistency of ethical labour practices within SMEs. In addition, there is a need to evaluate the effectiveness of policy instruments and financial mechanisms that could make corporate social responsibility (CSR) initiatives more scalable and sustainable among resource-constrained enterprises. Finally, researchers are encouraged to employ multi-group modelling approaches to explore heterogeneity across micro, small, and medium-sized firms, thereby providing a more nuanced understanding of how firm size influences sustainability adoption and its outcomes.

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