

Impact of Social Responsibility as a Driver of Business Performance in Indonesian Smes

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ABSTRACT

The Covid-19 pandemic continues to shape Indonesia's trajectory, with projections indicating its influence for the next 4-5 years, prompting a paradigm shift across all spheres, including the economy. Companies find themselves at a crossroads, tasked with aligning profitability with the evolving needs of communities, while simultaneously meeting ethical obligations to society and the environment. Consequently, Corporate Social Responsibility (CSR) has taken on a dynamic role, expanding beyond large corporations to encompass Small-and-Medium Sized Enterprises (SMEs). Nevertheless, the intricate interplay between CSR, SME resilience, and the capacity to endure economic downturns remains largely unexplored. This study endeavors to bridge this research gap by delving into the impact of CSR on the financial performance of SMEs in the face of economic challenges. As the Covid-19 pandemic persists, Indonesian SMEs must navigate an altered economic landscape. Although the concept of CSR has gained prominence, its precise influence on SMEs' ability to weather economic adversities and attain sustained financial success remains enigmatic. Consequently, this research aims to uncover the factors that shape the adoption of CSR practices among SMEs, while also investigating the extent to which CSR implementation correlates with financial performance. By elucidating this relationship, the study aspires to provide valuable insights into fortifying the sustainability and resilience of SMEs within the dynamic framework of evolving economic norms.

Keywords: Decarbonization, Malaysia, Net-zero emissions, Corporate practices