

# Chapter 11

## Barriers and Opportunities in CSR Adoption Among Latin American SMEs in the AI Age

**Eduardo Carlos Dittmar**

 <https://orcid.org/0000-0002-8087-2444>

*Universidad Rey Juan Carlos, Spain*

**Víctor Manuel Castillo Girón**

 <https://orcid.org/0000-0002-8307-2952>

*Universidad de Guadalajara, Mexico*

### ABSTRACT

*In the era of Artificial Intelligence (AI), this study examines Corporate Social Responsibility (CSR) adoption among Small and Medium-sized Enterprises (SMEs) in Latin America. CSR in Latin American SMEs represents a complex interplay of global standards and local realities, shaped by unique socio-economic contexts and developmental challenges. The literature reveals a significant gap in understanding CSR practices among SMEs in developing regions. The empirical study, using a quantitative approach with 306 SME directors from six countries, reveals increasing CSR engagement, primarily focused on environmental practices and driven by ethical and reputational concerns. Key barriers include implementation costs and lack of knowledge. Findings highlight the need for tailored CSR approaches in Latin America, considering SMEs' unique motivations, barriers, and operational realities, offering insights for policymakers, business support organizations, and*

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## **INTRODUCTION**

In the evolving landscape of global business, Corporate Social Responsibility (CSR) has emerged as a pivotal concept, fundamentally altering the relationship between organizations, society, and the environment. This paradigm shift extends beyond large corporations to encompass Small and Medium-sized Enterprises (SMEs), which constitute the backbone of numerous economies worldwide. The Latin American context presents a unique and multifaceted terrain for the adoption and implementation of CSR practices, particularly among SMEs, which encounter distinct challenges and opportunities in embracing socially responsible business models.

Over recent decades, the concept of CSR has undergone significant evolution, transitioning from a peripheral concern to a core tenet of business strategy (Carroll, 1999). It now encompasses a broad spectrum of practices through which companies integrate social, environmental, ethical, and human rights concerns into their fundamental business operations. For SMEs in Latin America, the adoption of CSR represents not merely a moral imperative but a strategic necessity in an increasingly competitive and globally interconnected marketplace.

Latin America, with its rich tapestry of cultures, economies, and social structures, provides a compelling backdrop for examining the dynamics of CSR adoption among SMEs. The region's economic landscape is characterized by a predominance of small and medium-sized businesses, which contribute significantly to employment, innovation, and economic growth (Ferraro & Rojo, 2018). However, these enterprises often operate within constraints of limited resources, informal structures, and challenging market conditions, doing the implementation of CSR initiatives particularly complex (Jamali et al., 2017).

Globally, there is mounting pressure from consumers, investors, and regulatory bodies for businesses of all sizes to demonstrate ethical and sustainable practices. The United Nations' Sustainable Development Goals (SDGs) and the principles of the United Nations (UN) Global Compact have established a global agenda for responsible business conduct, influencing policy and practice across the region (Kolk & van den Buuse, 2012). Additionally, the growing awareness of environmental challenges, social inequalities, and governance issues specific to Latin America has enhanced the relevance of CSR for local businesses (Casanova & Dumas, 2010; Cezarino et al., 2022).

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