

CORPORATE SOCIAL RESPONSIBILITY: EFFECT OF EMPLOYEES' PERCEPTION ON THEIR MINDSET

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ABSTRACT

The employees are the real colour and strength of an organization. Every positive and negative bias can leave a scar on the organisation's general outlook. Corporate Social Responsibility activities are for the development of the society in which the firms exist. CSR has been voluntarily or compulsorily undertaken by many firms. They are all on their journey to the ultimate goal of collective sustainability. The real question arises is that how do the stakeholders especially the employees look upon these non-profit oriented activities which can deviate the firms from their economic dreams.

KEYWORDS: *Employees' Perception of CSR, Organizational Commitment, Organizational Citizenship Behaviour*

INTRODUCTION

'The business exists in society'. The phrase says it all. Business firms cannot stand alone as mere profit making machines keeping themselves aloof from its outside and inside environment. The business can exist only on a give and take mode. It takes resources and raw materials from the outside environment and in return it should contribute back as well for the well being of the society in which it exists.

The core argument which relates to CSR is the reality of the concept. Earlier that was misread as a novel concept distant from reality. There is also an allegation that this concept may distract the focus of the business houses from its economic goals. But later the concept slowly changed its negative aspects.

The habit of business firms contributing back to the society had started back in the US, UK, etc. Business firms earn profit by utilizing the resources of the society which makes them really obliged to the society in which it exists.

The Indian business firms had a long tradition of doing philanthropic activities right from a long length of time. TATAs are the best example in this regard. There is a length of businessmen standing in this line like TATAs, voluntarily sharing their fortunes with the rest of the society. The concept is that only a capable and forward running society can contribute back to the firm in a quality way with infrastructure, resources most prominently human resource and the like.

The concept is really paving way for sustainable development. This is not just a philanthropic activity but the need of the hour. A healthy business can only exist in a healthy society. A deprived society cannot support or stand firmly by a business firm in good terms.

Later the business started reaping the benefits in a twofold way. The business world started looking at CSR as a method for sustainable development and also as a strategic tool for better corporate image. The legacy of the corporate lead ways to an another bliss like more CSR focused firms began to gain more corporate image in every walks of life. Their brand names are more reached in many walks through this different strategic approach. But then also the participation of the entire corporate population couldn't be ensured.

The inevitable demand for sustainable development made the authorities to make stringent clauses in the law of the land.

The country in 2013 as per the Companies Act, 2013, accommodates clauses which guides the corporate to act in socially committed ways. Schedule VII of the Act put forward the clause which contains activities that are earmarked as Corporate Social Responsibility Activities. As per the Act, certain corporate have to perform socially committed activities. They are mandated (section 135. (1) of the Act) perform so if such a corporate firm is having either:

- Net asset value of rupees five hundred crores or more; or
- Turnover of rupees one thousand crores or more or;
- A net profit of rupees five crores or more.

Even though these companies are coming under the purview of having a mandatory obligation to undertake CSR activities, there are many others who still doing socially committed activities voluntarily. Those who are mandated to perform CSR activities have to expend two percent of their profit after tax to undertake the activities.

Employees' Perception of Corporate Social Responsibility

The corporates are now seriously looking at fulfilling their social responsibility. Moreover, the firms have realized the need for sustainable development. A country like India has made it mandatory. The business firm is actually spending a part of their profit for the benefit of those who are not directly involved in the making of such profit. Here comes a contradictory point to deal with. Sharing a part of the profit with whom, those had never shed a single drop of sweat for making such profit is not justifiable in common man's viewpoint.

Actually speaking, the shareholders are the owners of the firm, the management is the thinking and planning force, the employees are the executing force, and they have strived hard for the earning of the profit. That is the three classes are (i) those who invested their hard earned money, (ii) the planning people and (iii) the working people. In a narrow sense, it can justify the sharing of profit with the managerial group and the employees utmost and not beyond that.

But in a broad sense, the fortunes should be shared with the society at large as the firm is taking resources for its disposal from the society. But the stakeholder's reaction on this concept is relevant, especially as the fortunes would otherwise be available to them in some way or other.

The shareholders usually get their return as asset appreciation and also the management also gets better fame and opportunities by way of their sincere efforts. But the case of employees are different, they are the working force. How do the employees look upon the CSR activities is relevant. The activities solely for the benefit of employees or their family members cannot be clarified as CSR activities. So there is no direct benefit for employees for undertaking the CSR initiatives.

The problem here is how the employees feel towards the activities under the purview of CSR. In many of the firms the employees also actively participate in these kinds of activities. The philanthropic or social commitment activities are actually done through employees also in many firms. The employees are also doing the activities as part of the firms' social commitment for no additional remuneration. Here the situation may or may not cause a feeling of contempt in them.

Perception of Employees of CSR and its Effect on Them

How do the employees perceive the CSR activities of the firms? Employees' perception of CSR activities is to be worth considering as they can affect the internal affairs especially the health of the work-spaces. The real question arising here is whether the concept of CSR has any relationship with the employees' mindset or not. Many a number of studies were carried out to relate employees' perception of CSR and the various biases of their mindsets.

Eun MiLee, Seong -Yeon, Hyun JungLee (2013) says that employee attachment and their corporate performance are largely decided by employee perception of CSR. The findings are like perceived cultural fit and CSR capability significantly associated with CSR perception and, also employee attachment and performance consequently.

Teo Lam Chew(2015),In the article the effect of mediating role of different dimensions of organizational commitment which are affective commitment,continuance commitment, and normative commitment is pointed out in the relationship assumed between the four situations of CSR practices, 1.marketplace, 2.workplace, 3.community and 4.environment, and the two classifications of role behaviors 1. in-role behavior (IRB) and 2.extra-role behavior (ERB). Caroline Closon (2015) says about the effect of corporate social responsibility on organizational commitment and job satisfaction.

Chun-Chen Huang (2016) says that employee perception has a positive association with their commitment and their intension to participate in CSR activities has also a strong association with the commitment. Zana Prutina (2016) says that employees perceive their company as responsible for society. Won-Moo Hur, et al ;(2016) in their work says employees' perceptions of corporate social responsibility (CSR) affect their creativity at work and its mediated link through compassion at work and their intrinsic motivation.

Tahir Farid, Sadaf Iqbal et al (2018) suggests that employees' perceptions of CSR positively associated with OCB and work engagement. The perceptions in appropriate ways can contribute the employee's attitude to undertake an extra role in the organization voluntarily and also makes the employee more engaged.

Emmanuel Osei Boakye (2014) The study evaluates employee perceptions of CSR in the areas of banking, telecommunication and hospitality industries in Ghana. The study examines the relation between employee perceptions of CSR and Organizational Citizenship behavior of employees. The study reached the findings that the above variables are associated in the case of employees.

Hassan Ali Khan (2014) this study also stresses about the relationship exist between corporate social responsibility(CSR), organizational citizenship behavior(OCB), turnover intention(TI) in the telecom sector in Pakistan.

Wei Wang et al (2017). This study gives clarity to the existing literature that the effect of employees' perception of CSR on a set of employees' attitudes and behaviors (i.e., turnover intention, OCB etc,mediated by organizational identification and moral identity. Sushant Ranjan; Rama Shankar Yadav(2018)in this endeavor says CSR and Turnover of employees are someway related.

Mohammad Tahlil et al (2014), The study is undertaken in the Banking Sector in Saudi Arabia. The relationship between the external CSR practices of the organizations and the employees' engagement, organizational citizenship behavior and their job satisfaction is examined. It is found out that a positive relationship exists between engagement and job satisfaction but organizational citizenship behavior regard to the individual not related.,

Mohammad Tahlil Azim(2016), The finding of the study is that it observes a positive association between perceived CSR and employees' organizational commitment, employees' engagement and employees' organizational citizenship behavior with regard to the organization. Employees' organizational citizenship behavior with regard to the individual is not observed to have a relationship with perceived CSR. Dr. Ranjeet Nambudiri et al (2010), sees organizational commitment as a natural outcome of the social exchange in between an organization and its employee.

Amer Rashid, Faid Gul, Gulfam Khan Khalid(2018) The effect of internal corporate social responsibility (ICSR) on employees' intention to quit the organization due to conflict and with mediating effect of organizational citizenship behavior (OCB) in the banking sector in Pakistan. Mohammed Mohammed Kunda (2018) the paper studies the effect of employee perception of CSR on organizational citizenship behavior in the tourism and hospitality sector of Turkey. The mediating effect of Job satisfaction also studied. The paper says that the CSR towards society and the environment has a significant effect on OCB. Job satisfaction has no mediating effect.

J.D.Ngo Ndjama, P.A.Joubert, M.Dhurup(2017) advocates the need for CSR practices and analysis shows that employees reaction to CSR affects the organizational commitment and turnover intention of the employees.

CONCLUSIONS

The corporate firms should be committed to serve the society. The real focus is expected to be on sustainable development. Besides, the CSR activities can be taken as a strong strategic tool to build the corporate image. Also, it is believed that every noble deed has many direct and indirect positive effects which may or may not be tangible. It is reviewed in many studies that a better perception of CSR can fix a positive stamp on the mindset of the stakeholders especially on employees'. In many studies, we have seen that employees perception of CSR is having a positive relationship with variables like the commitment of employees, Organizational Citizenship Behaviour, employee engagement turnover intention and so on. In short social commitment of the corporate firms can never go vain but it brings in very many numbers of benefits directly and indirectly in many ways.

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