

CSR information, environmental awareness and CSR diffusion in SMEs of Angola

CSR in SMEs
of Angola

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Abstract

Purpose – With the increasing awareness of sustainability and its importance around the world, corporate social responsibility (CSR) in Africa also requires attention. Based on the stakeholder theory, this study aims to determine the relationship between CSR information received by small and medium-sized enterprises (SMEs) and CSR's diffusion and the mediating role of environmental awareness in Angola as a country representative of the African context.

Design/methodology/approach – The empirical study analyzes managers' perceptions of 131 SMEs in Angola. The partial least squares structural equation modeling (PLS-SEM) is the method to assess the relationship between CSR information and its diffusion and the mediating role of environmental awareness SMEs in Angola.

Findings – The authors found strong evidence that CSR diffusion, and disclosure as one of CSR's related actions, heavily depends on the information received and managed by the firm. The authors also confirmed that environmental awareness puts pressure on SMEs to increase the SMEs' diffusion efforts.

Practical implications – The study points out the role of managers in promoting a responsible orientation of businesses in Angola for preserving the environment and improving the competitive success of SMEs.

Social implications – The social, economic and legal contexts of Angola are vulnerable. The findings raise concerns about whether governments and regulatory efforts improve the development of the strategies toward social responsibility of African firms and whether these firms also increase the role of SMEs in producing positive outcomes through CSR.

Originality/value – The results of this study contribute to a better understanding of the features of the strategic orientation of SMEs in Angola, necessary to enhance CSR and protect the environment. The conclusions highlight the potential role of managers in promoting a culture of ethics, social innovation and successful competition change in businesses.

Keywords Africa, Angola, Corporate social responsibility, Stakeholder theory, Small and medium enterprises, SMEs, Structural equation modeling, SEM-PLS

Paper type Research paper

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1. Introduction

With the adoption of the Sustainable Development Goals (SDGs) program, launched by the United Nations and which will run until 2030, the private sector is expected to play a fundamental role in the reconstruction and advancement of the economy in developing countries, including Angola ([United Nation Development Program, 2015](#)). The inclusion of SDG in the annual report provides opportunities for firms to engage in sustainable practices and disclosure SDG activities ([Erin and Bamigboye, 2022](#)). These incentives make small and medium enterprises (SMEs) an important group about examining whether a company's responsible orientation and greater environmental commitment effectively bring about an increase in corporate social responsibility (CSR) diffusion (spread of ideas, opinions, knowledge or actions) and more concretely about reporting (CSR disclosure) ([Gallardo-Vázquez and Sánchez-Hernández, 2014](#); [Sánchez-Hernández et al., 2019](#)).

Throughout the twentieth century, several African countries had to deal with long periods of civil war and conflict, with the continent's mineral resources – particularly crude oil and diamonds – being used to finance these activities ([Bertocchi and Guerzoni, 2012](#)). These conflicts have not only prevented several generations from attaining an adequate standard of living, access to education and medical and social assistance, but have also adversely affected the existing infrastructure and thus hindered economic development ([Akresh et al., 2012](#); [Asare et al., 2021](#)). Consequently, CSR in developing economies differs from those other developed economies and requires particular attention ([Tauringana, 2021](#)). This is especially true in Africa, where the term CSR is primarily concerned with organizations' continued commitment to behaving ethically and to contributing to economic development ([Sánchez-Hernández et al., 2019](#)).

Previous research has suggested a governance environment, globalization and income inequality are determinants of CSR disclosure for developing countries ([Melubo, 2017](#); [Sampong et al., 2018](#)). Among other, it has been found that the inclusion of economic, social and environmental information, drive the CSR orientation of firms ([García-Rodríguez et al., 2013](#); [Abdalla and Siti-Nabiha, 2015](#); [Colaço and Simão, 2018](#)). However, this string of research has, systematically, left the SMEs businesses out of their scope. Specifically, are mainly dedicated to studying multinational corporate investments ([Kolk and Lenfant, 2010](#); [Aust et al., 2020](#)) and are related to corporate social reporting activities ([De Villiers and Van Staden, 2006](#); [Sánchez-Hernández et al., 2017](#); [Erin and Bamigboye, 2022](#)) in the listed firms.

SMEs are especially important in emerging markets, as they often account for an employment alternative and the opportunity to produce positive outcomes through CSR. Previous studies focused on CSR and reputation problems, personal values and enterprise development projects in African countries such as Eritrea, Zambia, Gambia, Guinea-Bissau and Ivory Coast. The private sector via CSR could make positive contributions toward improving social, economic and environmental conditions in Africa and consider that business could be a part of the solution to the problem of underdevelopment in this region ([Idemudia, 2010](#)). Thus, for African economies, SMEs are important players on reducing poverty levels. Research on SMEs in emerging economies is therefore considered relevant and timely in order to understand whether a company's CSR orientation and greater environmental commitment effectively bring about an increase in CSR disclosure.

The purpose of the present study is to examine the role of CSR information in SMEs and its potential relationship with CSR diffusion, focusing attention on the environmental orientation of SMEs in Angola as a good example of African countries. While South Africa concentrates the attention of CSR studies in Africa because of its higher level of development and its specific legislation for sustainability reporting ([Sánchez-Hernández et al., 2017](#)), Angola is not different from other African nations in everything related to CSR.

The objective is to fill the gap and analyze CSR information as an antecedent of diffusion and demonstrate the role of environmental awareness to disseminate CSR. In this study, a

questionnaire was applied to a sample of 131 managers of SMEs in Angola. The truth is that after the civil war, countries rich in natural resources, like Angola, implemented models of specialization dependent on resources such as oil and diamonds, yet overlooked the social and environmental issues essential to ensuring that business ethics evolved to meet sustainability goals. SMEs are even important in Angola, as they contribute to the provision of employment, social and economic development (Choongo *et al.*, 2019). Angola faced various challenges, and currently, SMEs play a special role in supporting development, mainly in specific sectors of the economy (United Nations, 2019).

Partial least squares structural equation modeling (PLS-SEM) is the method to assess the relationship between CSR information and its diffusion and the mediating role of environmental awareness SMEs in Angola.

The findings contribute to the literature in the following ways. Firstly, this study brings to the fore the relevance of SMEs in Angola for CSR. Although still scant, there has been a rapid increase in research on CSR practices in African countries in recent years. Most of this research, however, has been conducted on listed companies (De Villiers and Van Staden, 2006; Sánchez-Hernández *et al.*, 2017; Aust *et al.*, 2020; Erin and Bamigboye, 2022) and only a few studies have emphasized the area of SMEs (Idemudia, 2010; Sánchez-Hernández *et al.*, 2019). This study, based on stakeholder theory and using a structural model, has attempted to fill that gap by contributing with empirical evidence on the field of SMEs in Angola. Secondly, the study brings evidence that CSR information is an antecedent of diffusion, and it has been also demonstrated the role of environmental awareness to disseminate CSR, that is relatively new in the literature. Its application to SMEs in developing nations reinforces the originality of this study and substantially contributes to the literature. The environmental awareness influences the uptake of CSR reporting in Angola. This new contribution to the academic literature adds to the previous studies that also considered applying dimensions of market orientation in developed contexts (Gallardo-Vázquez and Sánchez-Hernández, 2014; Sánchez-Hernández *et al.*, 2019). Finally, this study contributes to a better understanding of the features of strategic orientation necessary to protect the environment in Angola. Its conclusions highlight the potential role of managers about promoting a culture of ethics, social innovation and successful competition change in businesses.

Following this introduction, the article presents the theoretical background, the overview of CSR disclosure in Africa and the environmental context of SMEs in Angola, all with the aim of designing a theoretical model to define the relationship between CSR information, environmental awareness and CSR diffusion. The article then presents the empirical approach used to validate the model, a discussion of the key findings and the main conclusions.

2. Theoretical background and hypotheses

2.1 Theories and CSR developments in Africa

There are several theoretical frameworks that support the motivations around sustainable development: stakeholder theory (Colaço and Simão, 2018; Bahta *et al.*, 2020; Erin and Bamigboye, 2022), resource dependency theory (Wiig and Kolstad, 2010; Ramdhony *et al.*, 2021), institutional theory (Kühn *et al.*, 2015; Melubo *et al.*, 2019), legitimacy theory (Setia *et al.*, 2015; Sampong *et al.*, 2018) and agency theory (Ode-Ichakpa *et al.*, 2020; Coleman and Wu, 2021). Considering the main goal of this work, we have mainly focused the attention on the stakeholder theory and how important it is in CSR information and diffusion. Given that the support from stakeholders is fundamental to the long-term and sustainability survival of firms, managers share information on their activities and strategies to foster the dialog with a scope of stakeholders and to demonstrate that firms are meeting their expectations (Bahta *et al.*, 2020).

Stakeholder theory was embedded in the management discipline in 1970 and gradually developed by Freeman (1999) incorporating corporate accountability to a broad range

of stakeholders. According to the theory, a stakeholder can be defined as any group or individual who can affect or is affected by the achievement of the organization's objectives (Donaldson and Preston, 1995; Freeman *et al.*, 2007). The general idea of the stakeholder concept is a redefinition of the organization. The theory of stakeholders focuses on activities directed towards the environment, competitors and local community, customers and suppliers, investors and institutions. SMEs have close community relationship and take CSR practices that pertain to their immediate social and ecological environment (Choongo *et al.*, 2019). Erin and Bamigboye (2022) viewed stakeholders' engagement as the critical issue to the survival and development of any organization or society.

CSR orientation is an emerging topic in CSR literature (Liu *et al.*, 2021), originally defined as the managerial view of firm's responsibility toward internal and external stakeholders (Aupperle, 1984). Firms around the world, especially African firms, are also integrating CSR values into its strategies and obtaining social recognition from its stakeholders (Choongo *et al.*, 2019). CSR orientation, according to the classical concept of market orientation from Kohli and Jaworski (1990) and expanded to all stakeholders, not only customers (Sánchez-Hernández *et al.*, 2019), is integrated by three dimensions: Information (related to intelligent creation), internal and external dissemination or diffusion (including disclosure) and response or action (mainly related to economic, social and environmental strategic decisions related to sustainability).

The rising number of studies on the dissemination of CSR in recent years demonstrates that it is not merely a trend but rather, it is an imperative in business even in developing countries. To set out the relevant contributions on the topic, Table 1 provides an overview of the CSR orientation in Africa over the last ten years, showing the focus, geographic location, theories and method used.

Table 1 shows that the growing interest in CSR on the African continent has become more evident in the last five years and has expanded beyond South Africa, to other African countries. This is not surprising, since CSR is of increasing concern for academics, scientists, governments, regulatory bodies and citizens; the major areas that desperately need to be addressed are clearly set out in the United Nations' SDGs.

There is far less research on other African countries and no evidence about whether the take-up of CSR in South Africa has influenced other countries in the region. The little empirical evidence that does exist has centered on a few countries such as Nigeria, Kenya, Botswana, Ghana, Tanzania, Uganda, Zambia, Ethiopia and Angola (Kühn *et al.*, 2015; Choongo *et al.*, 2019; Aju and Beddewela, 2020; Bahta *et al.*, 2020; Ramdhony *et al.*, 2021). Most studies in Africa were conducted on listed companies, with only a few focusing on the area of SMEs in recent years. These focused on CSR and reputation problems, personal values and enterprise development projects in African countries such as Eritrea, Zambia, Gambia and Ivory Coast. Bahta *et al.* (2020) investigated the link between CSR and the performance of SMEs, as well as the mediating role of company reputation in Eritrea. This would indicate that CSR practices have a significant association with the reputation of SMEs.

Choongo *et al.* (2019) examined the relationship between entrepreneurs' personal values and CSR orientation among SMEs in Zambia, concluding that self-transcendence values have a positive influence on socially oriented CSR. Adomako and Nguyen (2020) examined the influence of political connections on the expenditure on CSR of SMEs operating in a developing country such as Ghana. This study argues that not only is corporate reputation a valuable resource when it comes to converting political networking relationships into greater CSR spending, but it also helps clarify when SMEs' non-market strategies could help enhance CSR activities.

Developing countries can benefit from direct foreign investment as a source of external financing in the private sector. Considering this, Aust *et al.* (2020) analyzed the SDG scores in a sample of 44 African countries and found that the presence of foreign investors positively

Author(s)	Focus	Geographic location	Theories	Methods Time framework	Main results
<i>Panel A: Single country studies</i>					
Wiig and Kolstad (2010)	To study CSR activities of oil MNCs	Angola	Resource dependency theory	Case study 2004	CSR is unimportant for getting licenses and contracts
García-Rodríguez et al. (2013)	To examine the adoption of an environmental management system	Angola		Case study 2006–2007	CSR improves the social and environmental situation of businesses
Abdalla and Siti-Nabiha (2015)	To investigate the pressures to adhere to sustainability practices	Sudan	Legitimacy and Institutional theories	Survey 2010–2011	External and internal pressures exerted on the company to adopt sustainability practices
Marcia et al. (2015)	To test for the value relevance of CSR reporting	South Africa	Agency theory	Survey 2004–2012	To have no significant association with company share price over the associations of the size of a firm's equity
Setia et al. (2015)	Whether adoption of integrated reporting (IR) led to changes in the provision	South Africa	Legitimacy theory	Archival 2009–2010	The introduction of IR in South Africa has resulted in an increase in the extent of disclosure of human, social and intellectual information
Tallio (2015)	Analyses the specificities of the oil companies' participation in the public sector	Angola	–	Field study 2002–2010	The consequences of what is happening are wide-ranging, including effects on the construction of the Angolan state
Wilson (2015)	Examines the influence of transnational mining companies' CSR initiatives	Sierra Leone	–	Survey 2012–2013	Implementation of CSR initiatives facilitated unsustainable development
Haji and Anifowose (2016)	To investigate the changes in information provision IR	South Africa	Legitimacy theory	Archival 2011–2013	Improvements in individual IR categories such as connectivity of information, materiality determination process and completeness

(continued)

Table 1.
CSR orientation in
Africa

Author(s)	Focus	Geographic location	Theories	Methods Time framework	Main results
Sánchez-Hernández <i>et al.</i> (2017)	To assess whether CSR regarding water is considered relevant for sustainability	South Africa	Legitimacy theory	Field study 2015	CSR and sustainable water management represent an opportunity for companies to gain competitive advantages
Colaço and Simão (2018)	To understand how forestry companies disclose their CSR activities	Congo	Stakeholder, legitimacy and institutional theories	Field study 2016	The companies value prefer to focus on disclosing environmental themes related to their operations
Lauwo (2018)	To present a feminist analysis of CSR in a male-dominated industry	Tanzania	–	Archival 2008–2014	Evidence that CSR is entangled with tensions, class conflicts and struggles
Sampong <i>et al.</i> (2018)	To investigate the relationship between the extent of CSR and firm's value	South Africa	Stakeholder and legitimacy theories	Archival 2010–2015	Document a positive but insignificant relationship between CSR disclosure performance and a firm's value
Uduji and Okolo-Obasi (2018)	To assess the impact a new CSR model of oil MNCs has on the work of women	Nigeria	–	Survey 2018	The cultural norms of the Niger communities continue to restrain direct participation of the artisanal fisherwomen
Choongo <i>et al.</i> (2019)	To examine the relationship between entrepreneurs' values and CSR	Zambia	Stakeholder theory	Survey –	The importance of aligning personal values with environmental and social concerns influencing entrepreneurs' CSR orientations for the well-being of society
Melubo <i>et al.</i> (2019)	To explore the institutional forces behind the uptake of CSR	Tanzania	Institutional theory	Survey –	Identify six main motivations for businesses engaging in CSR

Table 1.

(continued)

Author(s)	Focus	Geographic location	Theories	Methods Time framework	Main results
Mihic <i>et al.</i> (2019)	To identify the role of CSR in investment projects	Angola	–	Case study 2004–2015	Governments of countries, participating in South-South cooperation projects need a more active approach towards making basic CSR responsibilities
Uduji <i>et al.</i> (2019)	To assess the impact of CSR on rural women's access to agricultural inputs	Nigeria	–	Survey 2018	CSR recorded significant success in agricultural development generally, but has undermined equality
Ablo (2020)	To examine the Enterprise Development Center project and CSR perspectives	Ghana	–	Survey 2015–2017	Better engagement among stakeholders is needed for projects to engender value co-creation which is central to their successful implementation
Adomako and Nguyen (2020)	Investigating the effects of political connections and CSR	Ghana	Social capital theory	Survey –	Political connections negatively influence CSR implementation expenditure
Aju and Beddewela (2020)	Examine employee-centered CSR from the perspective of employees' social expectations	Nigeria	–	Qualitative –	Identify a reciprocity norm within which the breach of employees' social expectations
Bahta <i>et al.</i> (2020)	Investigates the link between CSR and the performance of SMEs	Eritrea	Stakeholder theory	Survey 2018	CSR significantly influences the performance of SMEs, and this relationship is partially mediated by a firm's reputation
Corvino <i>et al.</i> (2020)	To investigate how the adoption of King III can affect the corporate governance	South Africa	–	Archival 2010–2015	Find a positive relationship between business ethics policy and a firm's environmental disclosure

(continued)

Table 1.

Author(s)	Focus	Geographic location	Theories	Methods Time framework	Main results
<i>Ode-Ichakpa et al. (2020)</i>	To investigate the relationship between CSR and performance	Nigeria	Stakeholder and agency theories	Archival 2005–2014	The result is positive between CSR and Tobin's q
<i>Omran et al. (2020)</i>	To investigate the nature of the relationship between IR and corporate environmental performance	South Africa	–	Archival 2014–2018	IR is found positively associated with corporate environmental performance
<i>Uduji et al. (2020)</i>	Examine the impact of CSR on oil MNCs	Nigeria	–	Survey 2019	Rural women seldom participate in the global memorandum of understanding interventions in agro-tourism value chain projects
<i>Okolo-Obasi et al. (2021)</i>	To examine oil MNCs CSR	Nigeria	–	Survey –	Indicate that the global memorandum of understanding (GMoU) model of the CSR has recorded significant success in supporting farming and fishing transformation
<i>Ramdhony et al. (2021)</i>	To investigate whether corporate governance have any influence on CSR reporting	Mauritius	Resource dependency theory	Field study 2007–2016	Indicate that firms which contribute to a CSR foundation
<i>Panel B: Multiple country studies</i> <i>Kolk and Lenfant (2010)</i>	To explore MNCs report on CSR	Angola Democratic Republic of the Congo, and Republic of the Congo	–	Field study 2007	CSR reporting is fairly generic, and the specific context seems to have little influence on the type of CSR activities
<i>Kühn et al. (2015)</i>	To investigate CSR website reporting	Nigeria, Kenya, Botswana, Ghana, Tanzania, Uganda, and Zambia	Institutional theory	Field study 2013	African companies' CSR efforts focus strongly on local philanthropy and therefore differ substantially from Western CSR approaches

Table 1.

(continued)

Author(s)	Focus	Geographic location	Theories	Methods Time framework	Main results
Khlif <i>et al.</i> (2015)	To investigate the relationship between performance and social and environmental disclosure	South Africa and Morocco	–	Field study 2004–2009	Social and environmental disclosure has a significant positive effect on corporate performance only in the South African
Aust <i>et al.</i> (2020)	Whether foreign investment contributes to the achievement of SDGs	44 African countries	–	Archival 2014–2017	Presence of foreign investors positively influences SDG scores
Hilson <i>et al.</i> (2019)	To trace the origins of the “brand” of CSR employed at most large scale mines	Guinea, Tanzania, Ghana, South Africa, Zambia	–	Field study 2006–2015	CSR strategy in the region’s mining sector is often a “repackaging” of moves made by major operators during the colonial period
Oduro and Haylemariam (2019)	To examine the interactive effect of CSR on the direct link between performance	Ghana and Ethiopia	Resource dependency theory	Survey 2018	MO significantly improves financial and marketing performance
Sánchez-Hernández <i>et al.</i> (2019)	To examine CSR orientation	Guinea-Bissau and Ivory Coast SMEs	–	Survey 2016	There is a generally positive perception of the economic, social and environmental dimensions of CSRO
Inekwe <i>et al.</i> (2021)	To examine the effect of public governance on CSR performance	Egypt, Morocco, Mauritius, Nigeria and South Africa	–	Archival 2012–2017	Both good governance is significantly positively associated with CSR performance
Coleman and Wu (2021)	To investigate the impact of corporate governance mechanisms	Nigeria and Ghana	Agency theory	Archival 2012–2016	Provides evidence of the importance of the introduction of the new index: compliance and diligence, which looks at CSR disclosure activities
Erin and Bamigboye (2022)	To evaluate and analyze the extent of SDG reporting	80 African countries	Institutional and stakeholder theories	Survey 2016–2018	Disclosure by the 80 listed firms in Africa is still at a very low level except for South African firms

Sources(s): Authors’ own creation

Table 1.

influences SDG scores in areas such as basic infrastructure, clean water, sanitation and renewable energy. [Inekwe et al. \(2021\)](#) linked the effect of public governance and economic growth with CSR performance in Egypt, Morocco, Mauritius, Nigeria and South Africa. Their findings have implications for studies on CSR diffusion in Africa, as they suggest that both good governance and economic growth are significantly positively associated with CSR.

2.2 Angola: socio-economic and environmental context

In Angola, which is characterized by weak corporate governance mechanisms, high political and economic instability and a high degree of corruption, the private sector plays a fundamental role in economic recovery and progress towards achieving sustainable development. The need to support the implementation of CSR in SMEs, as well as create mechanisms of diffuse the information about CSR has also been acknowledged, along with, the need for an overall management philosophy ([Jansson et al., 2017](#)).

The private sector of Angolan economy is composed mainly by small companies (in average the number of employees is 21). Almost 50% of the companies are less than 10 years old and are predominantly services sector. Agriculture and manufacturing, despite receiving large public investments, have presented difficulties in growing ([World Bank, 2020](#)). Increasingly widespread in firms practice, coupled with the need to be competitive in the environmental context, has positioned CSR information as a source of competitive advantages for SMEs ([United Nations, 2019](#)).

Angola is the extractive industry country and produced numerous environmental consequences, such as waste production, soil contamination, wastewater generation and atmospheric and noise pollution, both directly for the involved companies and indirectly for the environment and population of the area ([United Nations, 2019](#)). The reinforce of the recent Angolan regulatory environment (e.g. [Presidential Order - Letters-Address-Angola-International-Conventions-Dangerous Waste, 2016](#); [Presidential Decree - Provincial Urban Cleaning Plan Luanda, 2016](#)) places the environmental awareness of firms as part of a broader strategic framework. Hence, the firms make supplementary efforts to align their strategies with the SDGs and with regional policies in areas such as water, waste disposal, air quality, the protection of biodiversity and suitable management of natural disasters. The importance of these frameworks puts environmental dimension in Angola as a priority, in particular, environmental pressure encourages SMEs to disseminate and disclosure information on CSR.

2.3 CSR diffusion in SMEs in Angola and related hypotheses

A firm's strategic orientation to CSR is based on the concept of market orientation – which is focused on satisfying customers' needs ([Goldman and Grinstein, 2010](#)) whilst satisfying all stakeholders. Within this frame of reference, market orientation can impact the way SMEs deal with the social responsibility aspects of their operations and promote collaboration to achieve the organizational goals of satisfying market needs and value creation. Therefore, the association of social responsibility and market orientation of businesses also finds consistent support in the stakeholder theory ([Montiel and Delgado-Ceballos, 2014](#)).

In the developing context, the small and medium-sized enterprise's (SME's) firms play a fundamental role in economic recovery and progress towards achieving sustainable development. Previous studies have pointed that firms obtaining CSR information, intelligence and knowledge will have higher levels of CSR practices and reporting ([Parkinson, 2003](#); [Solomon and Darby, 2005](#); [Moneva and Hernández-Pajares, 2018](#); [Sánchez-Hernández et al., 2019](#); [Bahta et al., 2020](#)).

[Parkinson \(2003\)](#) found that increased of Social Responsibility (SR) information affects corporate behavior, which leads firms to improvements in SR practices. In this sense, [Solomon and Darby \(2005\)](#) added that firms that have more information about CSR have a

solider reflection process. Consequently, this conduct firms to adopt higher standards of CSR practices and disclosure. In addition, [Moneva and Hernández-Pajares \(2018\)](#) and [Bahta et al. \(2020\)](#) found that for their very survival, SMEs are also able to adapt to changes in the business arena in CSR to achieve competitive advantages in their relationship with their stakeholders. Furthermore, [Sánchez-Hernández et al. \(2019\)](#) found that there is a positive perception of managers by SME's firms about CSR orientation that play important role in innovation improving competitive success of African business and also increase CSR diffusion.

At this point it is especially remarkable that diffusion in SMEs is more than reporting and disclosure. The concept of diffusion also considers including the values of responsible management in the vision or participating in discussion forums on CSR to collaborate with partners for a better future ([Gallardo-Vázquez and Sánchez-Hernández, 2014](#); [Sánchez-Hernández et al., 2019](#)). All the comments in the literature reflect the strong relationship between the social responsibility information received by firms and the social responsibility actions of these firms, which are disseminated to gain recognition. These leads us to posit the first hypothesis as follows:

H1. Social Responsibility Information received by SMEs is directly, positively and significantly related to Social Responsibility Diffusion in Angola.

For SMEs, environmental management is a key part of CSR practices ([Choongo et al., 2019](#)). Environmentally related CSR activities refer to a company that can take to minimize its negative impact on the natural environment, such as using recycling, waste reduction, energy and water conservation and pollution control ([Turyakira et al., 2012](#)). This, from the environmental perspective, has led managers to adopt high parameters for behavior and to act proactively reinforcing environmental awareness of the firms.

Previous studies have shown that social responsibility information can lead to improvements in social responsibility practices in the environmental field and achieve a better response in the environmental awareness ([Colaço and Simão, 2018](#); [Omran et al., 2020](#)). [Omran et al. \(2020\)](#) found that increase of SC information leads to positive corporate environmental performance. In addition, [Colaço and Simão \(2018\)](#) suggested that in environmentally sensitive industries, such as mining, oil and gas, chemical, water and forestry, firms increase information about social responsibility and environmental issues and contributes to developing environment awareness and prompts subsequent action. Also, several regulations have been enforced with the aim of minimizing waste and initiatives have developed that label products as fairly traded and environmentally friendly ([United Nations, 2019](#)).

[Bansal \(2003\)](#) found that two conditions are necessary for an organizational response to the information received. The first is individual concern and the second is congruence between the information and the firm's core values. Although it is relevant that managers concern themselves with CSR information, it is also important that employees are informed, for instance, of the link between environmentally unsustainable business practices and poverty because it could "ignite their concern for environmental issues" ([Bansal, 2003, p. 523](#)). Therefore, CSR information received by firms will contribute to a firm's responsible actions and will also contribute to building, developing and reinforcing environmental awareness.

According to previous studies ([Colaço and Simão, 2018](#); [Choongo et al., 2019](#); [Omran et al., 2020](#)), CSR information benefits firms and influences their broad environmental agenda, contributing to the firm's business reputation. Thus, the relationship between the social responsibility information received by managers and employees and the environmental concern of these firms leads us to posit the second hypothesis.

H2. Social responsibility information received by SMEs is directly, positively and significantly related to the Environmental Awareness in Angola.

Other studies found that company's desire to diffuse its environmental actions demonstrates commitment to its environmental strategy (Dhaliwal *et al.*, 2011; García-Rodríguez *et al.*, 2013; Solovida and Latan, 2017). Orientation towards proactive strategies that lead to improvement in a company's environmental awareness must move beyond mere compliance with existing regulations (García-Rodríguez *et al.*, 2013). In fact, companies want to make a voluntary pact to comply with environmental standards. It is worth highlighting a study that observed that companies who voluntarily disclose CSR reports improved their performance about developing environmental activities (Dhaliwal *et al.*, 2011).

Since the SME's are less subject to pressure from markets than larger firms, they would be less conditioned when internally and externally diffusing their environmental achievements. Thus, under the stakeholder theoretical approach and driven by the motivation of their managers, the SME's that are most environmentally aware are those most diffusing their social responsibility orientation (Gallardo-Vázquez and Sánchez-Hernández, 2014).

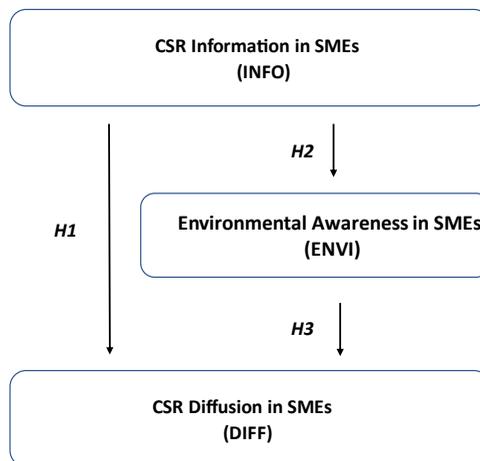
Stakeholders and the company can work together to improve the environment awareness and thereby achieve the common goal of meeting the company's objectives through its environmental strategy (Solovida and Latan, 2017). This being so, it follows that the attention management gives to environmental issues will affect a company's ability to establish diffusion of environmental information (García-Rodríguez *et al.*, 2013; Gallardo-Vázquez and Sánchez-Hernández, 2014; García-Sánchez, 2020), which leads us to posit the last hypothesis:

H3. The environmental awareness of SMEs is directly, positively and significantly related to social responsibility diffusion in Angola.

3. Methodology

3.1 Model design

In line with the literature review carried out, the conceptual model illustrated in Figure 1 forms the basis of this study in the context of SMEs in Angola. The model aims to identify whether the level of information about CSR in each company (antecedent variable) and the environmental awareness of SMEs (mediator variable) encourage CSR diffusion (dependent variable).



Source(s): Authors own creation

Figure 1.
Conceptual model

3.2 Sample

The sample selected for the study was 131 SMEs of the capital of Angola, Luanda. The size of the SMEs was measured based on the annual average number of employees. The firms have been selected based on proximity (convenience sample) and don't necessarily represent the entire population. However, the sample, that is in line with the structure of the productive sector in Angola, presents 19 micro enterprises with fewer than 10 employees, that is the 14.5% of the total, 40 small enterprises representing the 30.5% (10–49 employees) and 72 medium-sized enterprises (50–249 employees), the 55% of the total sample. Tables 2 and 3 present the data characterizing the study.

Regarding the sector, most firms in the sample, with more than the 67%, belong to the tertiary sector covering a wide range of activities from commerce, transport, education or health, to administration, financial or hospitality activities. Construction is also included in this sector. Around the 17% of firms belong to the primary sector including firms with the purpose of exploiting natural resources such as agriculture, fishing, forestry, or mining. Very closely, the secondary sector is represented in the sample with the 16% of firms of manufacturing and processing.

Different kind of managers have answered the questionnaire, around the 20% are general managers, there are financial, commercial, production and human resources managers, but many of them have not been classified in any specific function, around 36%, as it is common in SMEs. To sum up, the sample is varied to not incur biases derived from the sector, while only the 14.5% are microenterprises, being the other 74.5% big enough to consider they have their vision and CSR values reasonably clear, even if some cases there have not been explicitly stated.

Geographical scope	Angola, Luanda
Original convenience sample	150 firms
Period under study	January 2020
Method of gathering information	Electronic questionnaire (Reinforced by previous/post phone call)
Sample unit	Managers
Final sample	131
Participation index	87%
Maximum error sample	0.5
Confidence level	95%

Sources(s): Authors' own creation

Table 2.
Study data sheet

		Frequency	Percentage
<i>SECTOR</i>	Primary	22	16.8
	Secondary	21	16
	Tertiary	88	67.2
<i>SIZE</i>	<10 employees	19	14.5
	10–49 employees	40	30.5
	50–249 employees	72	55
<i>MANAGER</i>	General	26	19.8
	Finance	17	13
	Commercial	12	9.2
	Production	14	10.7
	Human Resources	15	11.5
	Other	47	35.9

Sources(s): Authors' own creation

Table 3.
Characteristics of the
sample population

3.3 Method

SEM method has been chosen for being a set of statistical procedures to measure unobservable variables (constructs) and the causal relationship between them in empirical research. SEM allows for simultaneous consideration of the relationships between independent and dependent constructs. Of the two different types of SEM, covariance-based modeling (CB-SEM) and partial least squares variance-based modeling (PLS-SEM), this study uses PLS-SEM for two reasons: the first is the relatively small sample involved (Goodhue *et al.*, 2012), and the second is the exploratory nature of the study (Murugan *et al.*, 2019), which seeks relationships between variables instead of adjusting a model. PLS-SEM has previously been used in a great number of studies in social and management research (Purwanto, 2021), specifically in CSR and sustainability (Bernal-Conesa *et al.*, 2017) concerning environmental issues (Chuah *et al.*, 2020) and also in ecological studies (Fan *et al.*, 2016).

The instrument used was a questionnaire adapted to this specific context from previous work of Gallardo-Vázquez and Sánchez-Hernández (2014) where three constructs were considered reflective, meaning that the indicators are manifested by the latent variable. In other words, indicators are deemed to be the consequences of the variable. In the accordance with Hair *et al.* (2011) and Hair *et al.* (2014), the construct causes the covariation of the indicator variables (items), which can be considered a representative sample of all the possible items available within the construct's conceptual definition.

CSR information of SMEs (INFO) was measured through 2 indicators – one focused on managers and the other focused on employees. Environmental awareness (ENVI) and CSR diffusion (DIFF) were measured through 5 indicators, respectively. The respondents were expected to express their degree of disagreement or agreement with the statements by responding on a 7-point Likert scale. The data set was prepared to check the quality of the measurement model and to perform the estimation of the structural model. The model consists of three reflective constructs connected through 3 hypotheses: H1 (INFO→DIFF), H2 (INFO→ENVI) and H3 (ENVI→DIFF). Table 4 shows the three constructs and their indicators.

CSR Information in SMEs

- if possible, we always go to meetings on sustainable development and CSR (INFO1)
- we put into practice specific actions to raise awareness, to educate, and to inform employees of the principles and actions related to CSR (INFO2)

Environmental Awareness in SMEs

- We use consumables, goods to process, and/or processed goods of low environmental impact (ENVI1)
- We take energy saving into account in order to improve our levels of efficiency (ENVI2)
- We highly value the introduction of alternative sources of energy (ENVI3)
- We participate in activities related to the protection and enhancement of our natural environment (ENVI4)
- We are positively predisposed to use, purchase, or produce environmentally friendly goods (ENVI5)

CSR Diffusion in SMEs

- The values related to social responsibility are present in the vision and strategy of the firm (DIFF1)
- We are active members of organizations, businesses, professional associations, or any discussion forum that promote the implementation of social responsibility (DIFF2)
- The firm has defined collaborations with other organizations for the promotion of SR (DIFF3)
- Our firm discloses all activities that go beyond the purely business objective, and that benefit both the firm and society (DIFF4)
- We are aware of the importance of informing on socially responsible actions by any of the instruments available (sustainability report, website, etc.) (DIFF5)

Sources(s): Authors' own creation

Table 4.
Latent variables and indicators

4. Results and discussion

PLS-SEM involves a two-step approach. The first step involves the estimation of the measurement model, and the second involves analysis of the structural model. At this stage, in reflective models as it is the case, dropping an item from the measurement model (statistically “weak” because eventually does not correlate with the other items), should be not a problem as it does not change the meaning of the construct. However, it should be always important to test convergent validity. Following Hair *et al.* (2011), to assess the measurement model implied checking convergent validity to assess the degree to which two indicators of the same latent variable were correlated. We calculated factor loadings, average variance extracted (AVE) and composite reliability (CR). Table 5 shows that all items presented loadings >0.70. Related to AVE values, as proposed by Fornell and Larcker (1981), all results obtained were higher than 0.50 (0.75 for INFO, 0.62 for ENVI and 0.61 for DIFF) demonstrating sufficient convergent validity. Reliability was verified calculating Dijkstra and Henseler’s rho (Dijkstra and Henseler, 2015). In addition, the inter-indicator consistency of the measurement indicators was calculated utilizing Cronbach’s alpha coefficient along with CR. To ensure the discriminant validity of the measurement model, Fornell–Larcker’s criterion and Heterotrait–Monotrait ratio were used. Tables 5 and 6 show the results obtained in the first step.

The second step was to test the structural model. Table 7 shows the results obtained after bootstrapping procedure with 5,000 resamples.

To calculate the model fit, as regards R^2 values for each of the dependent latent variables, the following were obtained: DIF ($R^2 = 0.525\%$; R^2 adjusted = 0.518%) and ENVI ($R^2 = 0.174\%$; R^2 adjusted = 0.168%). In addition, it was verified that the standardized root mean square (SRMR) was 0.098, which is around 0.1 as recommended by Hair *et al.* (2017).

Construct	Item	Convergent validity			Internal consistency/reliability		
		Loadings >0.70	Item reliability >0.50	AVE >0.50	Composite reliability (cr) >0.70	Reliability (rho_A) >0.70	Cronbach’s Alfa 0.65–0.95
INFO	INFO1	0.832	0.692	0.75	0.86	0.70	0.67
	INFO2	0.898	0.806				
ENVI	ENVI1	0.745	0.555	0.62	0.89	0.87	0.85
	ENVI2	0.815	0.664				
	ENVI3	0.789	0.622				
	ENVI4	0.810	0.656				
	ENVI5	0.783	0.613				
DIFF	DIFF1	0.760	0.577	0.61	0.89	0.85	0.84
	DIFF2	0.880	0.774				
	DIFF3	0.742	0.550				
	DIFF4	0.754	0.568				
	DIFF5	0.765	0.585				

Sources(s): Authors’ own creation

Table 5.
Convergent validity
and internal
consistency/reliability

Constructs	Fornell–Larcker criterion			Heterotrait–Monotrait ratio		
	INFO	ENVI	DIFF	INFO	ENVI	DIFF
INFO	0.865					
ENVI	0.417	0.789		0.521		
DIFF	0.643	0.571	0.782	0.825	0.652	

Sources(s): Authors’ own creation

Table 6.
Discriminant validity

To assess reflective models, the fit measure in SEM-PLS is the root mean squared residual covariance matrix of the measurement model residuals, called RMS_Theta. This measure assesses the degree to which the measurement model residuals correlate. Values close to zero indicate a good model fit. In this study, the RMS_Theta is 0.248, indicating only a relatively good fit because it is higher than the threshold of 0.12 recommended by [Henseler et al. \(2014\)](#) for well-fitting models.

The relationship between the three latent variables in this study are supported and the results obtained may be considered state of the art for the three specific contributions it makes. First, this research was designed ad-hoc for the context of the study and will help other academics pursue further research on CSR in Africa. We have defined a model rooted in the CSR orientation of firms in a country such as Angola, which had previously been validated in a developed context ([Gallardo-Vázquez and Sánchez-Hernández, 2014](#)). Each construct has been measured on an adapted scale to capture the reality of the CSR stage that African countries are currently at. It is worth noting that all the indicators proposed are maintained in the model with loadings higher than 0.70, as recommended in the more conservative cases ([Carmines and Zeller, 1979](#)).

Second, the model is focused on environmental awareness. After reviewing the literature on CSR disclosure in Africa, for this model design we focused attention on CSR information and diffusion, taking into consideration the recent potential effect that mediation has on environmental awareness in African countries. The three hypotheses of the model were all verified (**H1**: INFO→DIFF, $\beta = 0.417, \rho = 0.000$; **H2**: INFO→ENVI, $\beta = 0.490, \rho = 0.000$; **H3**: ENVI→DIFF, $\beta = 0.367, \rho = 0.000$), and the specific role of environmental awareness was also tested and confirmed (INFO→ENVI→DIFF: $\beta = 0.153, \rho = 0.012$). Regarding the first hypothesis, our study confirms that social responsibility information received by SMEs is directly, positively and significantly related to the diffusion of social responsibility in Angola. The results show that SMEs firms are also able to adapt to changes in social responsibility information to achieve competitive advantages in their relationship with their stakeholders ([Moneva and Hernández-Pajares, 2018](#); [Bahta et al., 2020](#)). Regarding the second hypothesis, our study confirms that social responsibility information received by SMEs is directly, positively and significantly related to the environmental awareness in Angola. According to previous literature, the results demonstrates that attention management gives to environmental issues affect a firm's ability to establish disclosure of environmental information ([Choongo et al., 2019](#); [Omran et al., 2020](#)). Finally, concerning the third hypothesis, our study confirm that the environmental awareness of SMEs is directly, positively and significantly related to social responsibility diffusion in Angola. The results of our study are in the same vein as those of [García-Rodríguez et al. \(2013\)](#) and [Solovida and Latan \(2017\)](#), whose results showed that the adoption of an environmental management system in business strategy of firms, improves the social and environmental situation of businesses.

Hypotheses	Path coefficient (original)	Path coefficient (sample)	St. Error	Confidence interval [2.5–97.5]%	t-statistics	Significant ($p < 0.05$)
<i>TOTAL EFFECTS</i>						
H1 INFO→ENVI	0.417	0.429	0.088	0.255–0.597	4.720	0.000
H2 INFO→DIFF	0.490	0.487	0.089	0.306–0.646	5.538	0.000
H3 ENVI→DIFF	0.367	0.373	0.097	0.195–0.565	3.792	0.000
<i>INDIRECT EFFECTS</i>						
INFO→ENVI→DIFF	0.153	0.163	0.061	0.062–0.297	2.519	0.012

Sources(s): Authors' own creation

Table 7. Bootstrapping procedure

Although researchers must be very cautious when reporting model fit in PLS-SEM (Hair *et al.*, 2017), and given that the model proposed here could be considered relatively lacking (Henseler *et al.*, 2014), it could nevertheless be considered a good attempt to model CSR orientation in Africa and, as such, open the door to new improved models in the near future.

Finally, to test the mediation effect of ENVI we have checked the two implicit competing models: The model with total effect and the model with mediation (Figure 2). This implies to test one more hypothesis, the hypothesis H4. We have conducted mediation analyses according to the methodological approach proposed by Preacher and Hayes (2008), based on Sobel (1982) and Baron and Kenny's (1986) mediation conditions.

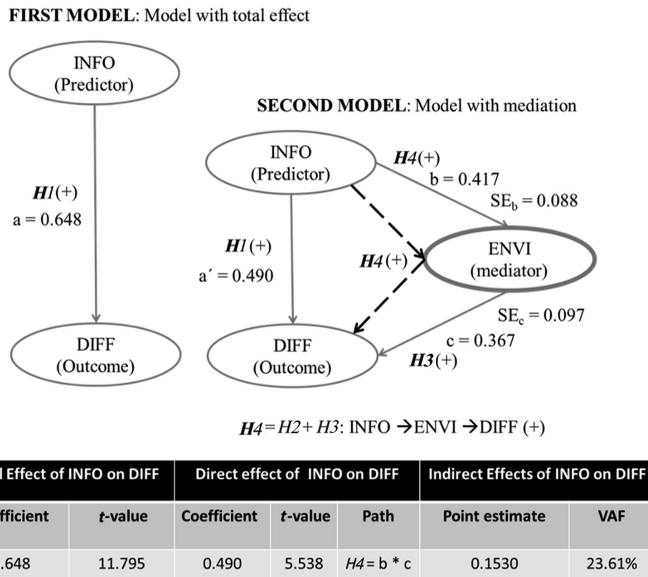
We have estimated the significance and the size of the indirect effects in relation to the total effect, through the assessment of the variance accounted for (VAF). VAF is the ratio of the indirect-to-total effect. This ratio determines the extent to which the variance of DIFF (the dependent variable) is indirectly explained via ENVI (the mediator variable). The proportion of mediation is defined as:

$$VAF = b * c / b * c + a'$$

In our analysis, the VAF has a value of 23.61%. According to Hair *et al.* (2014), values among 20% and 80% reveal the existence of partial mediation. Complementary, when applying the Sobel (1982) test, it has been also found that INFO exerts a significant indirect effect on DIFF through ENVI (z-value = 2.956; $p < 0.003$), therefore the existence of partial mediation is accepted.

5. Conclusion

The purpose of the present study was to examine the role of CSR information in SMEs and its potential relationship with CSR diffusion, focusing the attention on the environmental awareness of SMEs in Angola. To this end, our study tries to fill the gap and shed light on



Source(s): Authors own creation

Figure 2. Mediation analysis

CSR diffusion in SMEs in a country of Africa, going beyond reporting and disclosure literature. The main finding of this work is the relevant role of environmental awareness in Angola as a mediator variable between CSR information and diffusion. After analyzing the managers' perceptions of a varied sample of companies in Luanda, we found strong evidence that CSR diffusion, and disclosure as one of its related actions, heavily depends on the information received and managed by the firm. We also confirmed that environmental awareness puts pressure on SMEs to increase their diffusion efforts.

This research identifies several practical and policy implications. In a developing country such as Angola, diffusion of CSR information is important for both, managers and employees. The study points out the role of managers in promoting a culture of social innovation by focusing on the CSR philosophy for improving the competitive success of SMEs in Angola. To sum up, all the information and knowledge about CSR in SMEs in Angola will contribute to the strategic orientation for environmental protection and CSR disclosure on the African context. On the managerial side, it is interesting to highlight that an important role of managers is to keep up to date on CSR issues and promote a culture of CSR. As it is common in European countries, this study has proved that the environmental awareness also pushes SMEs to disclosure CSR information in Angola. At this point, we point out the potential relevance of several actors, such as professional associations. The government could reinforce its actions to improve the dissemination of information and public CSR policies.

In order to bridge the gap between theory and practice, the orientation of Angolan SMEs to disseminate CSR information is seen as an essential lever for successful CSR approaches and fostering competitive positions, but the investment in public policies that push this engagement and improve human capital is essential to foster societal and economic challenges in Angola (Choongo *et al.*, 2019). Additionally, higher education and training programs for managers must introduce in the curricula topics about CSR, ethics and dissemination of good practices mainly in closed realities from other African countries.

Moreover, our results have important policy implications because the social, economic and legal contexts of Angola are vulnerable. The findings raise concerns about whether governments and regulatory efforts improve the development of the strategies towards social responsibility of African firms and whether they also increase the role of SMEs in producing positive outcomes through CSR. It is well recognized that the CSR diffusion provide information to stakeholders about the economic, environmental and social impact of organizations. Nevertheless, this topic it is not yet a key issue for SMEs in Angola due limitations of private sector and the economic structure of this economy. However, developing countries and economic grow, needs to consider long-term policies to create a favorable condition for SME that allows an orientation to CSR, and specifically to environmental issues, that are influenced by a set of factors, such as, economic options for the long term, culture and social value aspects of markets in developing countries (Bahta *et al.*, 2020).

The research can also influence public attitudes and affect the quality of life by promoting ethical business practices and fostering a culture of social responsibility among managers and employees with mimetic effects. The environmental pressure can encourage SMEs to disseminate information on CSR, which highlights the potential relevance of professional associations and government policies in improving CSR dissemination in Angola. Additionally, higher education and training programs for managers should definitely include topics about CSR and ethical business practices.

The limitations of this work must be acknowledged, and we have to place the research findings in the specific context of a convenience sample of SMEs in Luanda. However, this study will support future investigations on the topic in Africa. New avenues about the research of this topic in the African continent could also investigate about possible impacts of consumers' choices in pressing Angolan business to improve their practices to become more responsible, to maintain or achieve new markets. For the near future, using the model

empirically validated here as a starting point, new models could be developed to reach an even better understanding of CSR in developing countries.

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