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Impact of CSR on Employee Motivation

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Abstract:

The workforce is a unique and irreplaceable possession of an Organization and it is absolutely necessary to keep them motivated at all times for continuous development and growth. The purpose behind this research is to help modern day companies realize the importance of CSR and how it can help to enhance the economic prosperity of an organization while motivating the workforce at the same time. The report strives to look into the matter of Corporate Social Responsibility, how CSR revolves around an employee and how much of an impact it finally has on employee motivation. Besides connecting CSR to external factors such as environment, NGOs and philanthropy, which is principally discussed in theory and practice, it is of prime interest to comprehend the relationship between CSR and employee motivation. To understand this concept and to unroll the contrasts, an in depth research method is adopted. Data collection is carried out with the aid of two questionnaires. Each questionnaire consists of 20 questions in the context of CSR and Employee Motivation. Data Analysis is completed with the assistance of IBM SPSS. The result of this research gives us understanding about the roles of CSR and the characteristics responsible behind employee motivation.

Keywords: Organization, Motivation, CSR, Employees

1. Introduction

There have been various trials and openings in the twenty first century, due to globalization, the desire for development and achievement and the necessities of climate change. The Indian business is an assertive force in the country and it is accepted globally as an emerging leader in the world market. Inevitably the Indian business is to take the role of leadership in the near future. Around the globe, companies have concluded that for the long term success, sustainability and competitive edge it is essential to amalgamate social, environmental and ethical duties along with business procedures. The Companies have come to a realization that they form an important part of the society and that they owe certain duties towards the people as well as the environment surrounding them. They have an obligation to preserve a healthy ecosystem, offer assistance to the oppressed, strengthen social values, and support efficient administration and unassailable business practices. It is also sensible for Companies to obey these practices if we take the business perspectives into account. The Companies that implement CSR achieve reasonable growth because the customers are drawn towards them and such firms are agreeably favored by the masses. HR Bowen was the first to come up with the idea of CSR through his academic research "Social Responsibilities of the Business" in the year 1953. CSR has been a topic of perpetual debate regarding its implementation since then. The idea was conceived more than 50 years ago and still there have been no visible signs of acquiescence over its conception and application. The issue that is still not yet settled in large companies and administrations is the question of how to motivate employees so that they can work with faithful dedication and devotion. The Human Resource Management also fails to give a specific answer to this problem. Activities such as engaging employees, keeping them, directing and managing their queries are of paramount importance but still it is employee motivation which is the core element of any successful organization. It is elementary principle for sustainable management and long term success of the company. The decisive key of an organization is its employees. It is the duty of the top management to continually motivate their employees to work their best and strive to achieve their allocated objectives. The business will be able to lower prices and earn extra profits, which are the basic goals of any organization, if the employees perform at their peak level and keep giving positive contributions to the firm.

Employee engagement is one of the substantial and often most confusing components of sustainability and corporate social responsibility (CSR) practices. The status of employee participation and ownership is important to the success of corporate sustainability and CSR efforts. Employees join the gap between the company's sustainability/ CSR goals and the comprehension of those goals. It is the personal day-to-day dedication, resolutions and actions of employees that manage the resources and intelligence of the largest companies in the world for the betterment of our planet. Evidence implies that CSR drives employee attraction, retention and involvement. CSR has the ability to impact employee engagement and, finally, the positive business

results that go along with an engaged staff. As a matter of fact, CSR is the third most significant driver of employee engagement altogether.

2. Types of CSR

2.1. Economic Responsibilities

The first and foremost obligation of a company is to regulate and direct its economic transactions; this means that a company must be able to make profits. It is simple fact that if a company fails to yield any profit, it will eventually disintegrate, and the staffs will lose its position and the company won't be in a position to make any valuable social contributions. The initial step is to manage a successful business. Only after the company commences on making profits it should divert its focus on CSR.

2.2. Legal Responsibilities

Legal duties consist of the essentials that are imposed on the organization by the government or the court or the law. The main aim of a company is to earn profits while the secondary aim is to follow the norms given by the theory of corporate social responsibility. The laws specified may be related to environmental stipulations, labor laws, safety regulations or maybe even criminal law.

2.3. Ethical Responsibilities

The company's primary obligations consist of economic and legal duties. When the company meets the basic requirements, only then can an organization consider involving itself with ethical duties. These duties depend on the employer's perception of what he believes is the right thing to do for the society. He may contribute to environmental issues by disposing the waste properly, by planting trees, and pay fair salaries to the workforce or even decline to do business with organizations which follow unethical practices.

2.4. Philanthropic Responsibilities

The company should meet its philanthropic duties only after it has successfully managed all the aforementioned responsibilities. Philanthropic duties go beyond the visible requirements. A company does what it thinks is the right thing to do in situations related to the society or people in it. One of the important instances is funding projects taken up by NGOs which aid the oppressed and the needy.

3. CSR Activities

3.1. Integrity in Corporate Activities

The primary objective is to give profits and satisfaction to as many stakeholders as possible. To this end, the organizations advance and act ethically and strictly search development in the welfare, quality, information security, and consistency of their amenities and products.

3.2. Harmony with the Environment

The organizations maintain nourishing and increasing their sustainable environmental management efforts through the depletion of environmental effect and the conservation of biodiversity, in order to attain environmental conservation and benefits.

3.3. Respect for People

The organizations respect the human rights of all stakeholders and give attention to simultaneously achieve the growth of their company and the well-being of individuals. They also work to construct a comfortable and secure work environment for all employees so that they can attain their full potential and have a benefiting career.

3.4. Harmony with Society

The organizations respect their consumers and their tradition and culture in the societies and countries in which they function. In association with similar-minded people, the employees and companies work together for the sustainable development of the planet, the society, and environment. They are also occupied in dialogues with numerous stakeholders in society and gather their feedback into the CSR activities in order to chisel them into effective outcome.

4. Literature Review

- **Mirvis (2012)** carried out a research on how important Corporate Social Responsibility plays in making the employees motivated and also instill in them a sense of purpose and meaning in them. The findings of the research shows that three exclusive ways are used by companies to influence their employees by the help of CSR, such as transactional, relational and developmental approach, which plays a major role to embed CSR in a firm and assist the employees to be more responsible too.
- **Bauman & Skitka (2012)** discovered that in the last few years theorists and scholars are showing immense interest on CSR. A company enjoys a taste of success because of the existence of the stakeholders that is the employees. Hence the potential of CSR held by the firm can be determined by examining the behavior of the employees towards CSR. The researchers give a brief history of CSR and the major obstacles that are currently faced by them. The researcher has also

explained the impact of CSR on employees that explain four exclusive paths which correspond to the company's needs in self-esteem, security meaningful existence and belongingness.

- **Knox & Maklan (2005)** reported on an empirical study conducted on CSR programmes followed by leading multinationals and tried to investigate the reasons as to why CSR activities seems to have low impact on business decision making. They also tried to link the CSR to both business and social outcome.
- **Kim & Scullion (2011)** explains that even though numerous companies use CSR to achieve objectives concerning motivation, the sole reason of motivation lies on the individual. The collection of data of the research is multiple methods. In- depth semi structured interviews were carried out from May 2005 to April 2008 which was taken from a total of 53 interviewees (25 from UK and 28 from Korea) . The interviewees consist of managers, officers and stakeholders. Hence the analysis shows that complex cultural, institutional and political factors are significant as catalyst for influencing CSR among various nations. The research shows the limitations that outside affairs like donations, tax exemption benefit, PR, etc. directly engage influence over CSR naturally suggesting that CSR needs to be centered towards employees primarily. Ali (2010) an exploratory research was conducted to analysis comprehensive influence of CSR on employee's commitment and performance level. For the purpose of the study a primary research was conducted wherein data was collected from 371 professionals working in different sectors in Pakistan. The study concluded that there exists a positive relationship between CSR activities and employees commitment & employees performance.
- **Bhattacharya, Sen & Korschun (2007)** showed that initiatives of CSR are highly important tools to increase the effectiveness of different programs of marketing which are internal in nature and it is done to fulfill the demands of the employees and help them to strictly associate with the company. Hence CSR initiatives can perfectly generate significant returns to both company and their employees. The paper provides numerous proofs to support the authors' beliefs. CSR is a prominent tool, if used correctly, good employees can be retained.
- **Rupp, Ganapathi, Aguilera & Williams (2006)** inferred that employees are the core element of the organization. Events that take place in the firm affects the employees and assist in contributing towards positive growth of the company. Employees are quite certain the on involvement of CSR activities by the company . There is a direct impact on employee motivation when efforts are put in by the firm in activities involving CSR and it subsequently decides the dedication and commitment of an employee towards the goals of the organization. The employees want organizational justice, which means fair treatment of the workforce and the customers as well by the organization.

5. Statement of the Problem

Modern day companies need to realize the importance of CSR and how it can help to enhance the economic prosperity of an organization while motivating the workforce at the same time.CSR plays a significant role in the present day organizations and the sole purpose of the research is to anticipate the influence it has on employee motivation and commitment.

6. Objective of the Study

To find whether CSR activities have an impact on Employee Motivation or not

7. Methodology

Conclusive (quantitative) research design is used in this research. The sampling technique used for this conclusive research was convenience sampling. The sample size is ten. Out of the 10 employees, 2 were female and the remaining 8 were male employees. The respondents were 1 Chief Manager, 1 Sr. Manager, 3 Managers, 2 Deputy Managers, 1 Assistant Manager, 1 Operation Officer and 1 Assistant Operation. For the research, two different questionnaires were designed, out of which, one of the questionnaires was solely to measure the level of CSR present in the organization. And the other questionnaire was to analyze the motivational factors that influence the employees working in that firm. The employees were asked their opinion on whether or not they could vouch for the benefits from CSR disclosure in the firm. They were also interrogated on the incentives provided by their respective organizations and then finally whether CSR is a motivation to them. The second questionnaire, it was designed to reach a conclusion on the factors which actually motivate employees to work harder for their respective firms. The questions were framed and designed around monetary and non-monetary benefits to good physical working conditions, qualitative relationship with the work group, team spirit, performance appraisal and so on.

8. Analysis

Firstly, the reliability test is applied on the Motivation and the CSR factors. There are 20 motivations factors depicted in the first questionnaire and 20 factors in the second which measure the level of CSR present in the organization. Ideally, the value should be greater than 0.6 which reflects high reliability used in the questions.

Case Processing Summary			
		N	%
Cases	Valid	7	100.0
	Excluded ^a	0	.0
	Total	7	100.0
a. List wise deletion based on all variables in the procedure.			

Table 1

Reliability Statistics	
Cronbach's Alpha	N of Items
.905	20

Table 2

Case Processing Summary			
		N	%
Cases	Valid	10	100.0
	Excluded ^a	0	.0
	Total	10	100.0
a. Listwise deletion based on all variables in the procedure.			

Table 3

Reliability Statistics	
Cronbach's Alpha	N of Items
.811	19

Table 4

The value of Alpha is well above 0.6 in both the cases which clearly reflects high reliability about the questions used to measure Motivation and CSR respectively.

Descriptive analysis on the 20 motivation factors used in the second questionnaire.

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Salary_motivates	10	1.00	5.00	3.9000	1.19722	1.433
Financial_incentives_more_motivation	10	2.00	5.00	3.6000	.84327	.711
Satisfied_salary	10	3.00	5.00	4.5000	.70711	.500
Satisfied_leaves	10	4.00	5.00	4.7000	.48305	.233
Good_physical_working_conditions	10	3.00	5.00	4.1000	.73786	.544
Sufficient_retirement_benefits	10	1.00	5.00	3.6000	1.57762	2.489
Sufficient_medical_benefits	10	5.00	5.00	5.0000	.00000	.000
Importance_of_visibility_with_top_mgmt	10	3.00	5.00	4.5000	.84984	.722
Recognition_of_work_done_by_superiors	10	3.00	5.00	4.4000	.84327	.711
Good_status	10	3.00	5.00	4.4000	.69921	.489
Satisfied_responsibility	10	3.00	5.00	4.4000	.69921	.489
Importance_of_relationship_quality	10	3.00	5.00	4.6000	.69921	.489
Satisfied_with_HR_dept	10	2.00	5.00	3.3000	1.05935	1.122
Team_spirit	10	2.00	5.00	3.9000	.87560	.767
Motivated_by_charity_activities	10	1.00	5.00	3.8000	1.22927	1.511
Schedule_own_work	10	1.00	5.00	4.2000	1.31656	1.733
Satisfaction_working_culture	10	3.00	5.00	4.1000	.73786	.544
Performance_appraisal_motivates	10	2.00	5.00	3.6000	1.26491	1.600
Involvement_in_decision_making_motivates	10	3.00	5.00	4.5000	.70711	.500
Policies_CSR_motivates	10	3.00	5.00	4.0000	.94281	.889
Valid N (listwise)	10					

Table 5

From the table above, we can conclude that the employees get motivated if the top management involves them in decision making regarding issues like future prospects, CSR etc. The next factor which motivates the employees the most is the quality of relationship in the informal work-group. On the other hand, the employees are dissatisfied with the support they receive from the HR Department. The employees are not happy with the retirement benefits provided by the organization. Next is the Descriptive analysis on the 20 CSR factors used in the second questionnaire.

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
CSR_important_for_all_business	10	5.00	5.00	5.0000	.00000	.000
Company_benefits_from_CSR	10	2.00	5.00	3.7000	1.25167	1.567
Additional_contribution	10	3.00	5.00	4.4000	.69921	.489
Incentives_training	10	3.00	5.00	4.5000	.70711	.500
Equal_job_opportunities	10	4.00	5.00	4.7000	.48305	.233
Contribution_to_environment_issues	10	3.00	5.00	4.5000	.70711	.500
Organize_cultural_events	10	1.00	5.00	3.7000	1.41814	2.011
Voluntary_activities_conducted	10	3.00	5.00	4.5000	.70711	.500
CSR_motivates	10	3.00	5.00	4.6000	.69921	.489
Environment_impact_assessment	10	1.00	5.00	3.8000	1.22927	1.511
Ergonomics_of_workers	10	4.00	5.00	4.2000	.42164	.178
Inventory_management	10	2.00	5.00	4.0000	.94281	.889
Fatigue_work	10	3.00	5.00	4.0000	.47140	.222
CSR_assessment_of_business_partners	10	4.00	5.00	4.2000	.42164	.178
Customer_satisfaction	10	4.00	5.00	4.3000	.48305	.233
Competitiveness	10	4.00	5.00	4.3000	.48305	.233
Employee_turnover	10	1.00	5.00	3.1000	1.37032	1.878
Absenteeism_rate	10	1.00	5.00	2.9000	1.10050	1.211
Revenues	10	2.00	5.00	3.3000	.82327	.678
CSR_rate	10	3.00	5.00	4.0000	.94281	.889
Valid N (listwise)	10					

Table 6

From the table above, we can conclude that the employees feel that CSR is important for all types of businesses. The employees also believe that CSR motivates them to participate in CSR activities. The employees are happy with the voluntary activities conducted by the organization like blood donations. Employees believe that CSR has the least effect on the Absenteeism Rate in the organization. Employee turnover is not affected by CSR.

The next step is to observe the correlation matrix. A correlation matrix consists of a list of all the variables across the top, and the same list down the side. The diagonals is always all 1's, because that's the correlation between each variable and itself.

Correlations			
		m	c
m	Pearson Correlation	1	.643*
	Sig. (2-tailed)		.045
	N	10	10
c	Pearson Correlation	.643*	1
	Sig. (2-tailed)	.045	
	N	10	10

*. Correlation is significant at the 0.05 level (2-tailed).

Table 7

The value 0.643 is the correlation between Motivation and CSR. However, only the p-value could tell us whether the correlation is significant or not. In this case the p-value is 0.045, which is less than 0.05. Therefore, we reject the Null Hypothesis and accept the Alternate Hypothesis, i.e., CSR activities do have an impact on Employee Motivation.

The next step is to perform Regression analysis and observe the dependency of Employee Motivation on CSR activities performed by the organization. Our independent factor in this test will be CSR and the dependent factor is Motivation.

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	c ^b	.	Enter
a. Dependent Variable: m			
b. All requested variables entered.			

Table 8

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.643 ^a	.413	.340	.36557
a. Predictors: (Constant), c				

Table 9

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.753	1	.753	5.635	.045 ^b
	Residual	1.069	8	.134		
	Total	1.822	9			
a. Dependent Variable: m						
b. Predictors: (Constant), c						

Table 10

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.311	.374		8.857	.000
	c	.274	.115	.643	2.374	.045
a. Dependent Variable: m						

Table 11

From the results shown above, it is clear that the P value (0.044) is less than 0.05. Therefore, the Null Hypothesis is rejected and we accept the Alternate Hypothesis. The Null Hypothesis indicates that there is no impact of one factor on the other whereas the Alternate Hypothesis points that there is impact.

Therefore, we can conclude by saying that CSR activities performed by the organizations do have an influence on Employee Motivation.

9. Findings

The result of this research has depicted the roles of CSR and the characteristics responsible behind employee motivation. Apparently the employees find it utterly encouraged whenever the Top Management involves them in decision making, concerning issues of the organization. The employees are fairly satisfied with their salary, the system of leaves they are provided with and their responsibilities. Conversely, it was found that the employees are dissatisfied with the assistance they receive from the Department of Human Resource. The research further shows that employees are displeased with the retirement benefits they are provided with. Commitment towards the CSR activities can lead the employees towards establishment of a successful organization. Thereby making the suppliers, customers and partners of the organization notice the constructive development of CSR. Development of more dedicated employees contributes hugely in achieving their commissioned target. The employees are highly motivated by these powerful CSR program to be more focused and goal oriented. Past researches and studies have shown that when organizations implement CSR successfully, it has a direct impact on employee aspects such as confidence, recruitment, efficiency, work rate and output. Employees are inspired to work for their organization. It is possible to amalgamate

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