

Extent of CSR Adoption among Indian Small and Medium Enterprises

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ABSTRACT

The impact and role of Micro, Small and Medium Enterprises (MSMEs) in the development of economy means that, it becomes difficult to dismiss the importance of the latter in such important socially relevant issues as employment, innovation and living standards. This research mainly focuses on examining the extent of CSR Adoption among Indian Small and Medium Enterprises. The current CSR literature on MSMEs shows that a greater understanding of MSMEs' adoption is required. MSMEs have a major role to play in the economic growth and future development of developing countries like India. Considering India's geographical diversity and strong reliance on agriculture, MSMEs are the lifeline of potential economic growth and production. The current state of knowledge and practice in MSMEs in the Indian context in the area of CSR is however limited. The following study analyses quantitative data (300) information collected from the owners and managers of SMEs in the Tourism Sector from Hyderabad city using questionnaire forms. The results of the empirical study show that although the vast majority of SMEs is not familiar with the term CSR, most of them show practicing some of its activities. The results also revealed that only the size and age of SMEs influenced their CSR implementation.

Key words: *India, CSR, MSMEs, Small Enterprises, Medium Enterprises*

I. Introduction

The Micro, Small and Medium Enterprises (MSMEs') contribution to a nation's economic growth is well recognized. MSMEs' contribution to job creation in developing countries like India is high because they tend to use more labor-intensive production processes than large enterprises, boosting employment and leading to a more equitable distribution of income. The role of MSMEs in generating jobs is very significant in countries with marked income inequality, and economic development, not wide spread and steady. They also provide lively hoods through basic value-added research in agricultural economics help business and industrial growth capacity creation through connections with major enterprises and create sustainable economic frameworks. While they provide a major economic presence, their conservative commercial behavior has not been adequately examined for realistic interpretation.

Although each of these MSMEs collectively do not have a major effect like the big companies,

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their combined social and environmental effects may not be ignored. Throughout India, this is still being seen in the garment industry, the pharmaceutical industry, chemical factories, etc. Consequently, the responsible business practices adopted by MSMEs are urgently necessary. In developing countries such as India, only a few decades have passed since the significance of CSR itself had been recognized. In view of achieving multifaceted economic growth, the current study assumes greater importance. Responsible business practices can be thought of as the commitment to corporate legal and ethical obligations. This conceptualization at the level of MSMEs represents the responsibilities and ethics of the owners and the CSR practices of the undertakings. On comparison, it is found that the studies and discourses on CSR and ethics domain, until recently, were predominantly seen in regard to large companies as against MSMEs. (Foote et al., 2010) [1].

In India, the growth and development in CSR appreciation and implementation has been well documented in large corporations. CSR in MSMEs in India, although not substantially from academics, has received more recognition in recent years from professionals, NGOs and foreign agencies. A CSR strategy of major Multi-nationals, was included in a comparative analysis of the CSR activities of the Dutch multinational corporations and MSMEs in India and public - in MSMEs, CSR is not at all institutionalized in any way. Much of India's anecdotal data on MSMEs tends to suggest that MSMEs are governed the ethical background of the holders. Because the ownership structure of MSMEs varies considerably, the strict governance standards applicable to large companies may not be applicable and enforceable. Most owners of MSMEs claim that CSR and philanthropy are the same. Because many MSMEs fail to develop code of conduct under CSR governance themselves and have no personal strength or financial power to solve these issues, they prefer to neglect it. The purpose of this study is to explore distinctions between small and medium-sized companies in India along their level of adoption of CSR philosophy and performance.

The government strongly supports the growth of the clusters as a policy to grow MSMEs over the last decade. In 2007 UNIDO and the Swiss Development Corporation started to create and disseminate best practices and alternative recommendations to improve MSMEs' engagement in the CSR campaign. In 2008 CSR became a multi-stakeholder contribution to the sporting goods sector in the State of Punjab. In a 2008 UNIDO study on the expectations and operations of CSR in five urban clusters in India, MSMEs appeared to behave in a similar manner towards CSR, regardless of the geographical area from which they originated. Many of them considered that their responsibility was "internal care of their employees" and "involvement in the welfare of the community." Support was found for the influence of the entrepreneurs' personal values in determining the choice of CSR activities.

II. Literature Review

There is an increasing consensus that MSMEs are distinct from large organisations, and that their content, scale and nature of CSR involvement can vary. Spence (2010) [2]; other characteristics such as smaller scale and less cost also matter, when independently viewed. Bergman et al. (2016) [3]. Management structures, where ownership-management differentiation exists rarely as banks and

institutional investors are especially active towards policies such as renewable energy and natural resource use, education, anti-tobacco efforts, occupational safety and healthcare, environmental conservation, frequently pursue socially responsible initiatives (SRI). Ballestero et al. (2015) [4]. And management preparation that does not necessarily address the actual needs of the company is closely correlated with a long-term performance and survival of businesses through the well-being and stability of the communities they are located in, their company's long-term success and sustainability are related to their economic growth, Bergman et al., (2017) [5]. For most micro-enterprises, the separation between management and ownership positions is weak; various activities in the company are very normal. These organisations are mainly oriented towards solving daily problems; mutual relationships and teamwork predominate here; interpersonal relations are very important; there is a high degree of interrelation with their community or communities under which they often function as benefactors or social activists; and finally, they are subject to the business conditions defined by large businesses. With this heterogeneity the impact on MSMEs on CSR is expected to vary. The owners' ethical orientations and motivation for CSR practices in different contexts have received attention, Cherian et al (2019) [7] and Martinez et al (2017) [8]. And all those studies represent a wide variety of viewpoints as well. The variations in CSR among MSMEs of different sizes do need to be shown conclusively even as the use of techniques and approaches of MSMEs is distinctive, Jiang et al (2019) [9] it reinforces the need for further research in this area.

III. The role of MSMEs in India

The small business idea came into being over 4000 years ago as ancient civilizations and companies existed in Egypt, Arabia, Babylon, Jewry, Greek and Roman times, etc., Baumgartner et al (2017) [10]. Small businesses have been the first. Previously at the beginning of the history of small businesses: cottage factories were able to produce products on schedule and sell themselves on the market directly by producing goods at home employing a professional worker. But, over time, a major resurgence has been observed in small industries around the world. The British Government in India destroyed the craft industry and did not take care of providing people with an alternative source of employment. Therefore, the 65th Gandhian Swaraj principle played a major role in the country's growth and development of Village and Khadi Industries and in the advancement of this situation. The Indian government (GOI) declared the first detailed industrial strategy since independence. The Industrial Policy Resolutions (IPRs) of 1948 recognized the vital role of cottage and small-scale industry, and promoted the growth of these industry based on factors such as raw material supply, low-cost power supply, technological consultancy services, and coordinated commodity marketing. The Industries Act (Development and Regulation), which was considered an enterprise for small scale and the agricultural industry, was subsequently introduced in 1951 with the introduction of the planning era. Both the IPRs and these acts laid the groundwork for a small sector on a broader scale and gave the national economy a pivotal role.

Once, in 1952-53, on the advice of the Cottage Industries Commission, the five boards were formed to develop small-scale agricultural sector areas for the handloom, art, coir, silk industry and village industries. Therefore, the government of India established in 1954-55, the Central Small Industries Council (CSIO) and SSI units with a capacity of up to 50 individuals and less than 100 people without power, as well as with capital assets not greater than Rs. 5 lak. Masud et al (2018) [11]. The Council has set forth its guidelines on the use of

electricity and the Central Small Industry Organisation (CSIO). Following the first 5-year program in 1956 in the 2nd set of 5 years, the 2nd Industrial Policy Decision, based upon P.C. Industrialization Mahalanobis pattern was enunciated. The resolution also provided for the growth of cottage and small scale industry by restricting large scale production capacity, offering direct subsidies and creating industrial estates for these industries. Uddin et al. (2018)[12]. These measures have somehow increased the competitiveness of the small sector by modernizing production technology, rural electrification facilities at affordable price and credit facilities. In addition, a number of additional amendments have been introduced in 1970 by announcing the new Industry Licensing Policy, which deleted those industrial derivatives (Development and Regulation) Act of 1951, involving exemption from licensing requirements of investments of up to Rs.1 crore in industries. Then, after the Janata Government took office in 1977, the Latest Industrial Strategy was introduced with significant improvements in the way SSIs operated, Álvarez et al., (2018) [13].

Given all of these measures, the rise of 66 small businesses before the 1980's was a cause of many ups and downs, but no major improvements were made due to regulatory stranglehold, needless legislation and ignorance. In 1991, the New Economic Policy was introduced in the changing market conditions with the goal of expelling the Indian business economy from the chains of excessive bureaucratic power of Mahmood (2019) [14]. The reform era provided an impetus for the Indian economy to take the requisite steps in the areas of industrial licenses, foreign investment, technical advances, dissolution, finance, credit support, imports of commodity and equipment, global liberalization of the economy and the domestic eco The time of transition has been important turning point in the Indian economy development. The Central Government, through RBI (Reserve Bank of India), in 1993 July, announced a special measure for small and medium-sized business banks to meet the credit standards of the village and small industries. The Gupta Study Group was later set up each year in May 1999 in order to ensure the greatest possible level of support and protection for small business units, slightly lower support for small units and no medium-size enterprise facilities except loans (Evolution of Small Scale Industries (SSI) in India, 2006).

Table 3.1: Investment limits for the various SSIs

S. No.	Year	Plant and Machinery Investment Limits	Other conditions
1	1955	< Rs. 5Lac	< 50/100 persons and With/without power
2	1960	< Rs. 5Lac	-
3	1966	< Rs. 7.5Lac	-
4	1975	< Rs. 10Lac	-

5	1980	<Rs. 20Lac	-
6	1985	<Rs. 35Lac	-
7	1991	<Rs. 60Lac	-
8	1997	< Rs. 3Crore	-
9	2000	< Rs. 1Crore	-
10	2006	< Rs. 5Crore	-

From the table 3.1, it is clear that the definition of SSI industries in terms of investment Scope prescribed by GOI, data has varied from time to time upto 2006. (Data is gathered from 67 different sources). The Table reveals that the investment ceiling for plants and equipment was steadily raised from Rs. 5 Lac to Rs. 5 crore during the period between 1955 & 2006. The expenditure caps were raised when necessary so that the small industrial sector could work more effectively at macro-level. In compliance with the MSMED Act enacted by the Government of India in 2006, the concept of SSIs was again revised after 1999 and renamed The group of large, small and medium-sized businesses (SMEs). This act aims at empowering MSMEs to develop and compete on domestic and global markets.

This Act understood the term, “company,” and split the market into three tiers legitimately for the first time, i.e. Enterprises Micro, Large and Low. However, the objective of the Agency is to remove barriers and to develop a regulatory and legal framework, comprising credit facilities, grants, enhancement of staff skills for greater resilience and growth in terms of profitability, more job opportunities, exports and providing a favourable atmosphere for the MSMEs, Cluster growth plan, employees-related facilities and other critical industrial needs such as electricity , water and transport, sufficient supply of raw materials and many other resources (RBI report 2013).

Table 3.2: Manufacturing & Service Fixed Investment Limits adopted in the Act

Manufacturing industry/sector	
Enterprises	Plant & machinery Investment
Micro Enterprises	< Rs. 25 lac.
Small Enterprises	Rs. 25 lac> Rs. 5 crore
Medium Enterprises	Rs. 5 crore>Rs. 10 crore
Service industry/Sector	

Enterprises	Investment on equipment
Micro Enterprises	< Rs. 10 lac.
Small Enterprises	Rs. 10 lac >Rs. 2 crore
Medium Enterprises	Rs. 2 crore> Rs. 5 crore

Source: FICCI-Confederation of Micro, Small & Medium Enterprises-2014

At the other hand, under this Act, companies are commonly divided into two groups, namely manufacturing and service firms. For both groups the expenditure limits for micro, small and medium-sized enterprises as defined in Table 3.2 were set. The latest Act replaced and combined the previous Acts and bodies, 68 in the Indian automotive industry, and is expected to bring about major systemic reform. In the first time, since the freedom, this Act reflects on various problems which are posed as obstacles from the perspective of economic liberalisation and globalization aimed at boosting the productivity of micro, small and medium-sized firms. Besides these measures, the government has also established a number of federal and state offices, corporations, and advertising agencies to help create industries.

These development agencies are the National SMIC, the NABARD (National Bank for Agricultural and Rural Development) and the Indian Small Industry Development Bank (SIDBI), NISIET, Industrial Development Bank of India (IDBI), the erstwhile IFCI, Industrial Credit & Investment Corporation. of India (ICICI), Khadi & Village Industries Commission (KVIC), Council of Scientific and Industrial Research (CSIR), the Industrial Infrastructure Corporation (IIC), Regional Rural Banks (RRBs) and several others Hosoda (2018)[15] - especially to promote village and cottage industries. The DICs (District Industrial Centres) also work to promote and use all the services and provide facilities required by the small, village and cottage industries at district level. There have been 422 DICs set up to date, covering 431 country districts leaving metropolitan cities and some new districts. The micro, small or medium enterprises that are registered in accordance with the provisions of the MSMED Act of 2006 Bergman (2019)[16].

MSMEs' all-India census was then conducted until 30th November 1973 for 2.58 lakh units for the first time in the Indian history to further focus on this sector. The second census covering 9.87 units, reported up to 31 March 1988, was conducted during the financial year, 1990-91. In 2002-03, the third and most ambitious census of all was conducted in 2001-02, covering approximately 13.75 lakh registered units and 91.46 lakh unregistered units. Pandey (2009) [17]. The latest micro-, small- and medium-sized enterprises census was the fourth, held in 2006-2007, in which data have been collected until 2009 and the results for the 26.1 million firms have been published in the year 2011-2012 (4th All India MSME Census, 2012). Throughout the 4th census, different parties, organizations, and associations have periodically increased the need to change the concept of MSMEs as the industry situation shifted rapidly. Consequently, in 2011-12, there was an increase in the limit earmarked in Table 3.3 for the purpose of The Committee established by the Reserves Bank of India (RBI) to consider changes in the index price and the inputs cost from the current limit.

Table 3.3: Manufacturing & Service Sector Investment Limits

Manufacturing industry/sector	
Enterprises	plant & machinery Investment
Micro Enterprises	< Rs. 50lac.
Small Enterprises	Rs. 50 lac >Rs. 10 crore
Medium Enterprises	Rs. 10 crore >Rs. 30 crore
Service industry/Sector	
Enterprises	Investment on equipment
Micro Enterprises	< Rs. 20 lac.
Small Enterprises	Rs. 20 lac >Rs. 5 crore
Medium Enterprises	Rs. 5 crore >Rs. 15 crore

Source: MSMEs Amendment Bill-2015

Limits of investments in case of Micro Enterprises on the plant and machinery head grew from Rs.25 Lac - Rs.50 lac and, at the same time, the maximum ceiling for small and medium-sized enterprises was also raised from previous fixed limits. The Departmental Permanent Committee (DRPSC) relevant to industry proposed that the definition of a small and medium-sized company is to be updated every five years, and, if appropriate, it is to allow adjustments in other viewpoints. This updated definition is expected to be amended. Programmers, strategies and programs for small to medium-sized businesses work well, but are not completely effective to enforced. Despite everything, MSMEs are a important industry/sector in India. And also for their proper development every citizen or official organization and government has to be very clear in its decisions.

MSMEs have made a major contribution to market developments in growing entrepreneurship efforts. MSMEs are expanding their reach to include a number of goods and services to satisfy domestic as well as international business requirements. The MSME sector's contribution to the country's gross value added (GVA) and gross domestic product (GDP) at current prices between 2011/12 and 2016/17 is as defined in Table 3.4, based on data available to the Ministry of Statistics and Program Implementation at the Central Statistical Office (CSO):

Table 3.4: MSMEs Contribution to the economic development of the country at current prices

(Figures in crores of rupees for FISIM @ current prices)						
Year	GVA MSME	% of Growth	GVA Total	% of MSME Share in GVA	GDP Total	% of MSME Share in GDP
2011-2012	2622574	-	8106946	32.35	8736329	30.00
2012-2013	3020528	15.17	9202692	32.82	9944013	30.40
2013-2014	3389922	12.23	10363153	32.71	11233522	30.20
2014-2015	3704956	9.29	11504279	32.21	12467959	29.70
2015-2016	4025595	8.65	12566646	32.03	13764037	29.20
2016-2017	4405753	9.44	13841591	31.83	15253714	28.90

India has 6.33 crore MSMEs out of which, 6.30 crore are micro-enterprises — 99.4 per cent. According to government statistics, the number of registered MSMEs in FY20 rises (by 18.49 per cent) to 25.13 lakh units from 21.21 lakh in FY19. The role of MSMEs to the economic growth of India is important. The MSMEs constitute over 90% of the total businesses in most economies and produce the fastest job growth rates and account for a significant proportion of industrial output and exports. The MSMEs are crucial to the overall growth of the country's industrial economy. Their contribution to the total corporate sector can be portrayed as follows: 70% of total production volumes, 85% of jobs, 65% of the exports and 93% of firms. The export contributions of sporting goods and clothing industry are 90% to 100%. In the 2020 mega transition is on pace for the MSME market. The Ministry of MSME is working on the Sinha Committee's proposals to further improve the industry's current rate of contribution, being 29% to 50% of GDP. They make up 90 % of the country's industrial units and account for around 35% of India's exports [17]. MSMEs play a significant role in sustainable economic growth and equitable income distribution. Two clusters, namely industrial clusters and design clusters, are well-documented in India. The number of clusters in India, including about 2,000 rural / artisanal clusters, is estimated to exceed 2,400. In previous years, industrial clusters dominated discussions on clusters, and service clusters, particularly IT and BPO clusters, have evolved in recent years, Lau et al., (2019) [18].

The Indian government has used the creation of clusters to promote the growth of industry in India. Many MSMEs in a cluster participate in a global supply chain and are known for their CSR activities.

IV. Corporate social responsibility practices –A comparison between small and medium enterprises in India

Small and medium-sized enterprises, particularly in the developed countries like India, play an invaluable role in driving economic growth and sustainable development. Their work is typically carried out closer to the owners, allowing them to access firsthand the articulated needs. Therefore, by being nearby, small and medium-sized businesses must continuously and effectively engage themselves in their community-related activities and function in it (UNIDO Survey Report, 2008). Also applying the CSR concept to small and medium-sized businesses. This sector has never been considered for discussion along CSR initiatives. Traditional CSR approaches are generally believed to be part of big businesses. It is well known that SMEs produce a large proportion of the country's productivity, create huge jobs and generate substantial government income, not only in the developed, but also in the developing countries. About 90 percent of firms globally make up small and medium-sized firms, which account for between 50 and 60 percent of jobs. This sector may have a huge influence on the global social welfare. Seeing that the SMEs do have stakeholders and an influence on society, the role of SMEs in CSR activities needs to be understood. Different organisations such as ASSOCHAM, Business World FICCI encourage awareness and implementation of corporate responsibility issues in India by granting numerous awards and appreciations to SMEs for supporting CSR activities, such as the Business World FICCI-SEDF CSR 2010 SME Award in the Elin Appliances Pvt. creativity categories. The current study analyses quantitative data of size 300. The information was collected from the owners and managers of SMEs in the Tourism Sector from the Hyderabad city using questionnaires.

Today, tourism companies became responsible for the destinations where they operate and for the local communities; a responsibility that extends beyond the economic and legal obligations and that is based on creating benefits for both the local community and the organization. This responsibility of the organization towards all the stakeholders marked the beginning of Corporate Social Responsibility (CSR). The recent years witnessed a significant and growing interest in CSR, and now it becomes an important topic for research. If companies take responsibility to reduce and prevent their negative impact (externalities) on social and physical environment, this will accrue several benefits to the society and the environment as well as to the company itself (under shared value philosophy). As the tourism industry is largely dependent on human and natural resources, the environment and the relationships with stakeholders, it is closely linked with local communities, Kort [19] (2010). The study concerns internal stakeholders (owners, executives and employees) and external stakeholders such as the entities and societies impacted by its operations, including its clients and customers, and other players in the supply chain of the business. Consequently, CSR implementation becomes increasingly important in the tourism industry, because it helps to reduce the negative effects that tourism can cause in the areas where it operates and in its local communities. However, CSR initiatives have tended to focus mainly on large and multinational companies. This is because they tend to be more highly criticized than small and medium enterprises (SMEs) for negatively affecting stakeholders. Hence the need for these businesses to practice CSR is considered greater.

Research on CSR in small and medium-sized enterprises was notoriously limited, particularly in the developing countries like India. Because of the increasing importance of the SME sector, especially in the tourism industry, which relies more on small and medium-sized enterprises than on most other sectors. In many

articles and books, empirical studies on CSR are shown to cover major companies with little focus on small and medium enterprises. This results in a research gap concerning CSR in SMEs especially in the service sector. As the vast majority of tourism companies in India are small and medium sized, and the CSR practices in SMEs are different from those of large companies owing to the unique characteristics, it is important to study CSR in the realm of SMEs. One of the major challenges of implementing CSR in the tourism sector is that many of the initiatives remain in the field of philanthropy, achieving improvements in some aspects, but not providing a real impact on the organization and on the society, Bach [20] (2014). CSR is important in small and medium-sized businesses for 2 reasons: 1) SMEs represent a wide proportion and greatly contribute to economic development. 2) Small enterprises are distinct in nature from large enterprises that can affect the CSR implementation philosophy. For example, most SMEs are operated by owners themselves and are solely connected to local community and business partners. They are also deprived of funding facilities. Tourist SMEs can mitigate environmental impacts because they are limited in number and understand social and environmental issues in their tourist destinations better than large companies who rely heavily on foreign employees to run their company.

Small and medium-sized tourist enterprises can also help to strengthen local cultures and customs by offering different tourism activities, and by transforming local resources into tourist products and services, so as to improve the local economy; Eraqi [21] (2010). To promote CSR practices within SMEs, we must realize the special characteristics of these enterprises, which are different and distinguishable from those of large companies. These features include: SMEs are often owner-managed, as a result, decision-making processes are driven by the personal interests and desires of the individual rather than envisioned long-term preparation and logic and thus decisions are more reactive in nature than pro-active. Customers are more supportive to the companies that adopt CSR strategy than companies without CSR agenda. It has also been acknowledged that CSR can provide a competitive advantage for SMEs through providing a more important profile and market position, Fahmi et al., [22] (2013) proved that hotels and travel agencies' CSR actions have significantly positive influence on customer satisfaction, customers' commitment, and customer loyalty. The findings indicated that managers' age has an impact on their disposition towards CSR, based on the belief that older people are mature and more cautious. Therefore, through their moral decisions, younger people tended to be less reactive than older people and older adults often appeared to have stronger ethical values. The analysis also indicates that the higher the schooling standard, the more likely were the respondents to grasp the CSR problems. Yet previous research finds contradictory observations with respect to the length of work experience. Most studies have found that an employee with more work experience could show more ethical trends and would be more likely to agree with ethical activities. This research used questionnaire as data gathering instrument to collect statistical data about the characteristics of the respondent SMEs, their attitudes toward social responsibility, the corporate socially responsible practices they engage in, the benefits and barriers for implementing CSR. The questionnaire consists of 7 groups, as shown in the table 4.1.

Table 4.1: Questionnaire Details, group wise

Group No	Description	Details
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1	concerned with demographic purposes about the respondents	It includes: job position, education, age and experience
2	Gives information assessing the respondent's company profile	It includes: number of employees, age of the company, proprietary or family-run, etc.
3	It Aims at knowing, if the company is familiar with CSR	Thus, management of CSR and to what extent it practices social responsibility
4	measures the respondents' attitudes toward CSR	It has 14 items
5	measures motivations	For CSR in SMEs
6	It identifies behavior or activities	For CSR in SMEs
7	It is designed to gather information	about the barriers of CSR in SMEs

The study of data includes: statistical research, carried out to analyze the variability of the answer to the particular question, the variance norm and the medium. The questions were framed along respondent's characteristics and their attitudes on SMEs' social responsibility, motivations for CSR, benefits and barriers of CSR. Findings are analyzed using statistical package for social science (SPSS). The data analysis also involves, Explanatory research which examines causality, and is able to reveal relationships between two or more variables, Correlation, cross-tabulation; The theoretical importance of these relationships was established by separate t-tests and one type of ANOVA.

Regarding respondents' position, the results indicate that 27.5% of respondents are owners and 37.9% are owner-managers. Then, general managers account for 13.3% of respondents and 21.3% of the sample are department managers. Regarding the educational degree of respondents, the vast majority of respondents (83.5%) are college graduated, while post graduate respondents represent 10.5% and only 6% of the respondents are of below college level. As for the age, 38.6% of respondents are below 40 yrs; 45.8% are between 40 and 60 yrs, and the remaining are aged above 60 yrs. Concerning the period of working in the tourism field, 48.7% of respondents have experience in tourism field of less than 10 yrs; 38.7% have experience between 11 and 20 yrs. And the remaining are experienced for more than 20 yrs. As regards the age of firms, 41.2% are aged below 10 yrs; 45.7% ranged between 11 and 20 yrs. The remaining are aged above 20 yrs. Results also reveal that more than half the sample 52.7% represent those firms with 10-50 employees (small businesses) and the rest represent Medium businesses employing 51-250. The vast majority of the sample firms (76.5%), are family-owned (owned and managed by one or more members of the same family), and only a percentage of 23.5% of firms are sole-proprietary or partnership firms or societies. The category-wise firms' proportion is shown in figure 4.1.

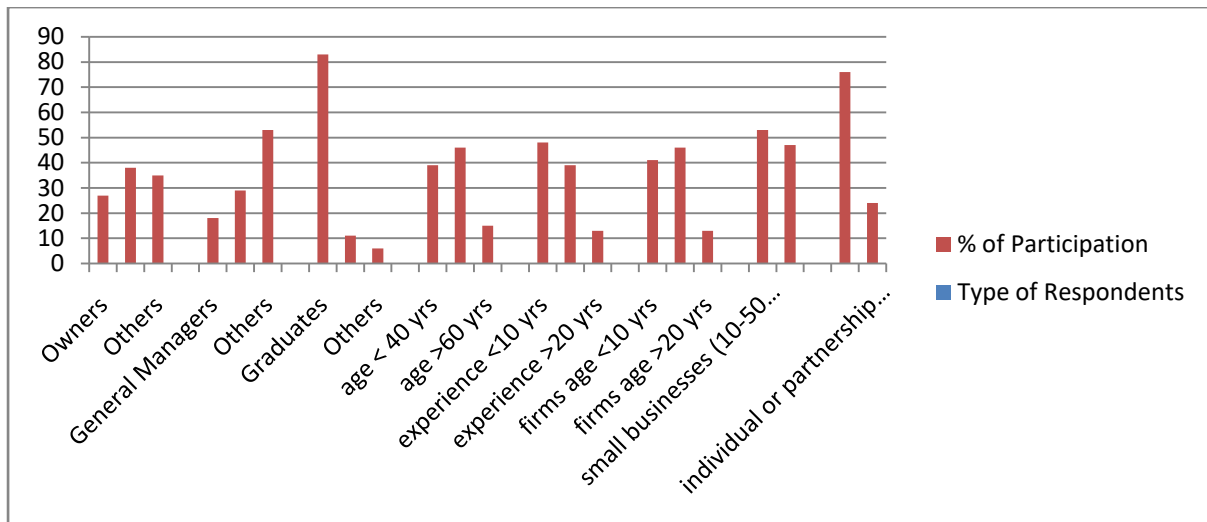


Figure 4.1: The category-wise firms' proportion

The respondents were asked to state to what degree they agreed with the assertion, "Our business is a socially conscious organization." The spectrum of the exercise of social responsibility is presented in Table 4.2 & Figure 4.2. Results reveal that 28.66% of the sample rated themselves as not practicing CSR. While, only 22.33% (either agree or strongly agree) of respondents believe their firm is socially responsible with quite and extensive action. As for those who chose small and medium action 49.01%, it indicates that businesses tend to take some form of CSR actions but they are not familiar with the term and didn't use it; they could be considered silent CSR or "sunken CSR" practiced by SMEs. The single-way research ANOVA was used to analyze the impact of CSR implementation on SME's characteristics (age and size).

Table 4.2: The Extent of practicing social responsibility

Extent of Adoption	Number of observations	Percentage
Extensive action	67	22.33
Quite extensive action	29	9.6
Medium action	15	5
Small action	103	34.33
No action	86	28.66
Total observations	300	100%

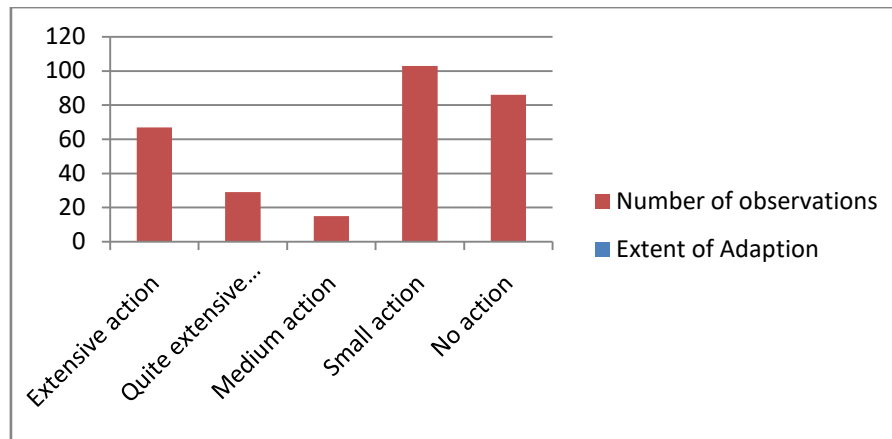


Figure 4.2: The Extent of practicing social responsibility

From the table 4.3, the ANOVA test result of p value = .000 indicates a statistically significant relationship between size of SMEs and implementing CSR. To understand the SMEs attitudes towards implementing CSR, respondents were asked to rate their level of agreement with a number of CSR attitude statements listed below in (table 4.4).

Table 4.3: One-way ANOVA for impact of SMEs size on adopting CSR

		Sum of Squares	df	Mean Square	F	Sig.
Size	Between Groups	63.427	4	17.357	81.361	.000
	Within Groups	74.084	296	.212		
	Total	137.511	300			

Table 4.4: Attitude of SMEs towards CSR

Attitudes of SMEs toward CSR	N	Mean	Std. Deviation
CSR is very important to SMEs.	300	4.33	.565
CSR is critical to the survival of the organization.	300	3.58	.943
The success of organization is linked to CSR practice.	300	3.49	.928
CSR can improve the employee performance.	300	4.37	.585

CSR can lead to employee morale.	300	4.29	.543
CSR is more important than economic goals (e.g. profit).	300	1.88	1.89
Organization should be responsible for preserving the local culture.	300	4.44	.465
Organization should be responsible for protecting the environment.	300	4.56	.497
Organization should have responsibility to develop the local community.	300	4.32	.443
Organization's customers are influenced by its CSR.	300	3.65	.945
CSR is important to the competitiveness.	300	4.34	.487
CSR is important to achieve long-term profitability.	300	4.18	.546
CSR will be particularly important to tourism organizations over the next five years.	300	4.32	.478
My organization will work with CSR in the future.	300	4.65	.337
Overall trend	300	4.02	.689

As shown in table 4.4, the agreement level of respondents with all statements was positive with total mean of 4.02 and standard deviation of .689. The standard deviation of mean ranges from 0.443 to 1.89, which mean that it is small and mean difference ranges from 1.88 to 4.65 which means that most SMEs' attitudes are far from the scale of 'strongly disagree' and 'disagree' - except one item, "CSR is more important than economic goals"- but are nearer to the scale of 'agree', 'strongly agree'. This, in turn, assures that SMEs' managers have positive attitude toward CSR.

An independent sample t-test was conducted to find whether any significant difference exists between ownership status and adoption of CSR. The results reveal that ($t=1.213$, $p=.217$), there is no statistically significant difference found between ownership status and adoption of CSR. These findings are contradictory of what is advocated about in many other studies -that the firm can be owned and staffed by family members. Consequently, this will have a direct impact on the firm's corporate responsibility. And the table 4.5 shows the ANOVA test result of p value = .000, indicating a statistically significant relationship between age of SMEs and implementing CSR.

Table 4.5: One-way ANOVA for impact of SMEs' age on adopting CSR

	Sum of Squares	df	Mean Square	F	Sig.
Within Groups	72.670	296	.211		
Age Between Groups	82.221	4	19.055	108.630	.000
Total	154.891	300			

Table 4.6: The relationship between age of SMEs' managers and their attitudes toward CSR

		Age	Attitude
Age	Pearson Correlation	1	.501
	Sig. (2-tailed)		.000
	N	300	300
Attitude	Pearson Correlation	.501	1
	Sig. (2-tailed)	.000	
	N	300	300

As per Table 4.6, the Pearson Correlation was used to analyze the association between SME-managers' age and their disposition toward CSR. The study reveals existence of a statistically significant correlation at level 0.01. The correlation between age and attitude toward CSR is 0.501. The two variables are positively correlated with each other, indicating that as managers' age increased, so did the managers' positive attitude towards CSR.

Table 4.7: The relationship between work experience of SMEs' managers and their attitudes toward CSR

		Attitude	Experience
Attitude	Pearson Correlation	1	.516
	Sig. (2-tailed)		.000
	N	300	300
Experience	Pearson Correlation	.516	1
	Sig. (2-tailed)	.000	
	N	300	300

The Pearson Correlation, as per Table 4.7, was used to examine the association between the length of experience of SMEs' managers in tourism field and attitude toward CSR. The analysis shows that the correlation is statistically significant at the 0.01 level. The correlation between the experience of SMEs managers' and attitude toward CSR is in the order of 0.516. The two variables are positively correlated with each other, indicating that, as managers' experience in tourism field increased, so did the managers' positive attitude toward CSR.

Table 4.8: The relationship between educational level of SMEs' managers and their attitudes toward CSR

		Attitude	Education
Attitude	Pearson Correlation	1	.106
	Sig. (2-tailed)		.049
	N	300	300
Education	Pearson Correlation	.106	1
	Sig. (2-tailed)	.049	
	N	300	300

The Pearson Correlation, as per Table 4.8, was used to examine the relationship between the level of education and the attitude towards CSR. The analysis shows a non-significant relationship between the SME-managers' educational level and their attitude towards CSR. The result of correlation between educational level

and attitude towards CSR indicates that there is no relationship between the two variables. The next question is, asking the respondents to identify factors that motivate their firms to adopt CSR.

Table 4.9: Motivating factors of adoption of CSR

Motivating factors of CSR	N	Mean	Std. deviation
To protect the environment.	300	4.60	.415
To meet legal requirements.	300	3.98	.487
Response to customer demand.	300	3.87	.634
Adding value to my products and services.	300	4.13	.556
Caring for society.	300	4.63	.434
To build/maintain company goodwill / image.	300	3.89	.623
To motivate Staff.	300	3.65	.785
To meet stakeholder Expectations.	300	4.14	.513
To remain competitive in the global market.	300	4.16	.615
Personal values of owner-manager.	300	4.17	.456
Overall trend	300	4.12	.551

Table 4.9 shows that there are many factors that play a significant role in motivating businesses to undertake CSR. The predominant motivating factors are: “caring for society” (mean score: 4.63), “protecting the environment”(mean score: 4.6) and “personal values of owner-manager” (mean score: 4.17). It is clear that these factors are ethical. These results suggest that SMEs are motivated to conduct CSR from an ethical or philanthropic point of view. Other important motivators include: “remain competitive in the global market” with mean of 4.16; “meet stakeholder expectations” with mean of 4.14 and “Adding value to my products and services” with mean of 4.13. On the whole, almost all factors considered for this analysis appear to be the motivating factors with varying degree. CSR has been seen to be implemented backed by stakeholder theory or the CSR target group, and the main players involved are: environment, the staff and the community and the consumers, the relative significance of who varies from firm to firm. Environmental sustainability, for certain organizations, is a vital aspect of the CSR and the customer group becomes the core component of the efforts of other workers.

Table 4.10: CSR Activities

Activities of CSR	N	Mean	Std. Deviation
Employee related activities	2.70		
Wage structure is fair and equitable.	300	2.99	1.402
The company provides their employees with regular training.	300	2.78	1.761
Educate staff about socio-cultural aspects.	300	2.43	1.401
Company is Responsible for the health and well-being of staff.	300	2.65	1.352
Seek to balance work and family life for employees.	300	2.18	1.374
Employees participate in company decisions.	300	3.19	1.602
Customer related activities	2.22		
Resolve customer complaints in a timely manner.	300	3.13	1.178
Providing facilities for disabled customers.	300	1.67	1.311
Encourage customers to contribute in social and charity initiatives.	300	1.87	1.561
Community related activities	2.61		
Company gives the first preference to local employment.	300	4.45	.422
Purchase resources from local suppliers.	300	4.60	.439
Encourage customers to consume / use local products.	300	3.51	.766
Choose socially responsible suppliers.	300	1.88	1.268
Support suppliers to become more socially responsible.	300	2.14	1.475
Donates to develop local community issues (roads, water).	300	1.54	1.523
Donations to local community institutions (hospitals, schools, universities).	300	1.62	1.516
Sponsorship of local community events (e.g. sports team).	300	1.81	1.455
Employing disabled people.	300	1.56	1.198

Explaining appropriate behavior while visiting natural areas, living cultures, and cultural heritage sites.	300	3.42	1.266
Employees involved in charity-volunteering work on behalf of the firm.	300	2.19	1.453
Environment related practices	1.63		
Following environment-friendly practices (e.g. recycling, waste reduction).	300	2.18	1.613
Having any certification concerning the environment protection	300	1.35	1.279
Writing environmental reports about their activities.	300	1.37	.634
Overall scores	300	2.29	1.0483

By and large, the above results (from Table 4.10) indicate that the commitment of SMEs to Socially Responsible Performance is low-moderate and is not considerable (mean value: 2.29 and S.D., 1.04). The performance dimensions that are treated with greater concern are: “purchase resources from local suppliers and company give the first preference to local employment” with mean values of 4.6 and 4.45 respectively, and S.D., with 0.439 and 0.422 respectively. Irrespective of adherence to other performance dimensions, these are the two dimensions along which, performance is remarkably exhibited throughout the sample. Followed by these are the dimensions, being, “Encourage customers to consume / use local products” with mean of 3.51 and .766 S.D, “Explaining appropriate behavior while visiting natural areas, living cultures, and cultural heritage sites” with mean of 3.42 and 1.266 S.D, “employees participate in company decisions” with 3.19 mean and 1.602 S.D, “resolve customer complaints in a timely manner” with mean of 3.13 and 1.178 S.D, and “wages structure are fair and equitable” with 2.99 mean and 1.402 S.D. These results may also be traced to the former reason, because these activities are sometimes considered to be common actions and the vast majority of firms implement it regardless of CSR-inclination. As shown in the table, the environment-related activities are the least represented ones such as: the dimension, “having any certification concerning the environment protection” with the mean value of 1.35 and S.D of 1.279. Finally, as far as employee-related policies are concerned, it is observed from the report that businesses have adopted behaviors that are helpful to the workers in the organisation. Despite not being fully aware of the word CSR, they have adopted some CSR activities within their organization to benefit their employees.

V. CONCLUSIONS

The role that small-scale manufacturing plays in the country's economic development is very important and proactive. Some tend to function in a conventional manner that symbolizes India's history and past glory. The density of micro, small and medium-sized businesses is high in terms of number, compared with other industries. In the Union Budget 2016-17, the Minister of Finance, Arun Jaitley, launched a range of measures

and schemes aimed at alleviating the problems faced by start-ups and at boosting the MSME sector, such as maintaining lower corporate tax rate for small enterprises, in compliance with the presumptive tax system provided for in Section 44AD of the Income Tax Act., increased sales or gross receipts limit to Rs. 2 Lac from Rs. 1 Lac. Extended allocation of money to India's talents, pruning or rationalizing customs and excise duty rates on some products, launch of model shops and establishment bills that enable MSMEs to do business 24x7 and improve competitiveness, among others. The review of literature found that whilst SMEs have several characteristics which may make them inherently more pro-CSR than larger businesses could be, they also face many barriers to engaging in CSR. The lack of knowledge within their own staff and the lack of competence in other fields are the root cause of many of the challenges that SMEs face. Consequently, the goal is to educate more people with the expertise to work with CSR problems and practice, in order to expand and improve CSR supply chains. The recommendation is to encourage SMEs to take aid from other cluster organizations willing to endorse proactive corporate goals. A variety of training institutes should be formed at both the national and local levels, working closely with the big brand name-firms, NGOs, industry organisations, state governments, ASSOCHAM, India CSRs, EDIs and GRI.

These educational institutes, however, will not only be educating people with the skills to become potential CSR administrators, but also be interested in recruiting government leaders, trade unionists, workers, NGOs and local populations to help expand CSR's benefits. Most of the support that SMEs may hope to get in the future will come from other corporations, civil society and government. Therefore, educating a wide variety of partners is likely to be helpful for SMEs. From the practical study, it is concluded that the great majority of respondents are not familiar with the term CSR. Regarding the characteristics of an organization, the results indicated that the implementation of CSR is significantly related only to organizational size and age. With regard to ownership type and management structure, there is no statistically significant difference found between family-owned and non-family-owned SMEs, as well as the owner-managed and the non-owner managed SMEs in regard to adopting CSR. It is worth-noting that owner-managed SMEs are generally motivated to engage in CSR by the owner-managers' ethical and personal values, whereas non-owner-managed SMEs tend to be motivated by business reasons including response to customer demand, meeting legal requirements, maintaining company image, adding value to the companies' services and remain competitive in the global market. This study reveals that the community-related activities are the most cited category, followed by employees, customers and finally environment-related activities. This study also reveals that there is a positive relationship between the attitude of SMEs toward CSR and SMEs' activities of CSR.

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