

VOLUNTARY CORPORATE SOCIAL RESPONSIBILITY (VCSR) – AN ENTREPRENEUR’S PERSPECTIVE (WITH SPECIAL REFERENCE TO BUSINESS UNITS IN BANGALORE, INDIA)

Harish G Ugraiah

Associate Professor, Faculty of Management Studies,
PES University, Bangalore. India.

Dr. M. S. Ranga Raju

Professor, Faculty of Management Studies,
PES University, Bangalore. India.

ABSTRACT

Indian development sector has witnessed an unprecedented interests and investments across the value chain demonstrating the highly stable economy that has lead to a great momentum for Corporate Social Responsibility (CSR) contributions under the ambit of new Companies Act, 2013, which mandates companies with an annual turnover of 10 Billion INR or more, or a net worth of 5 Billion INR or more, or a net profit of 50 Million INR or more, to spend at least 2 percent of their average net profit over the previous three years towards CSR programmes. Thus a common adoption of Corporate Social Responsibility (CSR) practices by eligible companies is expected to have far-reaching implications on economy in coming years.

If the non-eligible micro, mini and small business enterprises across India that together contribute approximately 8 percent to GDP, 45 percent to the manufacturing output and 40 percent to the exports, initiate their voluntary contributions towards Social Responsibility activities, the quantum of investment may match that by eligible companies and the resultant implications will be highly considerable if measured on a proper scale. With this background, the author has attempted to assess the perception of these non-eligible micro and small business enterprises towards social responsibility, their present status, readiness, challenges and avenues, and in the process has coined a new terminology Voluntary Corporate Social Responsibility-VCSR, as the contributions by these small and tiny industries are not mandatory.

This paper attempts for a randomized trial of empirically investigating 50 SMEs in and around Bangalore, India and hypothetically reveals that most of them are not keen in associating with on-going Government sponsored development programs, rather are interested in the formation of clusters to take up VCSR programs, agreeable for 1% to 2% of their net profit contributions, welcome the involvement of local NGOs and other consulting organizations for improved impact of VCSR and so on.

Key words: CSR, Voluntary Corporate Social Responsibility, Business Enterprises, Clusters, MSME, Companies Act 2013.

Cite this Article: Harish G Ugraiah and Dr. M. S. Ranga Raju, Voluntary Corporate Social Responsibility (VCSR) – an Entrepreneur’s Perspective (with Special Reference to Business Units in Bangalore, India). *International Journal of Management*, 7(6), 2016, pp. 23–36.

<http://iaeme.com/Home/issue/IJM?Volume=7&Issue=6>

1. INTRODUCTION

India’s corporate sector is more matured and is now witnessing unprecedented attention and investments across the value chains [1], which indicate the reliability of the economy. Among various categories of industries, MSME’s (Micro, small and medium-sized enterprises) have proved to be the high-torque driving units of the economy, especially in the post reforms era, accounting for up to 90% of all registered businesses. MSMEs are the key employment providers and producers of a large portion of total industrial output in developing countries [2]. MSME’s which either serve independently or as ancillary units to bigger companies in close proximity to the local society, play a significant role in environmental and social issues like pollution, water conservation, green energy, income imbalances, working conditions, the working environment, industrialization of the rural and backward regions [1]. This enables them to be aware of community needs, society expectations and develop Corporate Social Responsibility (CSR) programmes appropriately.

Under the New Companies Act, 2013, it is expected that while micro-enterprises will not qualify, many small and most medium enterprises (SMEs) will qualify for mandatory CSR [1] inviting a fresh set of challenges to their sector which is already under the pressure to comply with environmental and social standards with no price and quality dilution. This urges SMEs to continue to be compliant with a diverse set of other requirements.

2. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Business units across the globe, on one side, innovate, design-develop-sell new products and services to society, generate employment, offer income, alleviate poverty, contribute to lifestyle improvement, increase the social & economic participation of women-youth-minorities, increase exports, enhance foreign exchange reserves, pay taxes and increase revenue to the government. On the other side they exploit natural resources, utilize human resources, sell harmful products like cigars-liquor, dent greenery, spread pollution, harm the environment, cause global warming and acid rain etc., This way of functioning of businesses triggered in the minds of public and other stake holders, the question about their Social responsibility. Are businesses in any way answerable to the society or what social responsibilities should businesses possess? [3]. That is the birth of the concept of Corporate Social Responsibility (CSR). Corporate Social Responsibility as an expression was used probably for the first time in 1953 when Bowen wondered “What responsibility to Society can business people are rationally expected to assure” and came into common use in the late 1960s and early 1970s [4].

CSR, is a Social Giving, an emotional duty of business firms to give back to the host environment that is generally the society, a small portion of their profits as an investment towards societal causes in order to cushion the effects of inadequacies in socio-economic well being in a broader context [4] with an intention to win trust from all the stakeholders, by demonstrating that the businesses care for the needs of the Community around them [5]. Businesses by applying their people’s business expertise and also taking the right help from right people at right time become successful and earn returns from which they try to give back to the society in one or the other way, which is phrased as Corporate Social Responsibility [6]. CSR has commonly been until a decade ago, a reasonable answer to customer and civil society pressures [7]. But today, corporate social responsibility (CSR) is being considered by business organizations as an unconditional obligation towards the society they operate in, that impacts in one way or the other positively the stakeholders as well as their society and environment. The question then is, are businesses

satisfactorily generous in returning something to the society around them for having used it as a platform for their growth or tightfisted? In search of the answer to the above question, the CSR initiative has now become an integral part of any organization and it is becoming more and more important for companies to communicate their CSR [8] to general public in order to improve their image. A positive correlation has also been established between the quantum of social responsibility and financial performance and declared that fulfilling social responsibility results in long term gains as against short term gains achieved by sales promotion activity [3].

While internationalization of businesses has led to heightened interest in CSR, governments all over the world have been mandatorily assuming the sole responsibility of improving the living conditions of their citizens; society’s needs have gone beyond the capabilities of governments to fulfill them economically [5]. At this juncture the organizations have started realizing that the government alone will not be able to succeed in its endeavor to uplift the downtrodden society [9] along with the developmental programmes. After understanding the criticality of the situation, progressive companies are now seeking to differentiate themselves by engaging in various CSR activities [5] and executing both social and environmental concerns not only in their business operations but also in their interaction with stakeholders exclusively on a voluntary basis [10]. This has resulted in advantages in terms of staff recruitment, retention, development and motivation, customer loyalty and reduced expenditure on energy, enhanced shareholder value, improved goodwill among customers etc., for example and proved that effective CSR programme of any organization should necessarily include, a strategic approach by the company management and a passionate leadership that believes in CSR [11] and also wired a relationship between corporate social performance (CSP) and corporate financial performance (CFP) [12].

3. CSR IN INDIA

In the Indian scenario, though, Corporate companies such as the Tatas, Birlas, Ambanis, Infosys, Wipro, ONGC etc, have led the way by making CSR a central part of their business strategy by deeply involving in contributing to the communities around their facilities, the CSR is still in a very nascent stage [4], where most CSR investments are done to provide within the company services or to extend financial support to voluntary organizations or communities or charity institutes or philanthropic causes rather than focusing on long term development projects[12]. The latest trend is that business firms have started committing human resources and skills also along with financial support to provide CSR services to society [13] and have begun advertising their business through CSR initiatives as they have felt that it would act in their favor while securing business contracts [14].

The large list of voluntary services that can be executed by companies under CSR initiatives include:

Programmes that aim to reduce inequalities being faced by socially and economically backward communities, rural development programs, livelihood improvement activities, Eradication of hunger and poverty, Promotion of women empowerment and gender equality, reducing child mortality, preventive healthcare and sanitation plans, combating HIV, AIDS, malaria, malnutrition, safe and drinking water projects, investment towards safeguarding national heritage, art, culture, restoration of national and historically important monuments and buildings, setting up and renovations of public libraries, protection and rejuvenation of ancient arts and handicrafts, investment towards funds to benefit armed forces, war widows, orphanages, old age homes, day care centre, investment on protection of flora fauna, animal welfare, agro-forestry, conservation of natural resources and quality of air, water and soil, ensuring ecological balance, providing training to promote rural sports, national sports, Paralympics and Olympic sports, and providing funds to Technology Business Incubators established by Educational institutions approved by central government etc.,[14], philanthropy, charity, development of educational institutions, hospitals, national & local economic development activities, construction & maintenance of temples by establishment of trusts, ethical functioning, protecting the human rights, focusing on workers welfare & rights, activities for social & inclusive development, adherence to the laws relating to the business etc.,[7]. Contribution to PM’s National Relief fund or other fund set up for socio-economic development and relief

operations and funds for the welfare of SC, ST, backward classes, minorities[15]. Of late, recently even slum improvement is included in the list though many of the above initiatives have been well implemented by Indian Corporate Houses involving millions of rupees, India's total CSR spend is still negligible when compared to Government expenditure on social development schemes. However these CSR spends have a better chance of larger impact due to the limited scope for innovation in the Governments establishments. This paves the way for businesses to view their CSR efforts as R&D efforts, to piloting innovative CSR models and then to guide/add to the Government proposals to help societal beneficiaries reap the real benefits. But at the same time it is sensible for businesses to plan for CSR initiatives that are closely linked to their core objectives and outsource alternative initiatives to expert, not-for-profit institutions [14].

The bigger business players viz., The Azim Premji Foundation, Tech Mahindra, HDFC Bank, The Piramal Foundation, etc., have started to hire professionals and external consultants and involve their employees in CSR initiatives to ensure well planned, well executed and successful CSR projects to achieve the best impact and mileage [14]. This kind of arrangement pertaining to CSR activities is almost near impossibility with micro, mini, small and medium business units due a number of constraints well known.

4. CSR FOR MSMEs

The MSMEs, in India are categorized as per MSMED (Micro, Small and Medium Enterprises Development) Act, 2006 as below. A business house is considered as a micro, a small and a medium enterprise if it is engaged in the manufacturing of goods where the investment in plant and machinery does not exceed fifty lakhs rupees, ten crores rupees and thirty crores rupees respectively and if it is engaged in providing of services where the investment on equipment does not exceed twenty lakhs rupees; five crores rupees and fifteen crores rupees respectively. Micro, Small and Medium Enterprises (MSME) sector with units either serving independently or as ancillary to larger companies, have not only played a crucial role in providing larger employment opportunities at comparatively lower capital cost but also have helped in industrialization of rural & backward regions of the country thus reducing regional imbalances and assuring impartial distribution of national wealth and income. The Sector with approximately 36 million units(90% of Industrial units in India), producing more than 6000 various products, providing jobs to over 80 million employees (40% of total India's workforce) contributes 45% to the total manufacturing output and 40% to our merchandise exports and about 8% to GDP[16].

Though MSMEs have been central to all business and economic activities across the nation, when the question of their contribution towards corporate social responsibility (CSR) arises, only a small fraction are seen involved, committed and successful [3] and rest are receiving a blind approach from general public. This is because of two reasons, First, until recently CSR concept when discussed and debated within policy circles, academia, media and civil societies, was seemingly confined to big giants and MSMEs were often overlooked [7]; Second, it is a general conception that small and micro units are managed by individual entrepreneurs, are associated with businesses that are conducted informally, therefore avoid paying taxes, exploit their own labour, provide intolerable working conditions, pollute the environment and apply production methods that put at risk the workers' health etc.

CSR is not necessarily a new concept for MSMEs as a large proportion of them have been doing things that could today be called "corporate social responsibility", even if they didn't use the term. As MSMEs also, use societal resources, involve social elements for their business needs and make an impact on society, it is aptly thought in the stakeholder's circles that the concept of CSR is just as equally valid for small companies, as for bigger companies and in this regard, the Institute of Business Ethics [17] points out that CSR and business ethics are very significant contributors to the success of MSMEs and it is concluded that CSR not as an easier option to business success, but as an investment that can pay off in future [18] leads to the long-term sustainability for businesses of all types and sizes and if adopted by MSMEs, will have far-reaching implications for the country.

In this context it is expected that the government would start looking into policies and legislations for the benefits of MSMEs adapting CSR and take up initiatives aimed at encouraging MSME’s involvement in CSR [7]. In Reciprocation, the Indian government has taken a step through the company’s act 2013 to promote CSR in small and medium sized enterprises along with large enterprises.

5. CSR CHALLENGES OF SMALL BUSINESSES

Though the small businesses are emotionally much eager to initiate CSR activities, their fire is watered by a number of challenges. First and foremost, Small and micro Enterprises often find it quite challenging to meet the costs involved in carrying out CSR initiatives [3]. Secondly, with small businesses, 50% of the labour is un-organized, 60% unskilled, the managerial personnel posses either no-skills or out-dated skills if any. Thirdly, the inability of small business firms to fairly pay their workers for obvious reasons. Fourthly, too many firms intentionally stay small, unregistered and un-incorporated in the unorganized sector thinking that they can avoid taxes and regulations[16].Fifthly, Small business Sector is generally deprived of required support from the concerned Government and statutory Departments, Financial Institutions, banks etc... which limit their competitiveness in Markets. Sixthly Limited accessibility to infrastructure such as roads, power and water increases operational costs for small businesses and makes them uncompetitive [19]. Seventhly, the small businesses largely comprise first-generation entrepreneurs, who have had a limited structured training on resource planning, capital management and labor management. Lastly, SMEs face a number of other problems such as fluctuations in profits, limited capital and knowledge, non-availability of suitable technology, low production capacity, ineffective marketing and growth strategy, unreliable identification of new markets, constraints on modernization & expansions, non availability of highly skilled labour at affordable cost, too much follow-up with various government agencies to resolve simpler problems etc.

All these challenges make small business to fight for their very day-to-day survival let-alone thinking of contributing to social responsibilities. Due to above limitations, small businesses are more likely to focus on short-term CSR projects that involve lesser operational costs [20]. An UNIDO survey in 2008 established that 31% to 79% of the SMEs in five different SME clusters in India, preferred charity donations to any long-term programme for local communities, which is a clear indicator of narrower and short term approach to CSR objectives of Small business owners.

6. COMPANIES ACT 2013-MANDATING CSR FOR MSMEs

After The President’s approval to the New Companies Bill 2013, to be enacted into a law at the end of August 2013, The Companies Act, 2013 came into force, which mandates companies with an annual turnover of 10 Billion INR or more, or a net worth of 5 Billion INR or more, or a net profit of 50 Million INR or more, to spend at least 2 percent of their average net profit over the previous three years on CSR activities. This triggered a common adoption of Corporate Social Responsibility (CSR) practices by eligible companies which is expected to have far-reaching implications for the country in coming years. Around 8,000 companies would now come under mandatory CSR category resulting into a calculable CSR payment of 120-150 Billion INR annually.

From the list above, if the non-eligible micro and small business enterprises that also contribute greatly to the country’s GDP, manufacturing output and to the exports, initiate their voluntary contributions towards Social Responsibility activities, the annual quantum of investment may match that by eligible companies and the resultant implications will be highly considerable if measured on a proper scale. Hence it becomes very essential to assess the perception of these non-eligible small business enterprises towards social responsibility, their present status, readiness, challenges and avenues available to them for VCSR investments.

7. VOLUNTARY CORPORATE SOCIAL RESPONSIBILITY (VCSR)

An entrepreneur starts his business and earns profits only after selling his products to markets in the society. The requirement to make the venture successful is not only entrepreneur's business acumen but also right help from right citizens of society at right time from his environment. Hence when an entrepreneur earns profits by using the society as a platform for his business's birth, growth and success, he is urged to give back to the society in one way or the other, purely on a voluntary basis, which in modern days is phrased as Voluntary Corporate Social Responsibility (VCSR).

'Voluntary Corporate Social Responsibility (VCSR)' refers to silent, non-mandatory Social Responsibility activities and contributions initiated and executed by enterprises for the benefit of themselves and the society around them, without seeking any directly relatable financial and business benefit in return [21]. The business does not advertise its Voluntary Corporate Social Responsibility actions to gain any recognition, thus keeps its good governance and charitable actions silent. Often such businesses consider actions such as these, as common business practices and may not be even aware that financial benefit could be drawn from them. Predominantly amongst small businesses, entrepreneurs undertake to the charity driven VCSR activities triggered by the 'feel-good' factor which offer purely emotional returns and at the same time they do not seek publicity for their benevolence; therefore, many of their VCSR actions remain unknown [7].

In India also VCSR exists to a great extent, where in many of the business units that are not covered under Mandatory act for CSR, have been contributing to society in lot many ways since years and are exploring all possible ways of giving back to society. The impact though not considerable at present, is going to have a better scope in the coming days, if measured on a proper scale. Hence it is the most ambitious expectation of the society, general public, big corporations and the Government that all MSMEs would also hopefully start initiating the VCSR activities to the extent possible to them, lending a helping hand to society development and nation building programmes. This will invite a fresh set of challenges to the micro and small industries sector that is increasingly being expected to comply with environmental and social standards, while remaining competitive in terms of price and quality. Thus, these smaller units will have to quickly learn to be compliant with these diverse set of challenges and to register a sustainable growth. The tasks like proper and effective assessment of the present status of these smaller business units, their readiness, challenges and avenues for VCSR activities would certainly result in an effective practical proposition in the present situation.

Additionally it needs to be explored what proportion of micro and small businesses are voluntarily involved in social activities, if that is being practiced, what areas have been opted for social services and what might come up in future, the quantum of investment made by these firms, is that quantum sufficient for achieving the right impacts of social services etc., have to be assessed. The recent notification by the Central Government making qualifying companies to mandatorily spend certain fraction of their net profit on CSR activities has increased though not pressure but expectations on non qualifying firms.

8. RESEARCH DESCRIPTION

This paper attempts to discuss about the Voluntary Corporate social responsibility (VCSR), provisions and benefits for these small non-qualifying or non-mandatory units, their present status and perception towards VCSR initiatives, challenges on the way, and concludes with some comments on avenues available for VCSR implementations. Methodology opted for the study relies on Published Research papers, Internet based data, case studies, publications and the responses collected empirically.

9. OBJECTIVES OF THE STUDY

- To study and understand the present status of VCSR contributions of small and micro industrial units towards social causes.

Voluntary Corporate Social Responsibility (VCSR) – an Entrepreneur’s Perspective (With special reference to Business Units in Bangalore, India)

- To compute the quantum of investments planned to be voluntarily made by these units towards social causes.
- To identify the limitations and challenges faced by these units in voluntary contributions to society.
- To assess the perception of MSMEs towards VCSR activities
- To identify and propose avenues and provisions in voluntary contributions towards society, to achieve better mileage.

9.1. Sample Size

A sample size of 55 small and micro business units which are not qualified for mandatory CSR activities under Companies Act 2013 has been purposefully selected for the study. The sample size comprises of manufacturing units, service units, sub-contractors, job-contractors etc..., serving independently or as ancillary to larger companies.

9.2. Period of the Study

The period of the study is three months from Feb-2016 to April-2016.

9.3. Tools for Data Analysis

Based on the nature of the data, Parametric and non-parametric tests are performed. The Chi-Square cross tabs and descriptive analysis are used for detailed analysis.

10. LIMITATIONS OF THE STUDY

The study is confined to business units in and around the City of Bangalore. By virtue of consisting of only small business entrepreneurs, the sample was not sufficiently heterogeneous as most of the respondents are from select industrial regions. The limited heterogeneity in respondents business and demographic characteristics could have affected the outcomes of the research. The quality of the study depends purely upon the accuracy, reliability and quality of the responses provided by the respondents and the responses/data thus collected may be biased depending on the environmental and governmental compulsions/provisions prevailing upon the industry. The time limitation and geographic area restrictions that confined to approach very few units was a major setback. The study may further be extended to more number of SMEs in different geographical regions and different category of MSMEs.

11. GAP IDENTIFIED

Though there is ample number of research done on CSR by qualifying companies, very less or no research has been done and literally nil literature is available on the Voluntary CSR even though a large number of small scale units have been practicing it since decades. The obvious reasons for this may be, first the VCSR is not mandatory and it is generally not called for by any government, second VCSR activities being non-documented by the companies practicing it, make it a vague area. Third, the concept of CSR amongst small businesses is in a very nascent stage and there is no any mechanism existing either to create or to enhance an awareness of CSR in small scale entrepreneurs.

12. RESEARCH OBJECTIVES AND METHODOLOGY

The primary objective of the study is to understand present status of contributions and the quantum of investments made by small and micro units towards VCSR. In order to achieve the above mentioned objectives the following research questions were framed.

RQ1: What is the present status and readiness level of non-eligible small businesses towards VCSR?

RQ2: How much quantum of contributions may be reserved for VCSR activities?

RQ3: What are the areas that small businesses have identified for contributions under VCSR investments?

RQ4: How the MSME’s perceived about VCSR?

For the survey, a detailed questionnaire was set with two sections, first being completely the demographic and the second for ordinal data collection on a Likerts 5 Point Scale, 1 being for strongly disagree and 5 being for strongly agree responses.

12.1. Research Hypothesis

In order to accomplish the research objectives, 18 Hypotheses were laid down as shown in Table-1.

13. FINDINGS

13.1. Analysis of Results and Inferences

Table 1 Chi-Square Table to Establish the Association between the attributes

HY P	Statement	X ² - Value	P-Value	Remarks
H1	There is no association between longevity and awareness level of SMES towards VCSR.	12.610	0.05=0.05	Hypothesis is rejected.
H2	There is no association between ownership status, and awareness level of SMES towards VCSR.	3.646	0.724>0.05	Hypothesis is accepted.
H3	There is no association between education and awareness level of SMES towards VCSR.	11.662	0.070>0.05	Hypothesis is accepted.
H4	There is no association between No. of employees and awareness level of SMES towards VCSR.	7.335	0.291>0.05	Hypothesis is accepted.
H5	There is no association between longevity and readiness of SMEs towards VCSR	26.766	0.002<0.05	Hypothesis is rejected.
H6	There is no association between ownership status, and readiness of SMEs towards VCSR	6.847	0.653>0.05	Hypothesis is accepted.
H7	There is no association between education and readiness of SMEs towards VCSR	15.645	0.075>0.05	Hypothesis is accepted.
H8	There is no association between No. of employees, and readiness of SMEs towards VCSR	7.187	0.618>0.05	Hypothesis is accepted.
Collective inference: The awareness level of SMES towards VCSR and their readiness to initiate VCSR activities are independent of respondents’ ownership status, education level and number of employee, but more the age of the company more is the awareness about Social Responsibilities and less is the time required for them to start Social Responsibility activities.				
H9	There is no association between ownership status and perception of SMEs towards VCSR that it is an unconditional obligation.	18.616	0.029<0.05	Hypothesis Is rejected
H10	There is no association between ownership status and perception of SMEs towards VCSR that, the pooling in of resources from the clusters leads to create a sizeable SR fund.	17.870	0.037<0.05	Hypothesis Is rejected
Collective inference: Generally all the owners of business units feel that social responsibility is an unconditional obligation for them and also that if they operate in clusters then it will lead to a sizable social responsibility fund and better mileage, but the same feeling gets diluted with directors, partners and other employees.				
H11	There is no association between ownership status and perception of SMEs that Micro and small industries tend to focus on short-term SR	7.715	0.807>0.05	Hypothesis Is accepted.

Voluntary Corporate Social Responsibility (VCSR) – an Entrepreneur’s Perspective (With special reference to Business Units in Bangalore, India)

	activities that involve lesser operational costs			
Inference: The perception of SMEs that Micro and small industries tend to focus on short-term SR activities that involve lesser operational costs is completely independent of ownership status of respondents.				
H12	There is no association between the respondent’s Ownership Status and their opinion that the results of Social Responsibility activities are not proportional to the efforts of individual organizations	17.45 0	0.133>0.0 5	Hypothesis is accepted.
Inference: It’s a common opinion across owners, directors and managers that results of Social Responsibility activities may not be proportional to the efforts of individual organizations				
H13	There is no association between the respondent’s Ownership Status and their opinion that SR activities should be made mandatory for all enterprises irrespective of their investment, turnover, and employee strength	13.22 7	0.353>0.0 5	Hypothesis is accepted.
Inference: All types of respondents accept the fact that SR activities should be made mandatory for all enterprises irrespective of their investment, turnover, and employee strength.				
H14	There is no association between the respondent’s Ownership Status and their opinion that the impact of Social Responsibility initiatives should be evaluated and measured regularly	20.90 0	0.013<0.0 5	Hypothesis is rejected.
Inference: Proprietors and directors agree to the point that impact of Social Responsibility initiatives should be evaluated and measured regularly, while others have not agreed.				
H15	There is no association between the respondent’s educational level and their opinion that organizations stand differentiated from surrounding industries through SR initiatives	22.34 8	0.034<0.0 5	Hypothesis is rejected.
Inference: Almost half of the respondents are neutral to the opinion that organizations stand differentiated from surrounding industries through SR initiatives; of the respondents agreeing for the opinion, most are Graduates and post graduates, while others say opposite.				
H16	There is no association between the longevity of the firm and the opinion that SR activities should be made mandatory for all enterprises irrespective of their investment, turnover, and employee strength	21.12 0	0.049<0.0 5	Hypothesis is rejected.
Inference: Only 60% of the companies, a major portion of which are older ones, agree that SR activities should be made mandatory for all enterprises irrespective of their investment, turnover, and employee strength.				
H17	There is no association between the awareness level of SR in the representatives of SMEs and the fact that SR will evoke some human and ethical values at work place.	18.80 7	0.006<0.0 5	Hypothesis is rejected.
Inference: More the awareness level of SR more is the acceptance of the fact that SR will evoke some human and ethical values at work place.				
H18	There is no association between the awareness level of SR in the representatives of SMEs and the perception that SR is an unconditional obligation of business units.	4.231	0.645>0.0 5	Hypothesis is accepted.
Inference: The awareness level of SR in the representatives of SMEs and the perception that SR is an unconditional obligation of business units are independent of each other. 80% of owners at all awareness level agree to the fact that SR is an unconditional obligation of business units.				

13.2. Descriptive Analysis and Findings

Education Level of Respondents: 52.7% graduates, 38.2% Post Graduates, 1.8% PhDs and rest are with other qualifications.

Longevity of the Organization: 45.5% are less than 5 years, 9.1% 5 to 10 years, 20% are 10 to 15 years old and the rest are with more than 15 years old.

Number of Employees: 21.8% companies have less than 10 employees, while 47.3 have 11 to 25, 16.4% have 26 to 50 employees and rest of the firms have more than 51 employees.

Investment in INR: 25.5% of the companies have investments less than 1 Million INR, 40% have invested 1 to 5 Million INR, 12.7% have invested between 5 to 10 Million INR and remaining 21.8% have invested more than 10 Million INR.

Turn over last fiscal in INR: 40% of the companies had a turnover of Less than 1 Million INR the last fiscal, 16.4% have it between 1 to 5 Million INR, 14.5% have it between 5 to 10 Million INR and rest 29.1% have more than 10 Million INR their turn over.

Awareness level of social responsibilities of businesses: 10.9 % of entrepreneurs have heard but not fully aware, 41.8% are Aware, but still need some more information and rest are Aware and ready for implementation.

Areas identified for VCSR : 56.4% of companies have identified Donation to Charity/ Educational institutes, 18.2% Infrastructure development, 14.5% Water providing schemes, 7.3% Green cause/Environment fund and only 3.6% have identified Govt. Schemes/ Govt. relief funds

Percentage of net profit that companies plan to invest in Social Responsibility activities: 47.3 companies have plans to invest 1%, 43.6 % to invest 2%, 5.5% to invest 3% and rest 3.6% to invest 4% of their net profit.

Readiness for regular contributions towards Social responsibility activities: 36.4% are ready now, 36.4% in 1 year, 10.9% and 16.4% will be ready in 2 years and 3 years.

Social Responsibility will be positioned in organization as: 47.3% say as Business Strategy, 23.6% as Compliance Measure, 3.6% as Tax avoiding tool, 10.9% as Formality and 14.5% as Goodwill value

Main driver to initiate VCSR: 50.9% say Personal Interest/Dream, 23.6% say Industry Norm, 5.5% say Local society Expectation, 12.7% say Good Brand image and 7.3% say Societal Consideration are the main drivers.

Challenges to initiate social responsibility activities: 67.3% say Financial Limitation, 7.3% say Lack of Knowledge, 1.8% say No Statutory support and 23.6% say No considerable outcome are the main challenges.

13.3. Findings Based on Literature and Discussions

In general, CSR as accepted by many entrepreneurs is a powerful tool to differentiate their company from others, it can certainly be an indicator of “employee value proposition”, can reveal the ethical values a business operates upon and introduces a human touch in its dealings with the stakeholders. It portrays the company as a valuable contributor to society rather than just an entity with pure profit and wealth maximizing objective.

Through the personal discussion, it was found that almost all of the small, mini and micro business entrepreneurs are aware of the term corporate social responsibility however; they still need further information and avenues for CSR activities.

Knowingly or unknowingly small business owners have been serving the society based on the values they believe in, that drives them to do something for the society. Most of these entrepreneurs have sensitivity towards one or the other societal issue related to their surroundings.

Though all entrepreneurs are aware of the VCSR concept, half of them have been compellingly contributing to charity and plan to continue the same and one fifth have identified infrastructure

development activities in future to contribute to. Rest suffer ambiguity as to what areas to be identified, feasibility of the CSR proposal, how to initiate and take forward and the documentation part, which all call for specialized awareness and training programmes on the subject matter at least initially until the CSR projects take off.

Almost all entrepreneurs are ready to invest 1% to 2% of their revenues towards VCSR activities, and nearly 50% would position VCSR as business strategy and 23% as compliance measure. Personal dream is the major driver for 50% of the respondents for VCSR initiatives, followed by industry norms and good brand image.

Most of the entrepreneurs accept the fact that the biggest challenge in the way of VCSR is financial limitation followed by lack of considerable outcome of their VCSR initiatives.

There was a combination of many VCSR activities all entrepreneurs are contributing to, such as funding towards Gau-shalas, Orphanages, old age homes, distribution of note and text books to Govt. school children, strict adherence to self practices and awareness programmes to communities on saving electricity & water, funding to local NGOs involved in activities of their choice, ground water recharging and so on.

Much of the required backing that MSMEs would seek in future comes from their counterparts, civil society and government. The CSR related training to all internal stakeholders by establishing training institutes, linked to an accreditation and certification programme is likely to be beneficial to MSMEs involved in VCSR activities.

14. AVENUES FOR SMALL BUSINESSES TOWARDS VCSR ACTIVITIES

Some of the ways through which small businesses could initiate and execute VCSR activities are

- As quantum of funds available with ineligible and small businesses for VCSR plans is generally small, and as eligible/mandated corporate biggies possess investment capability, the expertise knowledge, strategic planning and strong manpower, VCSR activities in collaboration of these two entities that collectively impact the same society, is certain to give a better mileage than that when ventured alone by small businesses. Care should be taken that such clusters make possible for collective actions and implementation of CSR projects with a rationally higher impact factor and at the same time reducing the operational costs is an optimistic possibility, letting specified procedure for future intervention.
- Further, effective association between small businesses, corporate, NGOs, other CSR consultants and Government is, expected to be an advantageous proposition to plan for high impact, high valued CSR projects.
- Through the MSME clusters, Contribution and active participation in Government’s Mid Day Meals scheme is one more exciting opportunity available to small businesses as the scheme has already been in practice since years with clear guidelines and this proposition would enable Government to extend the scheme to High schools and other Government institutions.
- With an aim to supply safe & clean drinking water to the local community and thus assisting Government’s efforts in the process by establishing RO water plants is an attractive and cost effective proposal as part of VCSR activities of small businesses.
- For these small businesses instead of thinking in line with bigger companies on CSR, it is suggested that they can plan their own way of contributing as part of VCSR, which means if firms manufacturing consumer products can identify the consumers of their products in the lower strata of the society, the products can be supplied to them free of cost once or twice a year, for example a company manufacturing readymade garments can supply to kids of Govt. schools, orphanages or to patients of hospitals etc..
- Small businesses should make their VCSR policies very clear to all employees, customers, all other stakeholders and local communities so that so that it drives others who are not interested in VCSR.
- MSMEs are to assess the possibilities of involving the Academic institutions especially the technical and management institutions, and to take advantage of their consulting capabilities in the areas like formation of

CSR policies and guidelines for the company, training the employees, cost estimations, project report preparation, project management, project implementation, evaluation and review.

15. CONCLUSIONS

- In the present scenario of onus of societal improvements being solely on the Government and society's expectations being over and above the its investment capability, the attention is on the role of Business establishments, whether small or big, which are next only to the Government, as for as investment capability is concerned and this calls for their increased role in nation building process.
- Though CSR in India is decades old yet it has remained an elusive practice, adopted only by a few number of large corporate, remains an unconsidered/non-serious subject in small, mini and micro business segment across the nation. In this context, small business units have a major role to play with increased expectations of their participation on a voluntary basis in social responsibilities, by local communities and stakeholders. This trend is expected to yield a noticeable and substantial amount of contributions towards social responsibilities from MSME's over the next few years. At present only a few number of small, mini and micro units are doing all out to reach this expectation and they are sure to fulfil the expectations in spite of few hurdles and challenges to confront with. The contribution of these units towards economic development and sustainability is of immense value as it is expected that approximately 150 Billion INR would be spent annually. At the same time, the expectations of these small business units is that the Government stops playing the role of director of corporate social responsibility, but starts to play the role of motivator, enabler, and facilitator.
- The small business units in association with NGOs sector known for its efficacy in last mile delivery, its inherent characteristics to connect with communities and proven capability to execute and to assess impact of large projects on ground, along with the expertise of educational institutions in framing the guidelines, training, cost estimations, project report preparation and project management, project implementation, evaluation and review makes an excellent combination for accelerated social impact.

REFERENCES

- [1] www.rbi.org
- [2] Leutkenhorst, (2004), "Corporate Social Responsibility and the Development Agenda: The case for actively involving small and medium enterprises, Intereconomics", May/June 2004.
- [3] Laila Memdani. Dr., (2009), "Corporate Social Responsibility of Small and Medium Enterprises in India", www.abhinavjournal.com, Vol.1, ISSUE NO.10 ISSN 2277-1166
- [4] Sharafat Hussain, (2014), "Corporate Social Responsibility: Initiatives and Its Impacts on Socio-Economic Development of Rural Areas in India",Asian Journal of Multidisciplinary Studies ISSN: 2321-8819 (Online).Volume 2, Issue 4, April 2014 , 2348-7186 (Print) ,www.ajms.co.in
- [5] M. R. Patil. Dr., Pravin Sawant,(2014), "*Corporate Social Responsibility, Performance and Sustainability Reporting of Shree Cement Company in India-A Case Study* ", Abhinav International Monthly Refereed Journal of Research in Management & Technology Volume 3, Issue 4 (April, 2014), Online ISSN-2320-0073.
- [6] Anju Dusseja, Nitin Shivnani, (2014), "*Corporate Social Responsibility Practices among Small Entrepreneurs- A Mumbai Suburban Study*", Abhinav Publication , Volume 3, Issue 4, Online ISSN-2320-0073
- [7] Parameshwara , A.Raghurama . Dr., "*Corporate Social Responsibility and SMEs in India*" Volume : 2 | Issue : 7 | July 2013 ISSN - 2250-1991
- [8] Supriya Motwani, (2012), "*Communicating CSR is more challenging than paying CSR*" ISSN Print: 2319-5479, Volume-1, Issue – 1, 2012.
- [9] Suprava Sahu, (2014), "*CSR Activities of Maharatna Companies in India-An Analytical Case Based Approach*",ISSN 2319-345X www.ijmrbs.com,Vol. 3, No. 3, July 2014 International Journal of Mgmt Research. & Business. Strategy. 2014

- [10] European Commission, (2011), “*Small and Medium-sized Enterprises*”. URL: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm (retrieved on Dec, 2014)
- [11] M. Hopkins,(2005), “ *Measurement of corporate social responsibility*”. International Journal of Management and Decision Making, p:3(4):213-231.
- [12] Ingrid Kvinge Skogseth, Karianne Kåsin, (2014), “*Corporate Social Responsibility on the verge of becoming an institutionalized norm*”, Noragric Department of International Environment and Development Studies,P.O. Box 5003,N-1432 Ås,Norway.
- [13] Medha Gupte.Dr., Kiran Jadhav, (2014), “*Corporate Social Responsibility and Its Application to Higher Education in India*”, Volume 3, Issue 4 (April, 2014),Online ISSN-2320-0073]
- [14] Harish K. Raman, (2014), “*Corporate Social Responsibility: Companies Bill,2013 - The Game-Changer*”, Global Journal of Finance and Management. ISSN 0975-6477 Volume 6, Number 4 (2014), pp. 339-344,www.ripublication.com
- [15] Section 135, (The NEW COMPANIES ACT 2013), “*CSR Spending Estimates-BSE Top 100*”, Published by Partner In Change (PIC), New Delhi.,www.picindia.org (Retrieved on Aug 14, 2015)
- [16] (2013),“*smes-workforce-small-and-medium-enterprises*”
URL:<http://articles.economicstimes.indiatimes.com/2013-06-09/news/39834857> (Retrieved on March 23, 2016)
- [17] (2007), The Institute of Business Ethics. “*Small Enterprises, Big Change- How Mentoring Makes a Difference*”. URL: <https://www.saica.co.za/tabid/695/itemid/2324/Smallenterprises-Big-Changes-How-Mentoring-Mak.aspx> (Retrieved on Dec, 2015)
- [18] Chitra Goyal, (2014), “*CSR in Micro, Small and Medium Enterprises: An Overview*” VSRD International Journal of Business and Management Research, Vol. IV Issue III March 2014 / 89 e-ISSN : 2231-248X, p-ISSN : 2319-2194, www.vsrjournals.com
- [19] T E Narasimhan, Interview, Business Standard, (2014), “*India's MSME sector growing faster than overall GDP*”, http://www.business-standard.com/article/companies/india-s-msme-sector-growing-faster-than-overall-gdp-michel-botzung-113123000968_1.html (Retrieved on April 2, 2016)
- [20] (2013), “*Handbook on Corporate Social Responsibility in India*”
URL:http://www.pwc.in/en_IN/in/assets/pdfs/publications/2013/handbook-on-corporate-social-responsibility-inindia.pdf
- [21] Ashima Sachdeva, Olimpia Panfil, “*CSR Perceptions and Activities of Small and Medium Enterprises (SMEs) in seven geographical clusters -Survey Report*”UNIDO Cluster Development Programme, INDIA,
https://www.unido.org/fileadmin/user_media/Publications/Pub_free/CSR_perceptions_and_activities_of_SMEs_in_seven_geographical_clusters.pdf (Retrieved on August 24, 2016)
- [22] A.P. Pandey, Shivesh, (2007), “*Indian SME’s and their uniqueness in the country*”. MPRA Paper No. 6086, 2007 URL:<http://mpa.ub.uni-muenchen.de/6086/> (Retrieved on March 21, 2016)
- [23] U. Moon, (2014), “*Corporate social responsibility in India*”,
URL:www.mmbgims.com/docs/full_paper/36_Urmila%20Moon_ab.pdf (Retrieved on August 20, 2016)
- [24] R.P. Siegel, (2013), “*Indian Government Commits to CSR with Companies Act*”,
URL:<http://www.triplepundit.com/2013/12/indian-governmentcommits-csr-companies-act> (Retrieved on Jan 14, 2016)
- [25] Upadhyay: “*Bolstering Small And Medium Enterprises Growth*”: presentation in OECD Conference on enhancing role of Small And Medium Enterprises in Global value Chain Analysis.

- [26] Smita Chawak, Devanjali Dutta, (2014), “*Corporate Social Responsibility: Trends and Challenges*”, Abhinav International Monthly Refereed Journal of Research in Management & Technology Volume 3, Issue 4 (April, 2014), Online ISSN-2320-0073
- [27] Radha Gupta, Dil Pazir, (2010), “*Emerging trends of Corporate Social Responsibility in India: An overview*”, The Journal of Rural and Agricultural Research Vol. 12 No. 1, 49-51 (2012)
- [28] Abhishek Tripathi, Anupama Bains. Dr., (2013), “*A Study of Indian CSR Practices in Small and Medium Enterprises*”, International Journal of Advanced Research in Management and Social Sciences ISSN: 2278-6236, Vol. 2 | No. 10 | October 2013 www.garph.co.uk IJARMSS | 92
- [29] Prof. R. Ramarao, “*Role of Micro Small and Medium Enterprises in Inclusive Growth*” International Journal of Engineering and Management Research, Vol.-3, Issue-4, August 2013 ISSN No.: 2250-0758 Pages: 57-61 www.ijemr.net
- [30] M Allirajan, (2014), “*Cos-can-avail-tax-benefits-for-expenditure-on-CSR*”, <http://timesofindia.indiatimes.com/business/india-business/Cos-can-avail-tax-benefits-for-expenditure-on-CSR/articleshow/41640139.cms> (Retrieved on 12 April, 2016)
- [31] Indrani Manna, “*RBI report on Trends in Select Micro and Small Scale Production Items during Phases of Industrial Slowdown*”, https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/IMS250210_F.pdf (Retrieved on Jan 26, 2016)
- [32] (2013), “*Handbook on Corporate Social Responsibility in India by CII and PWC- 2013*”
- [33] Dun & Bradstreet, India (D&B India), <http://www.dnb.co.in/smes/default.asp>
- [34] “*Europe India SME business Council*”, http://www.eisbc.org/Definition_of_Indian_SMEs.aspx (Retrieved on August 16, 2016)
- [35] (2013), “*Report of the Inter-Ministerial Committee for Boosting Exports from MSME Sector*”, URL: <http://dgft.gov.in/exim/2000/imc-EXPORT-sme.pdf> (Retrieved on August 16, 2016)
- [36] (2013), URL: <http://msme.gov.in/WriteReadData/DocumentFile/ANNUALREPORT-MSME-2012-13P.pdf> (Retrieved on August 16, 2016)
- [37] (2014), URL: http://www.accsr.com.au/pdf/SMEs_and_CSR.pdf
- [38] (2014), “*Opportunity and Responsibility- How to help more small businesses to integrate social and environmental issues into what they do*”, http://ec.europa.eu/enterprise/policies/sustainablebusiness/files/csr/documents/ree_report_en.pdf
- [39] Dr. Vidhi Bhargava and Dr. Nilmani Tripathi, “*Corporate Social Responsibility and Its Implication in India*”. *International Journal of Management (IJM)*, 7(3), 2016, pp. 160–171.
- [40] Ashish Tripathi and Dr Kirti Agarwal.” *Corporate Social Responsibility Impact on the Profitability & Sales of Indian Selected Organizations*”. *International Journal of Advanced Research in Management (IJARM)*, 5(1), 2015, pp. 60–71.