

A STUDY OF THE CONNECTION BETWEEN CSR AND EMPLOYEE ENGAGEMENT OF SELECTED LARGE SCALE ESTABLISHMENTS

Dr. Shweta Bapat*

ABSTRACT

The term engaged workforce is increasingly used to describe the win-win situation where employers expect employees to give their best to achieve organisational objectives and employees expect meaningful and challenging job. Several studies aimed directly on the linkage between CSR and employee engagement have found a strong correlation between employee's commitment to their organization and how they rate its social responsibility. The article published in California Management Review, also 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.

KEYWORDS: *Corporate Social Responsibility (CSR), Motivation, Identity, Political Economy.*

Introduction

Various research studies across the globe have shown that the level of employee engagement is very low. For example, Gallup Employee Engagement Index reported that, on an average as of 2010, only 33 percent of employees were engaged by their companies, 49 percent were not engaged, and 18 percent were actively disengaged (Gallup, 2010). Another survey done by Aon Consulting indicates that less than one-third of employees are engaged (AON Hewitt, 2014)

Educating, training, and involving employees in CSR doesn't only improve employee participation but it can help in elevating the company's CSR mission and employee engagement.

Literature review of various research papers, research articles, working papers claims and as mentioned in the whitepaper written by Rob Gross President, CR Strategies and Commissioned by Bill Holland President, Mandrake 'CSR is an emerging and increasingly important driver of employee engagement.' (Rob Gross, 2011) Through this research paper an attempt is made to check whether the above statement is true in India in case of selected large scale establishments among the Bombay Stock Exchange top 100 listed companies to whom clause 55 is applicable as per SEBI circular.

Literature Review

The Concept of Corporate Social Responsibility

As early as 1916 in Journal of Political Economy J. M. Clerk mentioned that "if men are responsible for the known results of their actions, business responsibilities must include, the known results of business dealings, whether these have been recognised by law or not".

It is believed the concept of CSR emerged in 1930s to 1940s, Prof. Theodore Kreps introduced the subject of Business and Social Welfare to Stanford in 1931 and used the term 'social Audit' for the first time in relation to companies reporting on their social responsibilities. The term CSR became formalised in 1953 with publication of book named 'Social Responsibilities of the businessman' the term CSR became popular in 1990s.

* Assistant Professor in Management, Kaveri College of Arts, Science and Commerce, (Affiliated to Savitribai Phule Pune University), Pune, Maharashtra, India.

Corporations while operating their business get involved in many things which give an impact on the internal as well as external environment of the organisation. Any action in the business is generally initiated after the thorough analysis of its impact on the internal and external environment of the business. As mentioned in their book on Corporate Social Responsibility "the external environment includes both the business environment in which the firm is operating and the societal environment in which the organisation is located." (David Crowther and Gulier Aras, 2008) the impact can be positive as well as negative. The concept of corporate social responsibility was initially interpreted as an effort any organisation takes to minimise the negative impact of its actions on the societal environment. Although the roots of CSR lie in philanthropic activities, the concept of CSR now a days include all related concepts such as triple bottom line approach, corporate citizenship, corporate sustainability, business responsibility etc. Though there is no universally accepted definition of CSR, numerous sincere attempts were made since 1953 to define CSR Formally.

Following are some of the definitions of CSR

"CSR is a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis." – EU Commission [(2002) 347 final: 5]

"Corporate Social Responsibility is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. 'Ethically or in a responsible manner' refers to treating key stakeholders in a manner deemed acceptable according to international norms." (Michel Hopkins, 2004)

Corporate Social Responsibility is the voluntary contribution given by the business community towards a better social and environmental development. Businesses across the world generally concentrate more on immediate results, but it is important to see the vast opportunities available by discharging of social responsibility which can help them in for long term sustainability of the organizations.

The Concept of Employee Engagement

There is no single agreed definition of Employee Engagement; we can see lack of consensus amongst academics and professionals as to what it actually means. Is it an attitude or behavior? But following definitions suggest the common ground that 'engagement' is more than just performance or motivation.

Following are some of the definitions of Employee engagement

As per Gallup Employee engagement is *'Individuals' involvement and satisfaction as well as enthusiasm for work'* (Gallup, 2010)

As mentioned in Towers Perrin Talent Report 2003, *'through our study, we've confirmed a definition of engagement that involves both emotional and rational factors relating to work and the overall work experience. The emotional factors tie to people's personal satisfaction and the sense of inspiration and affirmation they get from their work and from being part of their organization. The rational factors, by contrast, generally relate to the relationship between the individual and the broader corporation.'* (Towers Perrin, 2003)

'A positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.' –Institute of Employee studies (IES)

'a combination of commitment to the organisation and its values plus a willingness to help out colleagues (organisational citizenship). It goes beyond job satisfaction and is not simply motivation.' (CIPD)

Engagement occurs when an employee feels an emotional connection and commitment towards an organization and its goals. Common themes found in most definitions include an increased Trust, Involvement and Belongingness towards organization and Sensitivity towards work. These themes directly or indirectly contribute towards increasing employee commitment and ultimately employee engagement. The Primary data collected through structured questionnaires for this research paper tries to analyses the opinions of HR department officials, CSR department officials and most importantly the views of the employees in this regards.

Nexus between Employee Engagement and CSR

Employee engagement is one of the toughest elements of sustainability and corporate social responsibility (CSR) efforts. The level of employee involvement is critical to the success of corporate sustainability and CSR efforts. Employees bridge the gap between the company's sustainability/ CSR goals and the realization of those goals. It is the personal day-to-day commitment, decisions and actions of employees that direct the intelligence and resources of the largest companies in the world for the good of our planet.

Following are some of the important literature review findings which establish the strong and positive connectivity between CSR and Employee engagement:

A 2007 Towers Perrin survey of 90,000 employees in 18 countries found that only 21 percent reported being fully engaged on the job. The rest were either simply enrolled (41%), disenchanted (30%), or disconnected (8%) (Towers Perrin, 2007). In turn, the Gallup Employee Engagement Index reported that, on average as of 2010, some 33 percent of employees were engaged by their companies, 49 percent were not engaged, and 18 percent were actively disengaged (Gallup, 2010)

As per the survey findings mentioned in the whitepaper written by Written by Rob Gross President, CR Strategies, and Commissioned by Bill Holland President, Mandrake, CSR is the third most important driver of employee engagement overall, and an organization's reputation for social responsibility is an important driver for both engagement and retention. (Rob Gross, 2011)

As part of its annual Best Employers in Canada survey, Hewitt Associates teamed up with CBSR, gathering opinions from over 100,000 employees and 2,000 leaders at more than 230 Canadian workplaces. The survey found "a strong correlation between employee engagement and employee views of their employers' record on corporate social responsibility.

An attempt is also made to find out how do companies engage their employees in sustainability and CSR. are also done to in a white paper published by Jocelyn Azada and Matthew Rochte 'Workforce for Good –Employee Engagement in CSR / Sustainability' a series of interviews from January – March 2013, 17 leaders in sustainability and CSR in 12 Fortune level companies were interviewed with one purpose: to find out how they engage their employees in sustainability and CSR. The companies interviewed represented diverse industries, from consumer and industrial goods to healthcare, financial services and consulting, and were predominantly Midwestern headquartered global corporations. (Jocelyn Azada and Matthew Rochte, 2013)

Analysis

This research paper is based on primary data collection. Survey is the most common method used in judging the impact on engagement. Research shows that surveys and questionnaires are better at measuring attitudes and intentions than they are at predicting behaviour. In order to check the credibility of the sentence 'CSR is an emerging and increasingly important driver of employee engagement.' in India, this paper tries to explore the connection between corporate social responsibility (CSR) and employee engagement by taking the exclusive survey of HR officials, CSR Officials and selected employees with the help of structured questionnaire. The companies selected for this research paper are among the top listed companies which are required to include Business Responsibility Report in their Annual report as per the guidelines of SEBI. These selected companies belong to Automobile industry, Pharma and Engineering Industry. The survey of HR officials, CSR officials and employees of selected large scale establishments is undertaken to understand whether CSR can be proved as one of the drivers of employee engagement.

Data Collection

The primary data collected for this research paper is through survey by adopting convenient sampling method. The survey is divided in two different parts. In the first part the structured Employee Questionnaire is been prepared to understand the viewpoints of employees about the CSR and its effect on employee engagement. The companies selected for this research paper are among the top listed companies which are required to include Business Responsibility Report in their Annual report as per the guidelines of SEBI. The respondent employees are fulfilling the following criterion: 1. Employees must have completed at least 5 years of service at middle or lower level management in the selected organization. 2. Employees must belong to any department other than HR and CSR department. In the Second part of the survey a separate questionnaire is been prepared for HR and CSR officials to understand their views about the same. Following is the analysis of the data collected.

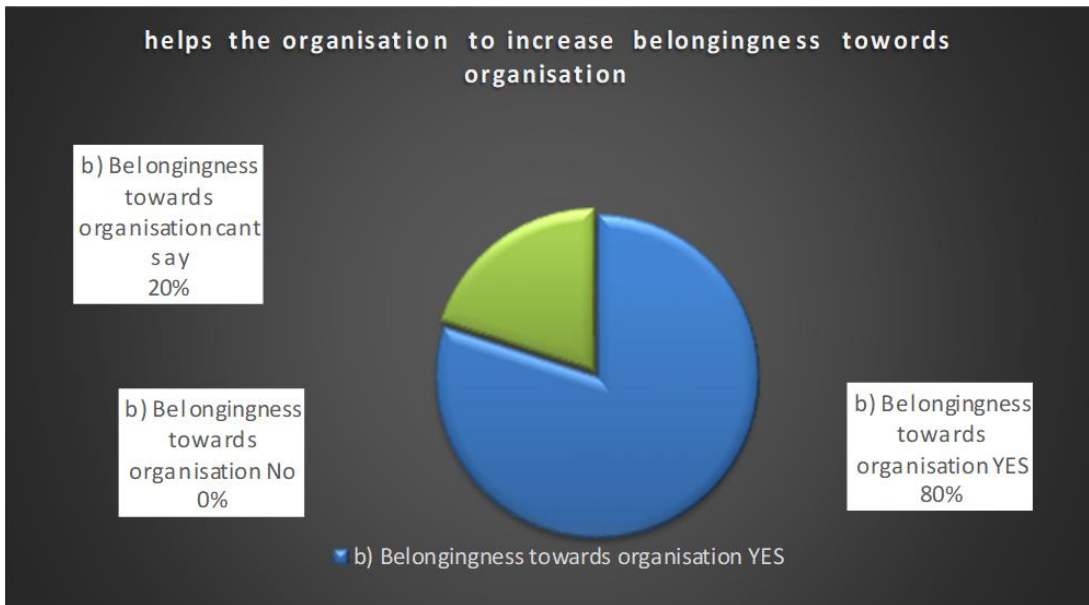
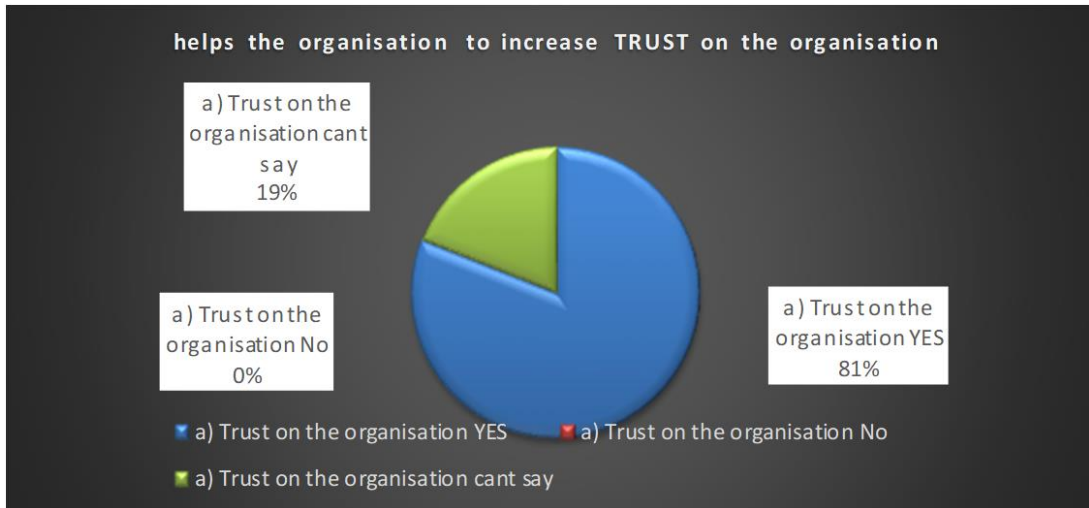
Results and Discussion

Findings of Employees’ Survey

Employees were asked several questions about their participation in CSR activities of the organization, whether they have received any formal or informal CSR training, their liking about participating in which type of activities, whether they are having proud feeling about their company CSR activities etc. Survey shows that, the average number of hours spent by the employees for participating in CSR activities is approximate 30hrs in an average 6 different activities in a year.

To understand whether the CSR affects positively on the employee engagement or not, employees were asked about their opinion on whether the employee participation in CSR activities of the organization helps the organization to increase 1) trust on the organization, 2) belongingness towards organization, 3) involvement of employees in the organization, 4) sensitivity towards work.

Following is the graphical representation of the results.



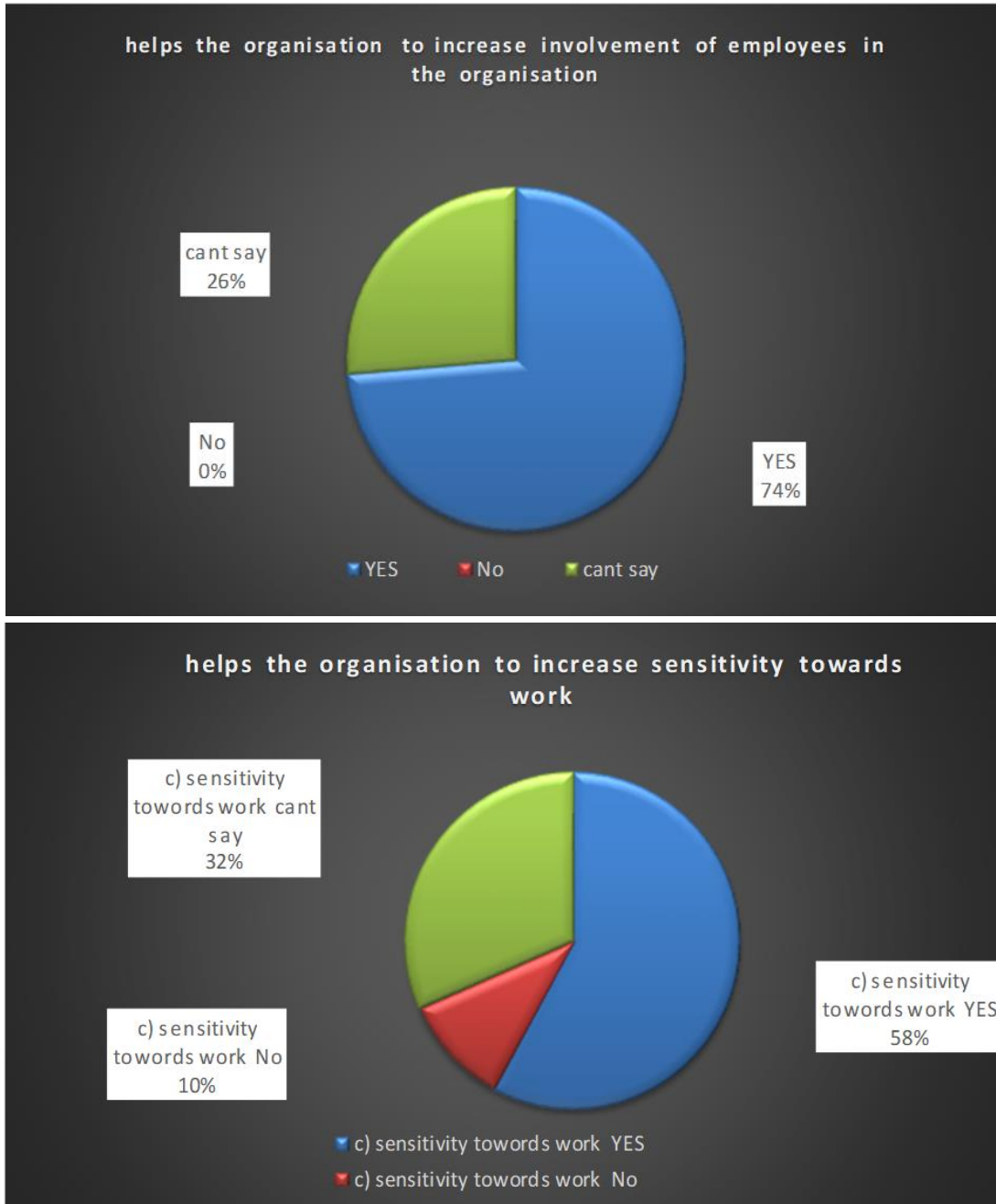


Chart 1 to 4: From Left to Right (Employees Survey Findings)

Findings of Chart 1 to 4

81% employees agree to the statement that Employee participation in CSR activities of the organization helps the organization to increase Trust on the organization. 80% of the employees agree that it increases the belongingness towards organization and 74% employees say that it helps in increasing the Involvement of employees in the organization. When asked about the effect of participation in CSR activities on the sensitivity towards work, only 58% employees agreed that there is a positive impact on it whereas 10% employees denied it.

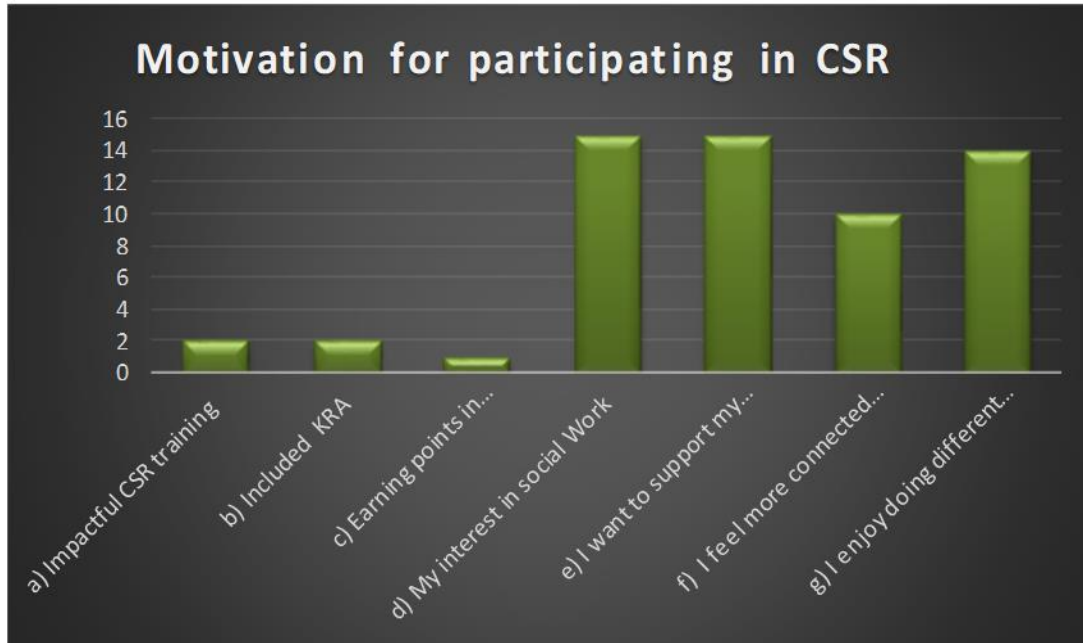


Chart 5: Motivation for Participating in CSR

Findings of Chart 5

When asked about, what motivates them to be a part of CSR activities of the organization the top four answers were 1) My interest in Social Work (75%), 2) I want to support my organization in working for the betterment of the society (75%), 3) I feel more connected with my organization by participating in CSR (50%) and 4) I enjoy doing something different from my routine job (70%)

Findings of Chart 6

From the opinions and experiences of HR and CSR professionals it was noticed that employees do have their own preferences for participating in various types of CSR activities. An attempt was made to understand the preferences of participation of employees in CSR activities. The findings were 1) Highest preference was given to the combination of Outdoor + Group activity by 95% of employees, 2) Outdoor +Individual combination received the second preference with 60%, 3) Indoor + Group received third preference and 4) Indoor +Individual combination received last preference by just 25% employees.

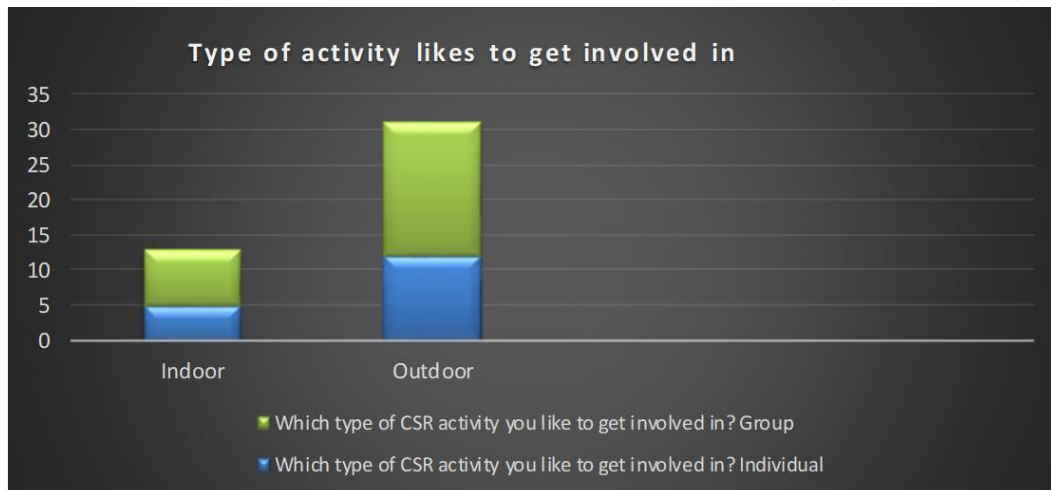


Chart 6: Liking of CSR Activities to Participate



Chart 7: Employees having Proud Feeling

Findings of Chart 7

95% employees are having proud feelings about the CSR activities undertaken by their companies. Whereas it was also found that 5 % employees are still not really proud of the CSR work.

Findings of HR and CSR Officials' Survey

In order to reconfirm the survey findings of the employee survey, the opinions of HR and CSR officials were also taken for the increase in Trust, belongingness, sensitivity and involvement as an impact of employee participation in CSR activities of the companies. Following chart describes the important findings of HR and CSR officials' survey

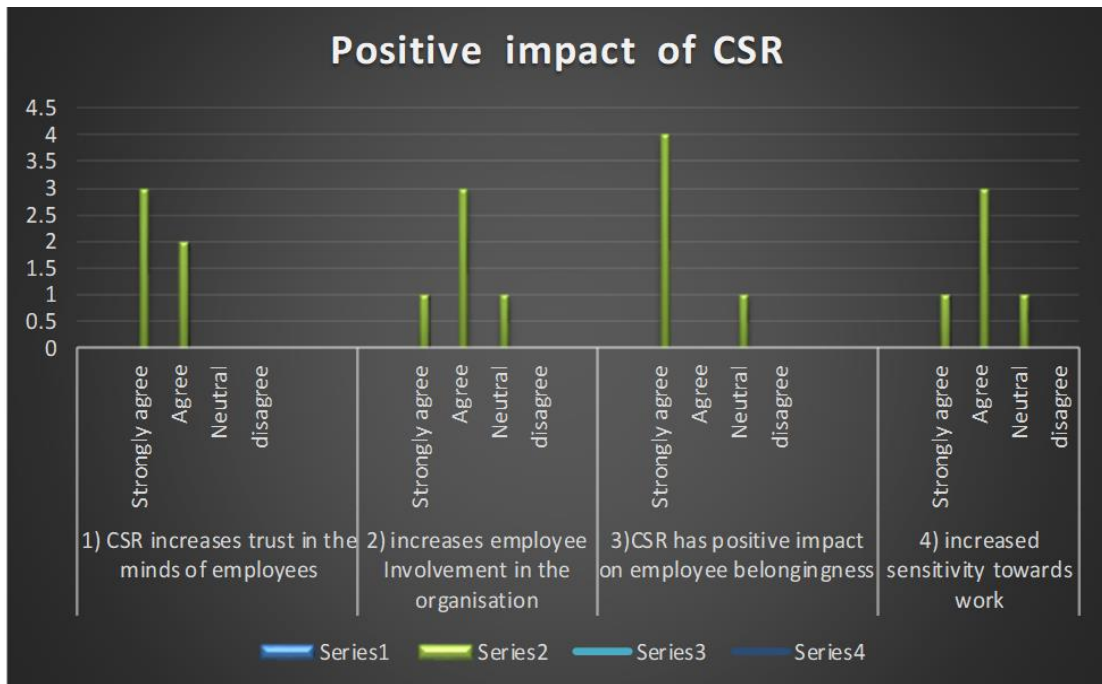


Chart 8: Positive Impact of CSR

Findings as shown in the chart 8, HR and CSR officials opine on four given statements as follows:

- **Statement 1:** Employee participation in CSR activities increases Trust in the minds of the employees - 60% of strongly agreed & 40% agreed.
- **Statement 2:** It is observed that employees' involvement in organisation has increased because of CSR - 20% strongly agreed and 60% agreed whereas 20% chose to be on neutral.
- **Statement 3:** Employee participation in CSR has positive impact on the employee belongingness towards organisation – 80% strongly agreed & 20% agreed.
- **Statement 4:** Employees are showing more sensitivity towards their work since the participation in CSR increased –20% strongly agreed and 60% agreed whereas 20% chose to be on neutral.

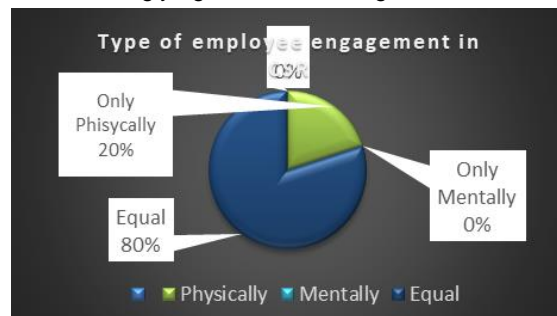


Chart 9: Type of Employee Engagement in CSR

Finding of Chart 9

When asked about the type of engagement 80% of HR and CSR professionals opine that their employees are equally engaged in CSR activities of the organisation, physically as well as mentally and 20% believe that they are only physically engaged

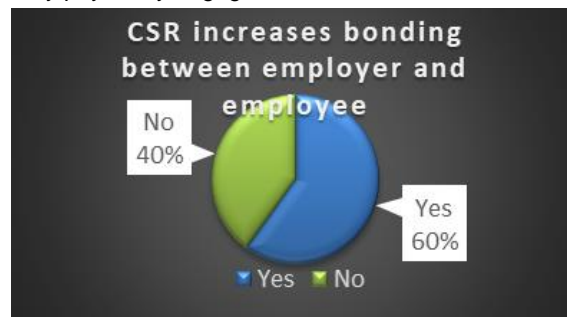


Chart 10: Bonding between Employer and Employee

Findings of Chart 10

While talking about bonding between the employer and employee 60% officials agrees on employee participation in CSR increases the bonding between employer and employee.

Conclusion

Through this research paper an attempt is made to check whether the statement, 'CSR is an emerging and increasingly important driver of employee engagement' is true in India in case of selected large scale establishments'. The data collected for the purpose of this research paper by using survey method takes the research to the following conclusions. As mentioned in the data analysis, the findings of Employees survey directs that most of the employees believes that employee participation in CSR activities of the organisation helps to increase trust on the organisation, involvement of employees in the organisation and belongingness towards the organisation, however only 58% employees believe that it helps in increasing sensitivity towards work. The results also show that along with interest of the employees towards social work, supporting their own organisation in working for the betterment of the society is another equally important reason for participating in CSR. This shows the involvement of the

employees in their own organisation. Almost 95 % of employees are having proud feeling about the CSR activities of their respective organisation. It is also observed that most of the employees like to participate in outdoor CSR activities conducted in a group. The indoor and individual activities received comparatively lesser likes. This finding can be the indicator for the organizations to improve employee participation in CSR.

As per the survey findings of HR and CSR officials, it is reconfirmed that CSR helps in increasing trust, involvement, sensitivity and belongingness of the employees towards organisation. Majority of these officials also think that it increases the bonding between employee and employer. Most of them also believe that their employees are not only physically involved but also mentally involved in CSR activities of the organisation. From these findings it can be concluded that the participation on employees in the CSR activities contributes to increase employee commitment and that in a way increases employee engagement to some extent. An attempt made through this paper to check the credibility of the statement 'CSR is an emerging and increasingly important driver of employee engagement' in India in case of selected large scale establishment is successful and the statement definitely has the credibility.

References

1. Aon Consulting and Orenda Connections. Engagement, Profits and Why the Beatles Were Right. workspan. March 2009
2. CIPD (2001), *Employers' perceptions of the psychological contract*, CIPD Report 112
3. Shweta Bapat & Pooja Upadhyay, 2021. "Implications of CSR initiatives on employee engagement," *Social Responsibility Journal*, Emerald Group Publishing, vol. 17(2), pages 149-163, January.
4. Towers Perrin. Towers Perrin Global Workforce Study. s.l.: Towers Perrin, 2007-2008.
5. SpeechlyBircham. Employee Engagement. s.l.: Speechly Bircham, 2009.
6. Towers Perrin. Employee engagement underpins business transformation. Stamford: Towers Perrin, 2009.
7. Hewitt and CCSR data establishes strong relationship between employee engagement and CSR. [News Release]. Toronto :s.n., 2010.
8. CCSR and Hewitt Associates. CSR as a driver of employee engagement. [Presentation] 2010
9. Strandberg, Coro (2009). The Role of Human Resource Management in Corporate SocialResponsibility. *Strandberg Consulting*. Retrieved from http://corostrandberg.com/wpcontent/uploads/files/CSR_and_HR_Management1.pdf
10. Marquis, Christopher & Thomason, Bobbi &Tydlaska, Jennifer. (2010). Corporate socialresponsibility and employee engagement, *Harvard Business School*, 9-410-138
11. Gallup. (2011). Employee engagement. Retrieved from <http://www.gallup.com/consulting/52/employee-engagement.aspx>
12. Hongyue Ma, (2011), The effects of corporate social responsibility on employeeengagement
13. D Robinson, S Perryman, S Hayday, The drivers of Employee engagement, Institute for Employment Studies retrieved from - <http://www.employment-studies.co.uk/report-summaries/report-summary-drivers-employee-engagement>
14. Gallup (2013). *State of the Global Workplace: Employee Engagement Insights for Business Leaders Worldwide*. Washington, DC: Gallup.
15. Glavas A. (2016). Corporate social responsibility and organizational psychology: an integrative review. *Front. Psychol.*7:144 10.3389/fpsyg.2016.00144 [PMC free article][PubMed][Cross Ref]
16. Glavas A., Kelley K. (2014). The effects of perceived corporate social responsibility on employees. *Bus. Ethics Q.*24 165–202. 10.5840/beq20143206 [Cross Ref]
17. Mirvis, (2012) Employee Engagement and CSR, retrieved from http://www.gncc.org/sites/gncc.org/files/Mirvis_Employee%20Engagement%20and%20CSR_2012.pdf
18. WFG_WhitePaper_2013LoRes (Emp Engage in CSR), retrieved from, http://businessfacilities.com/wpcontent/uploads/2014/05/WFG_WhitePaper_2013Loes.pdf
19. KPMG-(2008), CSR Whitepaper -- <http://www.kpmg.com/in/en/services/advisory/riskcompliance/documents/whitepaper%20on%20csr.pdf>.

