


Enhancing SME Green Performance: The Role of Environmental and Social Responsibility Programs and Environmental Dynamism



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<https://doi.org/10.18280/ijdsdp.190238>

ABSTRACT

Received: 8 June 2023

Revised: 14 September 2023

Accepted: 21 September 2023

Available online: 28 February 2024

Keywords:

corporate social responsibility, performance, environmental dynamism, state-owned enterprises, micro-enterprises, Indonesia

Green performance assesses how well an entity is performing in terms of minimizing its negative impact on the environment while also striving to promote ecological and sustainable practices. It refers to the measurement and evaluation of environmental sustainability and responsible practices within an organization, industry, or system. State-owned enterprises (SOEs) are companies whose majority ownership is owned by the government, which should play a significant role in achieving sustainable development goals, which is the government's primary responsibility. This study investigates the effect of the Corporate Social Responsibility (CSR) programs of SOEs on the green performance of micro-enterprises that receive assistance from SOEs as one of the CSR programs. This study also analyzes the role of environmental dynamism in moderating the effect of CSR programs on micro-enterprises performance. Respondents include 106 micro-enterprises in Central Sulawesi Province, Indonesia. Data collection techniques were carried out through questionnaires and interviews. The data analysis method used was Partial Least Square (PLS-SEM). The result shows that the CSR programs carried out by SOEs for micro-enterprises have improved micro-enterprises performance. Nevertheless, environmental dynamism does not moderate the relationship between the CSR program and the micro-enterprises performance. This study reveals that the micro-enterprises' performance is more sensitive to market turbulence than the competition and technological turbulence as they typically have limited financial, human, and technological resources. This makes them less resilient to sudden market shifts as they may lack the resources to adapt quickly or invest in new technologies. This finding underscores the significance of CSR initiatives in promoting environmentally responsible practices among smaller businesses. It highlights that SOEs, as government-owned entities, can play a crucial role in fostering sustainability within their communities and industries.

1. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are the lifeblood of developing nations like Indonesia. According to data from the Central Statistics Agency of the Republic of Indonesia, in 2019, MSMEs constituted a staggering 99.9% of the total business entities. This breakdown comprised 98.67% micro-enterprises, 1.22% small enterprises, and 0.10% medium-sized enterprises. When it comes to employment, micro-enterprises were the most significant contributors, employing 89.04% of the workforce. Additionally, in 2019, micro-enterprises ranked second only to large enterprises in terms of their contribution to Indonesia's gross domestic product, standing at 37.35%. These statistics underscore the substantial role that micro-enterprises play in the Indonesian economy. Nevertheless, their vulnerability is pronounced due to their size, limited resources, the intricacies of regulations, and exposure to natural disasters [1, 2]. The advent of the COVID-19 pandemic in Indonesia in March 2020 has severely impacted micro-enterprises. Unlike the economic crises

experienced in 1998 and 2008, micro-enterprises have been unable to sustain Indonesia's economy during the COVID-19 pandemic. Consequently, Indonesia's economy, along with its regions, is currently grappling with uncertainty in this challenging environmental context [3]. For instance, the 2018 earthquake and the subsequent disruptions in Central Sulawesi caused significant economic setbacks for MSMEs in Central Sulawesi. Many businesses faced infrastructure damage, inventory losses, and decreased customer demand. Furthermore, during crises like the COVID-19 pandemic, many MSMEs struggled to maintain their workforce or even had to lay off employees. CSR programs can serve as a crucial means to kickstart economic recovery by providing financial support, grants, or low-interest loans to affected MSMEs. These initiatives can help businesses rebuild and regain their footing.

The vulnerability of micro-enterprises is closely tied to their limited resources, particularly in terms of business capital [4]. To mitigate this capital constraint, credit assistance from various institutions, including state-owned enterprises (SOEs),

can be instrumental. Previous research has highlighted that one of the prominent Corporate Social Responsibility (CSR) initiatives undertaken by SOEs in Indonesia revolves around their partnership programs with MSMEs [5]. These initiatives typically involve disbursing revolving funds or offering soft loans. Recent investigations, such as the study conducted by Soesilowati et al. [6], have demonstrated that the CSR programs designed to bolster the productive economy in major Indonesian cities have yielded positive outcomes. These findings align with the conclusions drawn by studies [7-9], which collectively highlight the pivotal role of CSR programs in augmenting the productivity, market presence, welfare, employment, and governance of MSMEs. Nevertheless, there are counterpoints in the research landscape. For instance, the work [5] reveals instances of ineffective CSR programs within MSMEs, offering a nuanced perspective. Similarly [10] shed light on suboptimal outcomes of CSR programs established through partnerships with MSMEs by medium and large industries in one Indonesian province. In sum, while previous studies showed that CSR programs by SOEs have shown promise in bolstering the MSME sector, it is crucial to recognize the complexity of these initiatives and acknowledge instances where they may fall short, thereby paving the way for further refinement and optimization.

According to a study [11], the effectiveness of CSR programs in benefiting the local community hinges on aligning these initiatives with the community's expressed wishes and needs. Ensuring that stakeholder interests are integrated into CSR programs stands out as the linchpin for their triumph [12]. Furthermore, it's worth noting that the impact of CSR programs on Micro, Small, and Medium Enterprises (MSMEs) relies significantly on the entrepreneurial spirit of MSME entrepreneurs. Factors like self-confidence, task orientation, risk-taking propensity, leadership qualities, and integrity [13], play a pivotal role. Without these attributes, CSR efforts may not yield the desired results. The ongoing COVID-19 pandemic has starkly illustrated the critical role of environmental uncertainty in reshaping daily activities, including economic endeavors. Environmental dynamism [14], can exert profound effects on the performance of MSMEs, particularly micro-enterprises, which are highly vulnerable to unforeseeable alterations in demand, consumer preferences, technology, and other unpredictable shifts. While such environmental dynamism can potentially offer new opportunities for micro-enterprises to devise innovative competitive strategies [15], it presents a formidable challenge for those with limited capital. In such cases, environmental turbulence can jeopardize operational performance [16, 17].

This study seeks to explore the impact of the implementation of Corporate Social Responsibility (CSR) programs, specifically those involving partnerships with micro-enterprises by State-Owned Enterprises (SOEs), on the performance of these micro-enterprises. It takes into account environmental dynamism as a moderating variable. This research represents a departure from previous studies that predominantly concentrate on the broader spectrum of Micro, Small, and Medium Enterprises (MSMEs) while overlooking the influence of environmental dynamism on business performance. In line with the assertion [18] contemporary CSR investigations should pivot toward scrutinizing small-scale data to unearth the root causes underpinning the efficacy of CSR initiatives. The study centers its focus on micro-enterprises located in Central Sulawesi Province, Indonesia, a region known for hosting a substantial number of micro-

enterprises. Notably, CSR programs targeted at MSMEs in Central Sulawesi Province have witnessed a notable upsurge in recent years. This trend has been particularly pronounced following significant natural disasters that struck the area in 2018, coupled with the ongoing challenges posed by the COVID-19 pandemic. Consequently, this research carries the potential to make valuable contributions to SOEs and government bodies in crafting and regulating CSR policies, especially those involving partnerships with micro-enterprises. Furthermore, the findings emerging from this study can serve as an impetus for SOEs and private enterprises to assess the effectiveness of their existing CSR initiatives. Such evaluations can help ensure that the disbursed CSR funds generate added value for both the community and the environment, in addition to benefiting the firms themselves.

2. LITERATURE REVIEW

2.1 Environmental social responsibility in its legal and global contexts

Corporate Social Responsibility (CSR) is rooted in the principles of stakeholder theory, which posits that stakeholders encompass shareholders, creditors, employees, consumers, government, society, and the environment. In Indonesia, the legal framework for CSR is articulated in Law No. 40 of 2007, focusing on Limited Liability Companies. This law defines CSR as a corporate commitment to actively engage in sustainable economic development, benefiting both the company itself and society at large. Corporate Social Responsibility (CSR), also known as Environmental and Social Responsibility (ESR) or Sustainability, refers to a company's commitment to conducting its business in a manner that is socially, environmentally, and ethically responsible. ESR initiatives aim to balance profit generation with a positive impact on society and the environment. These initiatives vary widely, from reducing carbon emissions and conserving natural resources to promoting fair labor practices and community engagement. This shows that ESR emphasizes a company's commitment to conducting business in a manner that is not only financially profitable but also socially and environmentally responsible. ESR initiatives seek to balance economic success with ethical practices and positive contributions to society and the environment [19].

In the global context, ESR has become increasingly important due to several interconnected factors, such as globalization as businesses expand their operations globally, they are more exposed to diverse cultures, regulations, and societal expectations. ESR helps companies adapt to and respect the values and concerns of various stakeholders worldwide. The rational is also linked with climate change and environmental concerns. The escalating environmental challenges, such as climate change, resource depletion, and pollution, have necessitated responsible corporate behavior [20]. Companies are expected to minimize their ecological footprint and contribute to environmental conservation efforts. In a globalized world, companies face scrutiny for labor conditions and supply chain practices in different countries [21]. Moreover, stakeholders, including consumers, investors, and regulators, increasingly demand transparency and accountability from companies. ESR helps build trust and maintain positive relationships with these stakeholders. Many countries have implemented regulations and reporting

requirements related to ESR. International standards and agreements, such as the United Nations Sustainable Development Goals (SDGs), further emphasize the global nature of ESR. Examples of ESR in the global context include multinational corporations committing to reduce carbon emissions, ethical sourcing of raw materials in supply chains, philanthropic efforts to address global challenges (e.g., poverty, education, healthcare), and partnerships with international organizations to support sustainable development initiatives [22]. In summary, ESR is a fundamental aspect of modern business that transcends national borders. It reflects a growing recognition that companies have a responsibility not only to shareholders but also to the broader global community, society, and the planet. ESR is driven by a combination of ethical considerations, stakeholder expectations, regulatory frameworks, and the recognition that responsible business practices contribute to long-term profitability and sustainability [23].

In Indonesia, it is crucial to note that this legislation makes CSR obligatory for Indonesian companies holding limited liability status. Additional CSR requirements are delineated in Law No. 25 of 2007, governing Investment, and Government Regulation No. 47 of 2012, pertaining to Limited Liability Corporate Social Responsibility. Prior to the widespread CSR mandate for limited liability companies in Indonesia, state-owned enterprises (SOEs) were already obligated to implement CSR initiatives. This requirement originated from the Minister of SOEs Decree No. Kep-236/MBU/2003, which established the Partnership Program and SOEs Development in conjunction with Small Business and Community Development Programs. Subsequent amendments in 2007, 2012, 2013, 2015, 2016, 2017, and 2020 culminated in the formation of the Minister of SOEs Regulation PER-02/MBU/04/2020. The rationale behind these regulations is rooted in Article 88 of Law No. 19 of 2003, which governs SOEs. This article stipulates the allocation and utilization of SOEs' profits to support small enterprises, cooperatives, and the communities residing in the proximity of SOEs' operations [24]. In essence, CSR obligations for SOEs were implemented to foster socioeconomic development, particularly among underserved communities and smaller businesses, aligning with the broader principles of responsible corporate citizenship [25].

The partnership program initiated by State-Owned Enterprises (SOEs) in collaboration with small enterprises aims to enhance the self-reliance and resilience of small enterprises by utilizing profits generated by SOEs. Under this program, funds are allocated and provided as loans to support various aspects of small enterprises' operations [26]. These funds serve several key purposes, including financing working capital and acquiring fixed assets to bolster production and sales. Additionally, they facilitate supplementary loans to address short-term requirements related to fulfilling orders from business partners affiliated with the fostered small enterprises. The partnership program typically adheres to a standard loan ceiling of IDR 200 million for each participating partner. This initiative is geared towards nurturing and strengthening small enterprises, enabling them to thrive independently with the financial support and expertise of SOEs.

According to Government Regulation No. 7 of 2021, which addresses the simplification, protection, and empowerment of cooperatives as well as Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, micro-enterprises are defined as

productive businesses operated by individuals and/or individual business entities that fulfill specific criteria. These criteria, as stipulated by the regulation, encompass businesses with a capital investment not exceeding IDR 1 billion, excluding the valuation of land and buildings designated for business use [27]. Additionally, micro-enterprises are characterized by their annual sales revenue, which must not exceed a maximum of IDR 2 billion. Moreover, the government retains the flexibility to employ additional criteria or parameters for defining micro-enterprises based on factors such as turnover, net worth, investment value, workforce size, incentives, disincentives, adherence to local content requirements, and the utilization of environmentally friendly technology [28]. These supplementary criteria can be applied as needed and in accordance with other pertinent regulations that govern specific objectives and purposes. In essence, Government Regulation No. 7 of 2021 establishes clear thresholds and parameters to delineate micro-enterprises in Indonesia, taking into account aspects like capital investment and annual sales while allowing for further customization of criteria when warranted by specialized contexts or objectives as outlined in other regulatory frameworks.

2.2 Hypothesis development

Iftikhar et al. [29] investigated the effectiveness of public-private partnership programs in supporting the development of Micro, Small, and Medium Enterprises (MSMEs) facing challenges like capital constraints, limited human resources, and low technology adoption. The study's findings indicated that these partnership programs had not proven effective in fostering MSME development. In contrast, Soesilowati et al. [6] demonstrated that CSR programs designed to bolster the productive economy in major Indonesian cities yielded positive outcomes. These findings aligned with conclusions drawn by studies [7-9] which collectively emphasized the pivotal role of CSR programs in enhancing productivity, market presence, welfare, employment, and governance of MSMEs. However, contrasting perspectives exist in the research landscape. For instance, Hadi and Udin [5] uncovered instances of ineffective CSR programs within MSMEs, offering a nuanced perspective. Similarly, [10] shed light on suboptimal outcomes of CSR programs established through partnerships with MSMEs by medium and large industries in one Indonesian province. In contrast, Iftikhar et al. [29] suggested that public-private partnership programs hold promise as a future strategy for developing MSMEs in developing countries. Furthermore, Bhinekawati [30] found that CSR programs by large companies in Indonesia, particularly those related to MSMEs in the supply chain, benefited both the company and MSMEs, improving the latter's performance [19]. supported this, revealing that SOE partnership programs were highly effective, helping micro and small entrepreneurs increase income through enhanced sales turnover and cost efficiency. Purwanto [31] also noted that partnership programs influenced the financial literacy of MSME actors, subsequently improving their performance. Considering these insights, the researchers formulated the following hypotheses:

H1: The implementation of CSR programs of SOEs has a positive effect on the performance of micro-enterprises.

Numerous prior investigations have demonstrated the link between business performance and the prevailing

environmental conditions [32, 33]. Environmental dynamism is a concept that pertains to the extent and unpredictability of changes occurring in a firm's external surroundings [34]. Companies confronted with a dynamic environment are compelled to innovate as a means of not only survival but also to secure a competitive edge, given that such an environment presents opportunities in terms of shifting market demands [35, 36]. The innovations introduced by firms to adapt to evolving market demands have the potential to augment their revenue streams [36, 37]. further disclosed that innovative firms tend to outperform their peers in turbulent and hostile environments. Additionally, Raju et al. [38] unveiled that firms with a heightened focus on innovation tend to achieve superior profitability and efficiency levels, particularly in uncertain scenarios. Choi et al. [39] conducted research that unveiled an inclination toward improved firm performance when firms operate within highly dynamic economic contexts. This outcome aligns with findings reported by studies [40, 41]. Conversely, Liu [42] noted that environmental uncertainty could detrimentally affect firm performance due to the accompanying risks that generate increased costs [43-45]. Given the incongruity in the outcomes of previous studies regarding the determinants of firm performance, several subsequent investigations have explored the moderating influence of environmental dynamism on firm performance. Following a study by Girod and Whittington [46], performance exhibits variability depending on the prevailing environment, as environmental dynamism triggers a shift in firm strategies that, in turn, impact firm performance. Moreover, studies [47, 48] uncovered that entrepreneurial leadership behavior enhances firm performance, particularly in environments characterized by high dynamism. As a result of these insights, the following hypothesis is formulated:

H2: Environmental dynamism moderates the relationship between the implementation of CSR program of SOEs and micro-enterprises performance.

3. METHODS

This study employs a quantitative research approach, utilizing the survey method as its primary data collection tool. This method was chosen to delve deeper into respondents' perspectives, acknowledging the exploratory nature of the research. The study directly engaged with micro-enterprises in Central Sulawesi Province, Indonesia, comprising 106 randomly selected respondents who had received Corporate Social Responsibility (CSR) funds from State-Owned Enterprises (SOEs). The data collection process involved the distribution of questionnaires featuring both closed and open-ended questions. Additionally, the research team conducted on-site observations and documentation studies to supplement the quantitative data. Furthermore, interviews were conducted with selected respondents' representatives, with the selection criteria taking into account factors such as business type, respondent knowledge, and the specific SOEs providing assistance.

The study operationalized the CSR of SOEs through three distinct dimensions: including: (1) providing working capital loan assistance to measure the impact of SOEs' support in terms of providing financial assistance for working capital; (2) coaching and training offered by SOEs to improve the capabilities of micro-enterprises; (3) marketing to evaluate the effectiveness of marketing support provided by SOEs to enhance the visibility and reach of micro-enterprises. On the

other hand, the evaluation of financial performance encompasses the key indicators, such as (1) market share to gauge the relative market presence and share of the micro-enterprises; (2) sales growth to measure the extent to which sales have expanded or contracted over a defined period; and, (3) profitability to assess the financial viability and profit margins of the micro-enterprises. Lastly, the concept of environmental dynamism was conceptualized and assessed through three components, which are: (1) market turbulence to evaluate the degree of volatility and instability within the market where micro-enterprises operate; (2) competition intensity to examine the level of rivalry and competitive pressures faced by these businesses; and, (3) technological turbulence to scrutinize the extent of technological changes and disruptions affecting micro-enterprises.

For the purpose of hypothesis testing, the researchers employed Smart Partial Least Square (PLS) as the analysis technique, which is particularly well-suited for modeling complex relationships in structural equation modeling. Subsequently, coding was conducted to categorize respondents' opinions and identify keywords that could serve as a basis for explaining and analyzing the quantitative results. By analyzing these variables, the study aims to uncover insights into the relationship between CSR programs, environmental dynamism, and financial performance within the context of micro-enterprises in Central Sulawesi Province, Indonesia.

4. RESULTS AND DISCUSSION

The participants in this research comprised individuals actively involved in micro-enterprises in Central Sulawesi Province, Indonesia, who had been beneficiaries of Corporate Social Responsibility (CSR) programs provided by State-Owned Enterprises (SOEs). The specific SOEs involved in these initiatives included PT Jasa Raharja, PT Taspem, PT Telkom, Bank Sulteng, Bank Mandiri, and Bank BRI. The assistance extended to these micro-enterprises encompassed various forms, such as the provision of low-interest rate loans, the facilitation of business-related infrastructure, the supply of work equipment, and other forms of support. Upon scrutinizing the collected data, it became evident that the majority of the respondents had received CSR funding exceeding the threshold of IDR 30 million.

The research hypothesis was evaluated through moderated regression analysis, utilizing the Smart Partial Least Square software. Prior to this analysis, the research instrument underwent a validation and reliability assessment, as depicted in Table 1. According to the outcomes of the validity examination, as determined by the average variance extracted (AVE) values, each indicator yielded a score exceeding 0.50, signifying the research instrument's validation. Conversely, the results of the reliability assessment indicated that each construct exhibited a composite reliability value surpassing 0.70, confirming the reliability of the research variable instrument. Consequently, these findings affirm the suitability and soundness of the research instrument.

The outcomes of hypothesis testing presented in Table 2 reveal that the execution of CSR programs by SOEs exerts a noteworthy and positive impact on the performance of micro-enterprises. This is evident from the p-value obtained, which falls below 0.05. Additionally, environmental dynamism was identified as another factor that positively and significantly influences the performance of the assisted micro-enterprises,

with a p-value of 0.039. However, when assessing the moderating effect of environmental dynamism on the relationship between the implementation of CSR programs by SOEs and the performance of the supported micro-enterprises, the results of the hypothesis testing did not provide conclusive evidence of such moderation.

Table 1. Validity and reliability tests

Variable	Composite Reliability	Average Variance Extracted
Moderation Effect	1.000	1.000
The Implementation of CSR Program (X)	0.841	0.526
Micro-Enterprises Performance (Y)	0.866	0.685
Environmental Dynamism (Z)	0.847	0.535

Table 2. Hypothesis testing

Variable	t-Statistics	p Values
Moderation Effect	0.753	0.452
The Implementation of CSR Program (X)	2.732	0.007*
Environmental Dynamism (Z)	2.074	0.039*

This study underscores that the implementation of CSR programs by State-Owned Enterprises (SOEs) exerts a positive and statistically significant influence on the performance of micro-enterprises. This finding signifies that the support extended by SOEs to micro-enterprises through the allocation of CSR funds has been empirically validated as a means to enhance micro-enterprise performance. This is attributable to the fact that CSR assistance provided by SOEs, which includes bolstering working capital and furnishing business infrastructure and equipment, contributes to strengthening business operations, consequently leading to heightened productivity and profitability. Furthermore, the provision of low-interest rate loans, while boosting working capital, does not significantly escalate financing costs, thereby optimizing profits. In line with the observations [49], microfinance initiatives, as facilitated by SOEs for Micro, Small, and Medium Enterprises (MSMEs), have a positive impact across all dimensions of MSME performance. It is worth noting that CSR programs in the form of aid to micro-enterprises extend their reach beyond merely improving micro-enterprise performance; they also play a pivotal role in revitalizing economies grappling with crises, such as the one triggered by the COVID-19 pandemic [50].

The results of this study align with the findings [30], which revealed that large companies in Indonesia could support the government's role in developing MSMEs by sharing their knowledge and expertise, providing finance and market access, and building social capital for MSMEs. Large companies can also encourage the participation of MSMEs in economic activities and collaborate to achieve sustainable performance that benefits both the companies themselves and MSMEs. Another study conducted research on the CSR programs of a large company in Indonesia from 1980 to 2011 and revealed that the large company played a role in enhancing the capabilities of micro-business owners and workers involved in the company's supply chain [30]. The positive impact of implementing CSR programs, as demonstrated by

this study, has also been substantiated by studies [23, 51, 52]. Nevertheless, the significant impact of CSR on the performance of micro-enterprises cannot be separated from the entrepreneurial attitude exhibited by these micro-enterprise actors [13]. Moreover, the support of all relevant parties is crucial for the success of CSR programs, including government support through its policies [52]. Such CSR programs should also aim to minimize the involvement of intermediaries to optimize the direct impact of these programs on the community [53].

This study indicates that environmental dynamism does not moderate the effect of CSR program implementation on micro-enterprise performance. However, the results of this study reveal additional empirical evidence that environmental dynamism exerts a direct, positive, and significant influence on the performance of micro-enterprises. This finding implies that the performance of micro-enterprises tends to increase when they operate in a dynamic environment. This boost in micro-enterprise performance is influenced by the company's innovativeness, which tends to escalate when facing environmental turbulence [54, 55].

Furthermore, this study indicates that market turbulence is the aspect of environmental dynamism most sensitive to micro-enterprise performance. This suggests that consumers of micro-enterprise products in Central Sulawesi Province are highly price-sensitive, given that a majority of these consumers belong to the lower middle class with limited incomes. Consequently, when prices change, these consumers tend to switch to alternative micro-enterprise products offering lower prices. This situation compels micro-enterprise actors to think creatively and innovatively in order to maintain competitive yet profitable product pricing. Enhancing the performance of micro-enterprises is intrinsically linked to the strategies employed by these enterprises in coping with a highly dynamic environment [56, 57].

Meanwhile, the intensity of competition among micro-enterprises has not yet emerged as a significant factor influencing the performance of these businesses. This indicates that the competitive mindset among micro-enterprise actors in Central Sulawesi Province remains relatively low. The subdued level of competition is further attributed to the lack of significant distinctions in product features offered by various micro-enterprises. A majority of micro-enterprises in Central Sulawesi Province are involved in trade and the food and beverage industries, offering products that tend to be homogenous. Furthermore, this study also reveals that technological changes do not exert a significant influence on the dynamics of the micro-enterprise environment. This observation is based on the fact that most micro-enterprises in Central Sulawesi Province have not embraced technological advancements in their business operations. Additionally, the adoption of technology typically involves high costs, which micro-enterprises lack the resources to acquire, including the necessary human resources for its operation. Consequently, technological change is not a primary concern for micro-enterprises. The findings of this study align with the research conclusions of studies [57-59] which also demonstrated that environmental dynamism enhances the performance of micro-enterprises. However, prior research has shown that this positive impact can only materialize when the company's strategy in response to environmental dynamism is appropriate. It should be noted that the findings of this study contradict the results of earlier research that emphasized the moderating effect of environmental [16, 17, 37].

5. CONCLUSION

This study has found that the implementation of CSR programs by SOEs has effectively improved the performance of micro-enterprises that received CSR funding assistance. Additionally, the study has uncovered that environmental dynamism plays a pivotal role as one of the determinants influencing micro-enterprise performance. These study results hold theoretical significance in enhancing the understanding of CSR within the context of micro-enterprises.

The study enriches the theoretical understanding of CSR in micro-enterprises by demonstrating its positive impact on their performance. It also highlights the role of environmental dynamism as a determinant of micro-enterprise performance, adding depth to CSR literature. The findings of this study offer several practical implications. Enhancing Micro-enterprise State-Owned Enterprises (SOEs) should continue their CSR initiatives, particularly in providing financial support, business coaching, and marketing assistance to micro-enterprises. This support has proven effective in enhancing the performance of these small businesses. Moreover, businesses, including micro-enterprises, should recognize the impact of environmental dynamism on their performance. In dynamic environments, micro-enterprises should focus on innovation and adaptability to remain competitive. Furthermore, the findings of this study can serve as a valuable reference for governmental policymaking related to the development of micro-enterprises through CSR programs facilitated by SOEs.

However, it is crucial to exercise caution when generalizing these findings due to the specific focus on micro-enterprises in the Province of Central Sulawesi, Indonesia. The study's focus on micro-enterprises in the Province of Central Sulawesi, Indonesia, may limit the generalizability of findings to different regions or countries with distinct micro-enterprise characteristics and market conditions. Moreover, these micro-enterprises possess their own distinct characteristics and market positions. The study assumes a specific context influenced by Indonesian economic, social, and cultural factors. These factors may not apply universally, affecting the transferability of the results.

Therefore, the researcher suggests that future studies extend their research to other regions with varying micro-enterprise characteristics. This approach will contribute to a more comprehensive understanding of CSR and its implications for micro-enterprises. Future research is also suggested to conduct similar research in diverse regions or countries with varying economic conditions and cultural backgrounds to assess the universality of CSR program effectiveness and to compare the outcomes of CSR programs across different types of enterprises (e.g., micro, small, medium) to understand variations in their effectiveness.

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