

AN ANALYSIS OF EMPLOYEE PERCEPTION TOWARDS CSR AND PERCEIVED ORGANIZATIONAL PERFORMANCE - A STUDY OF INDIAN CORPORATE SECTOR

Dr. Kritika* *Dr. Vishal Anand*

**Associate Professor, Commerce Department, Dr. B. R. Ambedkar Govt. College,
Jagdishpura Kaithal, Haryana*

***Assistant Professor, Department of Commerce, RKSD College, Kaithal, Haryana*

ABSTRACT

CSR is gathering significant attention in the academic community, as it has a considerable impact on company progress and accomplishments. CSR is basically giving back to the society by the corporates. There is an approach called TBL (Tripple Bottom Line) in corporate social responsibility which supports this study. TBL, which connects CSR to profit, people, and the environment, is fundamental for the success of any organization. Present study made an attempt to analyze employees perception towards CSR and perceived Organizational performance. An investigation has been made to highlight the corporate social responsibility initiatives that had been executed and its influence on perceived organizational performance. Data was collected from the 343 respondents out of twenty selected companies from five diverse sectors through a structured questionnaire in five point Likert scale. As per the findings it can be interpreted that, employees have positive and favorable perception towards CSR initiatives conducted by their company and CSR initiatives predict the perceived organizational performance in significant manner. Descriptive analysis, Karl Pearson correlation, and linear regression were applied to draw inferences from the underlying hypothesis.

Keywords- *CSR, Perception, Organizational performance, Indian corporate sector, CSR initiatives*

INTRODUCTION

The Chairman of Infosys, Mr. Narayana R Murthy, defined CSR as “Corporate Responsibility is really about ensuring that the company can grow on a sustainable basis, while ensuring fairness to all stakeholders”.

CSR was first investigated in the 1930s, in a Harvard Journal's Paper that proposed for the company's societal obligations (Dodd 1932). In today's scenario where everyone is environmentally and socially concerned, corporate social responsibility (CSR) is a prominent topic on the global business agenda. It gives back to society through charitable giving and discretionary business practices (Porter and Kramer, 2006; Kotler and Lee, 2005). It is a primary concern for all corporate to incorporate sustainability in their strategic policies so that they can achieve their objectives. Environmental preservation and sustainability are gaining societal and business attention (Eweje, 2011; Dahlsrud, 2008; Bansal, 2005). The CSR approach of triple bottom line (TBL) is fundamental and desperately needed for the generations to come. It motivates commercial enterprises to incorporate environmental and social consciousness into their operations in order to achieve economic and financial performance (Orlitzky, 2011).

Indian Companies Act 2013 has been modified to make Corporate Social Responsibility (CSR) as a mandate. As a result, India was the first country in the world to legitimize CSR. The Government of India is the first in the world to mandate Corporate Social Responsibility (CSR) in Companies Act 2013. As per this amendment, All big companies (having either net worth more than 500 crores, or sales revenue more than 1000 crores, or net profit more than 5 crore in a given year) have to contribute 2% of their average annual profits towards well being of the stakeholders. Companies are also required to create proper CSR policy, constitute CSR committee, and should have CSR projects in yearly report. Managers must use tools and approaches to make their organizations more socially responsible, ecologically sustainable, and competitive (Baron, 2001). They should concentrate on the development, execution, surveillance, and refinement of company sustainable development plans (Marcus & Fremeth 2009; Turban & Greening 1997; Aguinis and Glavas, 2012). As a result, this research provides a deeper understanding of this vital aspect of corporate social responsibility (CSR) and organizational performance.

Furthermore, managers should implement CSR in their operations for economic, social and environmental sustainability in order to improve their organizational performance and corporate image (Hannon and Callaghan, 2011; Siegel, 2009; McGee, 1998).

REVIEW OF EXISTING LITERATURE

There is a massive body of literature on CSR that defines and conceptualizes the term. (Bowen 1953, Friedman 1970, Carroll, 1979, 1991, Freeman 1984, Wood 1990 and so on). Present paper have used the conceptualization used by World Business Council on Sustainable Development (WBCSD), which defines CSR as “the continuing commitment by business to behaving ethically and contributing to economic development while improving the quality of life of the workforce and their families, as well as the community and society at large” (Holmes and Watts, 2010). According to World Bank experts, the role of India is increasing in addressing environmental concerns and improving environmental quality (Chopra, 2016).

The advantages of CSR can be internal as well as external to the firm. Internal benefits promote organizational culture, while external elements influence how the wider community views the enterprise (Branco and Rodrigues, 2006).

Dartey and Amoako (2021), in their study entitled "Global CSR, drivers and consequences: a systematic review", made an attempt to systematically examine the determinants and repercussions of corporate social responsibility (CSR). A systemic literary evaluation was employed in this study. A considerable number of studies have included which are not sensitive to sectoral impacts. More crucially, CSR emphasizes activities that show social responsibility, in comparison with ethical assertions of social responsibility, connected with inferior business performance and results, more closely links to overall economic performances and company value.

Hohnen (2007) presented an expanded description of CSR as "an organization's responsibility for the effects of its actions and operations on human society and the natural environment by means of accountable and moral conduct that is in accordance with sustainable development and the betterment of society while fulfilling the expectation of the various stakeholders and complies with global standards of conduct; and is integrated throughout."

Mishra, S. (2019) in her research paper entitled "Evolution of corporate social responsibility: two sets of explanation" investigated the history of CSR from two different perspectives. It's one thing to talk about an established country like the United States and another thing to talk about a developing country like India. India's required CSR regulations are also included in the debate. CSR's chronological history was examined in her conceptual study on historical evolution of CSR in the United States and India.

Shin et al., (2016) in their research paper entitled "Employee Perception of corporate social responsibility and job performance- A sequential mediation Model" invented a scale to measure employee perceptions of corporate social responsibility, and then developed a model to find out the relationship between perceived CSR and job performance using two mediating variables of Organizational identity and Job satisfaction.

Archie B. Carroll et.al (2010) in their research work entitled "The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice" discussed the notion of Corporate Social Responsibility (CSR) and emphasized the basic economic and other incentives for companies for adopting CSR practices and policies. Companies who engage in CSR policies, initiatives, or practices see a variety of immediate and long-term impacts.

Besides this, there are various studies who considers the impact of CSR on Organizational performance (Bhuiyan et. al. 2020; Yang, C. S. 2018; Asante Boadi et al. 2020; Carlini & Grace 2021; Yahya & Ha 2013; Barakat et al. 2016, Brammer et al. 2007, Orlitzky et al. 2011; O'Connor & Gronewold 2013; Halme et al. 2020; Henriques, A. 2013; Sardana et al. 2020; Kramer et al. 2006; Werther & Chandler 2005; Jamali & Mirshak 2006).

OBJECTIVES

- (a) To evaluate the association between employees perception regarding CSR initiatives and perceived corporate performance in the selected companies understudy.
- (b) Determine the influence of Different CSR Activities on the perceived performance of the Organization.

HYPOTHESIS

H01: There is no significant association among employee perception regarding Corporate Social Responsibility initiatives and perceived corporate performance in selected companies understudy.

H02: There is no significant influence of various CSR activities on the perceived performance of the Organization.

RESEARCH METHODOLOGY

A comprehensive investigation was carried out to assess worker opinions of CSR activities and perceived organizational performance. The data was collected from employees through a structured questionnaire on five point likert scale. The employees are from twenty noteworthy companies in five varied sectors: automobile, banking, petroleum and natural gas,

FMCG, and information technology. The hypothesis was tested using descriptive statistics, one-way ANOVA, Karl Pearson correlation, and linear regression.

DATA ANALYSIS AND RESEARCH FINDINGS

Table-1 Karl Pearson coefficient of Correlation among perception regarding CSR Initiatives and Organizational Performance

Pearson Correlation		CSR Initiatives		Organizational Performance
Overall CSR Initiatives	Pearson Correlation	1	0.744 **	
	Sig. (2-tailed)		0.000	
Organizational Performance	Pearson Correlation	0.744 **	1	
	Sig. (2-tailed)	0.000		

(Source –Author's Compilation from collected Data, significant because $p < 0.05$)

The above table presents the Karl pearson coefficient of correlation which presents the association between the above two determinants. It has been found that there is strong and significant association between employees' perception regarding CSR activities and perceived organizational performance. R comes out to be 0.744 with $p=0.000$ from 343 observations of employee responses, indicating a high degree of positive and significant association. So, the null hypothesis H_{01} : There is no significant association among employee perception regarding Corporate Social Responsibility initiatives and perceived corporate performance in selected companies under study is rejected, and the alternate hypothesis was accepted.

To estimate the value of Perceived Organizational performance with the help of CSR initiatives

Table -2.1 Regression modeling to determine the influence and Impact of overall CSR initiatives on Perceived Organizational Performance

Regression	R	R^2	Adjst R^2	Change Statistics				
				R^2 Change	F Change	df1	df2	Significant F Change
1	0.744	0.554	0.553	0.554	423.247	1	341	0.001

(Source –Author's Compilation from Primary Data)

Table- 2.2 ANOVA statistics for Regression

		Sum of Square	df	Mean Sq.	F	Significance
1	Regress	25.038	1	25.038	423.247	0.001
	Residual	20.173	341	0.059		
	Total	45.211	342			

DV: perceived organizational performance

(Source –Author's Compilation from collected Data)

Table-2.3 Beta Coefficients with t value and p value

		Coefficients Un-standized		T	Sig
		B	S E		
1	Constant	1.759	0.121	14.552	0.001
	Overall CSR Initiatives	0.595	0.029	20.573	0.001

(Source –Author's Compilation from Collected Data)

Tables 2.1, 2.2, and 2.3 presents the regression model, Anova and Beta values which anticipates the values of the dependent variables using independent variables. In the table 2.1 it has been presented that $R^2=0.554$ which shows significant and positive relationship between constructs. It interpreted that perception regarding overall CSR initiatives provided 55.4% variation in perceived organizational performance. Individual contributions of Independent constructs towards dependent variable (Perceived organizational performance) were measured using Beta and can be elaborated using p or t values. Collective CSR actions with beta values (Beta=0.595, t=20.573, and p=0.01) contribute significantly to dependent variables as $p < 0.05$. Equation of regression model was expressed as follows:

$$\text{Perceived Organizational Performance} = 1.759 + 0.595 \text{ (Consolidated CSR Initiatives)}$$

To find out the significance of regression model, ANOVA statistics was calculated and it summarizes that, with $F(1,341) = 423.247$, $p=0.000$, model is significant and consolidated CSR initiatives predicted perceived organizational performance.

CONCLUSION

CSR is a critically important ideology in today's corporate world. Every organization wants to achieve long-term survival, economic success, and good corporate image. All this can be achieved by developing an integrated and comprehensive business strategy which includes CSR at its center. Organizations not only focus on increasing their profits but also should prioritize their activities towards people, planet and profit. This holistic approach of CSR has been crucial for company's existence and development. An organization can become effective when they device strategies for social and environmental concern. CSR should not be considered as legislation to comply only by force rather it should be the philosophy of the organization. CSR initiatives, on the other hand, should be a discretionary strategy that should be continuously documented and examined in order to lessen firms' negative influence on the ecosystem. Organizational CSR approaches are divided into three categories: Organizational generosity (Bansal 2005; Porter and Kramer, 2006), incorporating stakeholder views (Carlini & Grace 2021; Asante Boadi et.al. 2020; Barakat et. al 2016; O'Riordan and Fairbrass, 2008), and environmental sustainability as company strategy (Beckeman 1994; Eweje 2011; European Commission, 2011) which contributes towards the positive organizational performance. Finally, it is reasonable to infer that CSR is a strategically relevant ideology in today's industrial culture.

REFERENCES

1. Aguinis H, Glavas A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management* 38(4): 932–968.
2. Archie B. Carroll and Kareem M. Shabana, (2010). The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews*: 85-105.
3. Arora, B., Puranik, R., (2004). A review of corporate social responsibility in India. *Development* 47, 93e100.
4. Asante Boadi, E., He, Z., Bosompem, J., Opata, C. N., & Boadi, E. K. (2020). Employees' perception of corporate social responsibility (CSR) and its effects on internal outcomes. *The Service Industries Journal*, 40(9-10), 611-632.
5. Bansal P. (2005). Evolving sustainably: A longitudinal study of corporate sustainable development. *Strategic Management Journal* 26(3): 197–218.
6. Barakat, S. R., Isabella, G., Boaventura, J. M. G., & Mazzon, J. A. (2016). The influence of corporate social responsibility on employee satisfaction. *Management decision*.
7. Baron, D. P. (2001). Private politics, corporate social responsibility and integrated strategy. *Journal of Economics and Management Strategy*, 10, 7-45.
8. Beckerman, W. (1994). Sustainable development—Is it a useful concept? *Environmental Values*, 3, 191-209.
9. Bhuiyan, F., Baird, K., & Munir, R. (2020). The association between organisational culture, CSR practices and organisational performance in an emerging economy. *Meditari Accountancy Research*.
10. Biswas, A., Roy, M., (2015). Green products: an exploratory study on the consumer behaviour in emerging economies of the East. *J. Clean. Prod.* 87, 463e468.
11. Bowen, H. R. (1953). Social responsibilities of the businessman. University of Iowa Press. Carroll, A. B. (1996). *Business and Society: Ethics and Stakeholder Management*. Cincinnati: Southwestern Publishing.
12. Brammer, S., Millington, A., & Rayton, B. (2007). The contribution of corporate social responsibility to organizational commitment. *The International Journal of Human Resource Management*, 18(10), 1701-1719.
13. Branco, M. C., & Rodrigues, L. L. (2006). Corporate social responsibility and resource based perspectives. *Journal of Business Ethics*, 69(2), 111-132.
14. Carlini, J., & Grace, D. (2021). The corporate social responsibility (CSR) internal branding model: Aligning employees' CSR awareness, knowledge, and experience to deliver positive employee performance outcomes. *Journal of Marketing Management*, 37(7-8), 732-760.
15. Carroll, A. B. (1979). A three-dimensional conceptual model of corporate social performance. *Academy of Management Review*, 4, 497-506.
16. Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39-48.
17. Chopra, S. (2016). Eco-activities and operating performance in the computer and electronics industry. *European Journal of Operational Research*, 248(3), 971-981.
18. D. Jamali and R. Mirshak (2006). Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context *Journal of Business Ethics* (2007) 72:243–262 _ Springer 2006 DOI 10.1007/s10551-006-9168-4
19. Dahlsrud A. (2008). How corporate social responsibility is defined: An analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management* 15: 1–13.
20. Dartey-Baah, K. and Amoako, G.K. (2021). Global CSR, drivers and consequences: a systematic review. *Journal of Global Responsibility*, ISSN: 2041-2568. Emerald Publishing Limited <https://doi.org/10.1108/JGR-12-2020-0103>
21. Dodd, E. M., Jr. (1932). For whom are corporate managers trustees? *Harvard Law Review*, 45(7), 1145–1163.

22. European Commission (2011). Communication from the commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A renewed EU strategy 2011–2014 for corporate social responsibility. Brussels, Belgium: European Commission.

23. Eweje G. (2011). A Shift in corporate practice? Facilitating sustainability strategy in companies. *Corporate Social Responsibility and Environmental Management* 18(3): 125–136.

24. Freeman, R. E. (1984). Strategic management: A stakeholder approach. Marshfield, MA: Pitman.

25. Friedman, M. (1970). The social responsibility of business is to increase its profits. *New York Times Magazine*.

26. Gladwin, T. N., Kennelly, J. J., & Krause, T. S. (1995). Shifting paradigms for sustainable development: Implications for management theory and research. *Academy of management Review*, 20(4), 874-907.

27. Halme, M., Rintamäki, J., Knudsen, J. S., Lankoski, L., & Kuisma, M. (2020). When is there a sustainability case for CSR? Pathways to environmental and social performance improvements. *Business & Society*, 59(6), 1181-1227.

28. Hannon A, Callaghan EG (2011). Definitions and organizational practice of sustainability in the for-profit sector of Nova Scotia. *Journal of Cleaner Production* 19(8): 877–884.

29. Henriques, A. (2013). CSR, sustainability and the triple bottom line. In *The triple bottom line* (pp. 48-55). Routledge.

30. Hohnen, P., & Potts, J. (2007). Corporate social responsibility. *An implementation guide for business*.

31. Holmes L, Watts R. (2010). Corporate Social Responsibility: Making Good Business Sense. World Business Council for Sustainable Development: Geneva.

32. Kotler, P., & Lee, N. (2005). Corporate social responsibility. *Doing the Most Good for Your Company and Your Cause*, New Jersey.

33. Kramer, M., Kania, J., & Mcbreen, M. (2006). Game changing CSR. *Corporate Social Responsibility Initiative Working Paper*, 18.

34. Marcus, A. A., & Fremeth, A. R. (2009). Green management matters regardless. *Academy of Management Perspectives*, 23(3), 17-26.

35. McGee J. (1998). Commentary on ‘corporate strategies and environmental regulations: An organizing framework’ by A. M. Rugman and A. Verbeke. *Strategic Management Journal* 19(4): 377–387.

36. McWilliams A, Siegel D (2000). Corporate social responsibility and financial performance: correlation or misspecification? *Strategic Management Journal*, 21(5):603-9.

37. Mishra, S. (2019). Evolution of corporate social responsibility: two sets of explanation. *Social Responsibility Journal*.

38. Mishra, S., Suar, D., (2010). Does corporate social responsibility influence firm performance of Indian companies? *J. Bus. Ethics* 95, 571e601.

39. O'Connor, A., & Gronewold, K. L. (2013). Black gold, green earth: An analysis of the petroleum industry’s CSR environmental sustainability discourse. *Management Communication Quarterly*, 27(2), 210-236.

40. O’riordan, L., & Fairbrass, J. (2008). Corporate social responsibility (CSR): Models and theories in stakeholder dialogue. *Journal of business ethics*, 83(4), 745-758.

41. Orlitzky, M., Siegel, D. S., & Waldman, D. A. (2011). Strategic corporate social responsibility and environmental sustainability. *Business & society*, 50(1), 6-27.

42. Porter, M., & Kramer, M. R. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78–92.

43. Sardana et al.(2020). CSR ‘sustainability’ practices and firm performance in an emerging economy. *Journal of Cleaner production*, 258, Science direct

44. Shin, I., Hur, W.M., & Kang, S., (2016). Employees’ Perceptions of corporate social responsibility and job performance: A sequential mediation Model. *Sustainability* (Switzerland). <https://doi.org/10.3390/su8050493>.

45. Siegel, D. S. (2009). Green management matters only if it yields more green: An economic/ strategic perspective. *Academy of Management Perspectives*, 23(3), 5-16.

46. Turban, D. B., & Greening, D. W. (1997). Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal*, 40(3), 658–672. <https://doi.org/10.5465/257057>

47. Werther Jr, W. B., & Chandler, D. (2005). Strategic corporate social responsibility as global brand insurance. *Business Horizons*, 48(4), 317-324.

48. Wood DJ, (1990). *Business and Society*. London: Scott, Foresman/Little, Brown Higher Education.

49. Yahya, W. K., & Ha, N. C. (2013). THE RELATIONSHIP BETWEEN ENVIRONMENTAL ISSUES AND ORGANISATIONAL PERFORMANCE. *International Journal of Business & Society*, 14(1).

50. Yang, C. S. (2018). The effect of CSR practices on organizational performance in the container shipping in Taiwan. *International Journal of Shipping and Transport Logistics*, 10(2), 181-201.