Annexure I

Covering Letter

Reena Mehta
Research Scholar,
K.J.Somaiya Institute of Management Studies and Research,
Vidya Vihar (E),
Mumbai 400077.

To,

______________

Dear Sir/Madam,

Subject: Request for filling up the questionnaire

I am doing research on the topic Study of Corporate Social Responsibility Practiced by SME's in India, with the objective of expanding the body of knowledge in the emerging area of Corporate Social Responsibility.

Such a task cannot be accomplished without the help, support and guidance of person having considerable knowledge in the matter as well as actively involved in practicing Corporate Social Responsibility in their own enterprise.

Your answers to the few questions on the attached sheets will take only short span of time from your busy schedule, but will make a real and positive contribution to the accuracy and success of the proposed study.

I assure you that your reply will be treated in strict confidence and will be used only for the analysis and interpretation purposes.

Regards,

Prof. Reena Mehta
Annexure II

QUESTIONNAIRE

Part I – Personal Data

1. Full Name:__________________________________________

2. Address:__________________________________________

3. Contact Details: Tel. Off: ___________ Mob.: ___________

4. Age: ___________

5. Educational Qualifications:
   1. Less than 10th standard ☐
   2. Above 10th and less than 12th ☐
   3. Graduate ☐
   4. Postgraduate ☐
   5. Double graduate ☐

6. Name of the Business Organization:_____________________

7. Address of the Business Organization:___________________

8. Ownership:
   1. Proprietorship ☐
   2. Partnership (within family) ☐
   3. Partnership (outside family) ☐
   5. Public Ltd. Co. ☐

9. Name of Products / Services offered ___________________

10. What kind of industry you are in (e.g. chemical, pharmaceuticals are industries which create pollution)?
    1. Polluting industries ☐
    2. Non-polluting industries ☐
11. Is the industry situated in recognized industrial zone?
   1. Yes □
   2. No □

12. Number of permanent employees in the organization
   1. 50 below □
   2. Between 51 to 100 □
   3. Between 101 to 150 □
   4. Between 151 to 200 □
   5. 200 and Above □

13. Recognition / Awards received for doing CSR

14. Key Information for last year (Indicative data is acceptable)

<table>
<thead>
<tr>
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<th>2007–08</th>
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<tbody>
<tr>
<td>Investment in Plant and Machinery (Rs in lakhs)</td>
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<tr>
<td>Turnover (in Lakhs)</td>
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<tr>
<td>Net Profit in % of Turnover</td>
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<tr>
<td>CSR programs undertaken</td>
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*Note: The word “Corporate” used for this research has a generic meaning, in the sense it is understood in the literature. But as the study pertains to SMEs—the legal form of ownership linked with the word “corporate” is to be ignored.*
Part II – CSR Information

1. Did your enterprise undertake any kind of CSR initiatives?
   1. Yes □
   2. No □

2. Why your enterprises carry out CSR activities?
   1. Feelings and values of the owners □
   2. Feeling and values of the managers □
   3. Feeling and values of the employees □
   4. Responsibility towards the community □
   5. Respecting the feelings & values of the Society □

3. Your enterprise is into what kind of CSR activities?(You may tick more than one reason also)
   1. Internal CSR (concerns only with their employee’s welfare) □
   2. External CSR (concerns with society’s issues) □
   3. Environmental CSR (concerns with CSR related to environmental issues) □

4. If your enterprise is not in any kind of above mentioned CSR, What are the possible reasons for not indulging into CSR?(You may tick more than one reason also)
   1. Financial barriers □
   2. Size of the enterprise is very small □
   3. Lack of people who can carry out the CSR activities □
   4. Company need not do CSR □
   5. Lack of initiative □

5. If enterprise is into CSR, how many years they have been in it?
   1. 1 Year or below □
   2. 1 to 2 years □
   3. 2 years to 3 years □
   4. 3 years to 4 years □
   5. 4 years or above □

6. What kind of Internal CSR your enterprises undertake?(You may tick more than one reason also)
   1. Education of your employees □
2. Housing needs of your employees
3. Medical needs of the employees
4. Training and development of employees
5. Providing better on the job facilities for employees
6. Providing grocery and other household items at concessional price
7. Employment for older and disabled people
8. One to one mentoring of employees
9. Social events for staff
10. Employee newsletter
11. Sponsoring employees for higher education
12. Creation of good work-life balance family friendly employment

7. What kind of Environmental CSR is under taken by your enterprise?(You may tick more than one reason also)

1. ISO 14001
2. Reduction in use of harmful chemicals
3. Membership of environmental organizations
4. Reduction in atmospheric emissions
5. Use energy from renewable sources
6. Efficient use of energy
7. Optimum Utilization of water
8. Reducing wastage of Water
9. Water Harvesting
10. Reducing waste
11. Recycling and treatment of waste
12. Reducing water and air pollution
13. Environment Management
14. Verifying the environment responsibility of their suppliers

8. What kind of community / society CSR your enterprise undertake?

1. Work with local schools
2. Working with students having learning disability
3. Welfare for senior citizens
4. Health camps
5. Sports Event
6. Literacy drive
7. Volunteer Work
8. Orphanage
9. Old age homes
10. Special programs at the time of natural calamities
11. Program for the benefit of the Street children
12. Woman Empowerment
13. Community welfare
   o Drinking water
   o Hospital
   o School
   o College
   o Infrastructure
14. Employment generation
15. Religious
   o Lectures by religious leaders
   o Building temples
16. Micro credit
17. Animal Welfare
18. Any Other

9. How does the enterprise undertake their CSR activities?

(Tick mark whichever are applicable, you may tick more than one activity)

1 Spreading awareness about a Social Issues:
   (For e.g. creating awareness about Family Planning, Global Warming Or
    Save Girl Child along with advertisement of their product.)

2 By undertaking Cause Related Marketing
   (For e.g. companies advertises the product saying if you buy this product
    Rs.1/- will go to an Orphanage or cancer patients etc.)

3 By giving Socially Responsible Advertising
   (For e.g. Tata Tea’s campaign of “Jagore”)

4 Philanthropy (giving donation)

5 Supporting Government/ NGO Schemes

10. Indicate the focus of your CSR Initiatives?

1 Social Issues
2 Consumer Welfare
3 Environmental issues like Global Warming
4 Animal Welfare
5 If any other, please specify
11. What kind of benefits your enterprise has derived from the CSR initiatives undertaken? (Tick mark whichever are applicable, you may tick more than one)

1. Lower Tax
2. Good image with government agencies
3. Increased sales
4. Good image among their consumers
5. Competitive advantage among competitors
6. Boost employee’s morale
7. For neutralizing any negative impact company is creating on the society
8. Improving work climate
9. Improving enterprise image
10. Making contribution to the society
11. To get visibility among the competitors
12. Creates positive image of company among stakeholders
13. Any other

12. Have your enterprise applied for ISO 14000 series certifications which deals with the Environment Management Systems?

1. Yes
2. No

13. Have your enterprise applied for ISO 26000 which deals with the Certification for Socially Responsible Corporate in the world?

1. Yes
2. No

14. How does your enterprise select its CSR program?

1. Top management decides
2. Community needs
3. Consultation with NGO
4. Employee’s suggest
5. Any other (please specify)

15. If your enterprise is into CSR activities then who generally is responsible for CSR programs? (Tick mark whichever are applicable)

1. Community
2. Entrepreneur
3. NGO
4. Manager and Employees
5. Any Other (please specify)
16. How does your enterprise allocate financial budget for the CSR program?

1. Certain percentage of Turnover
2. Certain percentage of Profit
3. An adhoc amount
4. Depending upon the requirement of the program
5. Combination of above

17. What is the amount your enterprise spent annually on CSR programs?

1. Less than 1 lakh
2. More than 1 lakh but less than 5 Lakh
3. More than 5 lakh but less than 10 Lakh
4. More than 10 Lakh but less than 15 Lakh
5. Above 15 Lakh

18. The CSR programs undertaken by your enterprise in last 3 years(Tick mark whichever are applicable, you may tick more than one program)

1. ISO 14001
2. Reduction in use of harmful chemicals
3. Membership of environmental organizations
4. Reduction in atmospheric emissions
5. Use energy from renewable sources
6. Efficient use of energy
7. Optimum Utilization of water
8. Reducing wastage of Water
9. Water Harvesting
10. Reducing waste
11. Recycling and treatment of waste
12. Reducing water and air pollution
13. Environment Management
14. Verifying the environment responsibility of their suppliers
15. Work with local schools
16. Working with students having learning disability
17. Welfare for senior citizens
18. Environment protection drive
19. Health camps
20. Sports Event
21. Literacy drive
22. Volunteer Work
23. Orphanage
24. Old age homes
25. Special programs at the time of natural calamities
26. Program for the benefit of the Street children
27. Woman Empowerment
28. Community welfare
   o Drinking water
   o Hospital
   o School
   o College
   o Infrastructure
29. Employment generation
30. Religious
   o Lectures by religious leaders
   o Building temples
31. Micro credit
32. Animal Welfare
33. Any Other

19. To what extent CSR programs undertaken by your enterprise creates a positive impact on consumers?
   1. Very High
   2. Above Moderate
   3. Moderate
   4. Little
   5. None.

20. What is the plan of future involvement in the CSR practices?
   1. Same level of involvement
   2. Increasing level of involvement
   3. Reduced level of involvement
21. What impact is made by your enterprise on following four factors by Undertaking CSR programs? (Tick mark)

<table>
<thead>
<tr>
<th>No Impact</th>
<th>Very Little Impact</th>
<th>Moderate</th>
<th>Good</th>
<th>Great</th>
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<tbody>
<tr>
<td>1 Employees Involvement</td>
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<tr>
<td>2 Owner’s Involvement</td>
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<td>3 Reduction of Tax Liability</td>
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<td>4 Image Enhancement</td>
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22. To What extent you agree with the following statement tick any one five options given.

<table>
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<tr>
<th>By undertaking CSR programs</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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<td>(5)</td>
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<td>(3)</td>
<td>(2)</td>
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<td>a) Internal CSR, wherein an enterprise take care of its employees welfare is better than external CSR undertaken</td>
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<td>b) Involvement of business in improving its community’s quality life will also improve in long run profitability of the company.</td>
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<td>c) The money spent by the company in their social activities will be ultimately recovered from the consumers</td>
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<td>d) It create better image among shareholders.</td>
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<td>e) Involvement in social issues, diverts important resources like time and money away from its primary business purpose.</td>
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<td>f) Business should only focus on increasing profitability and providing good quality product at the most</td>
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<td>competitive price</td>
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<td><strong>g)</strong> Business leaders are trained to manage economic institutions and not to work effectively on social issues</td>
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<td><strong>h)</strong> A business that wishes to have favorable image among its stakeholders will have to show it</td>
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<td><strong>i)</strong> Efficient production of goods and services is not the only thing society expects from the business, in today’s time</td>
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<td><strong>j)</strong> Companies are socially responsible; in order to balance adverse impact it is creating socially.</td>
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<td><strong>k)</strong> A company that feels social responsibility can obtain a competitive advantage over a company that does not.</td>
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Annexure III

Synopsis

Chapter-I Introduction

1.1 SMEs in India

SMEs have given boost to the manufacturing sector in India post independence. SMEs have created huge impact on the Indian economy, the reason for it is fivefold- the first being SMEs generate more jobs for per unit of capital employed in any sector. Secondly, it fosters entrepreneurial environment in the country by encouraging individual initiative which in turn helps both, the individual undertaking risk and to the country as a whole. Thirdly, it also helps in reducing regional disparities and ensures well balance growth in the whole of India. Fourthly, as the sizes of the SMEs are relatively small it is good training ground for nurturing managerial as well as technical talent in the country. Lastly, SMEs is less capital intensive than big industries.

SMEs have been demonstrating excellent business performance through efficient and effective technological innovation in a mega competition (Acs and Audretsch,1987)

To date number of studies have identified the significance of technological innovation in improving SME’s’ productivity thereby overcoming their comparative disadvantage with respect to larger enterprises (Small and Medium Enterprises Agency, 2003 ; Freel, 2003).

1.2 Growth of SMEs in India

After independence in India industrialization was more dependent on the large scale businesses. Gandhiji had predicted the importance of developing small scales industries but his focus was more on craft and cottage industries. He always believed the growth of India lies in the growth of villages and the development in rural area can be brought through the development of small scale industries.
In the second five year plan it was Prof. Mahalanobis who gave boost to the SSI as supplier of consumer goods to the workers working in the large scale sector. For many years small scale industries were non competitive and technologically obsolete.

The Industrial Policy of 1985 focused on small scale and ancillary industries with the view to enhancing the development of rural and backward areas. It made incremental changes like investment ceilings, which was raised to Rs. 3.5 million for small scale industries (SSI), and to Rs. 4.5 million for ancillaries. (S. Venkataramanaiah, S.P. Parashar, 2007).

From 1990 to 2007 SME sector has seen a sea change, the reasons were multifold. The protected businesses in India faced very strong competition when the Liberalization process was undertaken in the year 1991. It was followed by implementation of policy as directed by World Trade Organization 1995 onwards. The Indian market saw final change when domestic economy policies also had to be changed to keep in pace with the process of liberalization and globalization. All these led to fierce competition in the country making it unavoidable for the SMEs to change themselves in this ever changing and dynamic business environment.

During 1991-2005 there was increase in FDI across all the sectors due to which cost of transportation and communication decreased substantially. This made inflow of goods, services, knowledge and capital very easy for SME sector. With the increasing FDI in the country competition and outsourcing work coming to India also increased thanks to the cheap labor which keeps the production cost very competitive among other developed countries of the world. The protection given to SME sector till 1990 from participating in the open market was further diluted by Government reducing the number of items kept as reserved for SMEs, which was gradually brought down from 842 in 1991 to 675 in 1999 and in 2003 the list was further reduced to 358 items.
The above table shows Growth of SSI/SME sector from 1991 to 2006. The total number of units has increased from 67.87 lakhs to 123.42 lakhs in this period, growing at the rate of 5.84 annually. Fixed investment has also increased many fold from 93.55 crore in 1991 to 1,88,113 crores in the year 2006. In the terms of employment generation this sector is only next to the agriculture sector with total employment of 295 crores. This sector has contributed to 39% of the gross industrial value added to the economy. Approx. 34% of total manufactured exports of the country are directly credited to SME sector. Service sector emerged as the dominant component of the total SME sector with a share of 44% of the units (P.R.kulkarni ,2008).
1.3 Definition of SMEs in India

Small and Medium enterprises

With the growth of service sector in India, which now contributes to the tune of 63% of GDP there was a need to change the term Small Scale Industries. With the new Act of Micro, Small and Medium (MSMED) Act 2006, we got the formal definition of SME which along with manufacturing sector also included Service sector enterprises and same SSI term was changed to SME. (Small and Medium Scales Enterprises)

“Enterprise” means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the first schedule to the industry (Development and Regulation) Act 1951. Central Government by notification classifies association of persons, cooperative Society, partnership firm, company or undertaking, by whatever name called. In the manufacturing the definition of micro, small and medium scale enterprises as published by ministry of law and justice by amending The Micro, Small and Medium Enterprises Development Act, 2006 are as follows.

Micro enterprise: where the investment in plant and machinery does not exceed twenty-five lakh rupees.

Small enterprise: where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees

Medium Enterprise: where the investment in plant and machinery is more than 5 crore rupees but does not exceed ten crore rupees.

In these, the cost excludes that of land, building and items specified by the Ministry of Small Scale Industries vide its notification No. SO722(E) dated Oct. 5, 2006.

In the case of enterprise engaged in providing or rendering of services. This included:

1. Small road and transport operators that can own a fleet of vehicles not exceeding ten in number
2. Small business, whose original cost price of the equipment used for the purpose of business does not exceed Rs.20 Lakhs.

3. Professional and self employed persons, whose borrowing limits do not exceed Rs.10 lakh, of which not more than Rs.2 lakh should be for working capital requirement.

4. Professionally qualified medical practitioners setting up practice in semi-urban and rural areas, whose borrowing limits should not exceed Rs.15 lakh with a sub-ceiling of Rs. 3 lakh for working capital requirement.

Definition of SME in service sector is as follows:

1. A Micro enterprises is an enterprise where the investment in equipment does not exceed Rs.10 Lakhs.

2. A Small enterprises is an enterprise where the investment in equipment is more than Rs.10 lakh, but does not exceed Rs.2 crore

3. A medium enterprise is an enterprise where investment in equipment is more than Rs. 2 crore, but does not exceed five crore.

For calculating investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such other items may be specified, shall be excluded

1.4 Definitions Internationally

Definition in European Union

SMEs definition in European Union is different from Indian SME definition where instead of number of employees and turnover or balance sheet, investment in plant and machinery is taken into consideration.
Enterprise category | Headcount | Turnover OR | Balance sheet total
--- | --- | --- | ---
medium-sized | < 250 | ≤ € 50 million | ≤ € 43 million
small | < 50 | ≤ € 10 million | ≤ € 10 million
micro | < 10 | ≤ € 2 million | ≤ € 2 million

For classifying any undertaking as Medium, small or micro two criteria are important. First is head count, mainly as the table shows greater than 250 headcount means it is a medium size enterprise. Head count will include temporary or permanent employees, it will also include owner of the enterprise or the partner but will not include any student working as an apprentice. Second criteria will be turnover or balance sheet figures, either of the criteria will be taken into consideration. While calculating turnover the total value of sale of product and services will be taken into account for a particular financial year and deducting from it the total rebate or concession which will be so received by the enterprise. For calculating turnover Value added Tax and other Indirect tax are not taken into consideration. Balance sheet means value of total assets of the enterprise. an enterprise will be classified as medium enterprise if the headcount is more than 250 and either turnover of greater than or equal to Euro 50 million or balance sheet figure of assets is greater than or equal to Euro 43million. Any one will be undertaken to classify an enterprise as Medium, small or micro.

The undertaking can be proprietorship, partnership or a company but it should be engaged in the economic activity.

In Malaysia , small enterprises have turnover between Rs.2,50,000/- to Rs. 1 million and medium enterprises are those that have a turnover ranging between Rs. 1 million and Rs. 25 million the average employee strength for small is 50 and for medium it should 150 employees.(SME Whitebook 2009-2010)

In China, small enterprises are defined as those that employ 50 to 100 people and medium enterprises employ 101 to 150 people. (SME Whitebook 2009-2010)

In U.K. sec.247 and 249 of Companies Act .1985 defines Small enterprise as a unit that has turnover of around £5.6 million and employs around 50 people. A medium sized
enterprise has a turnover of not more than £ 22.8 million and has 250 employees. (SME Whitebook 2009-2010)

Canada defines micro enterprise as the business with fewer than 5 employees. Small businesses as that have around 50 to 100 employees depending on service or manufacturing respectively. A firm that has around 500 employees is classified as a medium sized business.(SME Whitebook 2009-2010)

In Japan, for the manufacturing sector, SME means a unit employing less than 300 people and have an invested capital of less than 100 million yen. In the service sector, SMEs in Japan are defined as those units that employ less than 50 people or have an invested capital of around 10 million yen. In United States of America, an SME means a unit consisting of 1,500 employees and has turnover of $ 0.75 to 29 million, depending upon the type of business.(The SME Whitebook, 2009)

1.5 CSR in India

In today’s business world lot is expected from the companies as far as their ethical behavior is concerned. The stakeholders are also becoming conscious about the ethical behavior of the company with which they are associated.

In India the term CSR is not new at all. ‘Philanthropy’ a form of CSR always existed in Indian business community from ancient times. The business community in doing philanthropy had more religious mind set though the aim was always to enhance welfare of the society. In the times of kings, Royal family’s used to undertake building up of many temples in their state, which would then encourage tourism in that place and also provide employment to local artisan and local people and thus migration problem can also be tackled. The example are Ranakpur, Abu, Khajuraho which has lot of Jain temples build by the local kings in that place, are excellent piece of workmanship and art. As the business started growing big they also started taking some initiative for doing social good. Giving by business community for society’s welfare was called by different names, Muslim called it “Zakatah” Sikh call it ‘Dashaant’ and Hindus call it “Dharmmada’ they give away some percentage of money from profit for the religious purpose and with that money build a temple or Dharamshala.
Gandhiji brought new concept of Trusteeship management as early as early nineteen forties which mainly talked about the consciousness among companies and how they should operate in the market place for the benefit of the society and also for the growth of the company itself. He advocated trusteeship management where the entrepreneur act as the trustees of the wealth generated through business but the ultimate aim is to provide welfare and education of employees and society. Trusteeship model derives from spiritual concept of Tena Tyaktena Bhunjitha, \textit{(enjoy the wealth by renouncing it)}. Approximately, 50 years later the same concept was reintroduced to the corporate world with terminology like corporate social responsibility and corporate governance. Gandhiji’s model of trusteeship is followed by Tata’s and Birlas from their inception.

Before independence it was Tatas’ mainly which created lot of wealth for the people of India with their philanthropy. Tatas’ gifted India very well developed Aviation sector, the first steel plant which was the pillar for industrialization in India as before 1905 the basic ingredient of all industry iron and steel was imported from U.K. and business houses were paying heavy price with tax. Tatas’ also established TISS, TIFR. (Tarun Khanna,2006)

After independence, Tatas’ for the first time in India conducted a social Audit in order to find out areas where the group was not able to discharge its responsibility towards society. The other example of enhancing social welfare through a business model was The National Dairy Development Board (NDDM) which transformed hundreds of village in India by creating marketing outlet for the produce of farmers in that area. Dr. Kurien’s Amul led to the white flood i.e. abundance of milk which improved well being of made farmers in India. Birla’s were also into building lot of technical education institutes, temples and orphanages for positively affecting the life of poor people of India.

After Liberalization, Privatization and Globalization, as the markets were becoming global, created lot of pressure on companies to adopt to internationally compatible trade practices. CSR was recognized as backbone of business internationally. E-Chouple initiative undertaken by ITC created waves in the corporate world. Infosys led the list of companies committed to the social cause by undertaking lot of programs for providing education to the remote areas in different state and also improving the employability to Indian youth.
1.6 Definition of CSR

Carroll talked about four responsibilities of businesses starting with economic responsibility to be profitable and ensure high returns to the shareholders and providing more employment to the opportunity in the organization. The next level is legal responsibility i.e. to obey law. The third level ethical responsibility which talks about the ethical decision making while running the enterprise and at the top most level comes Philanthropic responsibility which mean to be good corporate by contributing to the society and taking up social issues and become good corporate citizen of the country. (Carroll, 1991)

The EU definition

The EU’s Green paper on CSR defines CSR as "concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Green Paper Promoting a European Framework for Corporate Social Responsibility, 2001).

CSR has been defined by Philip Kotler and Nancy Lee as “CSR is a commitment to improve community well being through discretionary business practices and contribution of corporate resources.” (Philip Kotler and Nancy Lee, 1981)

After analyzing above definitions it is very clear that the practices undertaken by corporate should be voluntary, if there is any act mandate by the law it will not fall in the category of CSR.

A definition given by the World Business Council for Sustainable Development (WBCSD) states that “CSR is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.”
Bowen defined in early 50's CSR as “Industry has an obligation to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in the terms of the objectives and values of society” (Bowen,1953).

Tuzzolino and Armandi (1981) link CSR with the motivational theory of Maslow’s hierarchy of needs in their opinion CSR is “Internal and external self actualization need of the company and which is located at the top of the organizational need hierarchy.”

1.7 Need for study

Taking into account the new concept such as corporate Citizenship and Global citizenship are getting wide popularity, new concept of corporate governance is also of immense importance in today’s corporate world. Stakeholders are having eye on the ethical behavior of business. In this background it becomes very important to study the pattern of CSR among SME’s. The purpose of the present study is to empirically investigate the CSR practices undertaken by SMEs in India. To understand pattern emerging from the CSR practices undertaken by the SMEs. SMEs contribute to 7% of India’s GDP. Total employment by SME sector is about 25 million and they produce about 7500 products including high technology products. They constitute 90% of the industrial units in the country and also contribute to about 35% of India’s exports. So, there is a need to analyze what are the ways they are giving back to the society in the form of CSR activities. There was lot of research done on big companies carrying out CSR activities but very little work is done in the area of understanding the pattern of CSR activities among SMEs.

1.8 Benefit of the study

This study will contribute in the knowledge base of CSR among SMEs in India. In today’s global business there is tremendous pressure among businesses to be ethical and follow the guidelines of corporate governance and try to become global citizen. The study is unique in number of ways. Firstly, it focuses on the type of CSR practices which is very famous among the SMEs, Secondly; it tries to find out the relationship between the turnover and profit of the enterprise with the amount they spend on CSR activities. Thirdly, it also tries to find
out if age has some influence while selecting CSR activities. Fourthly, the research is trying to find out the amount SMEs spent on CSR activities annually.

1.9 Operational Definitions

This section presents and discusses the definition of key terms that are used throughout the research

- **SME**
  The word “Corporate” used for this research has a generic meaning, in the sense it is understood in the literature. But as the study pertains to SMEs- the legal form of ownership linked with the word “corporate” is to be ignored.

- **CSR**
  “CSR is a commitment to improve community well being through discretionary business practices and contribution of corporate resources.” (Philip Kotler and Nancy Lee, 1981)

- **Internal CSR**
  Internal CSR include socially responsible practices which primarily includes employees related welfare practice like providing medical facility, housing facility, education to employees. (Panel Castka, 2004)

- **External CSR**
  CSR extends beyond the doors of the company into the local community and involves a wide range of stakeholders in addition to employees and shareholders such as business partners and a suppliers, customers, public authorities and NGOs representing local communities, as well as the environment. (Panel Castka, 2004)

- **Environmental CSR**
  This mainly relates to the management of natural resources used in production and undertaking CSR activities which helps to reduce pollution and helps in reversing the effect of global warming. (Panel Castka, 2004)

- **Philanthropy**
A Greek term which directly translated means "love of mankind." Philanthropy is done to better humanity by donating money to a charity.

- **Image of the enterprise**
  It may be based on direct perception of an enterprise or an indirect sources of information and elaborated by imagination. (Dictionary of Marketing by Wolfgang Koschnich)

- **Gross domestic product**
  The total monetary value of goods produced and services provided by a economy over a specified period. (The Oxford Dictionary for Business World)

- **Business Ethics**
  The study of how personal moral norms apply to the activities and goal of commercial enterprise. It is not a separate moral standard, but the study of how the business context poses its own unique problems for the moral person who acts as an agent of this system. (Nash, business ethics by Joseph Weiss)

- **Global citizenship**
  Generally citizens are concerned for the local interest i.e. family, community and their own country, with the businesses getting global they got to respect a fellow global citizen regardless of his race, religion and the country. Businesses need s to have universal sympathy beyond the barrier of nationality

- **Corporate citizenship**
  Corporate citizenship is about a new contract between business and society, a vision of partnership between different sections of community, which allies profitable companies with healthy communities because what happens to societies happens to business.

  *Improving the state of the world through business’s engagement in partnerships that address key global societal challenges (World Economic Forum)*
Chapter-II

Literature review

2.1 Importance of SME's in India

In India, small and medium industries play a vital role in the growth of the economy. Small industries have a 40% share in industrial output, producing over 6000 value-added products. They contribute nearly 35% in direct export and 45% in the overall export from the country. They are one of the biggest employment-providing sectors after agriculture, providing employment to 322.28 lac people. SMEs constitute more than 80% of total number of industrial enterprises and form the backbone of industrial development (India Global Summit,2004). There are to date more than 12.34 million SME units contributing 5.94 percent to the GDP of India (Sridharan 2006). The contribution of SME’s towards employment generation is significant because:

- SMEs have a tendency to occupy more labour-intensive production processes than larger companies. SMEs have great influence on the labour market.
- Countries with a high percentage of SMEs have simultaneously a relatively equal distributing of income – also regionally – and promotes high social satiability.
- SMEs are a significant resource for innovation in niche-markets, which demand high flexibility and customized products.
- SMEs serve as "growth labs" for innovation and risk-oriented product development. SMEs is a foundation for long-term growth dynamics and for development of larger companies. (Leutkenhorst, 2004)

Government is also taking constructive steps in order to develop SMEs in India. The SME Fund of Rs. 10,000 crore to give an impetus to the flow of funds to the SME sector SIDBI has recently negotiated a line of credit with the World Bank for financing and development of SMEs in India, with a view to upscale the credit flow to the sector and raising resources for the SME Fund.(Y. Srinivas, 2005). Because of their contribution to the development of Nation, employment and innovation it is increasing becoming necessary to also study the impact SMEs are creating on the society.
2.2 CSR among SMEs:

A number of international reports have pointed out the necessity to investigate the potential for SMEs' contribution to CSR activities (European Commission 2001). It is now beyond doubt that big corporate have to undertaken social projects as government alone can't carry out all the social programme because of limited resources available to it. Many MNC's have their total net profit which may be equal to the total income of the some countries of the world. SMEs cannot seamlessly adopt MNCs grand sustainability reports, stakeholder partnership programs and participation in international CSR networks (Vyakarnam et al., 1997) The evolution and growth of CSR in large corporations in India has been well documented (Mitra, 2007)

There is a need to find out CSR practises undertaken and motivation to do so for SMEs sector. Many of the SME's are at a stage where they are struggling to establish themselves and do not have the manpower or resources to address these issues, they tend to ignore them. (Revenkar, 2004). UNIDO's role and contribution to this effort has been significant (Russo, 1999). In 2007,

UNIDO along with the Swiss Development Corporation has embarked on a thematic cooperation

to identify and disseminate good practices and operational suggestions to improve the partipation of the SME's in the CSR movement. Most of the CSR tools and approaches (e.g. complex standards, exhaustive reporting, verification processes, certification,) were created for large enterprises and are therefore useless to SMEs. As SMEs are more locally bound and have to relate to local stakeholders and the local community, SME tools need to take into account the existing regional and cultural diversification. Awards and prices recognizing especially CSR activities in SMEs should be created at local, national or European level (UEAPME Position Paper on the Green Paper, 2001)

SMEs believed that by affecting the society positively will definitely improve their profitability in the long run. Undertaking CSR will create win-win situation for both SME as well as society.
Other reason why SMEs are into CSR practices is they want to create good image among their stakeholders, government and also in the society in which they operate. (Reena Mehta, 2009)

The review of literature was carried out not only to understand the body of previous research work done in this area but also to identify the gaps in knowledge so as to be able to delineate the hypothesis for this study. Literature was reviewed under the following heads:

- Contribution and growth of SMES
- Corporate Social Responsibility
- CSR practices among SMEs around the world
- Ethical behavior of businesses

Chapter-III

Theoretical Framework

3.1 Objectives

The purpose of this study is to understand the CSR activities among SMEs in India. This study will help to understand the most common CSR practices undertaken by SMEs. This research also tries to analyze if there is any relationship between the turnover and type of SMES in the CSR activities undertaken by them. The objectives of the study are as follows:

1. To study the CSR activities practiced by the SMEs in India and in which way SMEs carry out their CSR activities.
   To study what are the different types of CSR practices which are prevalent among SMEs in India and how it has been carried out by SMEs.

2. To study the reasons for which SMEs undertake or carry out CSR activities.
   To go in the depth and find out the reasons for SMEs are undertake CSR activities.
3. To find out perceived advantages or benefit of CSR activities derived by SMEs.

Apart from the reason for which SMEs undertake CSR activities the researcher would like to understand the perceived benefit which SMEs derive by doing CSR.

4. To find out the amount spent on different CSR practices per annum by SMEs.

One of the objectives of this research is to find out the amount spent annually by SMEs on their CSR activities.

5. To find out whether entrepreneurs of SMEs tie up with NGO or community for carrying out their CSR activities or prefers to do it on their own or with the help of their staff.

This is to find out whether SMEs look out for professionally managed NGO for carrying out their CSR activities or prefers to do it on its own either by entrepreneur himself or by his staff.

6. To study the relationship between CSR activities and characteristics of SMEs such as location, turnover, profit, size of the enterprise.

This study will try to find out if there is any relationship between location, size, turnover and profit and the CSR activities carried on by SMEs.

This research is an attempt to add to the existing body of Corporate Social Responsibility with special reference to SMEs in India. The research aimed at understanding the CSR activities undertaken by SMES and coming out with a model to ensure better and effective participation of SMEs in their CSR activities.

For able to achieve the objective mentioned above, the theoretical construct was taken into consideration while developing hypothesis.

There is lot of study done internationally about SMEs effectively contributing to the CSR. One research has revealed that SMES can benefit from CSR and improve their
business and develop competitive advantage. It was concluded in the study that business system framework, such as ISO9001:2000, can serve as a vehicle for CSR integration into day-to-day operation of the business. (Pavel Castka, 2004)

Support organizations should develop tools specifically for SMEs, not simply adopt ideas designed for the large companies for small companies. A study conducted among U.K. SMEs. (Heledd Jenkins, 2006)

In India very little research has been done in the same area. The study is organized into seven hypotheses in the following section.

3.2 **Hypotheses**

**Hypothesis 1:** The most common CSR activity is philanthropy which generally consists of donation for religious purpose.

The objective of the hypothesis is to find out the most famous CSR activities among SMEs. From the theoretical construct philanthropy which generally consist of donation comes out to be the most common way of giving back to society by SMES.

**Hypothesis 2:** SMEs Carry out CSR activities for the purpose of tax saving, image building, employees’ welfare and philosophy of the entrepreneur.

The objective of this hypothesis is to investigate the reasons for which SMEs undertake CSR activities. The probable reason for which entrepreneurs under take CSR activities could be many fold such as tax savings, image building, employee’s welfare and philosophy of the entrepreneur.

**Hypothesis 3:** SMEs carry out CSR activities on their own rather than joining any NGO or community

The objective of this hypothesis is to find out whether the entrepreneurs tie up with NGO or community to carry out CSR activities or prefers to do it with his own human resources.
Hypothesis 4: SMEs which are located in specific economic zone are undertaking less initiative for environmental CSR activities.

The objective of this hypothesis is to find out that the SMEs situated in the special economic zone undertake less environmental related CSR activities.

Hypothesis 5: SMEs which are of polluting type and located outside SEZs are more in environmental CSR activities.

The objective of this hypothesis is to examine relationship with SMEs situated outside the special economic zone and are into polluting type of manufacturing undertake CSR activities related with environment.

Hypothesis 6: SMEs which have higher turnover spend more on CSR activities.

The objective of this hypothesis is to find out if SMEs with higher turnover have a fatter budget allocated for their CSR activities and vice -a-versa is also true.

Hypothesis 7: The younger entrepreneurs (owners) are more into CSR activities like environmental issues whereas the older entrepreneurs (owners) are more in CSR activities which are religious in nature.

The objective of this hypothesis is to find out if age of the entrepreneur has to do anything with the activities selected for CSR among SMEs.

CHAPTER - IV

Research Methodology

The ethical behavior of the companies are of great significance in today's globalised business environment. The CSR practices undertaken by big companies are contributing significantly in improving the brand image and expanding the existing market. Lot of research has been done on CSR practices among big companies but very little work is done to understand CSR practices practiced by SMEs in India. The purpose of this study is to find out the most common CSR practices among SMEs, annual amount they spent on CSR, whether SMEs have special staff taking care of their CSR activities, is there any
influence of age of an entrepreneur while deciding CSR activities undertaken by an enterprise, also to find out the relation between Sales, profit, turnover and CSR budget of an enterprise.

4.1 Preliminary Research

The purpose of the preliminary research is to explore which CSR practices are most famous among SMEs in India from manufacturing sector. Also to understand the reason for which CSR activities are undertaken by SMEs.

4.2 Questionnaire Development

The data was collected from SMEs mainly situated in the western part of India, the total of 500 questionnaire was distributed among SME’s along with a covering letter. The questionnaire development undertook many aspects as the age, size and turnover of the SMES and the different kind of CSR practices undertaken by them.

4.3 Pre-test

The questionnaire was pre-tested with 100 SMEs from the populations as the final samples to assess whether or not there were misunderstandings or ambiguities of expression in the questionnaire. The data gained through pretest were analyzed using the same statistical methods in the final analysis especially regarding the reliability and validity of the scale. Based on the feedback forms from the pretest, some revision of wording was made in the questionnaire.

4.4 Population and sample

The population consists of all manufacturing units which fall in the Definition of medium scale enterprises. The samples consist of SMEs located on the western India mainly from the state of Gujarat and Maharashtra. The forms were distributed to 500 SMEs.

4.5 Data Collection Procedure:
500 forms were distributed from 1\textsuperscript{st} Jan.2009 by the researcher in the soft copy as well in the hard copy. 300 forms were filled up by the entrepreneur who ran the SMEs or who were the major decision makers for the fund allocation in the SMEs.

4.6 Data Analysis:

The data collected for this research study was compiled and analyzed using Statistical Package for the Social Sciences (SPSS version 16). Descriptive statistics such as frequency distribution and percentages were used to describe the sample.

4.7 Ethical Consideration:

Ethical considerations involving the issue of harm, consent, privacy, deception and the confidentiality of the data were recognized. In conducting the study, a covering letter informing the participants of the purpose of the study and possible risks or benefits that might result from this study was sent. When a contact person declined to participate at the initial contact, the researcher did not try to coerce or persuade him or her to participate. To keep the anonymity of the respondents and sometimes of the organizations they represented, the names have not been used. Only the gender, age, work-experience, occupation of the participants have been included in the data analysis.
CHAPTER-V

Results

Results of the study are discussed in this chapter as follows:

Hypothesis 1: The most common way of doing CSR is philanthropy which generally consists of donation for religious purpose.

How does the enterprise undertake their CSR activities?

<table>
<thead>
<tr>
<th>Activity</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spreading awareness about social issues</td>
<td>17</td>
</tr>
<tr>
<td>By undertaking Cause Related Marketing</td>
<td>57</td>
</tr>
<tr>
<td>By giving Socially Responsible Advertising</td>
<td>57</td>
</tr>
<tr>
<td>Philanthropy (giving donation)</td>
<td>60</td>
</tr>
<tr>
<td>Supporting Government/ NGO Schemes</td>
<td>20</td>
</tr>
<tr>
<td>Total respondents</td>
<td>300</td>
</tr>
</tbody>
</table>

By simple frequency count it is observed that 60% are doing their CSR by way of philanthropy that is giving money for a cause. 17% of them are spreading awareness about the social issues among the society. Only 5.7% are doing their CSR by undertaking cause related marketing and the equal % of them are into giving socially responsible advertisements. Only 20% of the samples surveyed are supporting the schemes floated by government and NGO.

These results prove our first hypothesis that the most common way of doing CSR is philanthropy.

From the analysis of the data, which tried to find out in last three years what are the different types of CSR program undertaken by SMEs, more than 47% of SMEs undertook program for efficient use of energy, 38% have taken program for reducing wastage of water, 37% have undertaken program for reducing waste.
CHAPTER-V

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<table>
<thead>
<tr>
<th>Activity</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spreading awareness about social issues</td>
<td>17</td>
</tr>
<tr>
<td>By undertaking Cause Related Marketing</td>
<td>5.7</td>
</tr>
<tr>
<td>By giving Socially Responsible Advertising</td>
<td>5.7</td>
</tr>
<tr>
<td>Philanthropy (giving donation)</td>
<td>60</td>
</tr>
<tr>
<td>Supporting Government/ NGO Schemes</td>
<td>20</td>
</tr>
<tr>
<td>Total respondents</td>
<td>300</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>CSR Programs undertaken by your enterprise in last 3 years</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient use of energy</td>
<td>47.2</td>
</tr>
<tr>
<td>Reducing wastage of Water</td>
<td>38.7</td>
</tr>
<tr>
<td>Reducing waste</td>
<td>37.3</td>
</tr>
<tr>
<td>Optimum Utilization of water</td>
<td>36.9</td>
</tr>
</tbody>
</table>

From the analysis of the data, which tried to find out in last three years what are the different types of CSR program undertaken by SMEs, more than 47% of SMEs undertook program for efficient use of energy, 38% have taken program for reducing wastage of water, 37% have undertaken program for reducing waste.
Optimum utilization of water was the next popular among SMEs. (only top four CSR activities are listed)

**Hypothesis 2: SMEs Carry out CSR activities for the purpose of tax saving, image building, employees’ welfare and philosophy of the entrepreneur**

The research intended to find out what makes enterprise undertake CSR activities. From frequency count it is very clear that there are two major reasons for which enterprise undertake CSR activities the first is, feelings and values of an entrepreneur where 40% of the sample agreed. The second common reason for enterprise to do CSR is to do their responsibility towards society with 37.67% of the total sample agreed. The third in the list is for respecting feelings and values of the employees where 31% agreed and last in the list is feelings and values of manager for which only 8% of the SME carry out CSR activities. So part of the hypothesis is proved that enterprise do CSR according to the feelings and values of the entrepreneur. The other half of the hypothesis is that enterprise undertake CSR for tax saving, image building, employees’ welfare has not been proved. While asking questions to the sample about what are the benefits they derive while carrying out their CSR activities the very common benefit was to boost employee morale with almost 58% agreed. The next best reason is enterprise
wants to make contribution to the society with more than 45% agreeing to that. The third reason is to improve work climate with 34% and to create good image among the consumers with more than 31% agreeing to it. There are only 17% of the SMEs doing CSR for tax purpose.

**Hypothesis 3: SMEs carryout CSR activities on their own rather than joining any NGO or community**

<table>
<thead>
<tr>
<th>Who carries our CSR activities</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>7.67</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>52.00</td>
</tr>
<tr>
<td>NGO</td>
<td>5.67</td>
</tr>
<tr>
<td>Manager and Employees</td>
<td>37.66</td>
</tr>
</tbody>
</table>

The result of the analysis proves 3rd hypothesis of the research i.e. more than 52% of the SMEs agreed that the CSR activities were undertaken personally by the entrepreneur himself and more than 37 % said it was carried out by manager and employees of the enterprise only 5.67% tie up with the NGO for carrying out their CSR activities.

**Hypothesis 4: SMEs which are located in specific economic zone are undertaking less initiative for environmental CSR activities**

<table>
<thead>
<tr>
<th>Is the industry situated in recognised industrial zone?</th>
<th>Your enterprise is into what kind of CSR activities?</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the industry situated in recognised industrial zone?</td>
<td>Your enterprise is into what kind of CSR activities?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>Environmental CSR</td>
<td>63</td>
<td>21</td>
<td>84</td>
</tr>
<tr>
<td>No</td>
<td>Environmental CSR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>Yes</td>
<td>31.7%</td>
<td>23.3%</td>
<td>29.1%</td>
</tr>
<tr>
<td>%</td>
<td>No</td>
<td>68.3%</td>
<td>76.7%</td>
<td>70.9%</td>
</tr>
<tr>
<td>Count</td>
<td>Yes</td>
<td>136</td>
<td>69</td>
<td>205</td>
</tr>
<tr>
<td>Count</td>
<td>No</td>
<td></td>
<td>90</td>
<td>289</td>
</tr>
<tr>
<td>%</td>
<td>Yes</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>%</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The table shows that 31.7% of the SMEs are located in SEZ zone carry out environment CSR where as those only 23.3% of the SMEs are not located in SEZ carry out environmental CSR. The above table shows that there is no difference between the industry located in SEZ zone and those not located in SEZ zone in respect of carrying out environmental CSR. Chi square=2.083, df=1, P=.149. Since P is greater than .05 there is no difference between the industries located in SEZ or outside SEZ zone.

Hypothesis 5: SMEs which are of polluting type and located outside SEZs are more in environmental CSR activities.

Your enterprise is into what kind of CSR activities? Environmental CSR * What kind of business enterprise is into? Crosstabulation

<table>
<thead>
<tr>
<th>Your enterprise is into what kind of CSR activities?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>Polluting industries</td>
<td>9%</td>
<td>27%</td>
</tr>
<tr>
<td>Count</td>
<td>56</td>
<td>153</td>
</tr>
<tr>
<td>Non-Polluting industries</td>
<td>69%</td>
<td>72%</td>
</tr>
<tr>
<td>Count</td>
<td>81</td>
<td>212</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

This hypothesis has not been proved and while analyzing the data it was found that there is not significant difference between the polluting and non polluting SMEs undertaking environmental CSR activities.

The table shows only 2083(b) cases are valid with 1699. The minimum expected count is 26.16.
Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>264(b)</td>
<td>1</td>
<td>608</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>263</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Computed only for a 2x2 table  
b 0 cells (0%) have expected count less than 5. The minimum expected count is 23 22.

Hypothesis 6: SMEs which have higher turnover spend more on CSR activities

What is the amount your enterprise spent annually on CSR programs? * Turnover in Rs. Lakhs

Crosstabulation

<table>
<thead>
<tr>
<th></th>
<th>&lt;= 1 Crore</th>
<th>1-10 Crores</th>
<th>10-50 Crores</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than 1 Lakh</td>
<td>24</td>
<td>85</td>
<td>8</td>
<td>117</td>
</tr>
<tr>
<td>Between 1 and 5 Lakhs</td>
<td>44.4%</td>
<td>50.0%</td>
<td>20.5%</td>
<td>44.5%</td>
</tr>
<tr>
<td>More than 5 Lakhs</td>
<td>21</td>
<td>56</td>
<td>18</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>38.9%</td>
<td>32.9%</td>
<td>46.2%</td>
<td>36.1%</td>
</tr>
<tr>
<td>Total</td>
<td>54</td>
<td>170</td>
<td>39</td>
<td>263</td>
</tr>
</tbody>
</table>

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>12.470(a)</td>
<td>4</td>
<td>0.014</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>263</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The analysis of the data proves this hypothesis as Chi square value is 12.470, df=4, P=.014 which shows

The minimum expected count is 7 56  
a 0 cells (0%) have expected count less than 5

There is a significant association between turnover of SMEs and the amount spent on CSR annually.
Hypothesis 7: The younger entrepreneurs (owners) are more into CSR activities like environmental issues whereas the older entrepreneurs (owners) are more in CSR activities which are religious in nature.

The CSR programs undertaken by your enterprise in last 3 years: Lectures by religious leaders * Age Group

<table>
<thead>
<tr>
<th>The CSR programs undertaken by your enterprise in last 3 years</th>
<th>Count</th>
<th>% within Age Group</th>
<th>Count</th>
<th>% within Age Group</th>
<th>Count</th>
<th>% within Age Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building temples</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The CSR Yes</td>
<td>10</td>
<td>71%</td>
<td>14</td>
<td>95%</td>
<td>24</td>
<td>83%</td>
</tr>
<tr>
<td>No</td>
<td>131</td>
<td>92.9%</td>
<td>133</td>
<td>90.5%</td>
<td>264</td>
<td>91.7%</td>
</tr>
<tr>
<td>Total</td>
<td>141</td>
<td>99.0%</td>
<td>147</td>
<td>99.0%</td>
<td>288</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

It is very evident from the % there is hardly any influence of age in selecting CSR activities for the enterprise in both young and old the percentage of entrepreneurs undertaking building of temples is 7.1% and 9.5% respectively.

Chi-Square = .557, df = 1 and p = .455 which is greater than .05 there is no difference in selection of CSR activities with the age of the entrepreneur so our hypothesis is not proved in this analysis.

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp Sig (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>557(b)</td>
<td>1</td>
<td>455</td>
</tr>
</tbody>
</table>

a Computed only for a 2x2 table
b 0 cells (0%) have expected count less than 5 The minimum expected count is 11.75
CHAPTER – VI

Conclusions

This study explores CSR attitude of entrepreneurs of SMEs. The objective was to find out the most popular CSR activities and how it is carried out, also to find out any relationship between type and location with that of the CSR activities undertaken by the SMES. The finds out any relationship between the annual turnover of the enterprise and the amount they spent annually on the CSR activities.

The SME sector has been growing many folds, The total number of units has increased from 67.87 lakhs to 123.42 lakhs in this period, growing at the rate of 5.84 annually. Fixed investment has also increased many fold from 93.55 crore in 1991 to 1,88,113 crores in the year 2006. In the terms of employment generation this sector is only next to the agriculture sector with total employment of 295 crores. This sector has contributed to 39% of the gross industrial value added to the economy. Approx. 34% of total manufactured exports of the country are directly credited to SME sector. Service sector emerged as the dominant component of the total SME sector with a share of 44% of the units (P.R.kulkarni ,2008). So it is becoming of great importance to study CSR activities among SMES. Lot of work has been done on CSR programs undertaken by big organization but very little work is done in India on the attitude of CSR among SMEs.

This study will help in the analysis of the type of the program and type of SMEs also it will help to come out with model wherein SMEs can create great impact on the society by professionally undertaking CSR program.

This chapter summarizes the outcome of the present study and discusses the conclusions that were formulated based on research finding. The findings resulted in number of conceptual and practical implications that might be interest to researchers as well as SMEs.
6.1 Limitations:

The present study has the traditional limitation as with any survey research method, such as potential bias in selection of the samples, however this was minimized through proper selecting of the sample in the development of measures and scales and in the interview process.

Based on the different data collection methods, there would have different advantages and disadvantages. The scope of this study is limited by the following factors.

1. This study we could collect data only from western India from the state of Gujarat and Maharashtra because of time and place constraints.
2. This study has taken SMEs which are only in manufacturing. It has not taken into account SMEs which are in services.

6.2 Future Research

In this study attempt has been made to understand the attitude of entrepreneurs running SMEs towards CSR activities and factors affecting selection of CSR activities. It also tries to find out what are the most favorite CSR activities among SMEs.

There is a scope of further studying how SMEs should be motivated to spend more on their CSR activities. There is also a great possibility to study how to encourage SMEs to have tie up with professionally run NGOs in order to be more effective in their CSR activities.

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