



# CORPORATE SOCIAL RESPONSIBILITY ON MICRO, SMALL AND MEDIUM ENTERPRISES – PERSPECTIVE VIEW

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## Abstract

*Corporate social responsibility is a notion that is influenced by the business and industrial sectors towards sustainable business and wellness society. India's corporate social responsibility law's require business to contribute in CSR initiatives, 2 percentage amounts from any one of the following criteria annual turnover, annual net worth and annual profit for the three fiscal years preceding the current one, If any CSR funds remain unspent, they should move to an account for unutilized CSR funds with 30days. If this is not done, the funds are considered unutilized at the conclusion of the fiscal year 30 days of the end of the financial year, the amount will be moved to the VII schedule of the provision of the CSR. The micro small and medium enterprises is the backbone of the national economic structure and serves as a fortification for the Indian economy. The corporate social responsibility is not mandatory for the small-scale sectors, even though they know about the concept of CSR and maintain the quality and environment responsibility. The study is limited to certain secondary data and is descriptive in nature. The study attempts to examine the MSME involvement in social responsibility without a separate CSR provision and also suggest to the government to create specific provision MSME for social responsibility in their business.*

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**Keywords:** Corporate social responsibility, micro, small and medium enterprises, philanthropic, ethical, stakeholder, discretionary, fortification, perspective.

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## Introduction

CSR is a notion that is influenced by the business and industrial sectors towards sustainable business and wellness in society they are focusing or going smoothly in relation to tis business offers individuals sreet services and advantages in addition to contributing a specifics percentage of profits to social

development initiatives. Basically, commerce is focusing on all industrial sectors it is the main drivers of our economics level. The corporate institution, small and medium enterprises and factors all are play a significant role in addition to fast trade, However, business other than medium-sized businesses and factories may not be covered by the CSR rules. In its corporate are



permitted to more financial contributions to the implementation of any social development activities.

Even through small, medium and large factories are not mandatory for CSR, they know about the concept of CSR and maintain the quality and environment safety of their business, which is also poor of social responsibility. The CSR provision is framed on the basis of annual turnover, annual net worth, and Annual profit. It is a very high value criteria for small and medium sized enterprises but as per the CSR provision on the VII schedule list out of the CSR programme. The fourth programme is environment sustainability, and protection of wasted sources, maintaining the air and water. This programme is beyond the CSR provision, Each and every one should be followed and maintaining the environment. In that respect, the small and medium enterprise in India, Small and medium sized business are a highly important and significant element of the economy.

The protection of natural resources is the first responsibility of every person in the world. In particular, industries and commercial sectors may atmosphere, so this programme is applicable to all industries sectors, including corporate since the environment and its sources are not classified similarly to corporate, which is corporate and medium scale industries. An according to the global evolution of industries, no firm ever started at the corporate business grew gradually depending on performance as well as on the condition and scenario. The definition of small-scale industries was established by the Indian government in 1950 and the corporate sectors legislation was passed in 1957. Since 1950 the term “social responsibility” has evolved and how goes by a team of corporate social responsibility.

The employee’s welfare is a part of welfare programme of CSR. The SME sectors also cover the employee welfare on underwent

of MSME 2022 Act. It also automatically covers the CSR programme under the stake holder model. All of the responsibility are the roofs obligation.

Although both the corporate sector and the MSME sector fall within the CSR provision as follow the employee’s welfare and industrial guidelines the corporate sector is required to follow the CSR if none of the criteria are met. In light of the fact that all commercial sectors now operate one roof, responsibility for all of them is a very valuable asset.

In 1920, the Associated chambers of commerce and industry of India (Association) was formed by the Calcutta Traders Association` In it all members are belonging to corporate for promoting and balance the trade activities. The first company act was implemented on 1956 based on the English companies Act 1943. The company on the basis of domicile in foreign company and Indian company` The company founded with the intention of serving the public through the products their business products, and profit maximization on the other side. But the small industrial unit was defined by the government on 1950. The small-scale industries provide opportunities to the public as self-employment and entrepreneurship. There by helping unemployment in rural areas and also upliftment of their standard of living. So, small and medium sized industries don’t fall under the corporate social responsibility don’t fall under the corporate social responsibility provision, but they do have related responsibilities, so the term “responsibility is used to refer to all industrial and commercial sectors both have greater responsibilities for whatever to be provided to the societies that is a separate provision for corporate institutions.

#### **Corporate Social Responsibility-Model**

The four phases of India’s CSR model are used to frame each scenario for the country’s business operations.

#### **I Phase- Trustee Ship (Ethical) 1930-1950**



Trusteeship is the Gandhian model of social responsibility; it is changing the capitalizer society. It argued that wealthy people should alter their behavior and step forward to use their wealth for the benefit of society, as well as that the state should step forward to govern the system. We came to the conclusion that the wealthy choose to work with the poor to make policy.

## **II Phase-Statist Model 1950-1970**

The Jawaharlal Nehrujiism CSR model, which is statist, holds that business accountability is determined by ownership by the state and by statutory obligations. The many public sector businesses that have entered the wave of privatization in the early 1990's still adhere to the state-sponsored corporate philosophy through mixed economy.

## **III Phase-Liberal Model (1970-1990)**

This model developed by the Milton fried man and theodore Levitt. According to fried man, there is enough room for business to follow the law and produce wealth that may be used for social good through taxation and individual charity decisions. Ultimately, this satisfies an organization's social responsibility to the community and the country. According to Theodore Levitt, universal agreement among people to take on some form of social responsibility would be the one thing that is certain to undermine the basic core of our free society and destroy it.

## **IV Phase-Stakeholder Model 1990 onwards.**

The model was encapsulated by Edward freeman on 1990s as a result of the understanding that, along with increasing economic profits, firms also had societal obligations. The triple business line method is how the model anticipates business doing. The company is also emphasizing transparency and responsibility through a number of measures.

The current stakeholder model aims to maximize value to stake holders without making

any compromises. Great business endures because they are able to coordinate the interests of their stakeholders.

## **Carroll's CSR Pyramid Model**

The Pyramid model of the archive Carroll's CSR. There are four levels of obligations that businesses have to society under this widely recognized and accepted paradigm of Corporate social responsibility it is consider of Economic, legal, Ethical and discretionary (philanthropic). This concept helps business change their business processes to be more profitable, inn compliance with the law, ethical, and charitable. It is the best economic outcome for the company, but it must be maintained by Philanthropic actions for the society. This will assist the company remain economically healthy and society will also benefit ethically, legally and philanthropically.

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India's corporate social responsibility laws require business toparticipation CSR initiatives. Two percentage point from any one of the followingcriteria, annual turnover, annual net worth, and annual profit for the three fiscal years preceding the current one. If any CSR funds remain unspent, they should be moved to an account for unutilized CSR funds with 30 days. If this is not done, the funds are considered unutilized at the conclusion of the fiscal years within 30 days of te end of the financial years, the amount will be Ved to the VII schedule.

Micro, small and medium -sized business are a crucial component of our country's economic growth. It is a conventional resource-based enterprise in our nation that utilizes all available resources.

MSME sector is the skeleton of the national economic structure and serves as a fortification for the Indian economy, providing suppleness toward off the global economic stunned and difficulty and also providing employment to about 120 million people in India.



GDP contributed approximately 6.66 of the manufacturing gap 24.63 of the GDP from service activities contribute finally MSME sector is a major part of the department of people living activities and fulfillment of etc.

Government of India was enacted MSME Act in 2006 to make it easier to promote and expand this business while also boosting their competitiveness. MSME are how classification in accordance with the scheme of AatmaNirbhar Bharat Abhiyan MSME categorized based on their investment and turnover. The micro business has an investment of 1 crore and a turnover of 5 crore; small business has an investment of 10 crore and a turnover of 50 crore and medium sized business have an investment of 50 crore and a turnover of 250 crore.

The corporate sector differs from small and medium sized enterprises in that it makes significant investment and generates high levels of revenue. However, the corporate sector only performs social responsibility activities if they fall under a specific category of CSR provisions, otherwise, they do not do so, in contrast, MSME do not fall under CSR provision, but they always social responsibility actions through their business operations towards various stakeholders in the society.

This study examines how MSME social obligations through their enterprises as a lead-shaped part of social responsibility and overall societal commitment.

## Review of Literature

This study taking into account the economic, social, and environmental aspects for both family and non-family entrepreneurs in MSME sector, corporate social responsibility targets economic performance concurrently. This provides additional motivational for participation in CSR actions, which in turn lead to an extent where the economic result is successful 1.

Micro, small, medium enterprises is unique business for uplifting of economic status of single entrepreneur with his families and the MSME beyond the legal provision of corporate social responsibility. Even through this study suggests that MSME be implemented some responsibility to their stakeholders as workers, customers and neighbors. If it done which is lead to make sustainable business development 2.

The MSME sector is regarded as the foundation of India's economic sources. In order to combat poverty, business play a crucial role in providing employment possibilities. This study's findings and recommendations will help rural entrepreneurs create jobs by implementing CSR through their business varied service endeavors 3.

The study looks at how small and medium sized businesses can be more socially responsible by developing and identifying better quality practices. Corporate social responsibility on the part of small businesses has been considerable success in the public due to the successful integration of total quality management and these two concepts of corporate performance 4.

The study contends that in order to persuade MSME to embrace sustainable environmental and social practices, both short- and long-term benefits of sustainability are needed 5.

The MSME participate in CSR activities, however their participation is minimal. The results of the research also demonstrate a very strong commitment to the fact that people responding to CSR efforts are not merely observers; rather, they are in charge of carrying them out. It could have both positive and negative effects, but employees' opinions should be encouraged to participate in CSR activities from a variety of angles 6.

## Statement of Problem



The MSME sector began in 1948 with the establishment of the small industries development organization, which promoted the expansion of traditional business on a micro, small and medium scale in rural and semi-urban areas while also creating jobs or the less fortunate in those areas. From 1954 onward, the small industries service institute provide advisory and technical consulting services to India's small-scale industries as well as variety of training facilities. In order to promote rural residents a variety of economic alternatives, the government drafted the MSME act in 2006. The corporate sector currently holds a crucial position for people's daily routines. Even it is not reaching the below poverty category of people but their routines need fulfillment of by the MSME and also service and protect the traditional goods. Everyone can live without corporations, but MSME is important for people as directly, so corporate social responsibility is can only take responsibility for but MSME mingling in the society each and every activity to the public.

The study makes an effort to clarify the contributions made by the MSME on social

responsibility from many viewpoints and also raises the following questions.

- ◆ How does MSME industry? Through its actions, contribute to social responsibility?
- ◆ Which perspective can be seen while analyzing social responsibility from a MSME point of view?
- ◆ What actions should the government take to bolster the MSME sector's corporate social responsibility?

**Objectives of the Study**

- ◆ To examine the numerous social responsibilities by the MSME sector.
- ◆ To analyze the different stance holder perspective on an accountability in the MSME sector.
- ◆ To provide suitable policy implication, suggestion and conclusion.

The study is limited to certain secondary data from the ministry for micro, small and medium enterprises of the government of India and corporate social responsibility. It is based on a description and analysis of micro, mall and medium enterprises on social responsibility, form the websites and publications.

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**Table 1**  
**Schemes for Ministry for Micro Small and Medium Enterprises in 2023.**

Serial Number	Schemes	Programme	
1.	MSME Business Loans in 59 minutes.	This programme provides & small business entrepreneur with loans ranging in size from 10 lakhs to 1 crore with very low interest rate and a 2-percentage rebate.	E-commerce Growth as Finance Support for Entrepreneurs.
2.	Growth Capital and Equity Assistance Schemes.	Capital sources to the entrepreneurs without collateral security.	Finance Assistance.
3.	Credit Guarantee Fund Scheme for Micro and Small Enterprises.	Credit facilities to an extent of 2 crores without collateral security.	Finance Facilities.
4.	Credit Linked Capital	<b>Luendry</b> programs with a 15%	Technology Upgraded.



	Subsidy Scheme for Technology.	subsidy for upgrade the plant and machinery.	
5.	Prime Minister's Employment Generation Programme (PMEGP)	This programme subsidizes loans for the less fortunate in rural areas.	Rural Development.
6.	Pradhan Mantri MUDRA Yojana.	Financial package schemes without collateral security.	Development of Micro Enterprises.
7.	National Small Industries Corporation	This schemes as integrated support services under marketing, technology finance etc.	Integrated Support to the Enterprises.

8.	Udyogini Schemes.	To assisting women entrepreneurs with finding for their economic growth.	Women Economic Development.
9.	Standup India Scheme	To financial assisting to weaker section for their economic development through the manufacturing sector.	Business Development.
10.	Smile Scheme	This programme offers transgender people numerous benefits including rehabilitation for their social and economic advancement.	Transgender Development Scheme.

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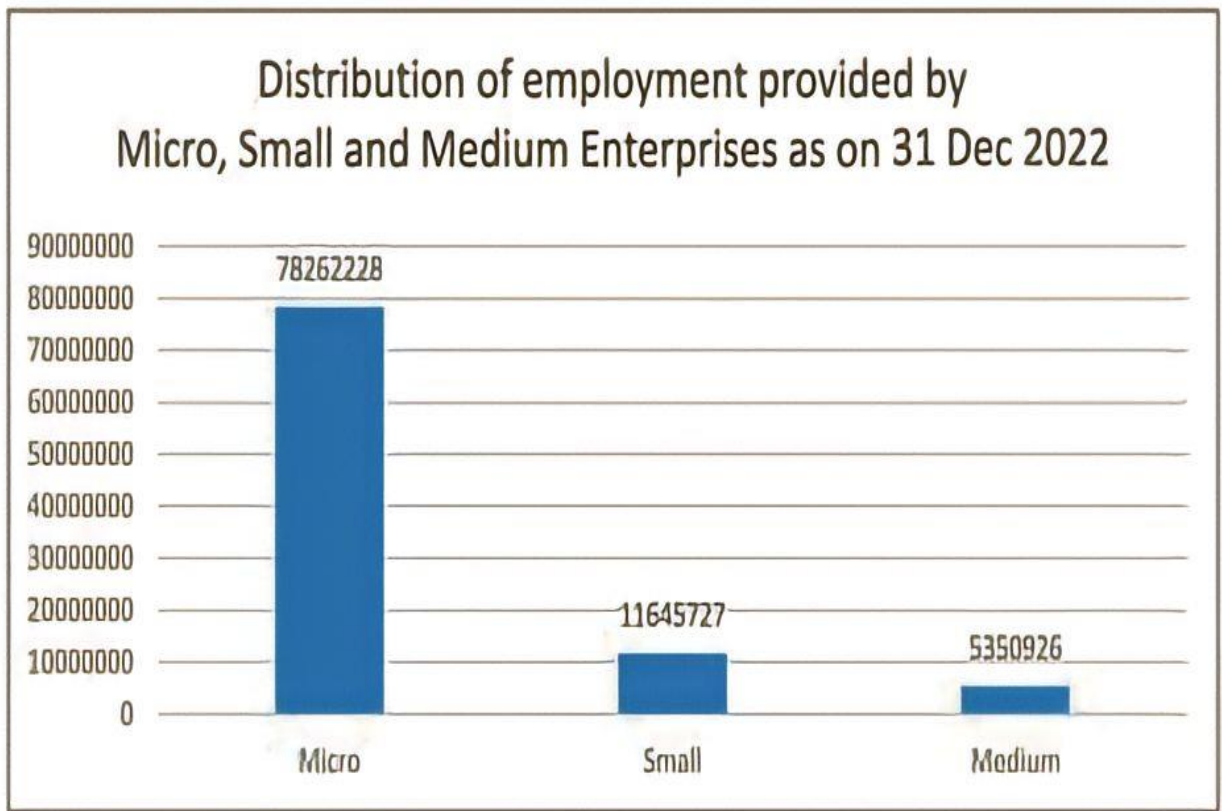
Source: Secondary data.

As shown above, the MSME sector offers a variety of programmes. It is for providing substantial interest financial support along with a subsidy programme or rural entrepreneur, weaker group. Women business owners, and transgender people in terms of their economic and social advancement. This is

due in large part to the MSME direct duty to various enterprises. Therefore, it is essential and solely the obligation of the MSME to engage in society responsible activities. These programmes all attest to the MSME's outstanding social responsibility.







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Figure 1

The table up top shows how many jobs will be available altogether across all of their different programmes from now until 2022. The employment opportunity offered is better and betterment achieved the social responsibility because it may fulfill of economic needs and social status over time as opposed to philanthropic activities, the micro, small and medium sized firms (MSME) are doing the finest job of social responsibility.

**Analysis of MSME Responsibility based on Carrol Theory**

The Carroll's CSR theory is one of the most well-known CSR authenticated CSR theories. It is a forward-looking pyramidal model of CSR implementation concerns, knowing economic, legal, ethical and philanthropic duties. It should first consider each issues economic impact on

the organization's ability to make a profit. Then, it should consider how the organization should operate legally. Finally, it should consider how it should conduct business ethically and morally. Only then will we be able to engage in a greater degree of philanthropic work for the Carroll model, we analyzed MSME responsibility to apply the social responsibility in this regard, MSME may use this paradigm for the MSME sector it could foster long-term social responsibility.

**Economic Responsibility**

Small and medium sized business provide low interest credit facilities with subsidies to entrepreneurs in accordance with the concept of economic responsibility. Beneficiaries of the economy should likewise repay their borrowed money. Economy social responsibility to the MSME sector is to deliver the best prepared



money in a manner that will allow the entrepreneur to grow their economic and social standing the company may have earnings that are used to meet various needs.

#### **Legal Responsibility**

The MSME entrepreneurs form their company in accordance with the provisional resolutions and conduct their operational according to their set schedules. This obligation results in legal obligation that the organization MSME fulfill in order to operate legally.

#### **Ethical Responsibility**

The ethical responsibility is the obligation to conduct oneself in a just, honest, and reasonable manner in all circumstances. This leads to the instruction of moral responsibility to all, which will improve an organization's reputation with the generate public in the future.

#### **Philanthropic Responsibility**

The organization's final obligation is to fulfill its philanthropic obligations after successfully completing its first three obligation. It is your obligation to give notice well in advance. It generated support from the general public. The carroll model of corporate social responsibility is the greatest and most successful model because it places a great deal of emphasis on both corporate social responsibility and the needs of micro, small and medium sized enterprises.

#### **Suggestions**

- Governments should ease up on tax (GST) and MSME registration requirements, as well as offer finance incentives to business owners, this would encourage more enterprise growth, which result in more jobs for the general population.
- To may be include the MSME sector in the CSR provision with certain modification, as opposed to potentially introducing additional social responsibility provisions to the MSME

sector, which might result in greater social responsibility outcomes.

- To raise awareness of social responsibility among basis entrepreneurs and encourage them to adopt some moral practices in their future enterprises.

#### **Conclusion**

Due to the fact that MSME sectors interact directly with direct stakeholders whereas corporate is above the MSME is a far more essential corporate. The government may give priority to implementing a distinct provision for MSME in order to advance the following steps because MSME is a direct sector of society. Additionally, make an effort to focus on both sectors from the same angles, as doing so will improve our nation's economic growth in the long run.

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Source:

Table 1. Ministry for Micro, Small and Medium Enterprises, Government of India 2023.

Table 2. Ministry for Micro, Small and Medium Enterprises, Government of India 2023.

