

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE FINANCIAL PERFORMANCE OF SMES IN PAKISTAN: MEDIATING ROLE OF CSR COMMITMENT AND GREEN COMPETITIVE ADVANTAGE

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Abstract-*The present study considered the mediating role of CSR commitment at first level of proposed mediation model and green competitive advantage at second level for the implantation of corporate social responsibility practices (environmental, social and economic) for sustainable financial performance of SMEs. The present study considered the SMEs from manufacturing sector of Pakistan as unit of analysis and owner/managers as representatives of SMEs were the main respondents of the study. With the 53.27% response rate, through survey questionnaire a total of 391 questionnaires were collected for final data analysis. The PLS-SEM techniques was used for the analysis of second and first order constructs and hypothesis testing. The findings indicates that CSR commitment mediates positively and significantly between the relationship of CSR practices (environmental, social and economic) and green competitive advantage at first level of serial mediation. Then at second level of serial mediation green competitive mediates significantly between the relationship of CSR commitment and sustainable financial performance*

Keywords: *environmental CSR practices, social CSR practices, economic CSR practices, CSR commitment green competitive advantage and sustainable financial performance.*

1. INTRODUCTION

The key competitive advantages of twenty-first century are the green and sustainable business and corporate social responsibility practices (Singh & El-Kassar, 2019). Through essential changes in the organizational systems and processes across industry, managers and leaders are engaged in the development of sustainable organizational capabilities to practice green corporate social responsibility (CSR) practices like social, economic and environmental to produce green products and services. However, it has been noted that, there is a particular emphasize about corporate CSR initiatives across organizational procedures, products and services have been taken by the emerging economies rather than developing and industrialized economies (Schoenherr, 2012).

Thus, to manage the evolving challenges confronted in both external and internal environments of the firm, it calls upon manager and leaders to enhance organizational capabilities. Cekanavicius, Bazyte, and Dicmonaite (2014) assumes that the green business refers to any business that is obligated to the measures of social, economic and environmental sustainability in its management, its efforts to utilize inexhaustible resources, and its encounters to diminish the adverse impacts of its actions.

While engaging in social, economic and environmental CSR practices small and medium-sized enterprises SMEs have different considerations and motives than larger enterprises, as most of the researchers indicated (Hou, Liu, Fan, & Wei, 2016). It's an impression that the main inspiration behind the conduct of CSR programs by larger corporations is their reputation and public image, while small and medium sized enterprises stimulated to impact the community to increase their sales and profit (Popa & Salanță, 2014). Small and medium sized enterprises are instantly exposed to the hypothetically adverse results-namely regulation, cost, and litigation, of CSR practices investments than larger corporations, due to the truncated lag time between decisions and their respective results (Sarbutts, 2003).



SMEs are very important for development programs of all countries all over the world (J. B. Barney, 2001; Davidsson, 2004; McMahon, 2001). Which becomes the crucial part of development strategies at national level. SMEs in Pakistan's case, are operating in every industry and contributing to the national economy by providing high income and employment level. It seems to be a challenging task to recognize the need for solidification of competitive position and sustainability of SME's for economic development (Barungi, 2017). In these days, SME's getting more attention of donors, academicians and policy makers (Cherkos, Zegeye, Tilahun, & Avvari, 2017).

For the development of Pakistan's economy the vibrant SME's sector is one of the main forces, there is a broad consensus on it (Shah, Shah, & Taiyyeba, 2018). SME's have quick adaptability to the market demand and supply, changed situations and are very flexible to stimulate the private ownership and entrepreneurial abilities. It also contribute significantly to economies of trade and exports, helps to diversify the economic activities and creation of employments (Kirchhoff, 1994; McMahon, 2001). Even in less developing economy such as Pakistan SMEs constitute a big share in employment and output of the country. If several weaknesses be corrected the textile and manufacturing sector in SME's will outperform.

It was pointed out some time ago by Torugsa, O'Donohue, and Hecker (2012) that an arising question of, how the bottom line of business would be affected by devoting and spending resources by firms on corporate CSR to manage the environment and society (Cheon, Maltz, & Dooley, 2017; Qian & Xing, 2018). For instance, Friedman (2007) stated that investment in such positive potential projects of implementation of CSR practices leads towards the reduction in wages of employees and significant increase in product and services prices for customers by depriving shareholders of value for money. Thus, the literature proclaimed that the main source of a significant uprise in organizational financial cost is the adaptation of corporate CSR strategy (Harjoto & Laksmana, 2018).

Though, researchers including M. E. Porter and Linde (1999) and Davis (1973) have suggested that businesses will remain in "win-win" situation by adopting the CSR practices and their performance will increase by better management of environment and society. But consideration of CSR practices would be an extra burden from the financial point of view. And in the context of SMEs especially, short run profitability with scarce resources is of great concern for survival. In short run, enactment of CSR practices may lead to less profitability due to increased cost and lack of financing. From the resource-based view easy access to finance will increase the firm's profitability by adopting the CSR practices. As previous literature documented the association between CSR practices and sustainable financial performance by ignoring operational factors such as CSR commitment and green competitive advantage (Abdulsaleh & Worthington, 2013; Aiyub, Arifin, Awang, & Jahi, 2009; Ayub & Zaman, 2015; Banerjee, Iyer, & Kashyap, 2003; Brammer, Hoejmose, & Marchant, 2012; Corbett & Cutler, 2000).

According to the CSR scholars, CSR practices are the value creation activities, which is possible with the strong commitment regarding their engagement (Mensah, Agyapong, & Nuertey, 2017; Qing, Asif, Hussain, & Jameel, 2019; Stites & Michael, 2011; Wang, Li, & Zhao, 2018). According to Mensah et al. (2017) CSR practices and CSR commitment have significant relationship that will leads to better financial performance. Value creation process of CSR practices also depends on the green competitive advantage of a firm, as Pham and Tran (2020) explores that fully committed engagement of a firm in CSR practices leads towards a significant and sustainable financial performance. As most of studies suggests a positive and significant link between CSR practices and sustainable financial performance (Aramburu & Pescador, 2019; Axjonow, Ernstberger, & Pott, 2018; González-Rodríguez, Martín-Samper, Köseoglu, & Okumus, 2019; Khan, Majid, Yasir, & Arshad, 2013; Pinzán-Castro & Morales, 2017; Saeidi, Sofian, Saeidi, Saeidi, & Saeidi, 2015).

Furthermore, when a committed firm adopt the CSR practices to create value, this act of adoption provides a green competitive advantage to the organization among its competitors, that will lead towards sustainable financial performance. That means engagement in CSR practices creates green competitive advantage and ultimately better financial performance sustainability. According to prior literature a significant relationship between CSR practices and green competitive advantage is

documented (Cantele & Zardini, 2018; El-Garaihy, Mobarak, & Albahussain, 2014; Kadir et al., 2018; Nyuur, Ofori, & Amponsah, 2019; Y. Porter, 2017; Saeidi et al., 2015).

Most of the studies about CSR practices and financial performance depicts direct relationship but due to unpredicted and its economic nature this is not a simple relationship. Therefore, in compliance with above discussion, this study aims to identify some intervening factors between the relationship of CSR practices and sustainable financial performance which are omitted by the scholars till now. This study will address the significance of mediation of CSR commitment and green competitive advantage between the relationship of CSR practices like social, economic, environment and sustainable financial performance of SMEs, while engaging in CSR practices given their more limited resources. Williams (2020) documents a significant relationship between CSR practices and financial performance of small and medium enterprises in USA. Literature suggests a strong link between CSR practices and financial performance but with devastated results (Ahinful, 2018; Albertini, 2013; Earnhart & Lizal, 2010; Franco & Suguna, 2017; González-Rodríguez et al., 2019; Harash, Al-Timimi, & Alsaadi, 2014; Jiang, Xue, & Xue, 2018; Johari, 2019; Lucas & Noordewier, 2016; Pham & Tran, 2020; Qian & Xing, 2018; Sahu & Narayanan, 2014).

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Sustainable financial Performance

The degree to which the strategic and financial objectives are achieved in long run by the firms is sustainable financial performance (Calantone, Cavusgil, & Zhao, 2002). It can also be designated as the consequence of firm's actions or operations (Zou, Taylor, & Osland, 1998). According to Katsikeas, Leonidou, and Morgan (2000) the subjective examination of financial performance appears to be more valid in defining long term and sustainable aspect and impacting managerial decision making and actions. Literature suggests that CSR practices can have both positive and negative impacts on a firm's sustainable financial performance (McWilliams & Siegel, 2000).

2.1.1. CSR Practices (environmental, Social and economic)

This study explains the concept of CSR practices on the basis of triple bottom line theory Elkington (1998). According to Montabon, Sroufe, and Narasimhan (2007) environmental CSR practices are the guidelines, ways and techniques used by a firm to monitor and control its actions effects on natural environment. Environmental CSR practices explained by six dimensions/items energy efficiency, water management, waste management, material management, pollution management and biodiversity management. Prior literature explains the corporate social CSR as fulfill the set standards of government agencies and the society by organizations to lessen their social impact (Cholette, Kleinrichert, Roeder, & Sugiyama, 2014). According to the European Commission (2011) social CSR practices, on the bases of social consideration in strategic planning is the organizational responsibility because of their impact on society. Social CSR practices explained by two dimensions/items community and employees. Economic corporate social responsibility (CSR) practices refer to actions taken by a company to address issues related to prosperity and growth in the marketplace. Companies that have strong relationships with suppliers and customers, and that engage in fair and transparent business practices, may be more likely to enjoy long-term success and stability. (Bansal, 2005; Russell & Russell, 2010). Economic CSR practices are proxied by customer and supplier relationships.

Rondinelli and Vastag (1996), stated that firms may be adopting the CSR practices in response of market pressure or difficult CSR regulations. Employment of CSR practices in response of firm's exogenous pressures rather indigenous motivation may impact the sustainable profitability. Most of the prior studies reports conflicting results about the nexus CSR practices and sustainable financial performance. For example, Ramanathan (2018), Gonenc and Scholtens (2017), Pereira-Moliner et al. (2015) and Montabon et al. (2007) demonstrated significantly positive link between CSR practices and sustainable financial performance of firms, Hart and Dowell (2011), Rahman, Rasid, and Basiruddin (2014), Cordeiro and Sarkis (1997), Filbeck and Gorman (2004) stated negative relationship between CSR practices and sustainable financial performance nexus. Pinteá, Stanca,



Achim, and Pop (2014) together with Earnhart and Lizal (2010) and Nyirenda and Ngwakwe (2014) depicts no association between CSR practices and sustainable financial performance.

The measured CSR practices will be used to examine the indirect link between Corporate CSR practices and sustainable financial performance of SMEs in Pakistan. A complete model of corporate CSR practices and sustainable financial performance nexus, with the introduction of multilevel mediators in a systematic way. From the employment of CSR practices the operational performance of a firm will be impacted and then the sustainable financial performance will be impacted. On operational level of performance CSR commitment will provide green competitive advantage with consideration of CSR practices and then ultimately to sustainable financial performance (Cantele & Zardini, 2018). Considering the notion of operational management this study aims to posit a CSR practices and sustainable financial performance relationship model with two levels of mediation system.

2.1.2. CSR commitment

Sanzo, Álvarez, Rey, and García (2012) defined the commitment as an emotional and intellectual engagement of an individual or entity towards a definite activity. Hypothetically, when an employee or firm dedicates or devotes him entirely to complete the task efficiently and effectively by acknowledging the rules and regulations, practices and values and set objectives of an organization, is admired as a commitment towards organization or committed organization (Brammer, Millington, & Rayton, 2007; Sanzo et al., 2012; Wang et al., 2018). the main instinct of this study is to focus the organizational level CSR commitment. It is believed that tasks of managers would be aligned to the organizational strategy, in presence of better relationships between owners and managers.

Some of the prior studies have reported a positive association between CSR practices and CSR commitment. On the basis of corporate citizenship and Carroll (1991) pyramid model Peterson (2004) have reported a stronger relationship between the owners and managers with high sense of CSR practices (environmental' social and economic) and CSR commitment. Another study by, Stites and Michael (2011) revealed a positive link between organizational CSR commitment and CSR practices among manufacturing firms operating in the USA. Therefore, for the implementation of CSR practices in an organization the higher level of CSR commitment by the owners and manager plays a vital role (Dahleez, Aboramadan, & Bansal, 2020). Following hypothesis are deduced for the link environmental, social and economic CSR practices and green competitive advantage considering the CSR commitment as mediating variable at first level of mediation model in serial mediation.

H1: environmental CSR practice significantly influence the green competitive advantage, through the mediating effect of CSR commitment.

H2: social CSR practice significantly influence the green competitive advantage, through the mediating effect of CSR commitment.

H3: economic CSR practice significantly influence the green competitive advantage, through the mediating effect of CSR commitment.

2.1.3. Green competitive Advantage

When a firm, have and implement a value creating strategy for a significant time period but its contemporary counter parties does not have, the firm is considered with green competitive advantage or edge over other firms (J. Barney, 1991; J. B. Barney, 2001; Peteraf & Barney, 2003). Accordingly, green competitive advantage, is conventionally associated with the creation value of in other way the sustainable financial performance that can be attained through distinctive strategies or efficient cost reduction (M. E. Porter, 1985). So, recently M. Porter, Kramer, and Randall-Raconteur (2006) emphasized that the competitiveness is highly associated to CSR practices (environmental, social and economic) generated competences and resources of corporates.

Additionally, CSR practices, leads towards the competitive advantage with the introduction of green product, services and processes and also positively effects the sustainable financial performance (Chang, 2011; Chen, Lai, & Wen, 2006; Pereira-Moliner et al., 2015). Thus, on the basis of relational capacity of firm (Madueno, Jorge, Conesa, & Martínez-Martínez, 2016) or

through enhanced customer satisfaction (Saeidi et al., 2015) green competitive advantage can influenced positively with organizational CSR commitment and enhanced CSR practices. Consequently, the prior studies established that green competitive advantage can be achieved through the committed CSR practices that would ultimately enhance the sustainable financial performance. Following hypothesis is deduced for the link CSR commitment and sustainable financial performance considering the green competitive advantage as mediating variable at second level of mediation model in serial mediation.

H4: CSR commitment significantly influence the sustainable financial performance, through the mediating effect of green competitive advantage.

3. METHODOLOGY

This study used survey method for data collection from the owners/managers of SMEs operating in Pakistan. This study considered the manufacturing SMEs operating in Lahore and Faisalabad Pakistan as unit of analysis to answer the research questions of the study. To provide the responses of the questionnaires the owners/managers are considered the main respondents on behalf of the manufacturing SMEs. The survey population or target group is manufacturing SMEs in two main industrial cities Lahore and Faisalabad, Punjab, Pakistan. A combined list of manufacturing SMEs operated in Lahore and Faisalabad was being drawn from the Chambers of Commerce of respective cities, for population of study. Chai and Sa (2016) and Mwaura, Hiuhu, and Gathenya (2015) used the combination list method to study the possibility of SME's growth strategies in Malaysia and Kenya respectively.

For collection of data a suitable sample was selected from the population of manufacturing SMEs. 382 is considered the final sample size for data collection. In Pakistan the response rate approximately is 52 percent for survey-based studies (Mellahi & Harris, 2016). Therefore, to achieve the required sample of current study 734 questionnaires were distributed. A self-administered questionnaire was used for better quality responses (Collis & Hussey, 2013). Because of easy comprehension to respondents and common useability in survey-based method, 5-point Likert scale was used in questionnaire. Primary data was be collected through a well-structured questionnaire, developed according to the objectives of the study and variables are drawn from the review of previous studies about the CSR practices, CSR commitment, green competitive advantage and sustainable financial performance of SME's (Ahinful, 2018; Buffa, Franch, & Rizio, 2018; Qian & Xing, 2018; Ramanathan, 2018; Williams, 2020; Yuan, Lu, Tian, & Yu, 2020).

Partial least squares structural equation PLS-SEM technique of data analysis was used for this study by using SmartPLS 4.0.1 version. According to Joe F Hair Jr, Howard, and Nitzl (2020) for the assessment of measurement and structural models the PLS-SEM is to be considered an appropriate statistical tool. There is no assumption of normality in PLS-SEM for data analysis as most of the survey based studies datasets does not meet the normal distribution assumption (Joseph F Hair Jr, Sarstedt, Ringle, & Gudergan, 2017). Therefore, for the assessment of relationship between measured and latent constructs, current study used PLS-SEM technique following two steps of evaluation.

Measurement model was assessed at first step and structural model assessed at second step of evaluation. For the assessment of first and second order constructs of this study the reliability of indicators was measured with, factor loadings, composite reliability, ρ_A and Cronbach alpha. This study used average variance extracted (AVE) for the measurement of convergent validity and Heterotrait and Monotrait (HTMT) technique for the measurement of discriminant validity. For the evaluation of structural model the results of proposed relationships among the constructs of this study are reported in terms of f-square, lower, upper limits, t value, p values, variance inflation factor, standard betas and standard error using 5000-sample re-sample criteria of bootstrapping (Ramayah, Rahman, & Taghizadeh, 2019).

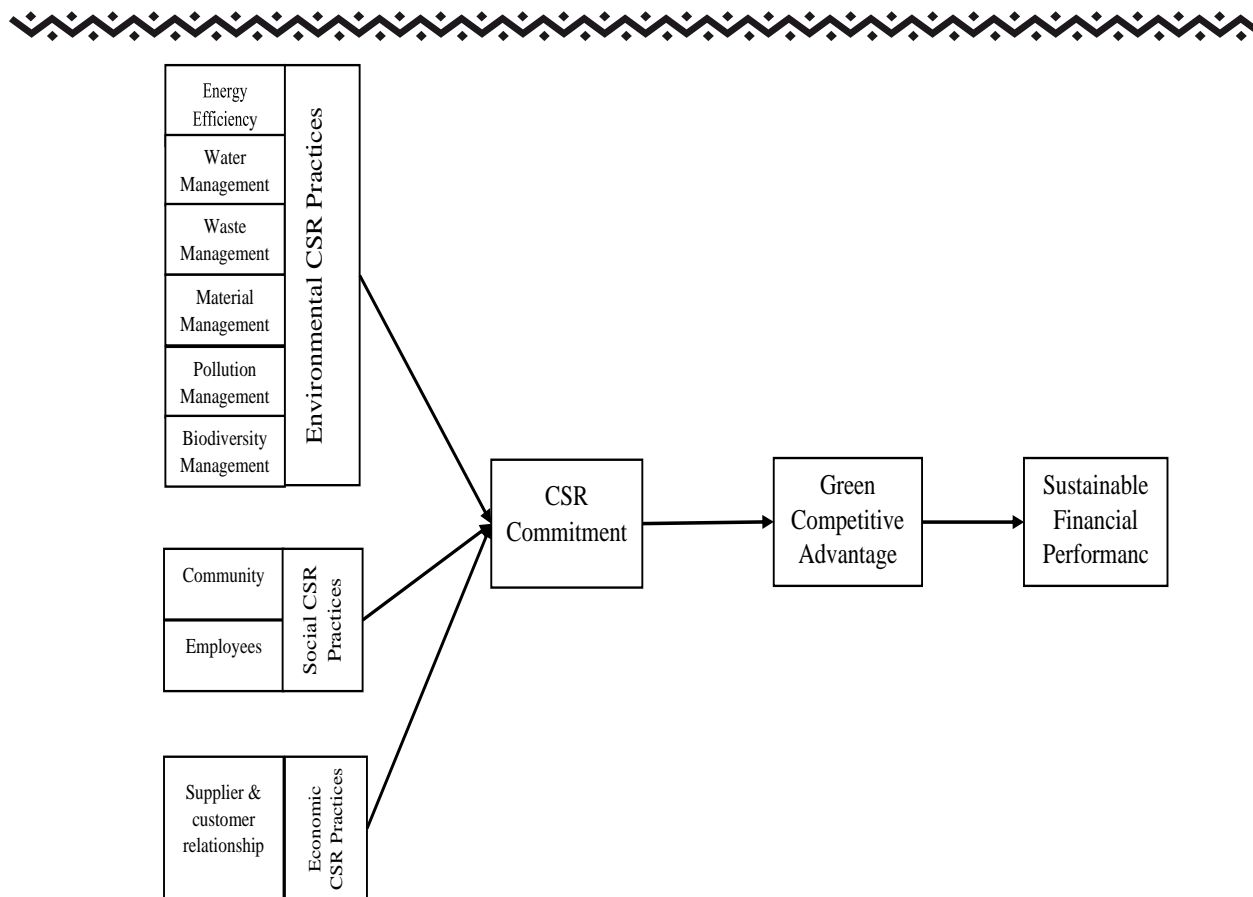


Figure 1: Theoretical Framework

4. RESULTS AND DISCUSSION

4.1. Measurement Model

The results of first order measurement model. Loading values of each indicator are higher than 0.50 and the value of rho_A of each construct is higher than 0.70. As the cutoff value of composite reliability is 0.70 results shows the higher values of all constructs than cutoff value of composite reliability. According to Joe F Hair Jr et al. (2020) the value of AVE should be higher than 0.50, the current studies values of AVE for all constructs are higher than the suggested value as shown in the

Table 1. The values of loadings for all items, rho_A, composite reliability and AVE have confirmed that reliability and validity have established for the first order constructs of this study. Since the current study has two second-order constructs, Environmental CSR Practices having six first order constructs and Social CSR Practices having two first order constructs are assessed for reliability and validity on second order, results are reported at the end of

Table 1. The loading values of all items of second order constructs are higher than 0.650. The composite reliability values of both second order constructs are higher than 0.87, AVE value of

environmental CSR practices is 0.545 that is above the cutoff value 0.50 and social CSR practices AVE values is 0.840. The findings shows that reliability and validity of second order model have been established.

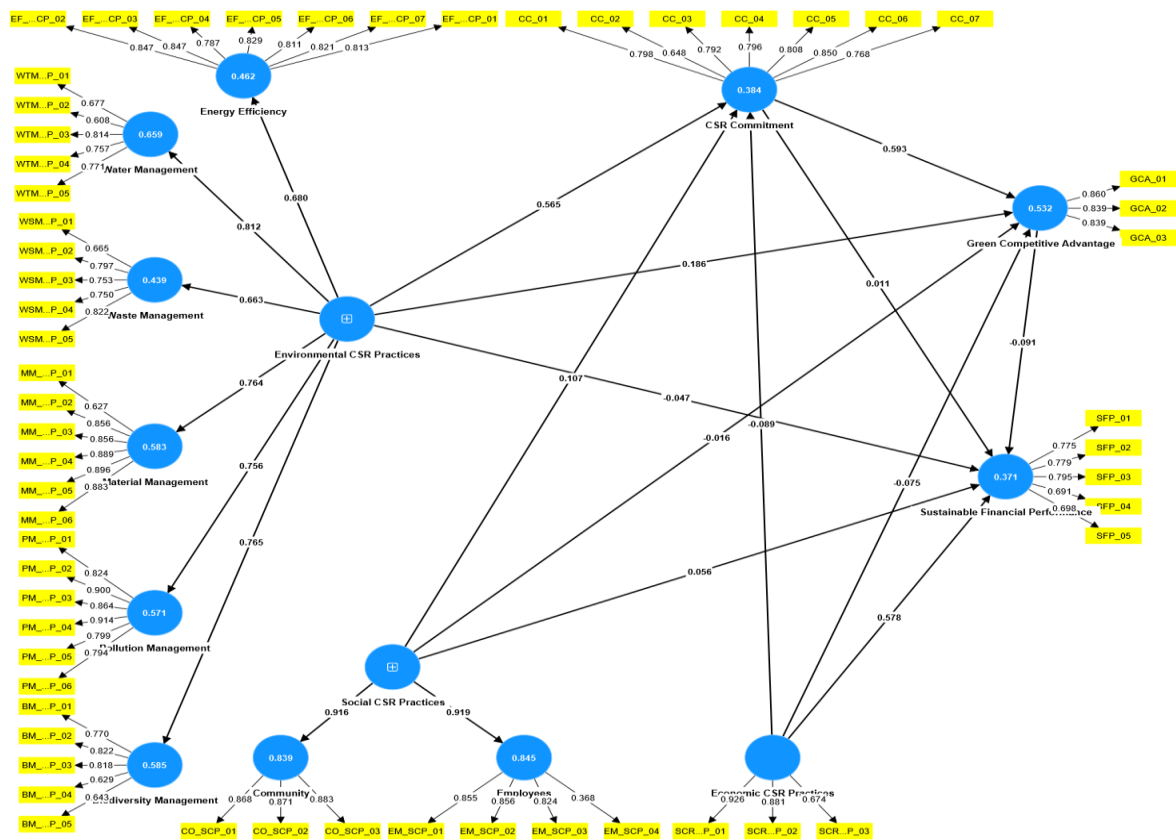


Figure 2: 1st order measurement model

Table 1:

First Order Construct	Items	Loading	rho_A	CR	AVE
Energy Efficiency	EF_ENCP_01	0.813	0.921	0.936	0.676
	EF_ENCP_02	0.847			
	EF_ENCP_03	0.847			
	EF_ENCP_04	0.787			
	EF_ENCP_05	0.829			
	EF_ENCP_06	0.811			
	EF_ENCP_07	0.821			
Water Management	WTM_ENCP_01	0.676	0.775	0.849	0.531
	WTM_ENCP_02	0.608			
	WTM_ENCP_03	0.814			
	WTM_ENCP_04	0.756			
	WTM_ENCP_05	0.770			
Waste Management	WSM_ENCP_01	0.665	0.820	0.871	0.577
	WSM_ENCP_02	0.797			
	WSM_ENCP_03	0.753			
	WSM_ENCP_04	0.750			
	WSM_ENCP_05	0.822			
Material Management	MM_ENCP_01	0.627	0.912	0.934	0.705
	MM_ENCP_02	0.856			
	MM_ENCP_03	0.856			

		MM_ENCP_04	0.889			
		MM_ENCP_05	0.896			
		MM_ENCP_06	0.883			
<i>Pollution Management</i>		PM_ENCP_01	0.824	0.925	0.940	0.723
		PM_ENCP_02	0.900			
		PM_ENCP_03	0.864			
		PM_ENCP_04	0.914			
		PM_ENCP_05	0.799			
		PM_ENCP_06	0.794			
<i>Biodiversity Management</i>		BM_ENCP_01	0.770	0.801	0.858	0.549
		BM_ENCP_02	0.822			
		BM_ENCP_03	0.818			
		BM_ENCP_04	0.628			
		BM_ENCP_05	0.643			
<i>Community</i>		CO_SCP_01	0.868	0.846	0.906	0.763
		CO_SCP_02	0.871			
		CO_SCP_03	0.883			
<i>Employees</i>		EM_SCP_01	0.855	0.809	0.830	0.569
		EM_SCP_02	0.856			
		EM_SCP_03	0.824			
		EM_SCP_04	0.368			
<i>Suppliers & Customer Relationships</i>		SCR_ECCP_01	0.929	0.877	0.872	0.697
		SCR_ECCP_02	0.873			
		SCR_ECCP_03	0.682			
<i>CSR Commitment</i>		CC_01	0.798	0.893	0.917	0.612
		CC_02	0.648			
		CC_03	0.792			
		CC_04	0.796			
		CC_05	0.808			
		CC_06	0.850			
		CC_07	0.768			
<i>Green Advantage</i>	<i>Competitive</i>	GCA_01	0.861	0.803	0.883	0.716
		GCA_02	0.836			
		GCA_03	0.841			
<i>Sustainable Performance</i>	<i>Financial</i>			0.823	0.864	0.561
		SFP_01	0.775			
		SFP_02	0.785			
		SFP_03	0.797			
		SFP_04	0.687			
		SFP_05	0.692			
Second-Order Constructs	Indicators			Loadings	CR	AVE
<i>Environmental CSR Practices</i>	Energy Efficiency			0.658	0.877	0.545
	Water Management			0.801		
	Waste Management			0.771		
	Material Management			0.711		
	Pollution Management			0.674		
	Biodiversity Management			0.801		
<i>Social CSR Practices</i>	Community			0.893	0.913	0.840
	Employees			0.939		

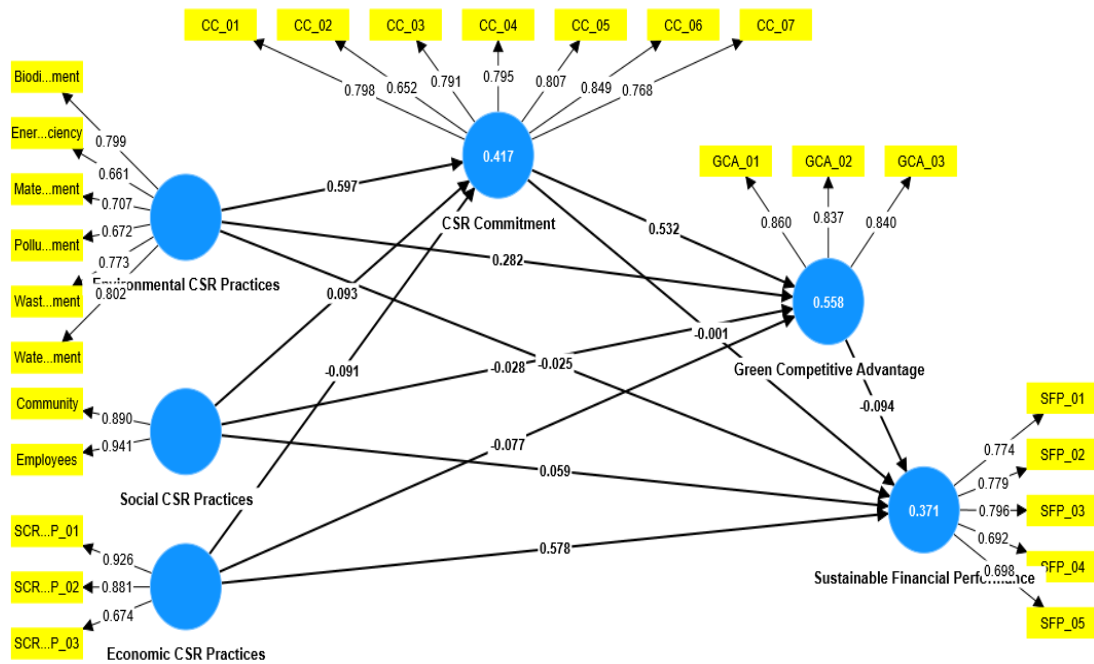


Figure 3: 2nd Order measurement Model

4.1.1. Discriminant Validity

Henseler, Ringle, and Sarstedt (2015) HTMT criterion later on updated by (Franke & Sarstedt, 2019) was used to assess the discriminant validity, the results are depicted in Table 2. The cutoff values of HTMT are ≤ 0.85 as strict criteria and ≤ 0.90 as lenient criteria. According to the results of HTMT it is depicted that all eight constructs are distinct as the values of all constructs are less than 0.85 based on strict criteria hence the convergent validity for all constructs are established. Based on the findings of both steps of measurement model it is proved that all of the measuring items are reliable and valid.

Table 2:

HTM Results		1	2	3	4	5	6
1	Sustainable Financial Performance						
2	Green Competitive Advantage	0.237					
3	CSR Commitment	0.167	0.833				
4	Environmental CSR Practices	0.130	0.691	0.707			
5	Social CSR Practices	0.098	0.262	0.338	0.402		
6	Economic CSR Practices	0.676	0.178	0.127	0.125	0.127	

4.2. Structural Model evaluation

Structural model of this has assessed significance of proposed hypothesis of the study in two levels. In first level the effect of CSR practices on green competitive advantage through CSR practices has assessed and at second level the effect of CSR commitment on sustainable financial performance through green competitive advantage has accessed. To assess the significance of intervening constructs this study used the criterion proposed by Zhao, Lynch Jr, and Chen (2010).



4.2.1. First level mediation

The underpinning objective of the study is to test the mediation of CSR commitment between the relationship of CSR practices (environmental, social and economic) and green competitive advantage. The results shown in

Table 3 indicates that the indirect relationship (ENCP → CC → GCA) is significant (β = 0.317, t = 8.685, p < 0.01) indicates that CSR commitment mediates the relationship between environmental CSR practices and green competitive advantage. The findings of complementary partial mediation as the direct effect (ENCP → GCA) is also significant (β = 0.278, t = 6.338, p < 0.01) and the sign of product of direct and indirect effect beta coefficient is positive (0.317 × 0.278 = 0.088), indicates that a portion of the effect of environmental CSR practices on green competitive advantage is mediated through the CSR commitment, whereas, environmental CSR practices still explains a portion of green competitive advantage independent of CSR commitment.

The indirect relationship (SCP → CC → GCA) is significant (β = 0.050, t = 2.170, p < 0.05) indicates that CSR commitment mediates the relationship between social CSR practices and green competitive advantage. The findings of full mediation as the direct effect (SCP → GCA) is insignificant (β = -0.027, t = 0.664, p > 0.10), indicates that the effect of social CSR practices to green competitive advantage is completely transmitted through the intervening construct CSR commitment. the indirect relationship (ECCP → CC → GCA) is significant (β = -0.048, t = 2.429, p < 0.05) indicates that CSR commitment mediates the relationship between economic CSR practices and green competitive advantage. The findings of full mediation as the direct effect (ECCP → GCA) is insignificant (β = 0.018, t = 0.351, p > 0.726), indicates that the effect of economic CSR practices to green competitive advantage is completely transmitted through the intervening construct CSR commitment.

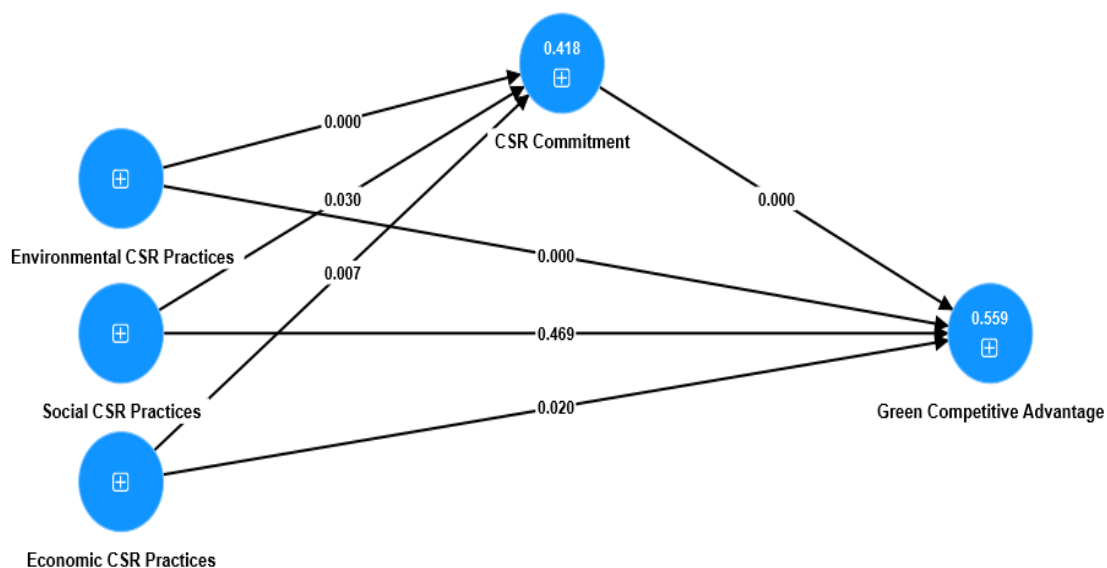


Figure 4: First level Mediation

Table 3:

Total Effect		Direct Effect		Indirect Effect		Conclusion							
Std	T	P	Std	T	P	Hypothesis	Std	Std	T	P	BCILLBCIUL		
Beta Value		Beta Value		Beta Value		Beta Error Value Value							
(ENCP --> GCA)													
0.601	19.06	0.000	0.278	6.338	0.000	H1: ENCP --> CC --> GCA	-0.317	0.037	8.685	0.000	0.245	0.387	Supported



(SCP --> GCA)

0.0220.457 0.648- 0.6640.507 H2: SCP--> CC-->0.0500.0232.17 0.0300.0070.098 Supported
 0.077 GCA

(ECCP --> GCA)

- 3.344 0.0010.0180.3510.726 H3: ECCP --> CC --- 0.0202.4290.015- - Supported
 0.124 > GCA 0.048 0.0870.008

Note: We use 95% confidence interval with a bootstrapping of 5,000. (**p<0.01(t => 2.33), **p<0.05(t =>1.96), *p<0.1(t =>1.64))

Note: GCA= Green Competitive Advantage, CC= CSR Commitment, ENCP= Environmental CSR Practices, SCP= Social CSR Practices, ECCP= Economic CSR Practices

4.2.2. Second Level Mediation

The underpinning objective of the study is to test the mediation of green competitive advantage at second level of mediation model between the relationship of CSR commitment and sustainable financial performance. The results shown in

Table 4 indicates that the indirect relationship (CC → GCA → SFP) is significant (β = -0.061, t = 2.134, p < 0.05) indicates that green competitive advantage mediates the relationship between CSR commitment and sustainable financial performance. The findings of full mediation as the direct effect (CC → SFP), that is insignificant (β = 0.036, t = 0.791, p > 0.10), indicates that the effect of CSR commitment to sustainable financial performance advantage is completely transmitted through the intervening construct green competitive advantage at second level of mediation.

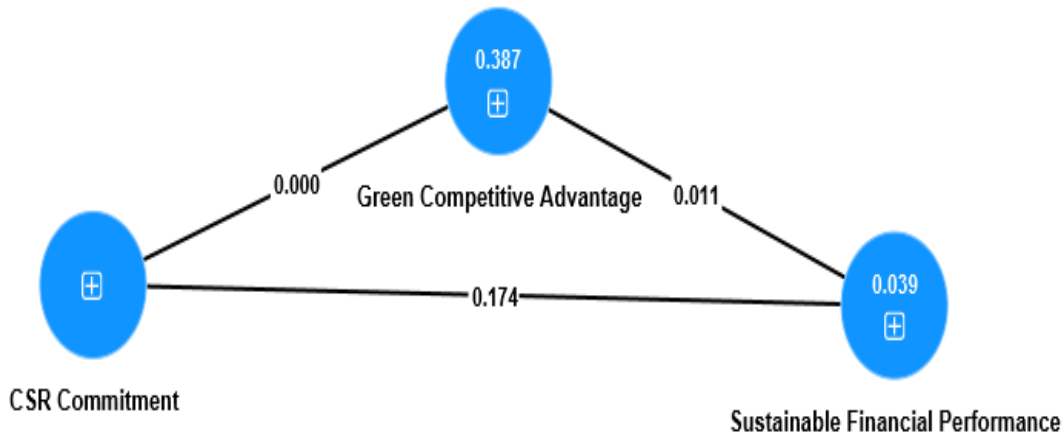


Figure 5: Second Level Mediation

Table 4:

Total Effect			Direct Effect			Indirect Effect			Std Beta	Std Error	T Value	P Value	BCIL	BCIU	Conclusion
Std Beta	T Value	P Value	Std Beta	T Value	P Value	Hypothesis									
(CC --> SFP)															
-0.025	0.692	0.489	0.036	0.791	0.429	H4: CC --> GCA ---> SFP	-0.061	0.029	2.134	0.033	-	-	0.12	0.00	Support ed
													1	7	

Note: We use 95% confidence interval with a bootstrapping of 5,000. (**p<0.01(t => 2.33), **p<0.05(t =>1.96), *p<0.1(t =>1.64))

Note: GCA= Green Competitive Advantage, CC= CSR Commitment, SFP= Sustainable Financial Performance



5. CONCLUSION AND FUTURE RECOMMENDATION


The aim of this study was to deepen understanding of the association of CSR practices (environmental, social and economic) on the basis of underpinning triple bottom line theory with sustainable financial performance by adding new sights about possible mediators not captured by previous studies. This study contributes by validating a new model that considers each separate dimension of CSR practices separately at first order and second order, as well as at the two levels of mediation. The results suggest that CSR commitment and competitive advantage plays an important role in this relationship indicates that it is necessary for firms to strategically include these topics into their management plans to gain sustainable financial benefits from them. This study also contributes to the literature by testing the proposed model in the perspective of small and medium-sized enterprises. Prior studies have mainly focused on qualitative analysis of CSR in SMEs, suggesting that they are different from corporations and implement CSR in a different way with high limitations. However, this study partially contradicts those ideas as it found that SMEs do indeed perceive green operational and sustainable financial performance benefits when implementing CSR practices strategically, indicating that a strategic view of sustainability is not only for large firms but can be beneficial even for medium and smaller ones.


This study's main managerial implications are that the effects of CSR practices on firm's sustainable financial performance follow a path in which organizational CSR commitment is involved, with green competitive advantage being key to capitalize on these measures. This means that CSR practices have strategic relevance for SMEs sustainable survival and development. However, the results revealed that SMEs can get green competitive advantage by implementing CSR practices with full commitment and then ultimately a committed firm towards CSR practices will have sustainable financial performance.


The future directions of this study should explore the relationship between CSR practices and sustainable financial performance through firm reputation. Additionally, it would be beneficial to further investigate the moderating effect of access to finance on the indirect of relationship of two levels proposed mediation model. Lastly, when thinking about corporate social responsibility and sustainable financial performance of small and medium sized enterprises the firm reputation and access to finance must also be taken into account.


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