



## Csr Impact on Employees: Literature (2000-2013)

### KEYWORDS

CSR, Employees

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### ABSTRACT

*The Companies Act 2013 has made India the first country in the world to have corporate social responsibility (CSR) as being mandatory for corporates. This signifies the dawning of a new era. Companies have enormous potential to affect change and therefore, they are expected not only to stress on their economic and business outcomes, but also pay attention to their effects on the community and environment. A growing number of studies have been done regarding the benefits of CSR. Traditionally almost all the studies were aimed at finding the impact of a firms CSR activities on its financial performance, almost all found a positive relation between the two. Finally the researchers shifted on analyzing and determining the various aspects of CSR activities on a corporates, non-financial sectors like employees, shareholders, suppliers and other stakeholders. The result indicated a mixed outcome. some studies showed a positive correlation while others show no relation at all. However, the research being spread in different parts of the world, has not come to the knowledge of the common man especially in India. Thus, there is a need to consolidate the work done and present in a more comprehensive manner. This paper aims at bridging this gap.*

### INTRODUCTION

The Corporate Social Responsibility (CSR) is about integrating economic, environmental and social objectives with a company's operations and growth. It is corporate self-regulation integrated into a company's main objects itself i. e. , a built-in, self-regulating mechanism whereby a business monitors and embraces responsibility for the its actions and encourages a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Corporate Social Responsibility is displayed by the contributions undertaken by companies to society through its core business activities, its social investment and philanthropy programmes and its engagement in public policy.

World Business Council for Sustainable Development says,

Corporate Social Responsibility is "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. "

### EMPLOYEES AND CSR

An employee is a person who contributes labor and expertise to an endeavor of an employer and is usually hired to perform specific duties which are packaged into a job. He works on a regular basis in exchange for a compensation. Employer and managerial control, policies and practices has important implications on his work related attitude and behavior.

From a theoretical perspective, stakeholder groups of employees can be studied in three roles. Firstly, as an independent variable, explaining the emergence of CSR (Aguilera et al., 2007), secondly, as a dependent variable, influenced by CSR (Maignan & Ferrell, 2001; Peterson, 2004), thirdly, as a mediating variable, of CSR influence on corporate performance (Barnett, 2007). In this paper, we are primarily interested in the second role played by employees as a stakeholder group. We consider employees as a group which perceives, evaluates and reacts to CSR.

According to Barnett (2007) CSR is a form of corporate investment characterized by a dual orientation towards the improvement of social welfare and of stakeholder relations. This focus on stakeholder relations explains why employees, as a stakeholder group, impact CSR policy. Firstly, employees can act as agents for social change when they push corporations to adopt socially responsible behavior (Aguilera et al., 2007). Secondly, to secure effective CSR programs and policies, and for maintaining a healthy environment within the organization, employees support is essential. Thirdly, employees as a stakeholder group perceive, evaluate, judge and react to CSR programs and actions (Rowley & Berman, 2000; Rupp et al., 2006; Wood & Jones, 1995). which influences their attitudes and behaviors, thus, affecting the overall organizational performance. In this paper, we are primarily interested in the second role played by employees as a stakeholder group. We consider employees as a group which perceives, evaluates and reacts to CSR.

### LITERATURE REVIEW

Greening & Turban (2000), established that employee perceptions of a firm's CSR defines their attractiveness towards the organizations. In a survey it was found that the most important factors affecting the reputation of an organization as a place to work at, are the manner the current employees are treated and the quality of its products and services. Further, Good relationships with employees also allows a company to gain supplementary benefits including improving their public image, increasing employee morale, and support from the community (Zappala and Cronin, 2002). Redington (2005) stated that employees are the most neglected though most significant stakeholder of the organization for conducting CSR activities. While emphasizing on this issue he said that having a good reputation socially implies that a company's behavior towards its people is consistent and is of a particular standard in which they are valued in as much as the external stakeholders. Rupp et. al (2006) stressed that CSR plays a role about promoting positive social relationships between organizations and communities. They emphasized that employees will turn to CSR to evaluate the extent to which

their organization values such relationships and so high levels of CSR can meet employees need for belongingness with the organization and the society. A survey by an organization in 2007, affirmed that employees who are satisfied with their organization's commitment to social and environmental responsibilities are likely to be more positive, more engaged and more productive than those working for less responsible employers. further, when employees are positive about their organizations, CSR commitment, their engagement rises to 86%. On the other hand, when

employees are negative about their employer's CSR activities, only 37% are highly engaged. Similarly, Murray (2008) on the basis of survey indicated that more than one-third of respondents pointed out that working for a caring and responsible employer was more important than the salary they earned and nearly half would leave an employer, that lacked good corporate social responsibility policies. The next section present a review of literature on the CSR-employee relations.

NAME OF THE PAPER	The effect of CSR on employee motivation: a cross national study	Impact of CSR on Financial performance and Competitiveness of Business: A study of Indian firms	CSR and Firm Reputation	CSR influence on employees
AUTHOR	Rebecca Chung Hee Kim	Rupal Tyagi	Marty stuebs, Li sun	Jean-pascal gond,, As-saad el-akremi, Jacques Igalens, Valérie swaen
YEAR	2013	2012	2011	2010
INDEPENDENT VARIABLE	CSR	CSR	CSR activities-measured by KLD ratings	CSR
DEPENDENT VARIABLE	employee motivation	Employees' Attitude, Behavior and Performance	Reputation and competitiveness-(rep-score) has been used	Financial performance and competitiveness of business
METHOD (DATA COLLECTION)	Survey-Questionnaire-	Survey- Questionnaire	Survey -Questionnaire	Survey
EMPIRICAL ANALYSIS (TECHNIQUE)	Use of CAQDAS(computer assisted qualitative data analysis software)-nivo-7	Factor Analysis, reliability analysis and One Way Analysis of Variance (anova)	Regression Analysis	Social Identity theory, Social Exchange theory
SAMPLE SIZE	In-depth semi structured, 53 interviewees: 25 from the UK and 28 from Korea consisting of CSR/HRM managers, high-ranking officials	215 Socially responsible Indian firms listed on Bombay stock exchange (BSE) as well as in S&P ESG500 index for the period 2005 to 2010.	Sample consists of 243 firms with complete (reputation, KLD and financial) data.	Survey of 1,122 corporate executives
KEY FINDINGS	CSR has positive impact on employee achievement, affiliation and power. CSR motivates employee for more affiliation needs in Korea whereas it motivates employees for more for achievement in UK	Corporate Social Performance (CSP) has a significant effect on financial performance. Level of CSR effect is controlled by the size variation of firms while Risk also Moderates the Impact level of CSR and explains variation of influence of CSP on Financial performance	Socially responsible companies possess improved reputation.	This paper shows that CSR can influence social exchange dynamics as well as social identification processes. CSR perceptions stimulate the adoption of workplace attitudes and behaviors that may ultimately foster corporate performance

NAME OF THE PAPER	Corporate social responsibility influences, employee commitment and organizational performance	Corporate Social Responsibility Influences Organizational Commitment	Perceived Corporate Social Responsibility and Job Satisfaction	The Contribution of CSR to Organizational Commitment
AUTHOR	Imran Ali, Kashif Ur Rehman, Syed Irshad Ali, Jamil Yousaf, Maria Zia	Duygu Turker	Sean Valentine and Gary FleischmanSource: Journal	Steven Brammer, Andrew Remington, Bruce
YEAR	2010	2009	2008	2008
INDEPENDENT VARIABLE	CSR	Corporate Social Responsibility CSR	CSR	Employee perception of CSR
DEPENDENT VARIABLE	Employee Commitment And Organisational performance	Organisational commitment(measured by The nine-item shortened version of the organisational Commitment Questionnaire (OCQ) (Mowday et al., 1979).	Job satisfaction	Organizational Commitment(measured on 3 item scale given by Balfour and welscher)
METHOD (DATA COLLECTION)	Survey questionnaire	Questionnaire survey	Survey questionnaire	Survey questionnaire
EMPIRICAL ANALYSIS (TECHNIQUE)	structural equation model (SEM) technique to test the hypotheses	Regression analysis	Mediated Regression Analyses, Anova, Factor Analysis	Regression Analysis

SAMPLE SIZE	primary data is collected from 371 professionals working in different sectors of Pakistan	survey was conducted on a sample of 269 business professionals working in Turkey	Using survey information collected from 313 business executives	Sample of 4172 employees were taken from financial services companies
KEY FINDINGS	The study found significantly positive relationship between CSR actions and employee organizational commitment, CSR and organizational performance	Perceived CSR is correlated and played a mediating role between ethics program and JS	corporate social responsibility fully or partially mediated the positive associations between four ethics program variables and individual job satisfaction	The result emphasized the importance of gender variation and suggest that CSR has a positive effect on organizational commitment
NAME OF THE PAPER	CSR and job performance	CSR and employee commitment	The role of CSR in strengthening Multiple stakeholder Relationships	Corporate citizenship and employee commitment
AUTHOR	Carmeli, Gilat & Waldman 2007	Aguilera, Rupp, Ganapathi & Williams 2006	Sankar sen, C.B bhattacharya, Korshun	Peterson 2004
YEAR	2007	2006	2006	2004
INDEPENDENT VARIABLE	CSR (Perceived social responsibility and Development)	Corporate Social Responsibility (CSR)	CSR	Corporate Citizenship (CC)
DEPENDENT VARIABLE	Job performance	Employee Commitment (EC)	Stakeholders relationship	Employee commitment (EC)
METHOD (DATA COLLECTION)	Survey of employees	Survey	Survey questionnaire	survey
EMPIRICAL ANALYSIS (TECHNIQUE)	Statistical equation modelling	Regression analysis	Anova	Hierarchical Multiple Regression
SAMPLE SIZE	N=161 matched surveys of supervisors/ employees from elect./ media companies in Israel	Actual employees from 5 business organizations in India (N=116)	Sample population consist of 3538 students	Business Professionals (N=278)
KEY FINDINGS	Positive influence of external social performance perceptions on identification, and JP	Strong support for the influence of CSR on social exchange and subsequently on JP and OC	Research demonstrates that given sufficient awareness even a single real world CSR initiative is capable of affecting both internal outcomes and behavioural intentions related to multiple stakeholders	CC perceptions are positively related to OC; stronger link among employees who believe in CSR. The effect of Ethical CC is stronger. There is a gender effect for Discretionary CC.

NAME OF THE PAPER	Corporate Social Orientation (CSO) and Organisational attractiveness.	Corporate Social Performance (CSP) and Employer attractiveness	Corporate Citizenship (CC) and Employee Commitment	Corporate Social Performance (CSP) and Job Pursuit Intention
AUTHOR	Smith, Wokutch, Harrington & Dennis	Backhaus, Stone & Heiner 2002	Maignan & Ferrell 2001	Greening & Turban 2000
YEAR	2004	2002	2001	2000
INDEPENDENT VARIABLE	Corporate Social Orientation (CSO)	Corporate Social Performance (CSP)	Corporate Citizenship (CC)	Corporate Social Performance (CSP)
DEPENDENT VARIABLE	Organizational Attractiveness (OA)	Employer Attractiveness (EA)	Employee Commitment (EC)	Job Pursuit Intention (JPI)
METHOD (DATA COLLECTION)	Survey conducted in class	Survey and Quasi-experimentation	Survey	Experiments
EMPIRICAL ANALYSIS (TECHNIQUE)	ANOVA, MANOVA	T tests, ANOVA	Structural Equation Modelling	Regressions (hierarchical)
SAMPLE SIZE	Graduate and undergraduate college students (N=343)	Undergraduate students (N=297 survey; N=110, second study)	French managers (N=120)	Students with a majority of senior students (82%) (N=287)
KEY FINDINGS	A Corporates Social Orientation have more organizational attractiveness for the students as prospective employees.	Environment, community relations and diversity have a largest influence on EA than others CSP facets. Minorities and women are more sensitive to the dimensions of CSP affecting them. Influence of prior CSP knowledge	Positive influence of CC on EC Only the discretionary component of CC is strongly correlated to EC	Prospective job applicants are more likely to pursue jobs from socially responsible firms than from firms with poor social performance reputation

NAME OF THE PAPER	Corporate Social Performance (CSP) and Organizational Attractiveness			CSR in forming Corporate Image
AUTHOR	Albinger & Freeman 2000	Maignan, Ferrell, Hult 1999	Riordan, Gatewood, Bill 1997	Regina virvilaite, Ugne daubaraite
YEAR	2000	1999	1997	2011
INDEPENDENT VARIABLE	Corporate Social Performance (CSP)	Corporate Citizenship (CC)	Corporate Image (as proxy of social performance)	CSR
DEPENDENT VARIABLE	Organizational Attractiveness (OA)	Employee Commitment (EC)	Job satisfaction (JS) and Intentions to Turnover (IT)	corporate Image-measured in terms of Brand Image, Product Image, Brand Consumer Image
METHOD (DATA COLLECTION)	Survey	Survey	survey	Virtual Questionnaire
EMPIRICAL ANALYSIS (TECHNIQUE)	Manova	Structural Equation Modeling	Structural Equation Modeling	Regression Analysis
SAMPLE SIZE	79 highly qualified students, 91 less qualified students and 30 actual job seeker	Actual marketing executives (N=210) and senior level marketing students (N=154)	N=174 employees from a small electric utility company	Quantitative Research was carried out in Lithuania using virtual questionnaire, 181 correctly filled out
KEY FINDINGS	CSP is positively related to employer attractiveness only for job seekers with high levels of job choice.	Positive influence of CC on EC by marketing executives	Corporate image as perceived by employees influence positively job satisfaction and negatively turnover intention	The empirical research reveals that CSR is one but not the most important element forming CI, if a company seeks attractive CI, it should communicate that it meets laws and other legal regulations as well as fulfills economic expectations. CSR is not seen as a very important element in forming CI(Corporate Image). the most important elements of corporate individuality are: quality of service, quality of product and reliability of the company

**CONCLUSION**

In sum, taking into account India’s relatively imperfect market system and long-standing cultural traditions, the effect of CSR implementation from employees’ perspective on the subsequent individual performance in India needs to be studied and analysed on the background of the research conducted in the past. Though, In view of the distinctive background, the impact may be quite different from those described in the U. S. or other Western countries., this study comprehensively brings together much of the work done till now. thus, provides a framework for better understanding, gives all the variables and dimensions influencing of the impact of employees’ perceived CSR on their attitudes and behaviors in the Indian context.

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