

CSR As A Tool For Engaging Employees

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ABSTRACT:

Employee engagement helps organizations to increase profits, commitment and loyalty reduces attrition, reduce absenteeism, and accidents. There are several drivers of employee engagement like pay and salary, training and development, performance appraisal, communication, health and safety apart from these drivers there are some upcoming drivers which are recently be researched on. One of such driver is Corporate social responsibility. The researcher here tries to highlight the role of CSR activities in engaging employees.

Key words: Employee Engagement, corporate social responsibility, Gen Y.

Introduction:

many consultancies have worked on the concept of employee engagement and it is crystal clear now that engaging the employees brings many advantages to the organisation right from increased customer satisfaction, increased commitment towards organisation, increasing profits and adding up to the bottom line. It also reduces attrition, accidents and absenteeism in the organisation which in turn adds up to the revenues of the firm. Employee engagement not only helps attract and retain talented candidates but also motivates them in their daily work. People have talked about the drivers of engagement and the 10 C's of engagement but nowadays it is seen that even CSR activities can help boost engagement in organisation.

Definitions:

Corporate Social Responsibility:

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.

Corporate Social Responsibility (CSR) is defined as the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner.

Employee Engagement:

(Schaufeli & Bakker, 2006) Define employee engagement as “A positive fulfilling, work related state of mind that is characterized by vigor, dedication and absorption”.

Literature review:

1. (Friedman, 1970). Milton Friedman in 1970 in his article published in *New York Times Magazine* Friedman had a **antagonistic** view on CSR. According to Milton Friedman the only Aim of any Business firm is to maximize their profits. He was strictly against the concept of Corporate Social Responsibility “business as a whole cannot be said to have responsibilities, even in a vague sense. The first step toward clarity in examining the doctrine of the social responsibility of business is to ask precisely what it implies for whom As a person, he may have many other responsibilities that he recognizes or assumes voluntarily—to his family, his conscience, his feelings of charity, his church, his clubs, his city, his country. He may feel impelled by these responsibilities to devote part of his income to causes he regards as worthy, to refuse to work for particular corporations, even to leave his job, for example, to join his country’s armed forces. If we wish, we may refer to some of these responsibilities as “social responsibilities.” But in these respects he is acting as a principal, not an agent; he is spending his own money or time or energy, not the money of his employers or the time or energy he has contracted to devote to their purposes. It is the **Governments responsibility** to collect Taxes from public and use this money for the upliftment of the poor and needy people, to provide basic necessities and employment to them.
2. Companies Act 2013 According to section 135 of the Companies Act 2013, Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility **Committee** of the Board consisting of three or more directors, out of which at least **one director shall be an independent** Committee shall, indicate the **activities** to be undertaken, **amount of expenditure** to be incurred on the activities

- and **monitor** the CSR Policy of the company from time to time. The Board of every company shall ensure that the company spends, in every financial year, **at least two per cent** of the **average net profits** of the company made during the **three immediately preceding financial years**, in pursuance of its Corporate Social Responsibility Policy
3. (Hittner, 2008). Hittner in 2008 in the IBM CSR report entitled Says that CSR generates significant returns to their businesses There are three dynamics that companies should understand and act upon in dealing with CSR. These dynamics are:
 - Impact on business – From cost to growth
 - Information – From visibility to transparency
 - Relationships – From containment to engagement.
 4. (Hohnen, 2007) Hohnen in 2007 in his article states the potential benefits for firms implementing CSR
 - Better anticipation and management of an ever-expanding spectrum of risk.
 - Improved reputation management.
 - Enhanced ability to recruit, develop and retain staff.
 - Improved innovation, competitiveness and market positioning.
 - Enhanced operational efficiencies and cost savings.
 - Improved ability to attract and build effective and efficient supply chain relationships.
 - Enhanced ability to address change.
 - More robust “social license” to operate in the community. Access to capital.
 - Improved relations with regulators.
 - A catalyst for responsible consumption.
 5. (Mirvis) Mirvis in his article published in the California management review Volume 54 This article looks at the **relevance of corporate social responsibility (CSR) for engaging employees**, including its impact on their **motivation**, identity, and sense of meaning and purpose. It explores three different ways that companies engage their employees through CSR: a transactional approach, where programs are undertaken to meet the needs of employees who want to take part in the CSR efforts of a company; a relational approach, based on a psychological contract that emphasizes social responsibility; and a developmental approach, which aims to activate social responsibility in a company and to **develop its employees to be responsible corporate citizens**.
 - 6 (Altarawneh, 2012). Albdour & Altarawneh in 2012 in their research paper published in International Journal of Business and Management, Tried to investigate the impact of internal Corporate Social Responsibility (CSR) practices on Employees' Engagement. examined the impacts of **five internal CSR practices namely, training and education, human rights, health and safety, work life balance and workplace diversity** on the two dimensions of employees' engagement Job Engagement (JE) and Organisational Engagement (OE).impact of CSR particularly internal CSR on employee attitude and behavior
 7. (Jenkins, 2006) Heledd Jenkins in 2006 in his article published in *Journal of Cleaner Production* talks about
 - Several viewpoints defend the possibility for mineral extraction to be sustainable:
 - Depletion of mineral resources should be compensated by “generation of new wealth, which, in the form of useful lasting capital, can benefit present and future generations”
 - Mineral depletion is not an issue for the foreseeable future due to the possibility of recycling many non-fuel metals and minerals
 - Discovery of new mineral deposits, and the advancement of technology for improved recovery of minerals from previously unprofitable deposits
 - Social and environmental disclosures is mandatory
 - Concept of Future Generation
 8. (B.Murray, 1997) B.Murray in 1997, in his article published in *Journal of Business Research* states
 - The impact on attitudes and behaviors of stakeholders
 - How goodwill can be evaluated using CSR approach
 9. (Benabou, 2010) Benabou in 2010 in the article published in *Economica* states that The benefits, costs and limits of socially responsible behavior as a means to further societal goals. Society's demands for individual and corporate social responsibility as alternative responses to market and distributive failures are becoming increasingly prominent. They draw on recent developments in the psychology and economics of prosocial behavior to shed light on this trend and the underlying mix of motivations. They then link individual concerns to corporate social responsibility, contrasting three possible understandings of the term: firms' adoption of a more long-term perspective, the delegated exercise of pro social behavior on behalf of stakeholders, and insider-initiated corporate philanthropy.
 10. (Martinek, 2009) Martinek in April 2009 in his article *talks about*

- Strategic Corporate Social Responsibility
- firms can strategically engage in socially responsible activities to increase private profits
- conclusion
- CSR no more voluntary but compulsory
- Beneficial to all stakeholders
- Has a positive effect on profitability.
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CSR and engagement:

With the generation Y dominating in the workforce ie more no. of youngsters in organisation it is seen that these youngsters are not only motivated by material things and salary but they would like to be involved in philanthropic activities towards society and needy people, this would satisfy them to greater extent. (Gross & Holland) says that CSR is the third most important driver of employee engagement and important for retention.

As the social awareness about the problems faced by poor and marginalized is been increased though use of media, television, internet and technology the employees feel the responsibility towards the downtrodden.

Employees are now more conscious about environmental issues, conservation of resources and sustainable development of business. It gives them a lot of mental satisfaction and peace of mind to get involved in all such CSR activities. Therefore organizations who are known for its CSR activities and who do it selflessly without just thinking of it as a compulsion of Government do much better in attracting retaining and motivation employees especially the newer generation and indirectly help in engaging their employees.

CSR acts as return on investment as it helps employees to retain, motivate, inspire and increase productivity. A 2004 study by Deloitte showed that 72% of employed Americans deciding between two job offerings of same job description, salary, location would prefer to join company's having more charitable cause. CSR has become a brand prestige, therefore employees want to join such companies who make a social impact.

Commitment and motivation: High salary is not the only motivator or factor for engagement but other factors like emotional needs, self development, and self esteem achievement are more important, CSR initiatives help address the emotional needs of employees. Studies show that there is attitudinal and work behavior changes among employees who participate in philanthropic activities which increases job performance and commitment.

Gen Y and CSR: (Madrakhimova, 2013) Gen Y also called as the millennial born between 1978 to 1998 are future oriented, ready to contribute, opportunity driven, optimistic and restless. They seek more responsibilities and advancement and are ready to learn from their mentors, employers social and environmental activities make them feel loyal towards company. Gen Y are eagerly engaged with society so therefore CSR initiatives and Gen Y together can affect the organizations human environment. Gen Y make up a large part of workforce so u cannot ignore them, organizations must concentrate on what they find important in job. Gen Y are leading the movement of social responsibility.

CSR and Communication: Organisation Social mission and objectives must be clear so the employees can achieve it .CSR leaders should quantify and specify initiatives and impacts to employees so that they can participate and get engaged. It is seen that usually CSR initiates is not communicated well to the internal customers (employees) but concentrated more on external audience. Survey shows that only 37 % employees are aware of what company's CSR efforts. Therefore communication plays a important role in engaging employees through CSR initiatives.

(PWC, 2014) Organizations should encourage involvement at all levels .Low and middle level employees should participate in choosing CSR activities while top level must plan and decide CSR initiatives. The senior management should not only plan but can actual participate in CSR activities. With such participation employees will feel more connected with the organization and with one another.

Conclusion: CSR is positively related to employee performance and negatively related to intention to quit. While considering CSR activities companies should concentrate on Gen Y influence and importance towards CSR initiatives. The cornerstone of effective CSR will be employee engagement.

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