

CSR in SMEs: Exploring a Marketing Correlation in Indian SMEs

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ABSTRACT. In any company, giving a high priority to Corporate Social Responsibility (CSR) is no longer seen as an unproductive cost or resource burden. In fact, it is seen as a means to enhance reputation and credibility among stakeholders, something on which success or even survival may depend. There is a marked transformation in how CSR is being viewed not only among large companies but the small and medium enterprises (SMEs) as well. It is increasingly clear that there is indeed a business case for CSR as much in SMEs as in larger organizations. Most SMEs are ownership driven and hence have a personalised style of managing their enterprises. Unlike larger organizations that principally drive interrelationships among their stakeholders and value chain, the SMEs strive on these interrelationships. Their contribution to responsible behaviour is typically governed by systems within their supply chain and may vary as per the expectation and demands from time to time. Although there is no exact way to measure the benefits of CSR in economic terms, there is no doubt that CSR helps in bringing about improvements in the competitiveness of firms and in improving stakeholder relations. This paper is a study of the CSR practices of 30 small-size companies drawn from different sectors in India. The empirical analysis shows a high level of incidence of CSR in these SMEs, particularly on the factors that translate into marketing benefits. Thus, the practice of CSR is seen to both correlate and contribute to the marketing efforts of the SMEs. In other words, CSR is gaining importance as a marketing instrument and a key to performance improvement within an organization, may it be large, medium, or small.

RÉSUMÉ. Dans n'importe quelle entreprise, une haute priorité accordée à la responsabilité sociale des entreprises (RSE) n'est plus considérée comme un coût improductif et un fardeau aux ressources. Au contraire, celle-ci est considérée comme un moyen d'améliorer la crédibilité et la réputation parmi les parties intéressées, ce qui peut déterminer la réussite ou même la survie de l'entreprise. On note d'ailleurs un changement marqué de point de vue à l'égard de la RSE chez les grandes entreprises et les PME. Il est de plus en plus évident que la RSE peut être rentable, que ce soit pour les PME ou pour de plus grandes entreprises. La plupart des PME sont dirigées par les propriétaires et ont donc un style de gestion de l'entreprise personnalisé. Contrairement aux grandes entreprises qui ne font que principalement diriger les interrelations parmi les parties intéressées et la chaîne de valeurs, les PME s'efforcent de renforcer ces liens. Leur contribution au comportement responsable est généralement dictée par les systèmes au sein de leur chaîne d'approvisionnement et peut varier de temps à autres relativement aux attentes et aux exigences. Bien qu'il n'y ait aucun moyen précis d'évaluer les avantages économiques qu'apporte la RSE, il n'y a aucun doute que la RSE contribue à améliorer la compétitivité des entreprises ainsi que les relations avec les parties intéressées. Cet article est un compte-rendu d'une étude des pratiques de RSE de 30 petites entreprises indiennes de différents secteurs de l'économie. L'analyse empirique révèle une haute incidence de RSE chez ces PME, particulièrement pour les indicateurs qui apportent un avantage en ce qui a trait au marketing de l'entreprise. Donc, il y a une corrélation entre la RSE et les efforts de marketing, mais la RSE contribue aussi à ces efforts. En d'autres mots, la RSE prend de plus en plus d'importance en tant qu'outil de marketing et d'amélioration du rendement au sein d'une entreprise, peu importe qu'elle soit grande, moyenne ou petite.

The CSR Rationale

Although the Corporate Social Responsibility (CSR) movement has grown in recent years, there is a simmering debate under the surface if CSR is a boon or a bane for business. It

is often said that business is the wealth-creating body of society. Hence, its prime role is to produce the goods and services that people need in their daily lives. Friedman (1970) wrote a famous article over three-and-a-half decades ago for *The New York Times* whose title summed up its main point: "The Social Responsibility of Business Is to Increase Its Profits." He argued that most often the principle of social responsibility is usually a way to justify an otherwise irresponsible action.

More recently, Henderson (2001: 140), emphasizing the anti CSR arguments, states that in an open and competitive environment businesses further the general interest:

... by responding to the demands of their customers, by keeping down costs and prices, and through timely and well-judged innovation. Not only does such an environment make for better enterprise performance, but at the same time [...] it opens up opportunities for ordinary people including the poorest: prosperity and economic freedom go together.

He further adds that responsible behavior need not translate into endorsing the current doctrine of CSR, however businesses should act responsibly, and should be seen to do so.

Elbing (1970) points out that CSR has been approached as "value of business" and has been discussed academically in universities, pragmatically by businesspeople, politically by public representatives, and approached philosophically, theologically and even aesthetically. From all these discussions, Elbing (1970) states that two distinct positions of CSR emerge:

- a. The singular perspective—i.e., to maximize the economic profits of the firm for its owners.
- b. The other perspective—that the businessman has a social responsibility more important than profit maximization.

While defining the social responsibility framework, Walton (1967: 118) states, "their common denominator is a rejection of enforceable obligations as the only criteria of a corporation's responsibility to society." He further adds, "there are costly corporate responsibilities to society that do not necessarily contribute to long-term profitability of the enterprise." However, he does conclude that there is an abundance of literature advocating a different viewpoint to the classical economic theory or economic framework, that considers that businessmen do have a social responsibility, a responsibility other than making money for themselves and their stockholders.

It is said that as early as in 1950, H.R. Bowen had triggered the debate on social responsibility as it exists today. He articulated all of the above in a single sentence:

Businessmen have an obligation to pursue those (**CSR**) policies, to make those (**socially responsible**) decisions, or to follow those (**socially acceptable**) lines of actions which are desirable in terms of the objectives and values of our society (Bowen, 1953: 6).

Bowen (1953), similar to Elbing (1970), had recognized two basic principles that relate to the current arguments on social responsibility. The first principle builds on the notion that business is for society and hence would necessarily need to be governed by rules. The second principle attempts to direct attention to the role of business as a moral agent of the society it is within. Although this position is not given due attention by Friedman (1962), his forceful argument against CSR stirred the academic community and paved the way to explore the role of business in society.

In the present, CSR is quite often seen as the business way of pursuing sustainable development and attaining the “triple bottom line”: planet, people, profits. The triple bottom line is essentially a measure beyond the economic value a business adds, which includes the environmental and social value of business. This means giving equal consideration to environmental, economic and social goals and commitments, and allocating sufficient resources to research that supports these commitments.

The United Nations defines CSR in a broader sense as the overall contribution of business to sustainable development. Holme and Watts (2000: 8) use the following definition: “CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.” This definition was first used in a publication, “Making Good Business Sense,” brought out by the World Business Council for Sustainable Development (WBCSD). It can safely be assumed that there is a pre- acceptance to this definition among business, as the WBCSD comprises today of over 180 large global business organizations and the organization is member driven and member led.

However, the most common understanding of CSR comes from the definition used by the World Bank which states the commitment of business is to contribute to sustainable economic development along with employees, their families, the local community and society at large and to improve their lives in ways that are good for its business and for development. This definition seems most comprehensive, as it provides clarity on the business role of CSR. This is because business cannot be seen in isolation, as the primary factors that make up a business are its employees and the society (again made up of people) in which the business functions.

Strangely, the discussions today on CSR get labeled in many different ways, namely responsible business practice, responsible entrepreneurship, corporate citizenship, business ethics, etc. However, they often fail to address the dilemma between business and its CSR initiatives, i.e., whether it is ‘ethically motivated’ or is CSR ‘another way of doing business.’ At this juncture the question arises in one’s mind is whether corporate social responsibility is really necessary? Jeffery Sonnenfeld, founder of the Chief Executive Leadership Institute, the world’s first “CEO College” (created in 1989), responds to GreenBiz.com (GreenBiz.com, 2010) with an “It depends.” He adds that the necessity for corporate social responsibility is not defined by an absolute “yes” or “no”, but by the breadth and depth of the arena in which each individual company operates. If a company needs to protect its national and/or international “social license to operate” then, yes, CSR is necessary. Most often it is not easy to align social and business benefits—and even more so when there are market pressures or the business faces financial difficulties.

From the above, we notice that the strong arguments and mixed point of view on the social responsibility of businesspeople and the value issue of business cover a very wide spectrum. Further, the basic premise for such arguments is based on the fact that it has not been possible to determine the impact on the financial performance of organizations adopting good CSR behavior.

The Marketing Correlation

The 1970s laid much emphasis on finding a correlation between CSR and profitability. This may perhaps have been due to the fact that the proponents of CSR were outnumbered by the ones who believed that business had only one moral duty, i.e., to make profits. Hence,

empirical evidence was the only answer to ensure the acceptance of the belief that socially responsible behavior is good for business. Numerous research studies (McWilliams and Siegel, 2000) and exhaustive literature search (Aupperle, Carroll and Hartfield, 1985) have been undertaken, with no clear evidence of a positive correlation between CSR and profitability.

Since the 1970s, a number of CSR models have been developed. The most popular and well-cited are the three-dimensional model (Carroll, 1979); the synthesis model (Wartick and Cochran, 1985); the stakeholder model (Clarkson, 1995); and the integrative model (Wood, 1991), all of which provide a description of activities related to social responsibility. Each model has attempted to explore the varied dimensions of CSR and measure the nature and extent of social responsibility in an organization. It is observed that none of the above models are 'stand-alone' answers for measuring social performance in an organization. Further, assessment of CSR activities in an organization involves identifying the activities based on the different stakeholders as Clarkson (1995: 106) notes, "at any point of time one or more stakeholders may be of importance to an organization and hence factors of influence would vary from time to time."

Despite the lack of any empirical evidence of a direct or a visible correlation between CSR and the economic performance of an organization, it has been accepted and acknowledged that CSR (Piercy and Lane, 2009) does impact on the policy and behavior of companies throughout the world. However, not much attention has been devoted to the link between CSR and marketing. If one were to expand the focus of profitability in an organization, it would include elements that contribute to long-term financial success, such as reputation, brand value, employee loyalty, strong and long-lasting relationships with stakeholders, etc.

In other words, the CSR activities present benefits at two levels: one for the company as stated above, the other for the society, as many of the CSR initiatives are operative in and around the vicinity of the business. Hence, the community around it is likely to benefit as a result. The impact of these CSR initiatives on customers and other stakeholders is key to performance improvement in a company.

Although the correlation between CSR and profitability is yet unproven, there have been some efforts to study the links between CSR and marketing. In fact, there is a growing interest among management practitioners and CSR advocates to develop a framework that could integrate CSR and marketing.

Vives and Peinado-Vara (2003) found that there is a business case for CSR; in other words, that responsibility generates economic returns highlighting those cases that have brought about both improvements in the competitiveness of firms, whilst, at the same time, improving their relations with stakeholders: customers, suppliers, human resources, communities, and the environment. The deliberations exhibited the positive impact that CSR has within the firm, how it can lead to improved competitiveness, and, therefore, profitability.

A 2005 KPMG survey of more than 1,600 companies worldwide reported the top ten motivators driving corporations to engage in CSR all of which also constitute direct and in some instance indirect marketing instruments in an organization and they are: (a) economic considerations; (b) ethical consideration; (c) innovation and learning; (d) employee motivation; (e) risk management or risk reduction; (f) access to capital or increased shareholder value; (g) reputation or brand; (h) market position or share; (i) strengthened supplier relationships; and (j) cost savings.

The concept of “corporate iceberg”, which essentially denotes the increasing risks of the intangibles that surround an organization as against the tangible financial profits, goes to the extent of cautioning companies of the potential threat to their reputation and social license to operate if they fail to address ecological and social responsibilities (Willard, 2002).

It is often argued that the strategic planning in an organization has a direct impact on business performance and evaluation. The Kaplan and Norton (www.balancedscorecard.com) balance scorecard method is well accepted as a strategic approach and a performance evaluation system. The balanced scorecard augments traditional financial measures that benchmark performance in non-financial areas. The four key perspectives of the balance scorecard are:

1. financial
2. customer
3. business process
4. learning and growth

Since its inception in 1992, the balance scorecard has become a strategic performance measurement framework. Several large companies have adopted the balance scorecard method to define their company’s performance and profits, and it has predominantly been the focus of large companies. However, this prominent measurement system still lacks a comprehensive procedure for assessing their social performance. Nevertheless, this instrument is considered to be of conceptual advantage, as it allows the integration of qualitative aspects into the core management of firms.

CSR in SMEs

The present era of globalization has moved the spotlight from bigger companies to small and medium enterprises (SMEs). However, the vulnerability of the small firm (SMEs) changes with the environment, and its survival depends to a large extent on how it interacts. Here, the environment denotes a larger frame and includes not merely raw material demand and supply, but also the human and financial resource and its governance mechanism within and outside the enterprise (d’Ambiose and Muldowney, 1998). The increase in globalization and the direct supply chain relationship is clearly affecting SMEs globally. This includes environmental standards, business ethics, workplace practices and labor issues, company values, health and safety considerations, etc. Furthermore, the effect of globalization is also impacting the production processes and trade and providing opportunities for innovation and technology development.

As mentioned earlier, market forces are driving the need for organizations to address CSR in a credible manner and motivating companies to change their behavior and use CSR as a strategic instrument.

Conventional thinking has led us to believe that larger companies have been the primary drivers of CSR. However, this does not mean that CSR is irrelevant to or not practiced by SMEs. Some of the academic work discussed earlier and the CSR models (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991; Clarkson, 1995) were predominantly for large organizations. The Clarkson (1995) study did include some small firms, but they did not provide any details of the outcome of his study on small firms.

Ironically, there is very little known on the CSR practices in SMEs in comparison to the vast amount of articles and dialogues available for large organizations. Most of the academic literature on CSR originates from Western countries; hence, the question arises

whether CSR is a standardized concept across different cultures. Not much research is available on the cultural difference in understanding the notion of CSR. Since there is a distinct cultural scheme and changes from region to region, it is but common that social behavior cannot be assumed to be uniform. Pedersen and Huniche (2006), in a study on CSR in the African context using Carroll's model, noticed that the 'critical priorities' of CSR in Africa are likely to differ from that of a classic case in a developed country. Similarly, the meaning of CSR would differ in SMEs as against a large company and is also likely to differ among SMEs across regions.

A unique feature in SMEs is that they are largely ownership based or in cases where they are partnership based, they would be among family friends or distant relatives. In this context, Jenkins (2006) observes that SMEs tend to have a personalized style of management. Given the multi-relationship the owner observes in his day-to-day management, it is perceived that the stakeholder relationships for an SME may be more informal, trusting and characterized by intuitive and personal engagement. Fuller and Tian (2006) also state that SMEs undergo their business largely on a personal level, and it acts as a catalyst for socially responsible behavior. They further note that due to the strong association with immediate stakeholders, such as employees, customers, suppliers and their local community, their involvement is more direct and informal. Unlike large corporations, SMEs have fewer numbers of stakeholders in aggregate terms to intermingle with, and hence are able—and often forced—to maintain a certain code of conduct characteristic of the neighborhood or region. The rapid development of legislation and international standardization has had a far-reaching impact, particularly on developing country SMEs.

Taking into account the recent focus on the relevance of integrating SMEs in the CSR debate, Jamali, Zanhour and Keshishian (2008), based on a synthesis of relevant evidence pertaining to the peculiarities and relational attributes of SMEs in the context of CSR, undertook an empirical study. Their work is of interest in the context of this paper, as their study attempts to highlight the peculiar CSR orientations of SMEs in a developing country context. Their empirical finding report that SMEs in developing countries may be voluntarily engaged in several activities that qualifies as CSR. These activities are anchored in the context of deeply ingrained values and principles corresponding to responsible business conduct.

The Study: Indian SMEs

A recent report (Government of India, 2010) from the government of India states that the micro, small and medium Enterprises (MSMEs) in India constitute one of the most employment-intensive segments of the Indian economy. As per available statistics from the 4th Census of MSME Sector (Government of India, 2010), this sector employs an estimated 59.7 million persons spread over 26.1 million enterprises. It is estimated that in terms of value, the MSME sector accounts for about 45% of the manufacturing output and around 40% of the total export of the country.

In the Indian context, it has been observed that the introduction of improved technology and energy-efficient initiatives do support the demand for social responsibility in SMEs. In 1994, with support from the Swiss Development Cooperation and an India-based research institute, a program was implemented to develop innovative processes for techno-social integration, thereby bringing about enhanced energy efficiency, higher productivity and improved environmental performance. The introduction of energy efficiency in select SME clusters from the glass and ceramic sectors resulted in making the place cleaner and safer through reduced drudgery and exposure to heat and pollution, and thus turning the unit as

a place of better work environment. For the entrepreneurs, this resulted in improving the health of its workers at little or no additional effort or cost (Vancheswaran, 2008).

If the SMEs were to apply the balance scorecard method to evaluate the results of improvement in their process, they perhaps would be able to notice the outcome of their action both in terms of immediate profits and market leadership. While the above example showcases the SMEs' ability to adopt diverse business strategies to gain competitiveness, little empirical evidence is available on factors affecting the choice of these strategies.

To foster CSR and business excellence in companies, large, medium or small, several initiatives such as training, capacity building, programs and awards have been introduced in India. While the government, industry associations, institutions and foundations play the role of a facilitator and catalyst, occasionally, companies themselves join the bandwagon, furthering their own CSR agenda in the process.

The Living Business Program

In one such initiative, HSBC (emerging markets-led and financing-focused wholesale bank) instituted the Living Business Program. This national-level initiative is an attempt to help and encourage SMEs to become more competitive and productive by incorporating socially and environmentally sustainable practices into their business operations. With the support of a national think-tank¹, this program was introduced in the form of awards to recognize the social commitment of SMEs.

The awards are unique, as they attempt to identify innovative CSR initiatives by SMEs. A vibrant SME sector is the backbone of any economy. Keeping this in view, TERI has been developing innovative solutions to energy, environment and social issues for energy-intensive small-scale industrial sectors, whereby touching the lives of at least 25,000 workers in about 500 locations across the country. As the activation partner for the awards, TERI is able to further its current work with the SMEs and recognize the contribution made by SMEs to the environment and the community in India to sustain long-term business success. In addition, it provides a platform to implement comprehensive programs to mainstream good social and environmental practices.

The Enigma: A Poor Response

A call for submission of CSR practices was announced for SMEs under this program, with a stipulated deadline for receiving the application forms. A massive outreach comprising online bulletin, mailers, advertisements in relevant publications, and postings through the SME association was undertaken. In spite of the outreach and the presence of a large number of SMEs in the country, 42 SMEs responded to the call and applied for the awards. The applications received were from a broad spectrum of sectors: agricultural, engineering, metal and minerals, and foundry. As mentioned above, 42 SMEs took the initiative of applying for the awards; however, 55% of the entries were incomplete. In other words, the SMEs were unable to complete the application form. Given the assessment procedure, which included all sections of the application form, the incomplete application form could not be taken up for awards assessment. On account of this, only 19 applications could be considered.

1 The Energy and Resources Institute (TERI), is a not-for-profit research institute formally established in 1974 in New Delhi, India, with the purpose of tackling and dealing with the immense and acute problems that mankind is likely to face in the years ahead. Over the years, the Institute has developed a wider interpretation of this core purpose and its application.

Although no formal feedback research was undertaken for the incomplete application, we infer that this is due to the fact that SMEs in India are rather weak in their documentation. An earlier study that attempted to explore the incidence of CSR in SMEs highlighted poor documentation as a major weakness among SMEs in general. The study (Vancheswaran and Gautam, 2009) focused on an export-oriented ceramic cluster in western India and attempted to explore the incidence of CSR in the cluster. It was perhaps the first time an attempt to study CSR empirically in the Morbi cluster, and for SMEs in general, was undertaken. Although the study was unable to provide any specific direction to mainstream CSR in SMEs, it could conclude that SMEs can align themselves to CSR practices if they see a perceived benefit or threat to their business. The study focused on partnership opportunities, improvements in productivity and quality, enhanced relationships, and learning and innovation.

The Research Method

The heterogeneous and highly fragmented nature of the SME segment makes the availability of information regarding SMEs and their practices extremely limited. Hence, the given data set from the responses received through the award application made a good case to explore the incidence of CSR in SMEs along the same lines as the earlier study undertaken in the ceramics cluster. The original application received for the awards included both objective (options for responses) and subjective (statements from the applicants) types of questions. However, for the purpose of this study, only the objective type questions were considered. The data provided descriptive statistics regarding the SMEs and their CSR activities, which helped in collating the results and further empirically testing them.

Hence, a similar empirical testing as that of the ceramics cluster (see Vancheswaran and Gautam, 2009) was considered, as it would, besides testing the data of the Living Business applicants, also help in strengthening the basis of using the statistical inference method to explore the incidence of CSR in SMEs. As mentioned earlier, only 45% of the applications were being considered for the award evaluation due to incomplete forms. For the purpose of this study, the responses were once again reviewed and the section that each applicant was unable to complete was recorded. It was observed that incomplete applications were predominantly the narrative section of the questionnaire. Hence, for the purpose of our empirical observation, we had 30 applicants that had responded to the entire 'objective' section of the questionnaire. This number was sufficient for empirically testing the applications.

The aim here was to assess the incidence of CSR in SMEs as per the ceramics study. The choice for repeating the statistical analysis on this entirely new sample was primarily to test the efficacy of this statistical method. Hence, the data collected from the application forms were statistically analyzed using the method of statistical inference. Given that the respondents for the Living Business award had submitted their application on a voluntary basis, we assume that the respondents' awareness level would be higher. Hence, during this analysis, the P-value was set on a higher scale, i.e., test of $p = 0.6$ vs $p > 0.6$ against the P-value of $p = 0.5$ vs $p > 0.5$ taken for the ceramics study. The reason for doing this was to account for the respondents' basic knowledge of CSR as against the respondents of the ceramic study. It follows that the designated null hypothesis (H_0), that the proportion of indicative factors of social responsibility is at least 60%. In other words, if 60% responded in favor of CSR practices, then the existence of CSR among the sample would be considered. The alternative hypothesis (H_1) is that the proportion is less than 60%.

Survey Details

The questionnaire typically had multiple choices that included “yes”, “no”, “in part” and “not applicable” responses. The results of the empirical testing are given in Table 1. The survey questionnaire primarily was broken down to five factors and can be depicted as: (a) market policy, (b) workplace policy, (c) company values, (d) environment policies, and (e) social and community policies. In some it also included some prominent sub-factors. For instance, regarding workplace policy, there was a question addressing the provision of work-life balance. This question had four options and the enterprise could respond to one, more than one, or all of the options, based on the provisions in the enterprise.

While undertaking the statistical analysis, all those who responded as “not applicable” were removed and were not included in the total number of responses = “N”. Those who responded “in part” were included as a positive response = “X”.

Survey Analysis

It may be noted that, in this study, the sample was heterogeneous, as the respondents comprised different sectors of industry, while the ceramic study was cluster based and all of them were from the same region. Market policy, workplace policy, company values and environment policy scored well (see Table 2). However, the social and community policy did not show an incidence of CSR. The results of the survey analysis subsequent to the ‘proportion test’ showed an overall incidence of CSR.

In reviewing the questions in this section, the results point to the fact that SMEs are not comfortable with social and community issues. Hence, this provides room for reflection on how to increase the community/enterprise interactions to enable the enterprise to draw benefit. It can be further suggested that perhaps the enterprise do not feel or have the financial resources to take up activities such as the capacity building of community, etc. All the other four factors—market policy, workplace practices, company values and environment policy—exhibit high incidence of CSR.

However, when it comes to sub-factors, the position gets altered within the factor (Table 3). For instance, regarding the ‘workplace practices’ factor, a sub-factor—provision of good work balance—does not exhibit an incidence of CSR. It seems that facilities such as recreation room, stress management, etc. are not issues for an enterprise that is constantly struggling to make ends meet.

For the sub-factors of ‘company values’, it is observed that the SMEs score a ‘No’ on the sub-factor on ‘providing training and having clear guidelines’. The sub-category on ‘labor standards’, however, exhibits an incidence of CSR. Here, one could conclude that the incidence of CSR is perhaps due to the pressure exerted by the supply chain and due to regulation. However, the survey shows a poor score on ‘health’ practices. Clearly, health issues of the unit employee are not important and the SMEs do not perceive providing health benefits as something that will accrue benefit for them in return. Another factor is that many SMEs have contract labour and, hence, are not obliged to provide benefits that are given to full-time employees.

Examining the last factor, ‘community and social issue’, the response did not show an incidence of CSR. Further, the sub-factor on developmental activity also does not show an incidence of CSR. The question on philanthropy practices did not receive any attention. This result appears to be different from the usual responses that one gets from SMEs in India. SMEs are known for their charitable practices and do so often discreetly. The negative

Table 1. Empirical Survey of CSR Factors

Questions	X (Yes)	N	Sample P	95% Low- er Bound	Exact p value	@ 0.05 level of Signifi- cance
MARKET POLICY	27	28	0.96	0.91	0	Yes
Environment friendliness of products	23	23	1	0	0	Yes
Ensure honesty and quality in all its contracts, dealings and advertising (e.g. a fair purchasing policy, provisions for consumer protection)?	27	27	1	0	0	Yes
Provide clear and accurate information and labeling about products and services, including its after-sales obligations?	28	28	1	0	0	Yes
Timely payment of suppliers' invoices?	30	30	1	0	0	Yes
Effective feedback process	29	29	1	0	0	Yes
Register and resolve complaints from customers, suppliers and business partners?	29	29	1	0	0	Yes
Work with other companies in your supply chain or other organizations to address issues raised by responsible entrepreneurship?	25	28	0.89	0.80	0.001	Yes
WORKPLACE PRACTICES	26	29	0.90	0.80	0.001	Yes
Encourage employees to develop real skills and long-term careers (e.g. via a performance appraisal process, a training plan)?	30	30	1	0	0	Yes
Steps are taken against all forms of discrimination, both in the workplace and at the time of recruitment (e.g. against women, ethnic groups, disabled people, etc.)?	26	27	0.96	0.90	0	Yes
Frequency of team meetings to discuss operational/occupation health and safety issues?	23	30	0.77	0.64	0.031	Yes
Suitable arrangements for health, safety and welfare that provide sufficient protection for your employees?	26	28	0.93	0.85	0	Yes
Provision of a good work-life balance that includes:	15	30	0.50	0.35	0.868	No
a. Recreation room	7	30	0.23	0.11	1	No
b. Stress management	14	30	0.47	0.32	0.932	No
c. Annual get together	22	30	0.73	0.60	0.068	No
d. Other (fun activity/health camps/in-house doctor service/art of living sessions, etc.)	15	30	0.50	0.35	0.868	No
COMPANY VALUES	30	30	1	0	0	Yes
Have you clearly defined your enterprise's values and rules of conduct?	29	30	0.97	0.91	0	Yes
Do you communicate your enterprise's values to customers, business partners, suppliers and other interested parties (e.g. in sales presentations, marketing material or informal communication)?	30	30	1	0	0	Yes
Are your customers aware of your enterprise's values and rules of conduct?	30	30	1	0	0	Yes
Are your employees aware of your enterprise's values and rules of conduct?	30	30	1	0	0	Yes
Do you provide training to your employees on:	19	30	0.63	0.49	0.355	No
a. Skill performance enhancement?	25	30	0.83	0.72	0.005	Yes
b. Career Development?	17	30	0.57	0.42	0.645	No
c. Work Culture/ethics?	22	30	0.73	0.60	0.068	No
d. Other (Communication/Basic Leadership Skills/Quality Standards)	11	30	0.37	0.22	0.995	No
Labour standards	24	30	0.80	0.68	0.013	Yes
Payment of minimum wages	28	30	0.93	0.86	0	Yes
Equal remuneration for equal work	25	30	0.83	0.72	0.005	Yes
Freedom of association	23	30	0.77	0.64	0.031	Yes
Elimination of forced or compulsory labour	19	30	0.63	0.49	0.355	No
Elimination of discrimination in respect of employment and occupation	24	30	0.80	0.68	0.013	Yes
Abolition of child labour	27	30	0.90	0.81	0	Yes
Clear guidelines on	20	30	0.67	0.53	0.228	No
a. Recruitment	26	30	0.87	0.76	0.001	Yes
b. Termination	23	30	0.77	0.64	0.031	Yes
c. Career advancement	21	30	0.70	0.56	0.132	No
d. Performance appraisal	27	30	0.90	0.81	0	Yes
Faced or dealt with any labour disputes in the past three years?	2	30	0.07	0.00	1	No

Table 1. Empirical Survey of CSR Factors (continued)

Questions	X (Yes)	N	Sample P	95% Lower Bound	Exact p value	@ 0.05 level of Significance
Health policy	13	30	0.43	0.28	0.969	No
Health insurance	10	30	0.33	0.19	0.999	No
Life insurance	12	30	0.40	0.25	0.987	No
Provident fund	16	29	0.55	0.40	0.702	No
Other: Group Accident Benefit Insurance/Group Mediclaim/ESI as applicable/Labour Welfare Fund	15	29	0.52	0.36	0.819	No
ENVIRONMENT POLICIES	26	27	0.96	0.90	0	Yes
Energy Consumption	29	29	1	0	0	Yes
Waste	29	29	1	0	0	Yes
Water Usage	28	30	0.93	0.86	0	Yes
Pollution (e.g. emissions to air and water, effluent discharges, noise)	22	23	0.96	0.89	0	Yes
Sourcing of raw materials	25	26	0.96	0.90	0	Yes
Sourcing of products and services	27	28	0.96	0.90	0	Yes
Protection of the natural environment	27	27	1	0	0	Yes
Sustainable transport options	24	24	1	0	0	Yes
Reduce environmental impact (e.g. by recycling, reducing energy consumption, preventing pollution)?	28	29	0.97	0.91	0	Yes
Study potential environmental impacts when developing new products and services (e.g. assessing energy usage, recyclability or pollution generation)?	23	23	1	0	0	Yes
Provide clear and accurate environmental information on products, services and activities to customers, suppliers, and local community?	24	24	1	0	0	Yes
Do you have a system in place to measure and reduce your energy usage, water consumption, water etc.?	24	28	0.86	0.75	0.003	Yes
SOCIAL AND COMMUNITY POLICIES	13	21	0.62	0.44	0.429	No
Offer training opportunities to local community (e.g. apprenticeships or work experience for the young or for disadvantaged groups?)	24	27	0.89	0.79	0.001	Yes
Open dialogue with the local community	3	5	0.60	0.24	0.5	No
Any negative impacts on the local community society/environment as a result of your enterprise's operations?	0	29	0.00	0	1	No
Do you source your raw material locally?	23	24	0.96	0.89	0	Yes
Strategies adopted to undertake developmental activities	12	28	0.43	0.27	0.968	No
Philanthropic initiatives/donations	16	27	0.59	0.44	0.531	No
Community investments/social investments	12	28	0.43	0.27	0.968	No
Public Private partnership	5	28	0.18	0.06	1	No
Imparting skills to local community	15	28	0.54	0.38	0.756	No
Allowing use of its resources (physical infrastructure, equipment, etc.)	12	28	0.43	0.27	0.968	No
Encourage employees to participate in community activities (e.g. providing employee time and expertise, or other practical help)	14	28	0.50	0.34	0.86	No

Table 2: Empirical Summary of the Prime Factors

Questions	X (Yes)	N	Sample P	95% Lower Bound	Exact p- value	Incidence at 0.05 level of significance
MARKET POLICY	27	28	0.96	0.91	0	Yes
WORKPLACE PRACTICES	26	29	0.90	0.80	0.001	Yes
COMPANY VALUES	30	30	1	0	0	Yes
ENVIRONMENT POLICIES	26	27	0.96	0.90	0	Yes
SOCIAL AND COMMUNITY POLICIES	13	21	0.62	0.44	0.429	No

Table 3: Empirical Summary with the Sub-factors

Questions	X (Yes)	N	Sample P	95% Low- er Bound	Exact p- value	Incidence at 0.05 level of Significance
MARKET POLICY	27	28	0.96	0.91	0	Yes
WORKPLACE PRACTICES	26	29	0.90	0.80	0.001	Yes
Provision of a good work-life balance	15	30	0.50	0.35	0.868	No
COMPANY VALUES	26	27	0.96	0.90	0	Yes
Do you provide training to your employees on?	19	30	0.63	0.49	0.355	No
Labor standards	24	30	0.80	0.68	0.013	Yes
Clear guidelines on	20	30	0.67	0.53	0.228	No
Health policy	13	30	0.43	0.28	0.969	No
ENVIRONMENT POLICIES	13	21	0.62	0.44	0.429	Yes
SOCIAL AND COMMUNITY POLICIES	27	28	0.96	0.91	0	No
Strategies adopted to undertake developmental activities	12	28	0.43	0.27	0.968	No

response to this can be attributed to the cultural norms of the region, which is not to share their philanthropy behavior or activities.

This analysis clearly shows that an SME, whichever sector it be in, has a strong inclination in getting factors, such as market policy, workplace policy, company values, labour standards, and the environment, right. Further, they ensure that these factors are adhered to within the norms of government regulations.

However, factors such as training and capacity, social issues and community issues do not appear high on their agenda. This stems from the fact that, and as proved earlier in the ceramic sector case study (Vancheswaran and Gautam, 2009), enterprises do not attempt to engage in any socially responsible behavior unless they are able to perceive an immediate gain from that engagement for their respective businesses.

Conclusion

The empirical analysis does showcase CSR practices in SMEs, and positive responses have been reported across many factors. This illustrates that the SMEs follow a comprehensive approach combining various areas. However, the concept may still appear to be vague to many SMEs. Further, this paper limits itself to exploring the incidence of CSR in SMEs empirically with a sample size of only 30 enterprises and may not be ideally representative of all SMEs in India.

Nevertheless, the response to a CSR award denotes that SMEs in India are now beginning to see CSR as a one of the many marketing channels and are consciously embedding CSR in their respective business policies, as they realize it to be a marketing instrument with direct benefits to them.

For further research, the CSR factors identified in this study can possibly be correlated to the key perspectives of the balance scorecard method, with market policy, workplace policy, company values and environment policies relating to financial, customer, learning and growth, and business process, respectively. The balance scorecard would be required to be expanded to include social and community policy as the fifth key perspective.

Given the stake SMEs have in the national economy, marketing is one of the critical areas that requires focus. Extensive evaluations of such instruments are required to establish a correlation between CSR and marketing. SMEs do not have the strategic tools and the means for their business development unlike the large enterprises. Such analysis will give an empirical base for SMEs to appreciate the significance and to adopt CSR practices.

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