



**Corporate Social Responsibility in Small and Medium Scale Industries:**  
**Study of CSR practices in small and medium scale Industries in Pune**  
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Small and medium enterprises (SMEs) and micro-enterprises constitute over 95 percent of all enterprises and account for two thirds to one half of total non-farm employment and GDP worldwide. In fact Corporate Social Responsibility is primarily regarded as the province of large corporations who have deep pockets. Very little data is available on the work being done by SME's in this area primarily because not much work is being done by them, but the fact is that small businesses have a heightened requirement for good, multi-skilled employees, strong personal relationships and successful local engagement. The argument is that SMEs lack the power to influence governments, dictate standards or financial resources. This report looks into the various perceptions of CSR by SME's in Pune.

The report has brought forth some interesting observations like the general impression among SME's is that following mandatory Government laws makes them socially responsible. A lot of SME's are of the opinion that philanthropy and CSR are one and the same. It has been observed that SME's are at a stage where they are fighting to establish themselves and do not have the manpower or resources to address these issues. Moreover in developing countries like India, they face challenges posed by policy and business environment in which they operate which is changing rapidly as a result of market oriented reform and technological change.

One of the peculiarities about SMEs in India is that their functioning is centered around the role of the owner who in most cases heads the organisation and their CSR policies are centered around his knowledge and interests. It all boils down to the personal interest of the owner. None of the SME's sees any clear benefits by following or practicing CSR. Very few companies had social reports, code of conduct or stated ethical practices. But the study points that many of SME's are involved in some development activity or the other.

Many of the CEO's of these SME's were members of Rotary or Lions clubs and supported various developmental activities initiated by these clubs. Apart from following prescribed government norms, very few of them went overboard to follow ethical practices as they did not have the resources to follow or implement them. Moreover, they did not give much priority for CSR or ethical code of conduct as they were tied down by various constraints ranging from finance, counselling, information technology and marketing.

The study drives home the point that there is a need to popularize the concept of CSR among SMEs and the benefits it can bring for them. The author believes that the Government has a role to play in

popularizing CSR practices and calls for the need of developing something called CSR certification and creating incentives for businesses which follow CSR practices.