

# Does Firm-size, Profit and CSR-awareness Impact an SME's Behaviour Towards its Employees: An Exploratory Indian Study

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**ABSTRACT:** This paper intends to explore the extent of socially responsible business practices (SRBPs) of Small and Medium-sized enterprises towards one important stakeholder, i.e. employees. For this purpose, the researchers conducted 24 in-depth personal interview sessions with SME owner-managers and collected quantitative data through a semi-structured interview-schedule from 226 SME units from one major industrial hub in Maharashtra, India. Some interesting correlations are established between the size of the firm, their profit, CSR awareness and the firms' performance towards its internal-stakeholder. The research presents a list of unique SRBPs followed by the surveyed firms. Towards the end, the authors have suggested some practical ways to enhance the adoption and implementation of employee-focused business practices by SMEs.

**KEYWORDS:** Corporate Social Responsibility, CSR, Employees, Internal Stakeholders, Small and Medium-sized Enterprises, SME, Socially Responsible Business Practices

## I. INTRODUCTION

The prevalent notion of CSR is more inclined towards large organizations where systems and processes are more formal. Some experts have rightly understood this phenomenon and said, 'size does matter' (Smith, 2013). Hence, the focal point in the CSR discussion has traditionally been concentrated on big corporations. Inherently big corporates and SMEs are having different characteristics, needs and motivation with regards to their interpretation of this concept of CSR. However, there is a growing stream of literature that emphasizes the need to accommodate and integrate SMEs in the CSR discussion (Lepoutre & Heene, 2006; Lawrence, Collins, Pavlovich & Arunachalam, 2006; Murillo & Lozano, 2009; Vo, 2011).

This research is intended to gauge the level of Small and Medium-sized Enterprises' (SMEs) involvement in Socially Responsible Business Practices that are directed towards their employees. Maintaining a good personal relationship is considered as the key to success for small firms. The term 'family', which is used by most of the large organizations to address their employees collectively, is more visible and probably more justifiable in the context of SMEs. The way an SME manages its affairs and take decisions resembles the institution of the family; nuclear family in many cases. There are various dimensions of looking at the socially responsible practices of SMEs with regards to their employees, namely, employee training and development, occupational health, safety and working condition, work-life balance, equal opportunity, diversity and tolerance, support to employees and their family members etc. This paper tries to capture these aspects of SME-life with the research question in mind that whether there exists any relationship between these dimensions of SME-CSR and the SME-size, the profit they generate, and their CSR-awareness level.

## II. LITERATURE REVIEW

There exist numerous ways to define SMEs across the world, viz., the total number of workers, total assets, total turnover and many more. Some even use a 'hybrid' way, like a combination of turnover and employment, to define them: the World Bank defines SMEs as enterprises that meet at least two of the three requirements: employees,

assets and annual sales (employ less than 300 persons, has assets and annual sales less than 15 million dollars; European Union (EU) has defined SMEs on the number of employees and either turnover or balance sheet total (micro, small and medium-sized enterprises is made up of enterprises which employ less than 250 persons and which have an annual turnover not exceeding 50 million Euro, and/or an annual balance sheet total not more than 43 million Euro) (EU recommendation 2003/361 EU recommendation 2003/361 which has come into force from 1 January 2005); United States considers SMEs to include firms with fewer than 500 employees whereas in China, an MSME can be an enterprise with 1 to 3000 employees; total assets from ¥ 40 to 400 million and business revenues from ¥10 to 300 million depending on the industry (Appendix A-2 of 2005 Draft Paper of World Bank).

Small and Medium-sized Enterprises (SMEs) personify the development of an economy and are the primary drivers of creating employment and fueling economic growth (Aris, 2007; Dixit and Pandey, 2011; Taiwo, Ayodeji & Yusuf, 2012). They have a significant role to play in economic diversification and even regional growth. The prime focus for any developing country is to integrate its economy with the world economy, and to that end, a thriving private-sector plays a vital role and SMEs, being a major stakeholder in the private sector, play a crucial role in such endeavour.

Given the astronomical figure of SMEs, an individual SME may not make a significant contribution to the economy or the overall society, but collectively they make a huge difference. This was the context in which Morsing & Perrini (2009) coined the phrase 'grandness of small businesses'. They gave a discourse on this topic and maintained that 'smallness' of a lone SME is not proportional to the collective 'grandness' of the SMEs. To understand this grandness of SMEs we should remind ourselves about these facts and figures: ninety-nine percent of all the enterprises in India belong to this category (6<sup>th</sup> Economic Census by CSO conducted in 2013 and the result published in 2016); worldwide, it provides 50 to 60 percent share of total employment opportunity (UNIDO, 2002); in Europe, it provides up to 80% jobs in SME sectors (Spencer & Rutherford, 2003); and in India, it offers employment to more than 11.10 Crores people (Annual Report of the year 2018-19, Ministry of MSME, Govt. of India). Further, countries having a higher number of SMEs tend to have even distribution of income, and that facilitates a higher level of social stability (Luetkenhorst, 2004). SMEs operating in a relatively niche market are better placed to provide a platform for innovation that requires a higher level of flexibility and demands products that are customized.

The way CSR is perceived by small organizations differs from the way it is looked upon and followed by large organizations. The informal management systems practised by SMEs as well as the scarcity of human and technical resources has a great bearing on this phenomenon. That is the reason some researchers and thinkers have termed SMEs' perception of CSR as 'implicit CSR' (Matten & Moon, 2004) or even to the extent of 'silent CSR' (Jenkins, 2004). India has the second-largest number of SMEs in the world after China. If all these SMEs join hands in adopting and implementing CSR programs, it will be a good push for the betterment and upliftment of the society.

Various thinkers and researchers have unrelentingly urged the importance of employee-centric responsible practices of SME sector. Greening & Turban (2000) and Sims & Keon (1997) talked in detail on the nexus of CSR practices of SMEs and the resultant 'employee outcomes' of such interventions. The outcomes include higher motivation, improved productivity and loyalty and resulting employee retention as some of the major outcomes of such responsible practices.

SMEs have played a crucial role and are still playing an important role in developing an economy. Although they are small in terms of capacity and output, they closely work with the stakeholders. Due to this, there is a direct relationship between SMEs and their contribution to the society and environment. Their existence has greatly affected the societal welfare (Aras & Crowther, 2010). Because of their proximity to the stakeholders, they are automatically driven for social responsibility. There exists 'a temptation' in a 'mediatized world' to majorly focus on the CSR involvement of only large organizations (Morsing & Perrinni, 2009). It is a matter of great importance on the world economy when the giant retail organizations decide whether or not to source only from 'ethical vendors' and, indeed, direct CSR by large organizations has a profound impact. Accepting all these facts, the researchers feel that, which is supported by many previously published researches, it also matters a lot to the global economy and society that to what extent SMEs are engaged in this CSR agenda. There are many difficulties in finding, examining and publishing CSR practices followed by SMEs. However, given their profound impact on the immediate society, the researchers got fascinated by this topic and tried to dig further.

### **III. METHODOLOGY**

The geographical scope of this research expands to the Bhosari industrial area. It is a suburban locality of Pimpri-Chinchwad Municipal Corporation or PCMC. The rationale behind selecting this area for research is the presence and concentration of a very large number of Small and Medium-sized Enterprises (SMEs) in this area and its

proximity to Pune City. This study encompasses internal 'Socially Responsible Business Practices' (SRBP) adopted by the registered manufacturing SMEs of Bhosari industrial area. The research design adopted for this study is Exploratory, and the technique used for sampling is Quota Sampling. The core focus of this study is to find out or explore various responsible business practices adopted and institutionalized by SMEs. To this end, out of all the available designs, the researchers decided to adopt exploratory research to complete the study at hand.

The universe for the current study encompasses all the registered SME units in Bhosari industrial area. Obtaining the total number of SMEs in Bhosari and the bifurcation of the number into micro, small and medium was a major hurdle faced by the researchers. No publication was made on this topic by any public or private body in any public or private domain, and virtually no such data was readily available. The only bifurcated information on SMEs available in the print or electronic media was of Pune district in the 'Brief Industrial Profile of Pune District' published by the 'MSME Development Institute,' Mumbai. But as the information was available in aggregate for the whole district and that too till the year 2012, it served to limited purpose with regards to the current study.

The researchers reached out to Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA) and District Industry Centre, Shivaji Nagar, Pune (the controlling body for all the SMEs in Pune district and Bhosari comes under its jurisdiction) for the total number of SMEs registered from Bhosari at that point of time. The data received from DIC, Pune, was in very raw form, and it was compiled and segregated in micro, small and medium 'sizes' by the researchers. As per this analysis, by the end of the financial year 2015-16, the total number of SMEs registered in the district of Pune was 33, 431 out of which 25,788 were micro-units, 7,456 were small units, and 187 were medium-sized units. In percentage terms, out of all the registered SMEs, 77.14% were micro in size, 22.30% were small in size and remaining 0.56% were medium in size.

The researchers have applied the Quota Sampling technique for his study. The main reason behind choosing the quota sampling technique is that it allowed the researchers to sample the sub-groups, viz. Micro, Small and Medium, which was very important for this research. When the purpose of the research is to explore the traits or characteristics of various sub-groups, this sampling technique comes handy. At the same time, quota sampling also permits the researchers to examine the relationships among these subgroups. The sample size for this study was calculated based on the proportion of Micro, Small and Medium-sized enterprises in the total population. The proportion of the given three sub-groups was calculated to be 211:105:1. The researchers decided to keep the sample size in the range of 200-250. Hence, the final sample size, based on their proportion, was decided to be 150 to Micro, 75 for Small and 1 for the Medium-sized enterprises. The researchers opine that the final sample size of 226, which is more than 5% of the population, makes a reasonable representation size. On the top it the researchers had also used a personal interview method to collect comprehensive information from the sample units. Details on the category, number, proportion and the sample size are mentioned in the following table:

Both quantitative and qualitative methods of data collection were adopted by the researchers. Quantitative data was collected through the objective questions in the questionnaire and qualitative data was collected through the open-ended question added in almost all the sections of the questionnaire in the form of 'Any other Practice/s'. The researchers conducted 24 personal in-depth interview sessions of SME owner-managers with the help of a Semi-Structured Interview Schedule. Getting an appointment from these firms to conduct the interview was the second most daunting task the researchers faced during his research after finding the 'total number of SMEs units in Bhosari.' Each interview session took, on an average, 60 to 75 minutes. The questionnaire was used to collect data from 198 SMEs. These firms were those who refused to give appointment for an in-depth interview session but were kind enough to spend some time in filling-up the questionnaire. On an average, it took 25-30 minutes in filling-up one questionnaire. Out of 245 filled-up questionnaires, 19 questionnaires were rejected and were not processed further because of incomplete details and the remaining 226 were processed, and data was capture on easy to use analytical software tool, MS Excel. The researchers used 'SOFA – Statistics' (Statistics Open For All), a user-friendly, open-source statistics, analysis, and reporting package which supports Microsoft Excel, as the software tool for the data analysis.

#### **IV. ANALYSIS**

##### ***Employee Training and Development***

It is an important dimension when one looks into what organizations are doing for their employees. When an organization intends to contribute towards the betterment of its employees, the activity which tops the list of 'must-do' is providing training and development opportunities for its employees. In the case of a big organization, employees are eager to join organizations where they will get trained on the latest technology and systems, and they believe 'salary is a bi-product of good knowledge and skills'. Time is not far when it will start gaining importance for the prospective SME employees as well.

Towards conducting training and development programs for its employees, the obvious choice of the type of training was 'On the Job' type, and most of them were administered on 'as and when basis'; though some made it a yearly practice as well. Very few SMEs engaged outside vendors to provide training to their employees. As far as the normal operational training is concerned, it was found to be given continuously. Training on GST was the flavour of the season. Towards encouraging employees to pursue higher education, many SMEs were found giving freedom to their employees to attend college and adjusted their work schedule accordingly, but the major focus was on skill development. In one case, only the night shift was given to one employee who was pursuing his graduate degree during the day time. SMEs did not constitute any formal system to support their employees' higher education, and it was found to be need-based. Many of them sponsored their employees' Computer Training programs. Many others were ready to support but they couldn't find any worthy candidate. In most of the cases, the proprietor, who were experts in their field, was competent enough to provide training in-house. Many SMEs were helped by their clients in training its employees. But, the common prevalent strategy was to hire trained or expert candidates only.

### **Occupational Health, Safety and Working Condition**

In continuation with the previous discussion on how SMEs are internally involved in Socially Responsible Business Practices towards its internal stakeholder, i.e., its employees, through this part of the thesis, the researchers tried to understand the level of SMEs' activities working towards Occupational Health, Safety and Working Condition and by further slicing the result based on category, size, year of establishment, turnover, profit of the organization, CSR awareness etc. The researchers found that having ESI for their employees were prevalent in SMEs, in some cases even watchman were covered under the scheme. Some SMEs owners subscribed Medclaim policies from private companies as well as from Life Insurance Corporation of India, though some fulfilled their responsibilities by just having a 'First-aid Box'. Some restricted medical insurance to outbound employees and some organized health check-up camps for their employees. Some of the entrepreneurs went beyond their legal requirement and helped their service providers as well. In one particular case, the proprietor supported their regular van service provider in the treatment of Cancer. Though some got disenchanted by the way employee responded and they discontinued ESI for their employees. In one case, employees of a firm having around 20 employees formed a union and they became very aggressive and in case of an accident where employee, against the proprietor's instruction, was using headphone and lost a finger and the union started demanding very high compensation. Later, the firm discontinued with ESI and Pension Schemes and got rid of the problem makers. The approach to safety was found to be casual. Most of the SMEs were having provisions for very basic safety provisions like safety shoes, hand gloves, fire extinguisher, rubber pads, goggles etc.

The researchers found SMEs concerned about improving the working condition of their employees. They were concerned about controlling temperature, humidity, dust and vibration; they were applying ideas about how to increase the use of natural light and ventilation. Some SMEs kept TV for the entertainment of their employees, and some even tried to keep the decibel level below 150. Majority of the SMEs proprietors were eager to talk on how they take care of the health of their employee's wards, how they allow their employees' family member to earn extra income, how they help marriages in employees' family and how they celebrate important occasions like New Year at their workplace while talking about improving the working condition of their employees.

### **Work-life Balance**

Many authors and researchers have propagated to embrace it time and again, and something now considered as a universal truth, that 'work and life should be balanced.' In addition to increasing the happiness index of employees, it can improve the performance of employees and, resultantly, it improves the performance of the whole organization. In this part of the thesis, the researchers tried to gauge the prevalence of work-life balance practices and tools, namely, Flexible Work Time, Job Rotation, Part-Time Work and Shift Rotation in SMEs.

The response to the question of whether they practice Flexible Timing in their organization or not the response ranged between very high level of flexibility to no flexibility at all. At many places shift time being fixed they simply said 'no scope for flexibility', but at many other places, they said it does not apply to them as they pay on an hourly basis and if some employee is unable to report on time, they end up losing that part of their wage which they can compensate by working extra hours on some other day. Some firms shared that as they allowed 2 or 3 late coming every month, that practice provides enough flexibility to their employees.

The practice of Job Rotation was found popular at SMEs as a tool to provide training to their employees. For most of the entrepreneurs it was not a matter of choice but was a compulsion to make employees versatile in handling multiple tasks and Job Rotation was the only feasible option. In many cases, it was a kind of 'obvious' and did not

deserve to be asked whether they practice it or not. The practice of Shift Rotation and provision for Part-time Job was not very popular as most of the firms were having only one shift and they get very few requests for part-time job. In many cases, when young employees were pursuing higher education, they were found more than willing to honour the request to work part-time. Hence, even though when SMEs were not having provision for part-time job, they were not averse to this idea. And during the 'Work-life Balance' discussion, SME-owners were eager to mention all the contribution they make in making their employees' life better that ranged from providing financial help in the form of salary-advance to advance for marriage in the family and provision for Diwali Bonus.

### **Equal Opportunity, Diversity and Tolerance**

After getting the details on practices related to Employee Training, Occupational Health and Safety and Work-life balance the next bunch of questions were asked from the respondents on 'whether or not' they encourage Workforce Diversity in its hiring decisions, encourages Persons with Disability to apply for open positions in the organization, works effectively to ensure Gender Equality in the organization and works effectively to remove racial/religious biases.

With regards to working effectively to ensure Gender Equality, the researchers found some functions where more number of female employees was working, like, housekeeping, accounts etc, in comparison to the shop floor. They felt that the nature of the work they handle in their production line is not suitable for female employees. But, many believed that they just need a 'little push', though it's a male-dominated field, and they start functioning normally. Though they hardly faced any complaint from female staff, in just a few cases, they were harassed by their colleagues. In one particular case, an employee, who was on a 6-month break, was stalking a female employee and the SME owner had to seek help from police in resolving the issue.

When asked about whether the organization encourages persons with disability to apply for positions available in the organization, there were fewer responses in affirmative. But, the respondents were found enthusiastic about their willingness to hire them. In majority of the cases, the SMEs were not approached by a physically challenged person to get a job and in many cases, the nature of work was so demanding that, unless the employees are physically fit, they felt they are not employable. In the majority of cases physically challenged persons were found more loyal than others, and in some cases, the SME-owners were quick to mention that, the physically challenged person didn't leave the company since the inception of the organization when he or she was hired and the case was not same with others.

The researchers were curious to unearth whether there was any link between the number of female employees in the firm and the dearness of the 'Gender Equality' principle. Hence, to bring out the relation this particular analysis was done. The analysis reveals that there is a very strong relationship between the number of female employees and the concept of 'Gender Equality', the concept becomes dearer as the number of female employees goes up. Only 30% SMEs where no female was employed responded in affirmative, the percentage goes to 69% and 92% for firms employing 1 and 2 female employees respectively, and the percentage becomes cent per cent for the firms having 4 or 5 female employees. There was not firm in the list of respondents which employed more than 5 female employees. It's difficult to conclude whether the number of female employees is impacting dearness of the 'Gender Equality' principle or the acceptance and implementation of 'Gender Equality' principle is impacting the number of female employees.

### **Support to Employees and/or their Family Members**

This part of the thesis deals with the pervasiveness of the support provided by SMEs to its employees and their family members in the field of Social and Cultural Activities, Healthcare and Education. The researchers asked the respondents to cite examples and incidences on how the firm supports its employees and their family members in these areas. Various researches prove that these activities improve the employee engagement level in the organization. Among all these three areas, supporting employees and their family members in social and cultural activities seems to be more popular than supporting their education and healthcare needs. The researchers came across many examples where SME owner-manager went out of their way in supporting their employee and their wards for continuing education if found deserving. Surprisingly, many SMEs conducted healthcare-camps for their employees and their family members.

Supporting social and cultural activities got prime attention of these employers. They had provisions for celebrating various local festivals as well as some festival which is popular in North India like '*Vishwakarma Puja*', in case people from that part of the country are employed with the firm. The practice of Salary Advance, in case of exigency, was commonly found in the surveyed SMEs and they were far generous in giving advance in case of employees' daughters were getting married. Many had provision for *Diwali Bonus* which depended on the

number of months of the service. The researchers got pleasantly surprised when he came across various activities these SMEs conduct to keep their employees engaged, motivated and happy. Many SMEs had more than one such event in a year, so many of them took all their employees on trips to places like Konkan and Mahabaleshwar and many SME owners preferred to chill out with their employees on the occasion of 'Gatari Amawashya' (a local Maharashtrian festival). These SMEs are facing a serious labour shortage and are trying their best to retain their employees. They mentioned that on an average gestation period for a new labourer was around 3 months. In most of the cases they are hired by these SMEs afresh without any experience and they have very low market worth but once they are experienced, they start getting job offers from nearby competitors and need to be retained.

**The Profit and CSR-Performance Nexus**

This sub-section of the article sheds some light on the common perception that firms start bothering about social responsibilities when they generate high profit. The researchers found some evidences that do not validate the perception. Here, the researchers have identified two areas, namely employee training and development and the support extended to employees and their family members.

**Table 1: Employee Training and Development, sorted by Total Profit**

Employee Training and Development- Total Profit						
	Less than 5%	5 to 10%	10 to 15 %	15 to 20%	More than 20%	TOTAL
External Training Programs	4.80%	15.60%	38.80%	40.70%	18.20%	28.30%
Higher Education	81.00%	45.30%	35.00%	44.40%	36.40%	43.40%
Training & Development	38.10%	95.30%	89.30%	100.00%	100.00%	88.10%

When we look at the 'External Training Programs' dimension of the SMEs' Socially Responsible Activities towards Internal Community from the total profit generated point of view, one interesting fact which comes to light is that up to a level total external training programs are directly proportionate to the profit percentage of the firm. But, when we look at the 'Higher Education' dimension of the SMEs' Socially Responsible Activities towards Internal Community from the total profit generated point of view, another interesting fact which comes to light: more firms (81%) are encouraging it when they are getting very less profit margin (less than 5%) but when they are generating relatively better profit percentage, less number of firms are involved in helping their employees for higher education.

**Table 2: Support to Employees and/or their Family Members, sorted by Total Profit**

Total Profit (in %)						
	Less than 5%	5 to 10%	10 to 15 %	15 to 20%	More than 20%	TOTAL
Education	61.90%	26.60%	28.20%	14.80%	9.10%	28.30%
Health Care	61.90%	35.90%	40.80%	55.60%	36.40%	42.90%
Social and Cultural Activities	61.90%	57.80%	71.80%	63.00%	81.80%	66.40%

When we analyse the performance of SMEs towards support extended to its employees and their family members, based on Total Profit they generate, we find that there is no correlation between firms' profit and their extended support to its employees and their family and in some cases, firms with less profit seems more generous in supporting their employees. In the field of Education, 62% of the firms having less than 5% profit support their

employees whereas only 26% firms generating profit between 5% and 10% and 28% firms generating profit between 10% and 15% support their employees and their family members. The score further goes down for high profit-making SMEs on supporting its employees and their family members: 15% at 15-20% profit and only 9% at more than 20% profit-making.

Very similar to support for Education, Healthcare is another area where similar phenomenon appears; negative relation between profit margin and extension of support. In the field of healthcare, again 62% of the firms having less than 5% profit support their employees whereas only 36% firms generating profit between 5% and 10%, 41% firms generating profit between 10% and 15% and 56% firms generating profit between 15% and 20% support their employees and their family members. The score again further goes down for very high profit-making SMEs on supporting its employees and their family members: only 36% at more than 20% profit-making.

**Awareness and CSR-Performance Nexus**

Through this sub-section of the article, the researchers try to understand whether there exists any relationship between how CSR-aware the SME is and how is its performance on CSR. The researchers found some evidences that do not validate the perception. Here, with the help of data on occupational health, safety and working condition, the researchers found some evidence of this relationship.

**Table 3: Occupational Health, Safety and Working Condition, sorted by Awareness on CSR**

		Awareness on CSR					
		No		Yes		TOTAL	
		Freq	%	Freq	%	Freq	%
Occupational Health	No	14	60.90%	28	13.80%	42	18.60%
	Yes	9	39.10%	175	86.20%	184	81.40%
Occupational Safety	No	10	43.50%	32	15.80%	42	18.60%
	Yes	13	56.50%	171	84.20%	184	81.40%
Working Condition	Yes	0	0.00%	109	53.70%	109	48.20%
	No	23	100.00%	94	46.30%	117	51.80%

The above-mentioned table depicts that when the organization is reasonably aware of the CSR concept, they perform better on improving the Occupational Health, Safety and Working Condition in the organization. In case of Occupational Health, 81.40% of respondents said that they are actively involved in it while only 18.60% said they are not. But, when we look into deep further, we come to know that 175 firms (more than 86%) who were aware of the CSR concept were also actively working towards making their employees' health better. In case of Occupational Safety, again 81.40% respondents said that they are actively involved towards it while only 18.60% said they are not. Again, when we look into deep further, we come to know that 171 firms (more than 84%) who were aware of the CSR concept were also actively working towards making their employees' safety better. Similarly, when looking at the combination of CSR awareness and working condition related efforts of the firms, we come to know that all the 23 firms who were not actively involved were the firms who were unaware of the concept of CSR. As a conclusion, we can make a statement that 'Knowledge of CSR makes them work towards CSR'.

**Table 4: Support to Employees and/or their Family Members and Awareness on CSR**

		Awareness on CSR					
		No		Yes		TOTAL	
		Freq	%	Freq	%	Freq	Col %
Education	No	23	100.00%	139	68.50%	162	71.70%

	Yes	0	0.00%	64	31.50%	64	28.30%
Health Care	No	23	100.00%	106	52.20%	129	57.10%
	Yes	0	0.00%	97	47.80%	97	42.90%
Social and Cultural Activities	No	0	0.00%	76	37.40%	76	33.60%
	Yes	23	100.00%	127	62.60%	150	66.40%

This table looks at the relationship between firms' awareness level on CSR and their performance in the field of extending support to their employees and employees' family members towards education, healthcare and social and cultural activities. No strong correlation is found between the 'CSR aware firms' and their performance on the said parameters, but one very strong relation appears about the 'CSR non-aware firms': not a single such firm was found supporting their employees and their family members in the area of education and health care. In the area of Social and Cultural Activities, 63% of the 'CSR aware firms' were found supportive and all the 'CSR non-aware firms' were also found supportive.

**Unique Socially Responsible Business Practices of SMEs**

1. Support Further Education: Towards encouraging employees to pursue higher education, many SMEs were found to give freedom to their employees to attend college and adjusted their work schedule accordingly. In one case, only night shift was given to a single employee who was pursuing his graduate degree in the day time (Organization: 3A Industries).
2. Support to Women Employee: Though entrepreneur hardly faces any complaint from female staff, in just a few cases, they complained about harassment by their male colleagues. In one particular case, a male employee, who was on a 6-month break, was stalking a female employee. The SME owner actively worked with local police and warned the male employee of dire consequences if he is found disturbing the female employee again and managed to resolve the issue completely and acted as a 'Big Brother' (Organization: Vishwesh Heaters Pvt. Ltd.).
3. Social Security: Though having ESI for their employees was prevalent in SMEs, in this case even watchmen were covered under the scheme. It was unique because either this group of employees is not covered for any social security at all or is simply outsourced to a third-party service provider (security agencies) (Organization: Friend's Engineering Works).
4. Stress Management: The company does not resort to putting work-related pressure on its employees and advise them to maintain high quality in whatever they are doing. The proprietor believes that this principle has a strong impact on the attrition rate for the firm; normal tenure of employees is in the range of 10 to 20 years, and in some cases, after the employee left the company, they requested and joined back and were found still working with the company (Organization: Friend's Engineering Works).
5. Use of Natural Source of Light: There is very good provision for natural light to come inside the shop floor and for proper ventilation. As a result, the researchers observed that, no light bulb was needed inside the plant during day time and that reduces the energy consumption by the unit and therefore less 'Carbon Footprint' is left behind by the organization (Organization: 3A Industries). This turned out to be a healthy practice and employees felt that it makes their organization a better place to work at.
6. Social and cultural activities: SMEs have provisions for celebrating various local festivals as well as some festival which is popular in North India like 'Vishwakarma Puja', in case people from that part of the country are employed with the firm (Organization: Multiple).
7. Merry Making: Many SMEs had more than one such event in a year, so many of them took all their employees on trips to places like Konkan and Mahabaleshwar and many SME owners preferred to chill out with their employees on the occasion of 'Gatari Amawashya'. (Organization: Multiple).
8. Salary Advance: The practice of Salary Advance, in case of exigency, was commonly found in the surveyed SMEs and they were far generous in giving advance in case of employees' daughters' marriage (Organization: Multiple).



**V. DISCUSSION AND MANAGERIAL IMPLICATION**

The best/unique/innovative practices identified and captured through this research are very simple and practical and can easily be adopted and adapted by other SMEs. Many benefits can be reaped by SMEs once they start moving in this direction. This will require the SME owner-managers' willingness to adopt or experiment with new ideas. A list of easy to understand and easy to implement practices followed by fellow SMEs, that is offered and proposed through this study, may come handy in this endeavour. This may result in a higher level of employee satisfaction and motivation, improved employee engagement and retention, better image as an employer and positive impact on the bottom-line (Perrini, 2006; Murillo & Lozano, 2009; Stoian & Gilman, 2017).

Further, there is no "one-size-fits-all" recipe for getting engaged with socially responsible business practice as SMEs are a highly heterogeneous group having unique characteristics and circumstances. In line with what Murillo and Lozano (2006) observed, the researchers also found that these SMEs were having 'specialization' in one particular aspect of CSR. These areas are like, what Charles Duhigg wrote in his famous book 'The Power of Habit: Why We Do What We Do and How to Change it' calls, 'small wins' (Duhigg, 2012). He quoted a Cornell Professor who, in 1984, wrote that 'Once a small win has been accomplished, forces are set in motion that favours another small win'. These 'small wins' or 'specializations' will further encourage adoption of other CSR practices. This will again require willingness on SME's part to become a socially responsible citizen, identification of SMEs' niche/comfortable CSR area, and compatibility of responsible practices with the firms' realities. The outcome an SME can expect are smoother adoption and implementation of CSR practices and improved confidence in CSR performance that may lead an SME (Small and Medium-sized Enterprise) to become an SME (Subject Matter Expert) through their multiple 'small wins'.

Local employers' associations and trade bodies have a very big role to play in making these SMEs socially more responsible and helping them adopting and implementing right practices for this cause. Action follows thought and thought follows idea. Hence, before expecting SMEs to be socially responsible a solid groundwork is required towards sensitizing SMEs on CSR theme. Many researchers across the world have observed that improved CSR awareness of SMEs may work as a great driver of CSR-adoption (Bradford and Fraser, 2008; Hutchinson & Chaston, 1994). This research also indicates that 'CSR-aware firms', on most of the parameter, outperform 'CSR non-aware firms'. Hence, by making them CSR-aware we can motivate them to adopt responsible practices and various stakeholders, especially trade associations and other umbrella organizations, may work towards this cause of sensitizing SMEs on CSR (Beh & Rajaratnam, 2017; Colovic, Henneron, Huettinger & Kazlauskaitė, 2019). This will require guidance, support and handholding by Trade Associations, the inclusion of CSR in Technical Workshops, Seminars and Conferences organized by Employers' Associations, forming cohesive groups to propagate CSR and sharing information on Best Practices in CSR adopted by other SMEs. These initiatives may lead to SMEs' improved sense of being able to contribute meaningfully towards making the society and the planet a better place to live in thorough the adoption of employee-friendly CSR practices. Many respondents voiced their opinion that the socially responsible practices they follow impact specific aspects of their business characteristics, like improved retention, which finally gives the economic result. Making them CSR-aware will end-up making them financially stable/robust (Bohlin & Wiebe, 2016; Jain, Vyas & Roy, 2017).

**VI. CONCLUSION**

The current study tries to explore the socially responsible business practices of SMEs towards one of its most important internal stakeholders, i.e. employees. Responsible behaviour by these firms has great importance in a developing economy like India. Though they may have limited impact as an individual entity, the collective impact they can exert far exceed the impact by its larger counterparts. The findings of this study show that a firm's size has some bearing on their performance on various SRBPs performance yardsticks but there exists almost no relation with the profit they generate. Further, the research reiterates the findings of many past studies that awareness of CSR concept positively impacts their performance on SRBPs. The researchers also prepared a collection of unique employee-focused SRBPs that can easily be accommodated by SMEs and some practical suggestions are put forth on the ways and means of making SMEs socially more responsible.

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