# DYNAMICS OF COPORATE SOCIAL PERFORMANCE: SELECT EXPLORATION IN INDIAN SMALL AND MEDIUM ENTERPRISES

**by**

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# ABSTRACT

The corporate social responsibility (CSR) movement has been gathering momentum for over a decade now. The growth of CSR brings with it many questions such as - how to define the concept, how to measure it, and how to make good on its promises. Hence, CSR is a subject of active interest, debate and discussions amongst the academia, government and corporate organisations. With an increasing concern on issues of environment, depleting natural resources and the overall impact and cost of economic development, both in developed as well as developing economies, corporate organisations realise the importance of using better and more efficient processes and technologies. Concurrent with progress, organisations and institutions are also being subjected to larger mechanisms of checks, balances and regulatory compliances. Studies indicate that from being an activity that was an adjunct to an organization's core functions, CSR today is becoming an imperative for business competitiveness.

For over four decades, there has been numerous studies and research undertaken to explore, measure, and manage expectations of all the stakeholders of business. The rapid maturing of the corporate responsibility and sustainable development field has also led to the emergence of numerous codes, standards and frameworks. There are two main purposes of corporate responsibility standards. One is to help drive and improve corporate performance through more responsible and accountable business practice. The other is to provide a clear and common understanding of what is meant by such concepts as 'sustainable development' and 'corporate responsibility (CR)' and the tools that drive them.

In order to understand the interplay of social responsibility and the performance of the organisation, it is important to value social responsibilities and accordingly recognise the dynamics of social performance. Four dominant theoretical concepts of social performance models have been reviewed in this work. It is observed that none of the models are 'stand-alone' answers for measuring social performance in an organisation. Further, these models have till date largely been tested for large-size organisations. In this context the role of CSR in creating value for Small and Medium Enterprises (SMEs) is indeed a subject of topical interest. Traditionally, SMEs have been operating in a closed environment. The changing dynamics of business environment, influenced significantly by increasing geographical market access, better logistics, communications and competitive forces have opened avenues and in some cases compelled SMEs to seek better efficiencies and sustainability in their areas and scope of operations.

With this premise, this study proposes to understand the dynamics of corporate social performance and the scope of correctly measuring corporate social responsibility through the examination of a couple of pre-identified SMEs. The larger aim is to try and understand the key factors and characteristics of SMEs and their functioning as regards their deployment of CSR practices. Further, as this is an exploratory study, the aim is also to test the attempted conceptual framework for measuring social performance. Thus far there has not been a study of significance measuring corporate performance in this manner. Although, the results cannot be predicted, this framework attempts in the least to introduce uniformity 'between' and 'across' organisations.

The study thus strives to determine the importance of CSR as a strategic tool for enhancing the overall commitment of SMEs to upgrade their operating and business efficiencies at one level and their larger social impact and contribution at a larger level.

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