

## **Analysis of the effects of corporate social responsibility activities on employee satisfaction and commitment**

*Aditya Pratap Singh\*, Saily Paithankar\**

*\*MBA students of Symbiosis Institute of Management Studies, Symbiosis International University, Pune*

### **Abstract**

Lately **Corporate social Responsibility (CSR)** has attracted the interest of many private companies and governments. Both private companies and the government have to pay more attention to the people and environment around the company. Either the public or the environments close to the company are employees of the company itself. CSR is quite a new management idea. Employee as an important key of an organization needs a good motivation, so that employee can work as well as possible. Hence, it becomes important to study various factors associated with corporate social responsibility from the organizations perspective and from the employee perspective as well. The purpose of this research was to find out the impact of CSR on motivation and commitment of an Employee in the organization. A sample size of 60 respondents was taken. The research for this investigation included a survey of the employees working in IT and Hospitality sector of Allahabad and Pune in India who have implemented CSR activities for at least 1 year. The Questionnaire was based around the factors that how CSR activities improves employee commitment and motivation. The result found that a strong correlation of 0.9 was identified between the number of CSR Activities an employee participates and the duration of his tenure in the organization. The existence of CSR in a company is very important as it plays a very vital part in employee engagement. The results also concludes stating that CSR is very important for the overall growth and employee motivation of any organization and companies must engage in CSR activities if they want to satisfy employees and keep them motivated towards organizational commitment.

**Keywords:** Corporate Social Responsibility, employee behaviour, productivity, employee commitment, employee motivation.

### **Introduction**

Every religion in its teachings, imparts upon its followers the “*Art of Giving*”, that is charity. The basic reason for inculcating the value of charity can be to make people aware of social responsibility. In today’s age, social responsibility is not just restricted to an individual, it has attracted the attention of many corporate houses and its importance has been recognized by the government bodies across the globe.

Corporate Social Responsibility (CSR) is a business philosophy that stresses the importance of keeping the best interests of the wider society in mind. CSR is linked with giving back something to the society. It is a process whereby the management of a company practices

---

several moral and ethical initiatives, using codes of conduct to manage the impact of their activities on customers, shareholders, employees and the environment. However, CSR has been often utilized by companies for their personal growth and revenue accumulation. Most companies are averse to using CSR as the cost of implementing it is quite high. Several researchers have tried to make companies understand that CSR should not be viewed as expenditure but should rather be seen as investment in building good relationships with stakeholders. Past research conducted to understand the role of CSR in engaging employees and driving organizational performance suggests that CSR interventions increases employee commitment towards the organization. Several studies have suggested that CSR builds a reputation for the company that can drive potential employees towards the company. However, there are certain negative impacts of CSR too that affects employees.

The purpose of the study is to analyze the various aspects of the corporate social activities. The research assesses different behaviours of the employees in context to the corporate social responsibility. The inspiration behind the study was the fact that as per new Company Act 2013, any company having a profit of Rs 5crore and above during a financial year, has to spend 2% of its profit on the corporate social responsibility activities. Hence, the study of impact of CSR activities on the employee motivation, productivity, organization and society becomes crucial.

## Objectives

1. To analyze the effects of Corporate Social Responsibility activities on Employee Motivation.
2. To analyze the effects of Corporate Social Responsibility activities on Employee Engagement.
3. To analyze the effects of Corporate Social Responsibility activities on Employee Commitment.

## Review of Literature

**Bashir, Hassan, Farooq-E-Azam Cheema** in the year 2012 conducted a study on Impact of Corporate Social Responsibility Activities over the Employees of the Organizations. The study was based on the data collected from different organizations in Karachi, Pakistan. Their study was aimed at identifying internal impact of the corporate social responsibility activities - an impact on the employees of the organizations engaged in these activities. It explores as how the organizations' engagement in these activities positively affects the employees' feelings towards the organizations reshaping their level of motivation, performance and intention of remaining with the organizations for longer time. The Philosophy used in their research was interpretive because they interpreted the data collected from 30 different employees of various organizations of Karachi comprising 14 female and 16 male employees. The participants were between 24 and 50 years of age. Their findings from the study were that employees feel motivated when they are linked to corporate social responsibility activities. They feel connected with the ethics and social values of the organization. This in turn increases their motivation level and also the organizations performance. The learning

---

from their study is that CSR activities have positive impact on the motivation of the employee.

**Servaes and Tamayo** in the year 2012 conducted a study on the Impact of Corporate Social Responsibility on Firm Value: The Role of Customer Awareness. In their research they analyzed the KLD Stats database over the period 1991–2005, which covers CSR activities of a large subset of U.S. companies, and combine it with financial statement data obtained from Comp stat. They studied the data and correlated it with the performance of the organization. The finding from their study was that corporate social responsibility (CSR) and firms value are positively related for firms with high customer awareness rather than by advertising expenditures. For firms with low customer awareness, the relation is either negative or insignificant. Hence they concluded that CSR activities can add value to the firms but only under certain conditions. The learning from their study is that CSR activities add on to the value of the organization.

## **Methodology**

**Selection of topic:** The topic for research was selected in order to perform a detailed analysis on the employees of different organizations and to see whether there is any relationship between corporate social responsibility activities and employee commitment, satisfaction or engagement. The inspiration behind selecting this topic was the fact that as per new Company Act 2013, any company having a profit of Rs 5crore and above during a financial year, has to spend 2% of its profit on the corporate social responsibility activities. Hence, the study of impact of CSR activities on the employee motivation, productivity, organization and society becomes crucial.

**Size of sample:** The sample respondents for the study were the employees of IT and Hospitality sector of Pune and Allahabad. The total size of the sample was 50 employees and 10 managers from the above mentioned sectors.

**Pilot study:** A Pilot study was conducted to see whether the study was feasible or not. A draft questionnaire was administered to 5 respondents and their responses were noted. Based on the result, it was found that for this study, two sets of questionnaire will be required for two different classes of respondents. Thus, the final two sets of questionnaires were prepared.

### **Data collection:**

**Primary Data:** Final questionnaires were administered to total of 35 respondents.

- a. **Part A:** It deals with responses from junior management employees in IT and hospitality industry from 50 respondents.
- b. **Part B:** It deals with responses from mid management and higher management employees in IT and hospitality industry from 10 respondents.

**Secondary Data:** Previous research studies on the above topic were analysed. These were taken from books, magazines, e-Journals and online sources.

---

**Analysis of data:** The data collected was analyzed, tabulated and presented in the form of tables and graphs. Appropriate tools have been used to test the hypothesis and determine correlation between variables.

## Hypothesis

Based on the results of the pilot study the following hypothesis was formulated:

### Hypothesis 1:

H0: There is no positive effect of CSR activities on employee satisfaction.

H1: There is positive effect of CSR activities on employee satisfaction.

### Hypothesis 2:

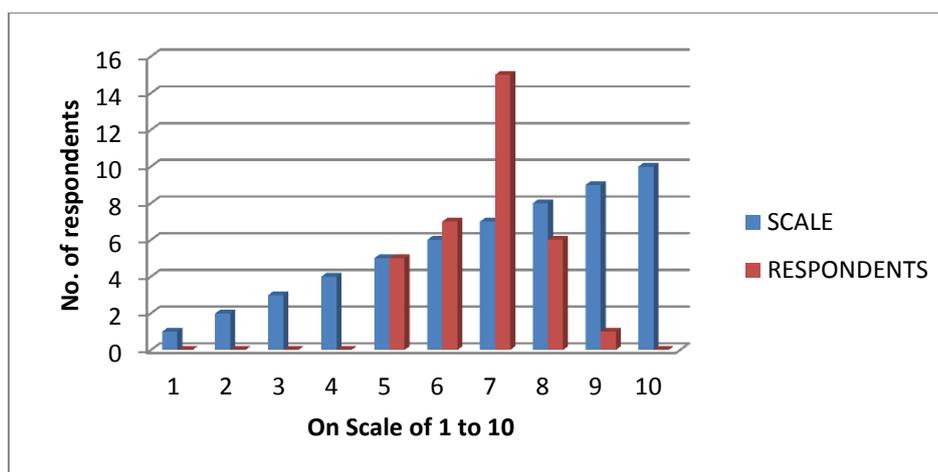
H0: There is no positive effect of CSR activities on employee commitment.

H1: There is positive effect of CSR activities on employee commitment.

## Results/Findings of the Study

**Table 1: Positive impact of CSR on respondents' motivation level.**

S No.	Options	Number	Percentage
1	Yes	47	78.33
2	No	13	21.66
<b>No. of respondents</b>		<b>Scale</b>	
0		1	
0		2	
0		3	
0		4	
5		5	
7		6	
15		7	
6		8	
1		9	
0		10	



**Figure 1: Positive impact of CSR on respondents' motivation level.**

**Discussion:** Out of 60 respondents 78.33% believe that there is positive impact of CSR activities on motivational level, whereas 21.66% do not agree with it. The respondents who said yes have further rated their increase in motivational level on a scale of 1 to 10. Out of 47 respondents, 5 rated as 5, 7 rated as 6, maximum of 15 respondents rated as 7, 6 rated as 8 and 1 rated as 9.

The above result is in synchronization with the article “**Impact of Corporate Social Responsibility Activities over the Employees of the Organizations**” written by Bashir, Hassan, Farooq-E-Azam Cheema in the year 2012 which states that “employees feel motivated when they are linked to corporate social responsibility activities. They feel connected with the ethics and social values of the organization. This in turn increases their motivation level and also the organization's performance.” Hence the objective of the research “**To analyze the effects of Corporate Social Responsibility activities on Employee Motivation**” is in full agreement with the above study. Therefore the objective of the study was achieved.

**Table 2: Positive Impact of CSR Activities on Commitment towards the organization**

Tenure	Positive impact on commitment (X-axis)	No. of CSR activities performed (Y-axis)
0-2	15	20
2-4	16	18
4-6	13	15
6-9	5	5
9-12	2	2

**Discussion:** From the above table, correlation between positive impact on commitment and number of CSR activities performed during their work tenure in the organization can be found. To determine the same, respondents supporting positive impact on commitment will

be taken on X axis and number of CSR activities performed by the respondents during their working tenure is taken on Y axis.

Then, Karl Pearson's Correlation Co-efficient "r" can be determined using formula:

$$r = \frac{n \sum xy - (\sum x)(\sum y)}{[n \sum x^2 - (\sum x)^2][\sum y^2 - (\sum y)^2]}$$

Applying the formula on the given data above,  $r = 0.988086$

Therefore, the results from the above statistics proves that null hypothesis H0 of Hypothesis 2 which states that "There is no positive effect of CSR activities on employee commitment" on the lack of proper evidence is rejected and alternate hypothesis H1 is accepted, which states that "**There is positive effect of CSR activities on employee commitment**".

## CONCLUSION

Keeping in mind the increasing attention that the organizations are giving to CSR activities and its importance for good corporate governance the research was based on the impact of CSR Activities on employees considering various parameters.

The object of the research was to analyze the effects of Corporate Social Responsibility activities on Employee Motivation and on Employee Engagement. The research helps analyze the impact of CSR Activities on employees in an organization. With a majority of respondents stating that there is a positive impact of CSR Activities on Employees attitude towards the organization, the alternate hypothesis H1 "**There is positive effect of CSR Activities on employee satisfaction**" can be proved. Further, when the relation between the number of years of service completed by the employee in an organization, is studied along with the number of CSR Activities he/she has participated in, the results show a positively strong relation of the effect of CSR Activities on employee commitment thus accepting, the alternate hypothesis H1 "**There is positive effect of CSR activities on employee commitment**".

## Recommendations

- Most respondents recommended that the organizations should innovate the CSR activities conducted.
- Also the Activities are at times held department wise or branch wise. These activities should be simultaneously conducted across the organization across the branches region wise, thus it might lead to bonding of employees across departments and branches.
- There should be regular training programmes in the organizations for conducting CSR activities.

## References

- Brammer, S., Millington, A. and Rayton, B. (2007). The contribution of Corporate social responsibility to organizational commitment. *International Journal of Human Resource Management*, Vol. 18 No. 10, pp. 1701-19.
- Bashir, Hassan, Farooq-E-Azam Cheema (2012). Impact of Corporate Social Responsibility Activities over the Employees of the Organizations. *Journal of Management and Social Sciences* Vol. 8, No. 2, (Fall 2012) 11-21.
- Insyirani, Kibtiah, Ningrum and Prameswari (2013). The Impact of Corporate Social Responsibility to Internal Employee Motivation. The 2nd IBSM, International Conference on Business and Management 2 – 4 October 2013, Chiang Mai – Bangkok.
- Kenneth, Archie and John (June 1985). An Empirical Examination of the relationship between corporate social responsibility and profitability. *The Academy of Management Journal*, Vol. 28, No. 2 (Jun., 1985), pp. 446-463 Published by: Academy of Management.
- Servaes and Tamayo (2012). The Impact of Corporate Social Responsibility on Firm Value: The Role of Customer Awareness. *MANAGEMENT SCIENCE* Vol. 59, No. 5, May 2013, pp. 1045–1061 ISSN 0025-1909.
- <http://articles.economictimes.indiatimes.com/keyword/corporate-social-responsibility> (accessed on 5/7/2014)
- <http://www.indiacsr.in/en/tag/article-on-csr/> (accessed on 5/7/2014)
- <http://www.mallenbaker.net/csr/articles.php> (accessed on 12/7/2014)
- [https://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0CCEQFjAA&url=https%3A%2F%2Fwww.sciencetarget.com%2FJournal%2Findex.php%2FIJBRD%2Farticle%2Fdownload%2F182%2F50&ei=MPsiVNaJDc2IuASrq4GgAg&usg=AFQjCNHFrQN2jfdRkkblGoJc4fghvOdwOQ&sig2=Th\\_TJi4FYuEkrC14hLQl4g&bvm=bv.76180860,d.c2E](https://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0CCEQFjAA&url=https%3A%2F%2Fwww.sciencetarget.com%2FJournal%2Findex.php%2FIJBRD%2Farticle%2Fdownload%2F182%2F50&ei=MPsiVNaJDc2IuASrq4GgAg&usg=AFQjCNHFrQN2jfdRkkblGoJc4fghvOdwOQ&sig2=Th_TJi4FYuEkrC14hLQl4g&bvm=bv.76180860,d.c2E) (accessed on 22/7/2014)
- [http://papers.ssrn.com/sol3/JELJOUR\\_Results.cfm?form\\_name=journalbrowse&journal\\_id=1959334](http://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalbrowse&journal_id=1959334) (accessed on 6/8/2014).