



## Tripolar Convergence Model of CSR, Governance and Strategic Capabilities for Sustainable SME Performance in Africa

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### Article Info

**ISSN (online):** 2583-6641

**Volume:** 04

**Issue:** 06

**November - December 2025**

**Received:** 28-09-2025

**Accepted:** 30-10-2025

**Published:** 26-11-2025

**Page No:** 87-91

### Abstract

Small and medium-sized enterprises (SMEs) function as essential economic drivers worldwide, including across African regions and Tunisia. The strategic integration of corporate social responsibility (CSR) with effective governance systems enables businesses to achieve sustainable performance. The tripolar convergence model of CSR - Governance - Strategic Capabilities provides an innovative framework for understanding how these three elements interact to enhance SME sustainability. This study combines an international literature review with conceptual analysis to illustrate how governance and CSR create both synergies and potential conflicts. Strategic and managerial implications for African SMEs are explored throughout the analysis.

**DOI:** <https://doi.org/10.54660/IJMOR.2025.4.6.87-91>

**Keywords:** SMEs, CSR, Governance, Strategic Capabilities, Sustainability, Conceptual Model

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### Introduction

Small and medium-sized enterprises serve as economic building blocks in both global and regional markets, generating employment, fostering entrepreneurship, and creating value (Abdul-Azeez *et al.*, 2024; Mugano & Dorasamy, 2024).

Africa and Tunisia rely heavily on these enterprises, which form the majority of the economic base and perform critical social functions, including local innovation activities (Baliamoune-Lutz *et al.*, 2024).

The combination of flexible organizational structures and limited resources makes SMEs vulnerable to structural challenges, affecting their market competitiveness, regulatory compliance, and social acceptance (Abdul-Azeez *et al.*, 2024).

CSR has evolved from voluntary initiative into a strategic performance driver, helping SMEs gain legitimacy, enhance resilience, and meet stakeholder expectations (Achi *et al.*, 2021). SMEs implementing CSR can strengthen their innovation capacity and improve environmental sustainability (Abdi & Utami, 2024; Bhattacharyya & Kumar). Corporate governance provides a structural system that guides decision-making, ensures transparency, and guarantees stakeholder accountability (Hossain *et al.*, 2024) <sup>[15]</sup>. Governance is particularly important for SMEs due to their centralized leadership and informal control systems (Handley & Molloy, 2022).

Effective governance enables the strategic implementation of CSR, determining how CSR becomes a core organizational element (Abor & Adjasi, 2007). By integrating CSR practices, governance builds enduring trust capital and formalizes responsible commitments (Akomea-Frimpong *et al.*, 2022).

The success of CSR initiatives also depends on SMEs' strategic capabilities, which allow them to deploy critical resources for responsible innovation and organizational transformation (Khan & Majid, 2023).

Sustainable performance in SMEs relies on the integration of governance, CSR, and strategic capabilities, creating a challenge to balance flexibility with efficient resource use. While prior research has explored these elements separately, few studies provide an integrated framework for SMEs in emerging markets, which face distinct structural, institutional, and cultural challenges.

This article proposes the tripolar convergence model, connecting CSR with governance and strategic capabilities. The model demonstrates how governance structures CSR initiatives to optimize SME sustainability through strategic capability execution. By uniting these elements, organizations can convert social responsibilities into performance-enhancing tools and transform organizational constraints into opportunities for sustainable innovation.

The article is organized into five sections. The first establishes the theoretical foundations connecting CSR, governance, and strategic capabilities in SMEs. The second analyzes the areas of convergence and tension among these components. The third introduces the proposed tripolar model and explains its conceptual framework. The fourth explores strategies for integrating CSR with governance and strategic capabilities. Finally, the fifth offers a critical evaluation that includes theoretical and managerial insights and identifies directions for future research.

## 2. Theoretical Framework and Literature Review

### 2.1. Corporate Social Responsibility

CSR research draws on multiple theoretical frameworks that structure the field.

#### Stakeholder Theory

According to Freeman, companies must manage stakeholder expectations to achieve sustainable performance. This includes customers, suppliers, employees, local communities, and regulatory authorities. SMEs should adopt strategic CSR practices to create lasting value and maintain legitimacy despite limited resources. SMEs have significant environmental and social impacts, which are often underestimated compared to those of larger corporations (Wolff & Bosia, 2015) <sup>[40]</sup>. CSR has become essential for SMEs to achieve economic, social, and environmental sustainability (Dubruc *et al.*, 2018) <sup>[8]</sup>. Measuring SME sustainability requires evaluating economic, social, and environmental performance (Naharuddin *et al.*, 2024) <sup>[25]</sup>.

#### Triple Bottom Line

Elkington suggests organizations should evaluate performance across three dimensions: economic, social, and environmental. SMEs must balance these pillars to achieve sustainable development without sacrificing financial stability (Andriyani & Rochayatun, 2023) <sup>[1]</sup>. Adoption of CSR is often delayed due to limited understanding of its benefits (Wamba & Hikkerova, 2015) <sup>[39]</sup>. CSR practices are evolving to address environmental and digital technology management (Devaux & Nicolai, 2022) <sup>[7]</sup>.

#### Institutional Approach

DiMaggio and Powell identify mimetic, normative, and coercive pressures that influence organizational behavior. African SMEs implement CSR to improve operational performance while meeting expectations from local networks and regulatory institutions. Social proximity encourages SMEs to align CSR initiatives with local stakeholder priorities (Ernst *et al.*, 2021) <sup>[11]</sup>. Leadership values and institutional pressures jointly determine SME participation in sustainability programs (Labelle & St-Pierre, 2015) <sup>[19]</sup>. CSR is critical for competitiveness, as performance now includes intangible assets and knowledge sharing (Berger-Douce, 2015) <sup>[2]</sup>.

### 2.2. Governance of SMEs

SME governance differs from that of large enterprises:

- Centralized power: Often concentrated in the founder or family members.
- Informal mechanisms: Social networks, entrepreneurial culture, and informal social control.
- Flexible decision-making: Enables rapid adjustments and innovative responses.

While informal mechanisms enhance innovation and adaptability, they may limit formal CSR program development. Effective sustainability requires collaboration between formal and informal governance systems. SME leaders' engagement in CSR is influenced by psychological, social, and political factors, which shape their motivations for sustainable practices (Bonneveux *et al.*, 2016) <sup>[3]</sup>. Leadership perception emerges from the interaction of individual characteristics and cultural context (Hassine & Ghozzi-Nékhili, 2014) <sup>[14]</sup>.

### 2.3. Strategic Capabilities in SMEs

SMEs leverage strategic capabilities to optimize resources and achieve objectives. Key capabilities include:

- Leadership and strategic vision
- Organizational learning and adaptability
- Innovation management
- Financial and human resource management

These capabilities determine CSR effectiveness and strengthen the link between governance and sustainable performance. Strategic Performance Measurement Systems monitor objectives and stakeholder relationships, even when not all performance dimensions can be directly measured (Oriot *et al.*, 2017) <sup>[29]</sup>. Family ownership and financing challenges impact SME strategic planning and CSR engagement (Ndione *et al.*, 2025) <sup>[26]</sup>. Executing CSR throughout operations enables SMEs to convert challenges into opportunities for sustainable growth.

### 2.4. Convergences and Tensions between CSR, Governance, and Strategic Capabilities

#### Convergences:

- CSR and governance share the goal of sustainable activities.
- Effective CSR implementation requires values, skills, and organizational capabilities (Martins *et al.*, 2022; Oduro *et al.*, 2021) <sup>[22, 28]</sup>.
- Governance systems support CSR planning, while leadership vision and strategic capabilities enhance performance (Gonzales-Gemio *et al.*, 2020) <sup>[13]</sup>.
- Flexible structures and direct communication improve employee engagement (Gonzales-Gemio *et al.*, 2020) <sup>[13]</sup>.

#### Tensions:

- Centralized decision-making prioritizes short-term profits over CSR investment (Zhang *et al.*, 2022) <sup>[42]</sup>.
- Resource constraints, lack of standardized assessment tools, and insufficient expertise hinder effective CSR (Stübner & Jarchow, 2022) <sup>[34]</sup>.
- Regulatory pressures and high implementation costs discourage proactive CSR adoption (Ernst *et al.*, 2021) <sup>[11]</sup>.

An integrated framework linking governance, CSR, and strategic capabilities is needed to understand how SMEs can overcome size-related and resource limitations to implement sustainability strategies effectively (Cantele & Signori, 2023; Labelle & St-Pierre, 2015) <sup>[5, 19]</sup>.

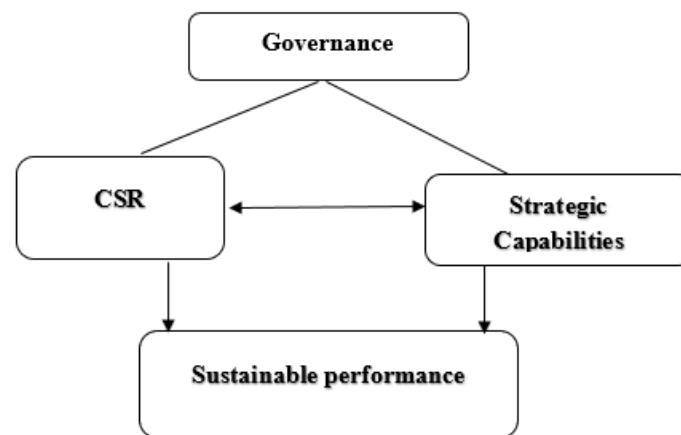
### 3. Proposal of an Original Conceptual Model

#### 3.1 Tripolar Convergence Model of CSR – Governance – Strategic Capabilities

The tripolar convergence model examines the interplay of CSR, governance, and strategic capabilities:

- **CSR:** Implementation of social, environmental, and economic practices.
- **Governance:** Formal and informal systems guiding responsible decision-making.

#### 3.2. Figure: Synthetic Conceptual Model



The figure illustrates the dynamics of the tripolar model, with arrows representing the reciprocal influence among the three poles. Governance structures direct CSR, while strategic capabilities execute CSR plans, collectively achieving sustainable performance.

### 4. Strategies and Mechanisms for Integrating CSR-Governance

#### 4.1. Role of Governance

Governance enables CSR integration by embedding it into organizational culture and strategy. Leaders establish frameworks, such as CSR committees and internal procedures, and engage stakeholders to enhance legitimacy and acceptance.

#### 4.2. Operational Tools and Practices

SMEs should employ environmental, social, and governance (ESG) indicators tailored to their context. Monitoring tools, dashboards, and local partnerships—e.g., NGOs, industry clusters, and chambers of commerce—support CSR implementation. Human resources and operational teams require training and awareness programs to ensure effective adoption.

#### 4.3. Examples from Literature

Family-owned SMEs often implement quality and environmental charters, maintaining traditions while achieving sustainability. Territorial partnerships, such as recycling or professional integration projects, reduce costs and strengthen local networks. These examples highlight that

- **Strategic capabilities:** Resources and skills enabling CSR deployment and governance effectiveness.

The model hypothesizes that SMEs achieve optimal sustainability through balanced, interconnected relationships among these three elements. Integration transforms CSR duties into business benefits and converts constraints into competitive advantages (Wamba & Hikkerova, 2015; Dvorský *et al.*, 2023) <sup>[39, 9]</sup>. Leadership awareness and commitment are crucial for operationalizing CSR (Bonneveux *et al.*, 2016; Redien-Collot & Léger-Jarniou, 2018) <sup>[3, 32]</sup>. Alignment with sustainability-oriented business models, such as the Triple Layered Business Model Canvas, ensures economic performance while generating social value (Gomez & Naro, 2023) <sup>[12]</sup>.

innovation and collaboration often outweigh financial investment in driving CSR success.

### 5. Critical Discussion: Challenges and Opportunities of CSR in SMEs

SMEs face major challenges in implementing CSR, including resource constraints, survival pressures, organizational complexity, limited access to CSR expertise, and the risk of greenwashing.

Key success factors include shared governance, institutional support (e.g., incubators, chambers of commerce), and local cooperation for resource and expertise sharing.

Research gaps remain, particularly in longitudinal studies, SMEs in emerging markets, and the impact of sustainable digitalization. Future studies should examine cross-country institutional effects, local ecosystems, participatory governance, and collaborative models using mixed methods.

#### Practical Implications

- SME leaders should embed CSR into core strategy, adapt activities to operational capabilities, and create official roles for sustainability.
- Policymakers should establish support systems, incentives, and training initiatives to facilitate SME CSR adoption.

### 6. Conclusion

SMEs achieve sustainable performance by integrating governance systems, CSR initiatives, and strategic capabilities. The tripolar convergence model demonstrates

how synergy among these elements enhances CSR effectiveness and accelerates adaptation. Future research should explore local institutional effects, sustainable digitalization, and participatory models. Leaders and policymakers can leverage this framework to develop strategies enabling SMEs to transition to sustainable practices.

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#### **How to Cite This Article**

Kazdar M, Elfidha C. Tripolar Convergence Model of CSR, Governance and Strategic Capabilities for Sustainable SME Performance in Africa. *Int J Manag Organ Res*. 2025;4(6):87–91. doi: 10.54660/IJMOR.2025.4.6.87-91.

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