

A Study of Corporate Social Responsibility at Organisational Level: A Balancing Approach

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ABSTRACT

Corporate Social Responsibility has certainly brought about many improvements to the business world, especially in various practices related to the environment and also issues pertaining to discrimination and abuse in the work place. *CSR has a two dimensional approach. One focus on the established stake holder and the second towards the employees (the internal customer). In today's global competition companies must work harder, than even to attract, retain and motivate highly talented employees. The CSR approach has multifaceted benefit for company, it helps to win the trust of its employees who ultimately are the torch bearers of the CSR program towards the society. The overall growth and development of Industrial organization does not only depend on large scale production or greater employment of capital assets but also mainly on one of the major factor of production i.e. its human resource. Human resource significantly affect the performance of every Industrial Organization keeping in view this important investments, business organizations are now strategically paying greater attention to the satisfaction of different needs of its human capital so that they can motivate them and prevail satisfaction among them. One of the major steps towards it is CSR (Corporate Social Responsibility)*

This paper throws lights on the major challenges the companies face during the implementation of the CSR Program internally among its employees. We have suggested a five step- model to mitigate the challenges. The five steps are:

- (i) Accommodation of employees*
- (ii) Employee Orientation*
- (iii) Communication*
- (iv) Employee Motivation*
- (v) Employee Participation in creating CSR Values*

This model is going to enhance employee's feeling of oneness with the company and facilitate the CSR program at organizational level. Proper Execution of CSR helps in strong association between individual and his organization.

KEY WORDS: Corporate Social Responsibility, Stakeholders, Employees, Accommodation, Orientation, Communication, Motivation & Participation

INTRODUCTION

For profit companies are increasingly focused on managing how internal and external stakeholders perceive and react to business practices pertaining to Corporate Social Responsibility (CSR)—a company's discretionary actions, policies, and programs that appear to advance societal well-being in ways that extend beyond its immediate financial interests and the requirements of the law. CSR initiatives are usually designed to take into account stakeholder expectations about the triple bottom line of economic, social, and environmental performance .

Corporate social responsibility (CSR) is a primary avenue for businesses to respond to the social needs of people in the environment in which they operate. The overall growth and development of Industrial organization does not only depend on large scale production or greater employment of capital assets but also mainly on one of the major factor of production i.e. its human resource. Human resource significantly affect the performance of every Industrial Organization, keeping in view this important investments, business organizations are now strategically paying greater attention to the satisfaction of different needs of its human capital so that they can motivate them and prevail satisfaction among them. One of the major steps towards it is CSR (Corporate Social Responsibility). Corporate Social Responsibility, has a two dimensional approach. One focuses on the established stake holder and the second towards the employees (the internal customer). In today's global competition companies must work harder, than ever to attract, retain and motivate highly talented employees. The CSR approach has multifaceted benefit for company, it helps to win the trust of its employees who ultimately are the torch bearers of the CSR program towards the society. This thirst give rise to new strategy called **Internal Corporate Social Responsibility at Organizational level (ICSR)**.

After reviewing research on the subject, Aguinis and Glavas (2012) concluded that yet very little is known about the processes through which such investments can lead to improved performance at the organizational level of analysis. Quite clearly, outlays on different areas

of social responsibility (*e.g.*, internal, environmental or philanthropic initiatives) can produce distinct outcomes in terms of costs and returns (Van der Laan, Ees, & Witteloostuijn, 2008). Therefore, in the present study we single out internal CSR investments (I-CSR), a dimension of social responsibility that focuses on employees (Carroll, 2008; Turker, 2009). Would investments in I-CSR lead to increments in company performance in the short and long run?

Literature Review

Because of the socioeconomic transformations that many firms have undergone in recent years, corporate social responsibility (CSR) has attracted increasing interest in the business and academic spheres. Several broad-ranging conceptualizations of CSR have been put forward, aimed at defining the set of elements that characterize a socially responsible company - expressions such as contribution to society and commitment to sustainable development are invariably included among these elements. For instance, the World Bank's view is that corporate social responsibility refers to companies' commitment to contributing to sustainable economic development in their relations with their employees, with the communities in places where they operate, and with society as a whole, so that their actions have a positive effect on business and on development .

The accumulated literature on the subject suggests that the relationship between companies and society is complex, and involves communities, employees, governments and even other companies, and therefore objectively defining the concept becomes troublesome. Although recognizing that the notion of CSR is still evolving, we have adopted in this study .concise and encompassing definition, which views CSR as a set of “context-specific initiatives and policies, which take into account the expectations of stakeholders and the triple bottom line of economic, social and environmental performance”

Managerial attitudes towards CSR and level of company engagement in CSR activities vary by country. we have observed that managers in countries with high institutional collectivism and with low power distance traits, that is cultural values that focus on addressing long-term concerns and lessening inequity respectively, are more likely to show behaviors positively associated with CSR. Since Brazil is a country where institutional collectivism is average to low, and power distance is high , it should come as no surprise that CSR issues in the Brazilian business environment are still not as widespread as compared to other countries. Nevertheless, pressures from interest groups and attention to such issues by the business

media have increased concerns regarding corporate social performance in the country . Therefore, since the early 2000s, some Brazilian companies began to voluntarily demonstrate their social performance through the adoption of social balance sheets or social reports, thereby disclosing economic and social information related to their initiatives in this area .

Internal CSR

CSR has certainly brought about many improvements to the business world, especially in various practices related to the environment and also issues pertaining to discrimination and abuse in the work place. Basically the reason for CSR in gaining much importance is due to the fact that it is related to the well-being of all stakeholders in the organization since it has gained a foothold within the company itself, specifically in the area of human resources. Internal CSR involves social responsibility practices for employees especially in the area of their safety, health and well-being, training and participation in the business, equality of opportunities and work-family relationship. In terms of work documentation, prioritizes the creation of jobs, as well as wages and other compensation paid for work performed as an organization's most important economic and social impacts. In the real-life, the focus with regard to CSR had always been closely linked to external CSR. This is proved by a review of past literature reviews which revealed that most researches have focused on external CSR aspects (e.g. community involvement and environment protection) resulting in less attention being focused on internal.

Therefore, it is not surprising that the concept of internal CSR is rather vague among researchers.

It was found that European SMEs' good practice underscores on nine components related to internal CSR namely; working conditions (e.g. health and safety at work) and job satisfaction, work/life balance, equal opportunities and diversity in work, training and staff development (e.g. career planning), communication/information of employees and participation in company decisions and responsible as well as fair remuneration or financial support for employees.

Performance indicators of internal CSR practices

Employment

- providing fair reward system and flexible working arrangements

Employee - Management Relations

- performance assessment

- symmetrical communication and actively seeking feedback from employees
- communicating change and involving employees in change

Employee Training and Development

- creating awareness of issues influencing employees' lives
- supporting employees' training and development in areas not directly beneficial to the company financially

Health & Wellbeing

- creating healthy and attractive working environment by taking preventive measures

Workplace Inclusion

- treating employees with respect and supporting them regardless of gender or ethnic background

Challenges in Implementing ICSR:

✓ *Communication Gap:-*

A communication Gap is often witnessed between Management and Employee. Moreover, employees are not sure about what is to be delivered by them as torch bearers of external CSR. Management works with extreme employees i.e. present at both the ends of the continuum (the organization) and sometimes due to this unplanned exclusion of employees in middle, the gap widens. Top Management of Company does not ensure that employees problems will be properly listened and solved timely. Normally companies does not have proper formal mechanism to resolve workers issues, so it is a challenge in front of company to have such formal mechanism that can reduce this gap

✓ *Non-awareness of employee's needs:-*

It is also one of the challenges that company have and it require proper action. Diverse force at workplace have diverse needs and company is not much bothered to know about genuine dissatisfied needs of employees, the fulfillment of which can satisfy the employees and make them more productive.

The internal marketing literature show that not surprisingly, the success of a specific job product stems largely from the extent to which it fulfills key employee needs. Study shows that as with the basic facet of job-product such a pay, benefits, advancement opportunities and job role, a company's CSR programs can also satisfy one or more important higher-order psycho-social needs that employees look to

satisfy in their work life. In fact, it could be argued that the power of CSR as an internal marketing lever rests largely on its ability to satisfy meaningfully these employee needs.

✓ *Self-enhancement:*

Some employees like to work for socially responsible companies because it provides opportunities both for personal growth and to learn new skill that are applicable to their work. Thus, when outlets are made available to employees, through CSR programs, to express their own sense of responsibility to their immediate or even larger community, the result can be highly rewarding emotionally. So involvement of employees in External CSR programs is very much requires to make employee emotionally satisfied.

✓ *Work-Life Integration:*

While most companies do not target their job-products to the needs of their employees as expressed in the workplace, the employees on the other hand view their work life, and the needs therein, quite broadly and holistically, encompassing key dimensions of their non-work or personal lives. In other words, people's work and personal lives are extricable intertwined, and employees often look to integrate these two spheres so that they may transition more smoothly between them as a fulfilling integrated whole. Interestingly, this approach of ICSR can help employees feel less stressed and more harmonious by balancing the often competing needs of their work and personal lives and making this possible is a challenge in front of company.

✓ *To provide equal opportunity to Employees:-*

One another challenge in front of company is to provide equal opportunity to all employee for their development and growth. But such is not the case always and this result in dissatisfaction. This situation may be either due to biasness or proximity with few employees but still this problem is a big hindrance in the path of implementing Internal CSR.

Based on the challenges identified above, we suggest a **Five-Steps Model** which the managers can use in order to maximize their return on investment in ICSR --

❖ **STEP – ONE**

Accommodation of Employees

This holds that employer should give the feel of *work home*. The organization shall be the second home to employees where they have to work and act with dignity. Job security is an approach towards accommodating employees and the latent benefit it includes is *creating market goodwill and innovation* on the part of employees. Innovation happens when an individual has cognitive thinking or else he is at peace with his immediate environment (both family and work). Employees expect from the organization is an accommodating view point i.e. giving a chance for improvement to employees wherever mistakes occur. This certainly generates a feeling of oneness among the employees with the organization.

❖ **STEP – TWO**

Employee Orientation

Employee orientation programmes shall include extensive information about organizations policies and vision. This step uses a type of ‘proactive’ approach an employee at the onset of his appointment knows about company’s vision and also prepares him for the expected behavior towards the realization of goals.

❖ **STEP – THREE**

Communication

The most straight forward step of this model is communication. It is the most specific and important aspect where companies need to inform employees, both potential and current about their ICSR programmes in a concrete, clear coherent and consistent manner. Such communication needs to include both the rationale behind the CSR involvement if any and about specific programmes, the amount of company resources devoted, challenges face and most importantly their success

❖ **STEP – FOUR**

Employee Motivation

Motivation has two edges for the employee: It tells him, *Why shall he do a particular job??* & for the employer, *What do I have to offer to make him work??* The same approach of motivation shall be incorporated in the ICSR programme which makes

the employees contribution to the fulfillment of CSR vision more meaningful & purposeful.

❖ **STEP – FIVE**

Employee Participation in creating CSR Values

One of the most important steps to emerge from our model is the need for companies to put their employees at the center of their CSR efforts (Internal and external), empowering them as co-creators of effective CSR strategies. In other words, companies need to involve their employees in the planning, design and implementation of CSR programs, making them active participants rather than passive onlookers in the creation of the CSR component of the job-product.

Since employees know their needs better than anyone, employees that co-produce CSR programs with their employer can be expected to develop programs that provide maximum value to the employee in the form of meaning and purpose. Involving and listening to employees can greatly assist companies in fulfilling needs that might otherwise be difficult to identify.

CONCLUSION

CSR at organizational level is a top-down rather than a co-created endeavor in most companies because the former is easier. Such an approach may provide efficiencies in terms of visibility and scope but it will end up with disaffecting employees. Specifically ICSR is most effective when employees play the role of the actual enactor of CSR programs with the company acting as enabler. ICSR is a complex strategic endeavor that demands considerable attention and commitment by the company in order for it to pay back. However, if done right, it can yield rich dividends as a potent internal marketing instrument.

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