

A Study about SME's Perception about Corporate Social Responsibility (CSR) Activities in the State Of Gujarat

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Abstract: Corporate social Responsibility is a buzz word in corporate world. Day by day the concept is has been gaining positive response from various forms of business and industries. The surrounding is being formed that companies have started drafting their own unique CSR policies and thus CSR has gained a place in companies core values. When corporate India has been transforming like this in terms of CSR, when we look at the small and medium scale enterprises (SMEs) in India still they are juggling with the meaning and concept of CSR. Many of SME owners don't know anything about CSR. Majority of them feel that CSR is only meant for large organizations and not for SMEs. They also believe that it is not their capacity to engage in CSR activities. In personal capacities, SME owners may be doing some or the other kind of CSR activity but they might even don't aware that this kind of activity can be considered as part of CSR activity. So in this paper the researchers have tried to explore what kind perception do SME owners hold for most common CSR activities? The study has been carried out in the state of Gujarat which is growing like a power house in terms of industrial development.

Keywords : Corporate Social Responsibility (CSR), Small and Medium Scale Enterprise (SME), perception, firm

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I. Introduction

Business houses are a responsible entity in society. They perform all their business activities with the support and total cooperation from the various stakeholders of the society. They uses abundance of natural resources haphazardly without thinking about what will happen in future if this resources will become extinct. They use metals, minerals, forest and/or forestry products, water, land, people and money of general public either in the form of loan from banks or other credit giving agencies or in the form of equity shares. In this situation along with generating and maximising profit as a major goal, they should think about other aspects like employee welfare, community welfare, environment conservation and optimum use of resources. Activities or practices adopted for keeping in mind the aspect narrated above are called Corporate Social Responsibility (CSR). SMEs confront many problems related to survival and growth in the dynamic business environment. Keeping in mind all the realities of time, what SMEs mean and what kind of activities they perceive as CSR activities that has been studied in this paper.

II. Defining CSR And SME

According to Caroll (1983) "corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent" (p.608). This is one of the early definitions of CSR. Various researchers have developed different definitions of CSR. Moon (2002) argued that CSR is one of the several terms coined in the market to describe the relationship between business and society. It was widely recognized that CSR is the most accepted term used by corporations and others; there are synonymous terms to CSR used in market like Corporate Citizenship, Business ethics, Sustainability or Sustainable Development, Business & Governance, Corporate Governance, Business & Society and many more. Starting from the early definition given by Carroll, it has been evolved like this: CSR is not just portrayed as the moral —responsibility of corporates for the some social good or the discretionary spending of executives that could lessen an organization's profitability, but as a strategic resource to be used to improve the bottom line performance of the corporation (Mc.Williams, Siegel;2001.)

SMEs and hence probably little research has been done when it comes to CSR and SME. SMEs are at 2nd rank after agriculture sector in generating employment with employing nearly 111 million people of India and contribute in India's 31% of GDP(Business Standard). India stands second in the world after China in terms of maximum number of SMEs having 48 million SMEs. Studies say that SMEs even consume most of natural resources of our country. Closely studying this whopping statistics one can't ignore importance of CSR activities for SMEs. An SME needs to adhere to the principle of triple bottom line whereby it must generate profit, take care of people both its own employees and community around and conserve environment in which it functions and flourishes.

III. Research Methodology

Objectives: The study has been carried out keeping in view following objectives:

- To find SMEs perception about CSR activities
- To study whether SMEs perception about CSR activity showcase any statistical significance in terms of category of business and type of industry.

Descriptive study: The study will be considered as a descriptive study wherein hypotheses are formulated and inferences are drawn about statistical relationship between independent and dependent variables.

Survey Method: Survey method is used to collect the data for the study. With the help of a structured questionnaire, the survey was carried out. The questionnaire contains question of "SME's perception about whether any given activity as CSR activity or not" has been designed with the help of five point likert scale ranged from "strongly disagree to strongly agree". In this question total 21 items are listed as CSR activities. Along with this question other questions comprise basic information out the firm i.e. name of the firm, product manufactured, type of industry and category of the firm. One question was a dichotomous question about whether the owner of SME aware about the term "CSR".

Sampling: In this study primary data has been collected using non-probability convenience sampling method from the SMEs of Gujarat. Sample size of the study is 150 SMEs where the questionnaire was distributed and data had been collected. According to Malhotra (2007); adequacy of sample size depends on the proposed data analysis technique to be used, cost constraint and access to sample frame. To analyze data SPSS software is to be used using which different statistical tests are to be performed. SPSS software is very sensitive to sample size and less stable, when estimations are made based on small sample (Tabachnick & Fidell, 2001; Garson, 2008). Hence a sample size of 300 which is practically possible to reach to and technically feasible has been chosen.

Statistical Analysis: To analyze the relationship between independent variables and dependent variables and whether dependent variable shows statistically significant relationship with the independent variable is checked with the help of SPSS 24 (SPSS Inc., Chicago, IL) using chi-square test. In this study, two independent variables are to be studied, i.e. category of firm (small scale enterprise or medium scale enterprise) and type of industry wherein a firm competes. Statistical significance of dependent variable "perceiving any given activity as CSR activity" is checked against these two independent variables.

IV. Data Analysis

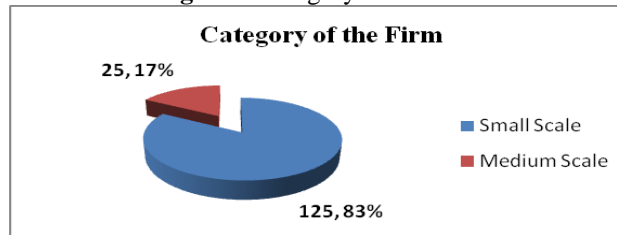
Category of Firm: The data was collected from small and medium scale enterprises. From the sample size of 150, 125 companies belong to small scale enterprises and 25 companies belong to medium scale enterprises. It is shown in the table below and a pie-chart is also prepared for the same. The chart classifies the same based on numbers and in terms of percentages also. It can be seen that 83% of companies included in this study is from small scale enterprises where as only 17% companies belong to medium scale enterprises.

Table no.1 Category of Firm

Category SS or MS	Total
Small Scale	125
Medium Scale	25

Source: Primary data collected for the study

Figure.1 Category of the Firm



Source: Primary data collected for the study

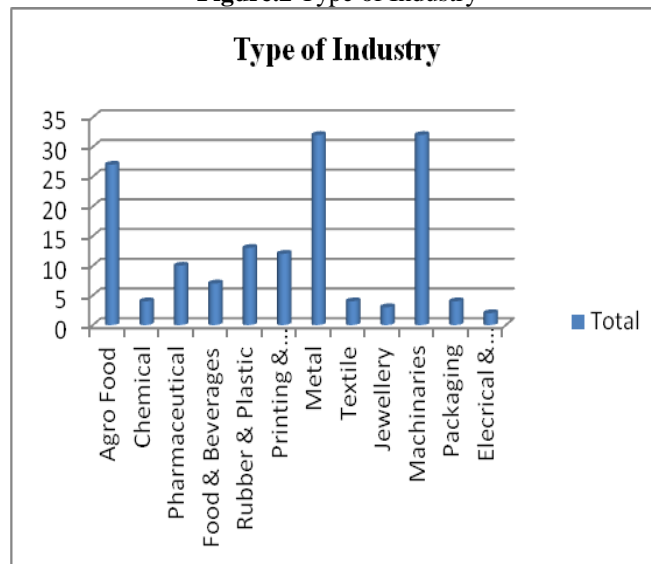
Type of Industry: The data has been collected from total twelve different industries. The bar chart is drawn below indicates how many companies belong to which industry. Looking at table no. 2, it can be observed that metal and machineries are two industries from which maximum SMEs belong, followed by agro food industry. Whereas electrical and electronics and jewellery industries are the kind of industries from which minimum number of SMEs belong.

Table No.2 Type of Industry

Type of Industry	Total
Agro Food	27
Chemical	4
Pharmaceutical	10
Food & Beverages	7
Rubber & Plastic	13
Printing & Publishing	12
Metal	32
Textile	4
Jewellery	3
Machineries	32
Packaging	4
Electrical & Electronics	2

Source: Primary data collected for the study

Figure.2 Type of Industry



Source: Primary data collected for the study

Hypotheses: To test the hypotheses, chi-square test is performed on data using SPSS software.

H₀₁: Perception carried by SME owners about any given activity as CSR activity is independent to the category (i.e. small scale or medium scale) of the firm.

Table No. 3 Value of Pearson chi-square and Result with respect to the category of firm

Sr. No.	Hypothesis	Value	Result	Interpretation
1	H ₀ : Perception about any activity as CSR activity is independent to the category of the firm. (Donation to hospital, school, old age home, orphanage etc.)	0.000	rejected	Perception of "Donation to hospital, school, old age home, orphanage etc." as CSR activity is dependent to category of the firm
2	H ₀ : Perception about any activity as CSR activity is independent to the category of the firm.(Donation to NGO)	0.001	rejected	Perception of "Donation to NGO" as CSR activity is dependent to category of the firm.
3	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Running a credit society for employees)	0.000	rejected	Perception of "Running a credit society for employees" as CSR activity is dependent to category of the firm
4	H ₀ : Perception about any activity as CSR activity is independent to the category of the firm. (Distributing stationeries and school text books at cheaper rates to employees' children)	0.401	accepted	Perception of "Distributing stationeries and school text books at cheaper rates to employees' children" as CSR activity is independent to category of the firm.
5	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Giving scholarships or other financial aid for higher studies of children of employees)	0.010	rejected	Perception of "Giving scholarships or other financial aid for higher studies of children of employees" as CSR activity is independent to the type of industry wherein the firm competes. is dependent to category of the firm.
6	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Conducting free health check up of employees as well as their family members periodically)	0.000	rejected	Perception of "Conducting free health check up of employees as well as their family members periodically" as CSR activity is dependent to category of the firm
7	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Providing full or partial insurance cover to employees)	0.000	rejected	Perception of "Providing full or partial insurance cover to employees" as CSR activity is dependent to category of the firm
8	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Appreciating employees' performance on merit and paying them incentives/increment)	0.001	rejected	Perception of "Appreciating employees' performance on merit and paying them incentives/increment" as CSR activity is dependent to category of the firm
9	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Providing short to medium term loans to employees at cheaper than prevailing rates)	0.068	accepted	Perception of "Providing short to medium term loans to employees at cheaper than prevailing rates" as CSR activity is independent to category of the firm.
10	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Providing employment and relevant training to the community)	0.000	rejected	Perception of "Providing employment and relevant training to the community" as CSR activity is dependent to category of the firm.
11	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Assisting the community in terms of providing pure water, sanitation, education, employment, health care facility etc. as per their need)	0.669	accepted	Perception of "Assisting the community in terms of providing pure water, sanitation, education, employment, health care facility etc as per their need" as CSR activity is independent to category of the firm.
12	H ₀ : Perception about any activity as CSR activity is independent to the category of the firm. (Encouraging sport sand art interest amongst the community and /or employees)	0.000	rejected	Perception of "Encouraging sports and art interest amongst the community and/or employees" as CSR activity is dependent to category of the firm
13	H ₀ :Perception about any activity as CSR activity is independent to the category of the firm.(Arranging skill development program for the women of the community)	0.003	rejected	Perception of "Arranging skill development program for the women of the community" as CSR activity is dependent to category of the firm

14	H0: Perception about any activity as CSR activity is independent to the category of the firm. (Celebrating festivals with the community and/or employees and by doing so trying to preserve our cultural heritage)	0.000	rejected	Perception of "Celebrating festivals with the community and/or employees and by doing so trying to preserve our cultural heritage" as CSR activity is dependent to category of the firm
15	H0: Perception about any activity as CSR activity is independent to the category of the firm. (Adhering to and following the norms stated by PCB (Pollution Control Board))	0.000	rejected	Perception of "Adhering to and following the norms stated by PCB (Pollution Control Board)" as CSR activity is dependent to category of the firm
16	H0: Perception about any activity as CSR activity is independent to the category of the firm. (Developing Rain water harvesting facility at work premises)	0.003	rejected	Perception of "Developing Rain water harvesting facility at work premises" as CSR activity is dependent to category of the firm
17	H0: Perception about any activity as CSR activity is independent to the category of the firm. (Mounting waste water treatment plant at work premises)	0.002	rejected	Perception of "Mounting waste water treatment plant at work premises" as CSR activity is dependent to category of the firm
18	H0: Perception about any activity as CSR activity is independent to the category of the firm. (Putting efforts to save electricity)	0.234	accepted	Perception of "Putting efforts to save electricity" as CSR activity is independent to the category of the firm is independent to category of the firm
19	H0: Perception about any activity as CSR activity is independent to the category of the firm. (Using alternative sources of energy like solar energy)	0.000	rejected	Perception of "Using alternative sources of energy like solar energy" as CSR activity is dependent to category of the firm
20	H0: Perception about any activity as CSR activity is independent to the category of the firm. (Developing a public garden or park)	0.000	rejected	Perception of "Developing a public garden or park" as CSR activity is dependent to category of the firm
21	H0: Perception about any activity as CSR activity is independent to the category of the firm. (Planting and nurturing trees in and around the work premises)	0.000	rejected	Perception of "Planting and nurturing trees in and around the work premises" as CSR activity is dependent to category of the firm

Source: Pearson chi-square value accessed from SPSS 24

Interpretation I: Looking at the analysis narrated above, it can be summarized as perception carried by SMEs for any given CSR activity largely depends on category of the firm whether the firm belongs to small scale or medium scale. Out of twenty one activities narrated in the question, perception about item 4,9,11 and 18 whose chi-square values are greater than 0.05 have turned out as independent means statistically not significant to the category of the firm. Other than these, rest of all items show clear dependency and hence it can be concluded that "perception about any given activity as CSR activity largely depends on the category of the firm (i.e. small scale or medium scale).

H₀₂: Perception carried by SME owners about any given activity as CSR activity is independent to the industry wherein the firm competes.

Table No.4 Value of Pearson chi-square and Result with respect to the category of firm

1	H0: Perception about any activity as CSR activity is independent to the industry wherein the firm competes. (Donation to hospital, school, old age home, orphanage etc.)	0.898	accepted	Perception of "Donation to hospital, school, old age home, orphanage etc." as CSR activity is independent the type of industry wherein the firm competes.
2	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Donation to NGO)	0.002	rejected	Perception of "Donation to NGO" as CSR activity is dependent the type of industry wherein the firm competes.
3	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Running a credit society for employees)	0.000	rejected	Perception of "Running a credit society for employees" as CSR activity is dependent to the type of industry wherein the firm competes.
4	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Distributing stationeries and school text books at cheaper rates to employees' children)	0.346	accepted	Perception of "Distributing stationeries and school text books at cheaper rates to employees' children" as CSR activity is independent to the type of industry wherein the firm competes.
5	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Giving scholarships or other financial aid for higher studies of children of employees)	0.149	accepted	Perception of "Giving scholarships or other financial aid for higher studies of children of employees" as CSR activity is independent to the type of industry wherein the firm competes.

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6	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Conducting free health check up of employees as well as their family members periodically)	0.303	accepted	Perception of "Conducting free health check up of employees as well as their family members periodically" as CSR activity is independent to the type of industry wherein the firm competes.
7	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Providing full or partial insurance cover to employees)	0.061	accepted	Perception of "Providing full or partial insurance cover to employees" as CSR activity is independent to the type of industry wherein the firm competes.
8	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Appreciating employees' performance on merit and paying them incentives/increment)	0.318	accepted	Perception of "Appreciating employees' performance on merit and paying them incentives/increment" as CSR activity is independent the type of industry wherein the firm competes.
9	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Providing short to medium term loans to employees at cheaper than prevailing rates)	0.216	accepted	Perception of "Providing short to medium term loans to employees at cheaper than prevailing rates" as CSR activity is independent to the type of industry wherein the firm competes.
10	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Providing employment and relevant training to the community)	0.107	accepted	Perception of "Providing employment and relevant training to the community" as CSR activity is independent to the type of industry wherein the firm competes.
11	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Assisting the community in terms of providing pure water, sanitation, education, employment, health care facility etc. as per their need)	0.485	accepted	Perception of "Assisting the community in terms of providing pure water, sanitation, education, employment, health care facility etc as per their need" as CSR activity is independent to the type of industry wherein the firm competes.
12	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Encouraging sports and art interest amongst the community and/or employees)	0.010	rejected	Perception of "Encouraging sports and art interest amongst the community and/or employees" as CSR activity is dependent to the type of industry wherein the firm competes.
13	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Arranging skill development program for the women of the community)	0.000	rejected	Perception of "Arranging skill development program for the women of the community" as CSR activity is dependent to category of the firm is dependent to the type of industry wherein the firm competes.
14	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Celebrating festivals with the community and/or employees and by doing so trying to preserve our cultural heritage)	0.645	accepted	Perception of "Celebrating festivals with the community and/or employees and by doing so trying to preserve our cultural heritage" as CSR activity is dependent to category of the firm is independent to the type of industry wherein the firm competes.
15	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Adhering to and following the norms stated by PCB (Pollution Control Board))	0.228	accepted	Perception of "Adhering to and following the norms stated by PCB (Pollution Control Board)" as CSR activity is independent to the type of industry wherein the firm competes.
16	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Developing Rain water harvesting facility at work premises)	0.358	accepted	Perception of "Developing Rain water harvesting facility at work premises" as CSR activity is independent to the type of industry wherein the firm competes.
17	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Mounting waste water treatment plant at work premises)	0.407	accepted	Perception of "Mounting waste water treatment plant at work premises" as CSR activity is independent to the type of industry wherein the firm competes.
18	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Putting efforts to save electricity)	0.091	accepted	Perception of "Putting efforts to save electricity" as CSR activity is independent to the category of the firm is independent to the type of industry wherein the firm competes.
19	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Using alternative sources of energy like solar energy)	0.000	rejected	Perception of "Using alternative sources of energy like solar energy" as CSR activity is dependent to the type of industry wherein the firm competes.
20	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Developing a public garden or park)	0.002	rejected	Perception of "Developing a public garden or park" as CSR activity is dependent to the type of industry wherein the firm competes.
21	H0: Perception about any activity as CSR activity is independent to the type of industry wherein the firm competes. (Planting and nurturing trees in and around the work premises)	0.008	rejected	Perception of "Planting and nurturing trees in and around the work premises" as CSR activity is dependent to the type of industry wherein the

the work premises)		firm competes.
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Source: Pearson chi-square value accessed from SPSS 24

Interpretation II: From above analysis, it can be summarized that perception carried by SME people for any given activity as CSR activity largely doesn't depend on the type of industry wherein the firm competes. Because chi-square values for items 1,4,5,6,7,8,9,10,11,14,15,16,17,18 are greater than 0.05 and out of 21 items as perception about CSR activities, 14 items show independence to the dependent variable "type of industry". Hence it can be concluded that "SMEs perception about any given activities as CSR activity doesn't show dependence on the type of industry."

V. Findings And Conclusion

- It is found that in this study out of total 150 firms, 25 belonged to medium scale enterprises while 125 firms belonged to small scale enterprises.
- These 150 firms belonged to twelve different types of industries.
- All 150 firms are aware about the term "CSR".
- "Perception about any particular activity as CSR activity" depends on "category of the firm". This means that small scale enterprises share similar kind of perception whether any activity is CSR activity or not at the same time medium scale enterprises opine same whether an activity is considered as CSR activity or not.
- Chi-square values of these four activities like "providing stationeries to employees children", "giving short to medium term loan to employees at cheaper rate than the market", "assisting community in terms of basic needs" and "putting efforts to save electricity" are greater than 0.05. So it can be said that these activities are perceived as CSR activity irrespective of type of category of the organization. Other than these four activities narrated above, depends on category of the organization means those activities show strong statistical significance and dependence whether any activity as CSR or not. Small scale enterprises perceive very few activities as CSR activities mainly because they may not have in depth idea about what CSR exactly is, while for medium scale enterprises may possess more knowledge about CSR and hence their perception about CSR activities is different than small scale enterprises.
- Second hypothesis tests the dependence of "perception about any given activity as CSR activity" on type of industry wherein the firm competes. As a result, Pearson chi-square values of 14 items (total 21 items) are greater than 0.05 which indicates that perception about CSR activity bears little dependence on the type of industry and hence it can be concluded that perception for any given activity as CSR activity doesn't depend on the type of industry. It is concluded that perception about CSR is not shared same way by the firms belong to same industry or SMEs perception about CSR is conceived based the type of industry they compete, largely this is not true.
- Broadly it is concluded that "perception carried by SMEs about any activity as CSR activity" largely depends on the category of the firm whether a firm belongs to the category of small scale enterprises or medium scale enterprises.
- "Perception shared by SMEs about any given activity as CSR activity" largely doesn't depend on the type of industry where the firm competes. It means that from whatsoever industry the firm belongs but type of industry doesn't has any effect on SMEs' perception about CSR.

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