



A STUDY ON THE ATTITUDES, BELIEFS AND ASSUMPTIONS OF SMALL MEDIUM ENTREPRENEURS TOWARDS CSR IN CHENNAI CITY

M.Asha Banu¹

¹Research Scholar, Anna Adarsh College for women, Chennai, Tamil Nadu, India.

ABSTRACT

The small and medium enterprise (SME) firms are often described as 'rigid to reach' and lagging behind in CSR practices due to management and resourcing issues. This absence of resources and ineffective management transforms into an unwillingness and/or inability to commit to CSR practices. But however, a need of action in the perspective of the firm does not always reflect the personal attitudes of the individual SME owner-managers. The aim of this study is to find out the activities that may be significantly influencing small medium sized entrepreneurs in Chennai city. The sampling unit are the SME's in Chennai city and the sampling size is 100, selected on the basis of convenient sampling. The data is analysed with the help of statistical tools like ANNOVA and Pearson's Correlation. It is the entrepreneurs who will have to decide and implement which of the activities best suits their need and capacity.

KEY WORDS: Corporate Social Responsibility, SME's, attitude, beliefs, assumptions.

INTRODUCTION

Globally, small and medium sized entrepreneurs are nowadays in the pressure to engage Corporate Social Responsibility activities in their agenda. The essence of CSR lies in the functioning of responsible business practices. It applies to any kind of a firm. Be it small sized or Multinationals. Beliefs and attitudes regarding the nature of CSR have varied over time describing CSR through the lens of stakeholder. Social responsibility is the debating act. In view of the assumption of social and environmental responsible behaviour, an important factor influencing the description of CSR strategies is the characteristic values of the entrepreneur/owner of the firm (*Murillo and Lozano, 2006; Quinn, 1997; Spence and Rutherford, 2003; Spence, Schmidpeter and Habisch, 2003*). All business firms must balance economic performance, ethical performance and social performance and steps must

be taken to ensure that the balance is achieved among the various stakeholders. Today, managers continually meet demands from various stakeholders group to devote resources to CSR like provisions for worker health and safety as well as non discrimination in hiring, firing and promotion, zero layoff policy, family - friendly leave programs and stock ownership for employees etc. Community and environmental force include ensuring that the business operations do not threaten the safety of the local community, giving financial assistance to minority neighbourhoods, providing special training and jobs for the hardcore unemployed, investing in pollution abatement equipment, contributing to charitable and not for profit organizations and making executives available to serve without compensation on public boards or other non-business assignments.



LITERATURE REVIEW

Banu Dincer and Caner Dincer (2013) examined the factors that move the decision makers in small businesses to expend company resources for corporate social responsibility (CSR) activities. The study used a Van Kaam method as modified by Moustakas with in depth, semi structured interviews to explore the factors and priorities considered by SME executives in CSR decisions. The study revealed that small business executives are generally influenced by personal feelings, financial conditions, friends and family, and religion in making decisions on CSR activities. In addition, these decision makers prefer local CSR activities that are concerned with the environment, and go beyond the basic legal requirements. The sole focus on profits was not evident in these small business executives. Social and environmental issue related to companies activity has received growing attention over the last few years; it represents a voluntary approach taken by an enterprise to meet the stakeholders' expectations, considering their different features (*Federica Balluchi, Katia Furlotti (2013)*). Small and Medium Enterprises (SMEs) have begun to show a strong sensitivity towards social and environmental responsibility: the very nature of SMEs does indeed, by and of itself, imply a clear "socially-oriented" dimension; SMEs are deeply rooted in the local communities and many entrepreneurs instinctively understand that behaving correctly towards their employees, suppliers, the community and the surrounding environment represents a strong competitive factor. Unfortunately, this frequently fails to translate into careful planning and structuring of their socially-oriented activities, and into an adequate accountability process. In this sense, they need to formalize and add extra value to the CSR choices and to all the behaviours and strategies that would qualify the company to this end. The study investigated the degree of awareness, attention and sensitivity that a sample of Italian SMEs pays towards the social responsibility and, in particularly, towards

environmental aspect. The study was conducted by questionnaire on around 3,180 small enterprises. The conclusion of the study emphasises that the firms pay particular attention to environmental problems by implementing specific initiatives for preventing pollution, saving energy and recycling waste

OBJECTIVE OF THE STUDY

The study is specifically carried out with an objective,

- ↳ To explore the impact of attitudes, beliefs and assumptions about CSR on Small Medium Enterprises and
- ↳ To find out if these factors can be used as policy measure to enhance their relationship with the public.

RESEARCH METHODOLOGY

The purpose of this paper is to investigate whether the attitudes, beliefs and assumptions about CSR can influence the Small Medium Enterprises (SME's). The data used for this study involves both primary and secondary data. The research instrument applied for this purpose is questionnaire which was designed in taking into consideration the problem of the study. The questionnaire contains choices in Likert's five point scale. The sampling units consist of Small Medium enterprises in Chennai city. For investigating whether attitudes, beliefs and assumptions of CSR practices in SMEs can influence the enterprise, literature review is done. For the purpose of identifying the attitudes, beliefs and assumptions for CSR practice, exploratory survey among 100 SME were conducted within Chennai city. The data are analysed with the help of Pearson Correlation and ANNOVA statistical tool.

Hypothesis

- H₀** : There is no significant relationship between factors of attitudes, beliefs and assumption
- H₁** : There is a positive relationship between factors of attitudes, beliefs and assumption

DATA ANALYSIS

Table: 1 Pearson Correlation between Factors of Attitudes, Beliefs and Assumption

Factor of stress	Qp1	Qp2	Qp3	Qp4	Qp5	Qp6	Qp7	Qp8	Qp9	Qp10	
Qp1	1	0.506**	0.458**	0.243*	0.327**	0.350**	0.450**	0.395**	0.388**	0.403**	
Sig		0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000	
Qp2		1	0.518**	0.322*	0.511**	0.403**	0.483**	0.464**	0.422**	0.329**	
Sig			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Qp3			1	0.446*	0.483**	0.372**	0.417**	0.435**	0.383**	0.431**	
Sig				0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Qp4				1	0.221**	0.217**	0.155*	0.312**	0.304**	0.222**	
Sig					0.002	0.002	0.028	0.000	0.000	0.002	
Qp5					1	0.452**	0.294**	0.281**	0.393**	0.290**	
Sig						0.000	0.000	0.000	0.000	0.000	
Qp6						1	0.392**	0.365**	0.519**	0.306**	
Sig							0.000	0.000	0.000	0.000	
Qp7							1	0.352**	0.346**	0.351**	
Sig								0.000	0.000	0.000	
Qp8								1	0.567**	0.372**	
Sig									0.000	0.000	
Qp9									1	0.475**	
Sig										0.000	
Qp10										1	
Sig											200

Source: Primary Data
 **Correlation is significant at the 0.01 level (2-tailed).
 *Correlation is significant at the 0.05 level (2-tailed).

INTERPRETATION

The above table clearly shows that there is statistically significant correlation between the entire variable as the (2 tailed) value is more than 0.005 when the correlation is close to 1. This means that there is a strong relationship between two variables. In this study

the correlations that exist between environmental responsibilities and ethical business practices is high at 0.506. Hence there is a strong relationship between environmental responsibilities and ethical business practices

Table: 2. ANOVA for significance difference between CSR values and factors of Attitudes, Beliefs and Assumptions.

Factors		Sum of Squares	Mean Square	F value	P value
Organisations should pay significant attention to their social, ethical and environmental responsibilities.	Between Groups	1.349	0.450	2.409	0.068
	Within Groups	36.569	0.187		
	Total	37.917			
Organisations should follow ethical business practices	Between Groups	0.589	0.196	0.667	0.573
	Within Groups	57.718	0.294		
	Total	58.307			
CSR activities can increase the overall net worth of an enterprise.	Between Groups	1.384	0.461	1.328	0.266
	Within Groups	68.097	0.347		
	Total	69.482			
The benefits of CSR towards business will probably be high over the years.	Between Groups	2.052	0.684	1.203	0.310
	Within Groups	111.503	0.569		
	Total	113.556			
Clients of an organisation are influenced by its social, ethical and environmental behaviour	Between Groups	0.771	0.257	0.670	0.572
	Within Groups	75.246	0.384		
	Total	76.017			
Social, ethical and environmental responsibility is more important than achieving economic goals. (e.g. Profit/Growth)	Between Groups	2.013	0.671	2.403	0.069
	Within Groups	54.730	0.279		
	Total	56.744			
Organisations should become involved in community causes also	Between Groups	1.216	0.405	1.156	0.328
	Within Groups	68.750	0.351		
	Total	69.966			
Attitude of the public towards an organisation is influenced by its CSR activities	Between Groups	7.728	2.576	4.540	0.004**
	Within Groups	111.197	0.567		
	Total	118.924			
Social responsibility will become increasingly important to every organisation over the next 5 years.	Between Groups	1.052	0.351	0.550	0.649
	Within Groups	124.868	0.637		
	Total	125.920			
Organisations adopting CSR activities can enhance the performance of employees.	Between Groups	2.024	0.675	2.629	0.051
	Within Groups	50.304	0.257		
	Total	52.328			

Source: Primary data

**Statistically Significance at $p < 0.01$

*Statistically Significance at $p < 0.05$

INTERPRETATION

The above table shows that the P value is greater than 0.05. The variable that appears to be significantly related to enterprises should pay significant attention to their social, ethical and environmental responsibilities. Social responsibility will become increasingly important to

every organisation over the next 5 years. There is no significant difference between CSR values and attitudes, belief and assumptions. Hence null hypothesis is accepted. The variable that does not appear to be significantly related to is the attitude of the public towards an enterprise which is influenced by its CSR activities. This shows that the P value is lesser than 0.05. Hence null hypothesis is rejected.

SUGGESTION

SMEs in the same industry are more likely to cooperate with one another on a CSR initiative. Unlike their larger competitor, who might tend to avoid this kind of cooperation, small businesses are more comfortable working together to solve a community problem. In one instance, a group of 77 shop owners in a section of Copenhagen worked with the Ministry of Education to design an apprenticeship program for young people. The program was designed to deal with a rise in youth crime

while having the added benefit of increasing the number of skilled retail workers. These kinds of joint initiatives give small businesses, the opportunity to have an impact which is comparable in size to that of large multinational enterprises. They are often community focused and help to improve the local business climate. Some of the other measures to improve CSR practices among the SME sector can be categorised as below.

ENVIRONMENT	LABOUR PRACTICES/HUMAN RESOURCES	SOCIAL	GOOD ADMINISTRATION
Designing an Environmental Plan	Occupational Health and Safety Management System	Best Project Award	Mission, vision and values definition which can include CSR policies.
Development of a guide on Environmental good practices	Work environment measurement	Social action project	Identification and dialogue with the stakeholders.
Green Purchasing	Development of a code of conduct	To know the company's impact on the society	Measuring customers satisfaction
Environmental Management System (EMS)	Social benefits		Measuring suppliers perceptions

CONCLUSIONS

As seen in the latest national and international studies, Small and Medium Enterprises (SMEs) have begun to show a strong sensitivity towards CSR (*Spence and Rutherford, 2003*). The very nature of SMEs, by and of itself, suggests a clear "socially-oriented" dimension. SME's are deeply rooted in the local communities and many entrepreneurs intuitively understand that behaving correctly towards their employees, suppliers, the community and the surrounding environment represents a strong competitive factor. In this sense, they need to sanctify and add extra value to the CSR choices and to all the social and environmental behaviours and strategies that would qualify the enterprise for a sustainable position in the society.

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