A STUDY OF EMPLOYEES' PERCEPTION TOWARDS INTERNAL AND EXTERNAL CORPORATE SOCIAL RESPONSIBILITY

Prof. (Dr.) B. H. Nanwani *   Mrs. Vaishali Doshi**
*Director, Sadhu Vaswani Institute of Management Studies for Girls, Pune.
**Research Scholar and Asst. Prof. Modern College of Arts, Science and Commerce Shivajinagar,Pune.

Abstract
 Since 1990's CSR is becoming a topic of interest both in academic and practitioner fields. It is now considered to be most researched topic of the 21st century (Carroll, 1999; Godfrey & Hatch, 2007; Gomes, Cunha & Rego, 2006; Matten & Crane, 2005; Mirvis & Googins, 2006).

CSR initiatives present an ideal way to motivate employees and educate them about the values of the organization. Employee-Company identification is a way to enhance job satisfaction, motivation and lower employee turnover leading to increase in business performance. Based on the social identity theory (Tajfel & Turner, 1985), employees will be proud to identify with organizations that have a good external reputation with all stakeholders. The present study examines employees' response to CSR performance. Concerning the practical contributions, this work suggests that organizations can make an intentional use of their CSR activities to promote employees' positive job attitudes and thereby Employee-Company identification.

The paper emphasizes on using CSR as a business strategy to enhance employees' organizational Identification.

Keywords: Corporate Social Responsibility, Organizational Identification.

Introduction: Corporate Social Responsibility has become a familiar concept in the business world**.** In India, several companies have started understanding the rationale behind taking up CSR activities and integrating it with their business processes. Corporations are becoming increasingly aware of their role towards the society. They are responsible bodies that feel a sense of duty towards the common welfare of people and environment protection. CSR is emerging as a key issue in international business tooRecent corporate defaults and financial meltdown highlight the growing significance of understanding business legitimacy issues in relation to CSR.

All companies coming under the purview of CSR regulations of the Companies Act 2013, have become more transparent in reporting such activities in their Balance Sheets. They are incorporating their corporate social responsibility initiatives in their annual report as per the directives of the Government.

Companies now are setting up specific departments and teams that develop policies, strategies and goals which are for their CSR programs and allocate separate budgets to support them. In the modern era, the new generation of corporate leaders lay emphasis on optimization of profits over maximization of profits.

Objectives
1. To study the concept of CSR
2. To study employees' perception towards their Company's CSR activities
3. To establish link between CSR and organization identification
4. To make suggestions for using CSR to foster and strengthen the link between CSR and organization identification.

Literature Review
- According to the World Economic Forum (2002), employees are viewed by companies' CEO as the key stakeholder exerting pressure and providing incentives for socially responsible behavior.
- Brown & Dacin, 1997; Maignan & Ferrell, 2001 explored the impacts of CSR on stakeholders' management. Employees are direct (e.g. HRM policies) and/or indirect (e.g. community support policies) beneficiaries and observers of the implementation of CSR strategies. Given these employees' perceptions of social performance influences their relationship with companies' i.e. emotional, attitudinal and behavioral responses.
- Rupp et al., 2006- mention that as members of the organization, employees are concerned about and contribute to, react to its investment in social responsibility practices.
- Duarte & Neves, *in press*; Peterson, 2004; Rupp et al., 2006- state that employees not only expect companies to behave in a socially responsible manner, but they are also important agents of CSR. Therefore, the implementation

of CSR strategies is ultimately, the responsibility of employees. Collier & Esteban, 2007-The achievement of planned CSR outcomes will largely depend on the willingness of employees to collaborate and adhere to CSR strategies. Besides their importance as agents of CSR, employees also play other roles that potentially increase their interest in and awareness of the companies' socially responsible practices.

- Brammer et al., 2007; Peterson, 2004-suggest that employees' attitudes and behaviors are positively influenced by the perceptions they hold of their companies' social performance. For instance, employees show a stronger commitment to their employer organization when they perceive it as a socially responsible company.
- Agrawal (2008) highlighted the fact that 'CSR creates a dedicated workforce with high levels of self-accomplishment. Employees feel proud to work in socially responsible companies. He has further quoted a senior Director of an MNC working in India who endorses the view that CSR encourages a spirit of volunteerism amongst colleagues and boosts morale, builds self-worth, and fosters team spirit.
- Mason and Simmons (2011) mention in their study that the rise of ethical consumerism and the recruitment, retention and employee commitment benefits accrue to socially responsible employers. They are also of the opinion that recruitment and retention are the key drivers of CSR.
- Stancuet.al (2011) states that CSR activities have an impact on current employee's commitment towards their employers. One of the reason is that successful companies should attract and retain the best work force. By creating a good working environment and developing internal marketing strategies, companies can stimulate productivity and satisfaction among employees.
- Verdeyen et al 2004 Brammer et al. 2007 Turker, 2009 Shen and Jiuhua Zhu, 2011 Internal CSR denotes the policy and practices of an organization that are related to the psychological and physiological well-being of its employees. These include respect for human rights, employee health and safety, work-life balance, employee training, equal opportunity, and diversity(Vuontisjärvi, 2006 Turker, 2009a)
- Carroll 1979 Brammer et al 2007- External CSR relates to environmental and social practices that help to strengthen the firm's legitimacy and reputation among its external stakeholders. It include volunteerism, cause-related marketing corporate philanthropy, and environmental and wildlife protection (Brammer et al., 2007 Chen et al 2008 Cornelius et al 2008).
- Shrivastava et.al (2012) conclude that social involvement may create a better public image and goodwill for the company which further becomes instrumental in attracting customers, efficient personnel and investors.
- Korschun et.al (2014) quote, Diane Melley, Vice-President of citizenship at IBM , "CSR is a new and different way to motivate employees to deliver superior client service". They also suggest that CSR communicates the underlying values of the company, which can lead people to form a strong psychological bond with it (i.e. organizational identification) and thereby trigger company-benefiting behavior.
- Imran Hameed Zahid Riaz Ghulam A. Arain, and Omer Farooq(2016)Using social identity theory, it is proposed that CSR actions focusing on external stakeholders enhance perceived external prestige whereas those focusing on employees increase perceived internal respect. Perceived external prestige and perceived internal respect encourage employees to identify with their socially responsible organization.
- Sarah Stawiski, Ph.D., Jennifer J. Deal, Ph.D., and William Gentry- mention that when a company has CSR initiatives, employees are more proud of and committed to the organization. This is because their personal identities are partly tied up in the companies that they work for. If a company is socially conscious employee association with the company is reflected positively.

CSR Concept
At the international level, Howard Bowen's book "The Social Responsibilities of the Businessmen (1953)" was the first attempt to define CSR. Bowen's work focuses on the status and degree of responsibilities that business people should accept. It created a foundation by which business executives and academics could consider the subjects as part of strategic planning and managerial decision-making. It follows ethical behavior toward stakeholders and recognizes the spirit of the legal and regulatory environment.Milton Friedman introduced liberal model which stated that corporate responsibility primarily focuses on owner objectives and stakeholder responsiveness which recognizes direct and indirect stakeholder interests. During 1980s, the CSR concept grew to integrate corporate objectives with the social responsibility of business thereby making it responsible for environment, employees and also make good profits. In the 1990s, Peter Drucker and other authors stressed on using CSR as a part of corporate strategy. The approach to CSR changed from Agency theory to Stakeholder theory. The stakeholder model emphasizes on survival of the corporation and focuses not only on the responsibility towards shareholders but also towards employees, governments and customers.

The World Business Council for Sustainable Development (WBCSD) defines CSR as ''the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities''

(WBCSD, 2001). Hence the fundamental idea of CSR is that business corporations have an obligation to work towards meeting the needs of a wider array of stakeholders (Clarkson, 1995112; Waddock et al., 2002113). More generally, CSR is a set of management practices that ensures the company maximizes the positive impacts of its operations on society or operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business'' (BSR, 2001).

CSR and Organization Identification

Organizational identification is a term of social identification which is derived from social identity theory (Tajfel and Turner, 1985; Ashforth and Mael, 1989) and self-categorization theory (Haslam and Ellemers, 2005). It is conceptualized as "a perceived oneness with an organization and the experience of the organization's successes and failures as one's own" (Mael and Ashforth, 1992, p. 103). The research indicates that organizational identification is an important determinant of a firm's overall effectiveness (e.g., Pratt, 1998). It has a positive impact on several organizational outcomes such as job satisfaction (Van Dick et al., 2004a), organizational citizenship behavior (Bartel, 2001; Tyler and Blader, 2003) and readiness for change (Hameed et al., 2013), and is negatively related to turnover intention (Mael and Ashforth, 1995).Organizational identification allows employees to develop a strong, enduring relationship (developing a feeling of oneness) with their organization (Ashforth and Mael, 1989). Thus, by investing in CSR activities an organization enhances employees' organizational identification, wherein they see the organization as being socially responsible and feel a higher sense of self esteem by associating with such a company. CSR activities also give employees an opportunity to make favorable social comparisons with other organizations, in the attempt to improve their self-esteem (Bartel, 2001).

CSR in India: Present Scenario

The Companies Act 2013 provides a clear mandate regarding CSR in India. According to Clause 135:

- 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 CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
- The Board's report under sub-section (3) of section 134 shall disclose the composition of the CSR Committee.
- The Committee shall (a) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII; (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and (c) monitor the CSR Policy of the company from time to time.
- The Board of every company referred to in sub-section (1) shall (a) after taking into account the recommendations made by the CSR Committee, approve the Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, in manner prescribed; and (b) ensure that the activities as included in CSR Policy are undertaken by the company.
- The Board of every company referred to in sub-section (1), 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 CSR Policy: Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities: Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Scope

The scope of the study is limited to exploring attitudes of employees engaged in CSR projects (internal and external) undertaken by I.T companies (Indian and Foreign) having turnover of more than Rs. 1000 cr. and having their head office, unit or subsidiary in Pune.

Research Methodology

The researchers have collected data through a structured close ended questionnaire where employees have been asked to fill in an online questionnaire.

Hypothesis

H_1 – Employee engagement in CSR initiatives helps to improve their motivation and organizational identification.

Data collection and analysis

The researchers have prepared an exhaustive questionnaire and data is collected with regards to employees' perception on CSR activities. The data is collected from employees of ten different companies.

Profile of Respondents
Online questionnaire was sent to employees and the researchers was able to get responses from 40 employees 77.5% male and 22.5% female employees. 57.5% of employees were of age group between 25 years to 35 years and 42.5% were in the age group of 36 to 45 years. 52.5% of the respondents were graduates and 47.5% were having master's degree. Hence all 40 responses form part of the study.

The researchers have analyzed data using MS-Excel.

Q. Total years of work experience in current organization.
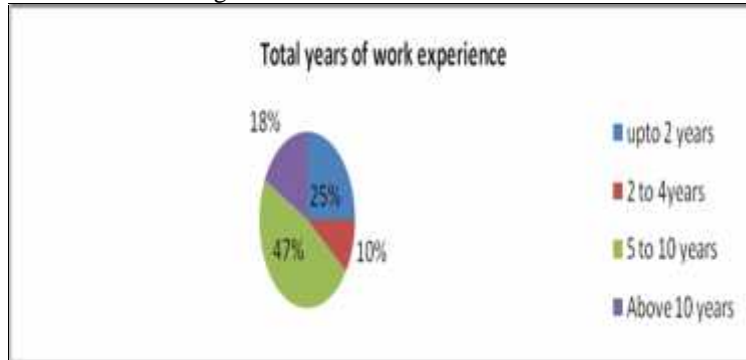
Figure 1

Q. Does your company contribute towards CSR
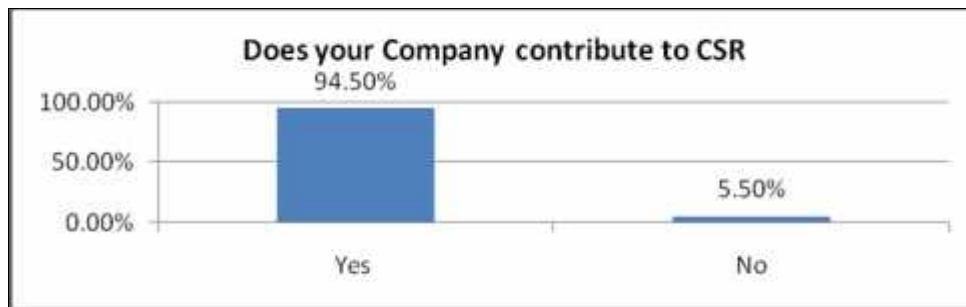
Figure 2

Q. Area in which the company contributes to CSR activities
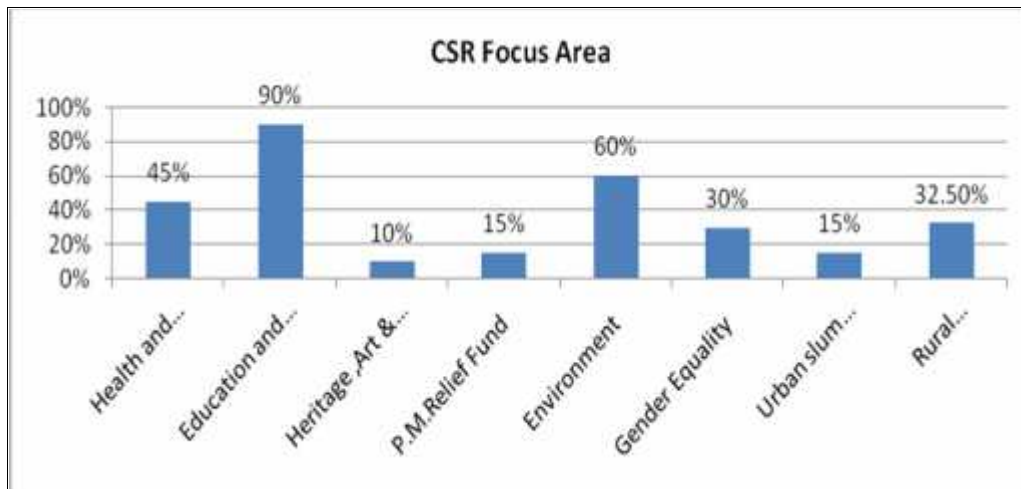
Figure 3

In context of external CSR: 90% of Companies contribute towards education and soft skill development , followed by 60% which contribute towards environment protection and 45% towards health and sanitation.

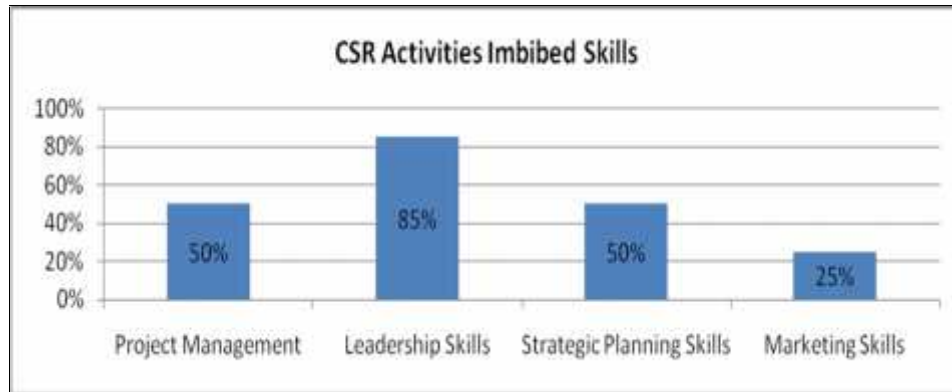Q. Involvement in CSR activities has helped you imbibe skills such as

Figure 4

85% of employees feel that their engagement in CSR activities has enhanced their leadership skills followed by 50% who feel they have gained in their project management and strategic planning skills. 25% of the respondents felt that their participation in CSR activities had improved their marketing skills.

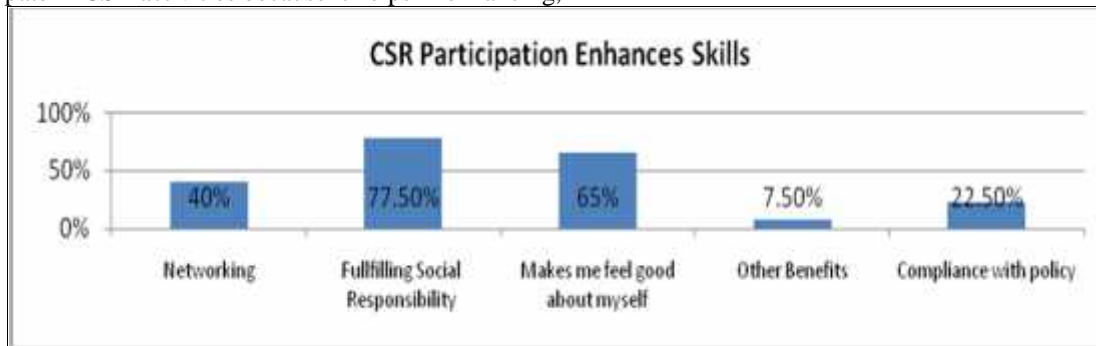Q. I Participate in CSR activities because it helps in enhancing,

Figure 5

Majority of the respondents [77.5%] feel that participating in CSR helps them "fulfil their social responsibility" and 65% participate as "they feel good about contributing towards a noble cause". 40% participate for enhancing their networking skills and 22.5% do so to comply with policy.

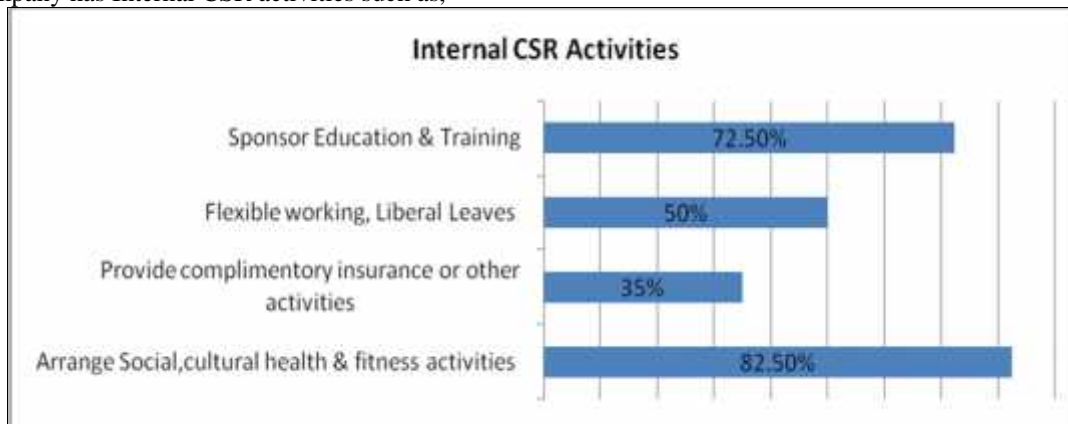Q. Your company has Internal CSR activities such as,

Figure 6

Internal CSR Activities:82.5% of the companies are engaged in arranging social, cultural, health and fitness activities, followed by 72.5% sponsoring higher education and training sessions, 50% implement flexible working environment, 35% provide complimentary insurance policies to employees.

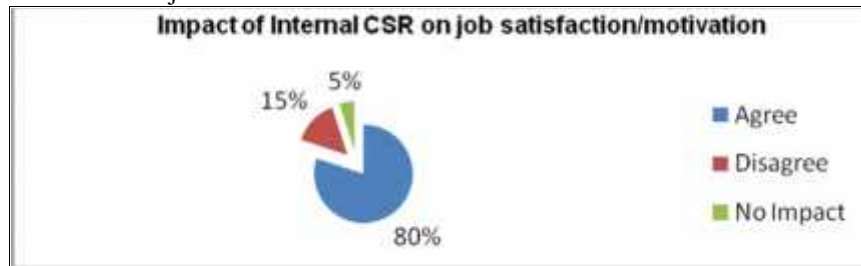Q. Internal CSR activities increase job satisfaction/motivation.

Figure7

Q. Effective communication of companies CSR activities improves motivation and association with organization.
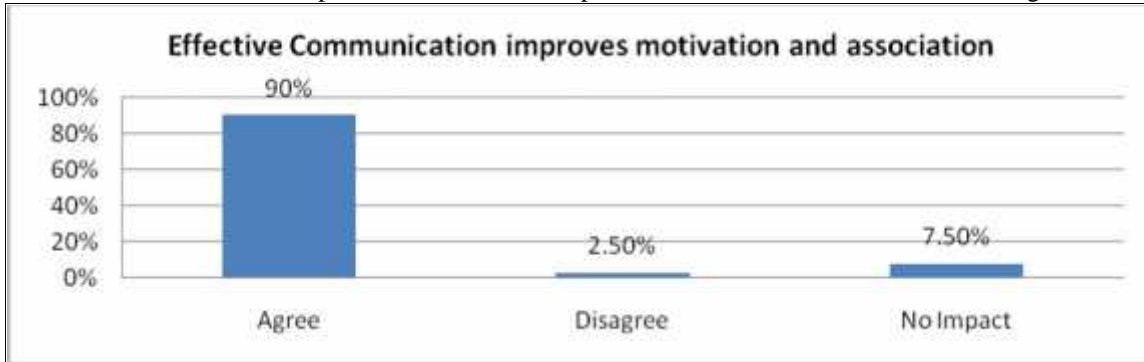

Figure 8

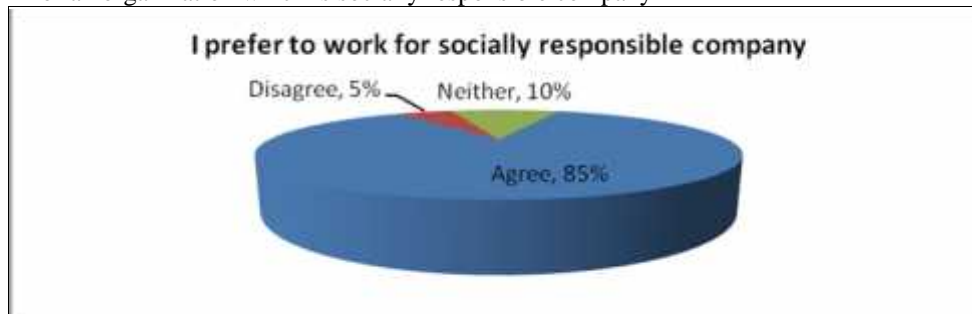Q.I prefer to work for an organization which is socially responsible company

Figure 9

85% of employees would prefer to work for socially responsible organization and 90% of the employees are of the opinion that effective communication of CSR activities improves their motivation and helps them in building strong association with their organizations.

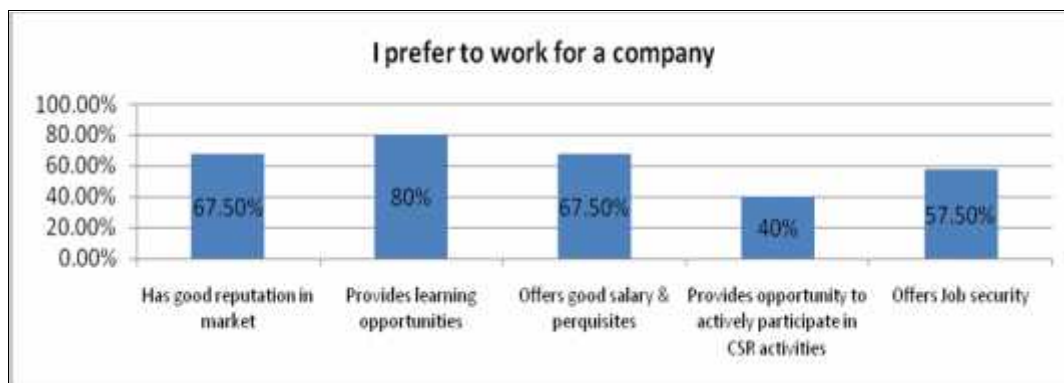Q.I prefer to work for a company which

Figure 10

Research Paper   *IJBARR*
Impact Factor: 3.853   *E- ISSN -2347-856X*
Refereed, Listed & Indexed   *ISSN -2348-0653*

80% of the employees prefer to work for a company where meaningful work and learning opportunities are provided, followed by 67.5% having good reputation in market, good salary, 57.5% job security, and 40% having good CSR history.

Q. How many CSR activities of companies did you participate in during the last 12 months?
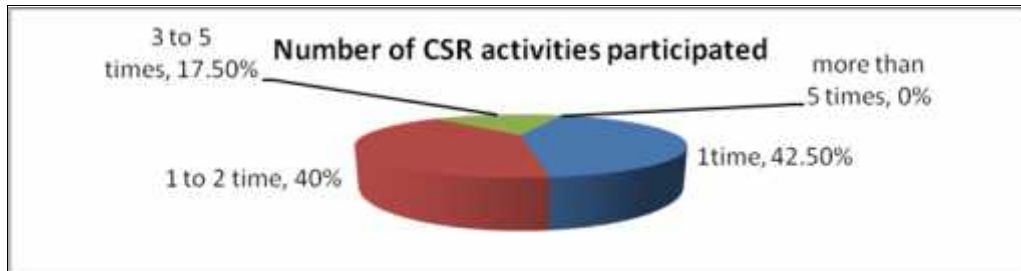

Figure 11
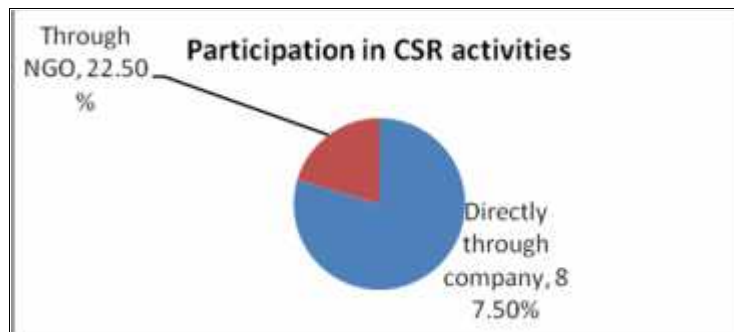
Q.I Participate in CSR activities

Figure 12

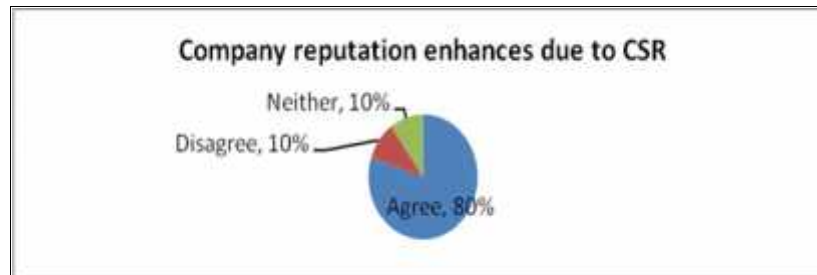Q Company's reputation is enhanced due to CSR

Figure 13

80% of employees are of opinion that due to effective CSR Implementation Company's social identity, reputation is established in the minds of all stakeholders.

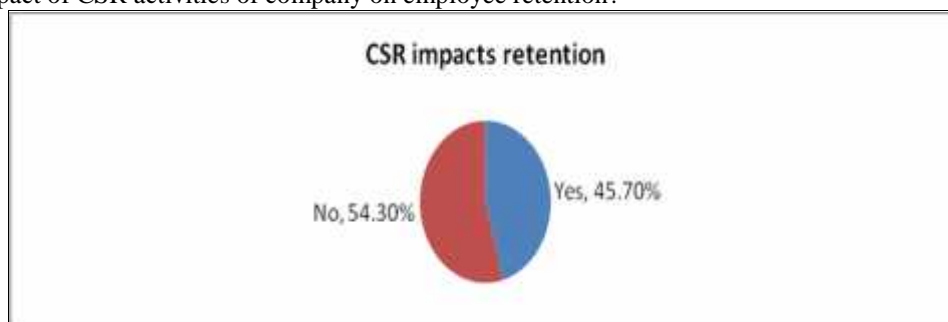Q.Is there any impact of CSR activities of company on employee retention?

Figure 14

Out of 40 responses, 36 responded on question impact of CSR activities of company on employee retention and 4 were neutral.45.70% responded CSR has an impact on employee retention where as 54.30% were of opinion that there is no impact of CSR on employee retention. Therefore CSR does not necessarily bring in loyalty though theory states otherwise.

Q. How would you like to be involved in CSR activities?

Figure 15

40% of the employees would like to get themselves involved in strategic planning, followed by 30% in communication of CSR activities and 30% execution.

Q. Active Participation in CSR:

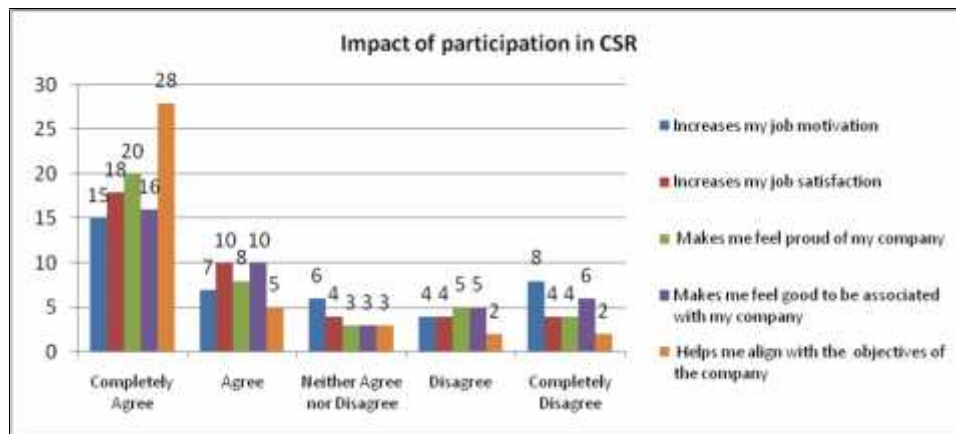| Active participation in CSR :	Agree		Neither Agree Nor Disagree		Disagree	
	#	%	#	%	#	%
Increases my job motivation	22	55	6	15	12	30
Increases my job satisfaction	28	70	4	10	8	20
Makes me feel proud of my company	28	70	3	7.5	9	22.5
Makes me feel good to be associated with my company	26	65	3	7.5	11	27.5
Helps me align with the objectives of the company	33	82.5	3	7.5	4	10

Figure 16

It can be observed that, more than 50% of the responses either "Agree" or "Completely Agree" to the fact that active participation in CSR activities motivates employees, makes them feel good about their company as well as increases sense of pride and association with company.

Hence from the above findings and interpretation of data we can conclude that employee engagement in CSR initiatives brings a sense of association with the organization and becomes an important part of their self image.

This study further indicates that there is a positive relationship between employees' perception about CSR activities of their company and willingness to work in such organizations.

Research Paper
Impact Factor: 3.853
Refereed, Listed & Indexed

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

Limitation
In the present study, limited responses from I.T employees regarding their companies CSR activities were taken. Hence the data reflects only a sample of employee perception of CSR.
Further an exhaustive study of specific groups of stakeholders, notably managers, union representatives, associate to CSR would be beneficial for future research. As many "stakeholders are likely to evaluate corporate social responsibility differently, depending not only on their own interests, but also on their understanding and acceptance of corporate social responsibility" (p.712). (Wood1991)

Suggestions
- Companies need to use various communication tools to communicate with employees about CSR activities. This will also help to increase motivation and sense of association with Organization for participating employees.
- One of the op drivers for employees to work for organization is opportunity to to actively participate in CSR activities. (Figure 9). Given this companies must plan CSR activities n such a manner that employees get an opportunity to participate in CSR activities of their interest areas.
- 40 % of the respondents have participated in CSR activities once or twice in a year and 17.5 % respondents participated three to five times This indicates that employee participation is in one-off events rather than regular or routine participation. Companies can offer opportunities on a regular/rotational basis to draw benefits of organisational identification. 87.5% of employees participate in CSR activities through company while 22.5% directly work through NGO. Companies can explore options to accommodate wide range of CSR activities to ensure greater participation by employees in CSR directly through companies.

Conclusion
- CSR brings a sense of association with organization and becomes an important part of self image of an employee.
- CSR activities has direct or indirect links to firm's performance. When CSR is actively included in the business as an important activity, it makes employee perspectives positive towards socially responsible organization.
- Organizations would get positive remarks from external stakeholders and influence internal stakeholders (employees). As a result, employees are more likely to be attracted by organization's respectful characteristics, are more willing to participate in corporate volunteer activities, and have higher employees' organizational commitment .
- Building a positive and pro-social image of an organization has a significant impact on the desired result of E-C identification. Additionally, a company has even better chances to achieve organizational identification if it carefully promotes and motivates its employees to participate in its CSR initiatives. Participation enhances organizational pride and unity that play a significant role in strengthening attachment and identification.
- Research has shown that prospective employees choose organization which are socially responsible and CSR can strategically help in retaining more committed and engaged employees. Thus companies are using CSR activities to motivate and attract employees.

References
1. Buddha Anuradha29 Dr. M. M. Bagali30- Impact Of Corporate Social Responsibility On Employees' Organization Identification And Employee Retention: A Study On Indian Private Multinational Companies- *Volume 4, Number 2, April – June' 2015 Issn (Print):2279-0896,*
2. Christopher, W. Bauman, & Linda, J. Skitka. (2012). Corporate Social Responsibility as a source of employee satisfaction. *Research in organizational Behavior, R10B*, 54. Retrieved from www.sciencedirect.com.
3. Banerjee , P. K. (2003), "Corporate Governance & Business Ethics in the 21st Century", ICFAI Journal of Corporate Governance, Vol III No 2.
4. Prof. SN RAI, Dr G B PATIL- "Corporate Social Responsibility In India" Need of The Hour ASM International E-Journal of Management and I.T eISSN2320-0065
5. Employees' CSR Perceptions, Participation and Personal Values and their impact on Employee – Company Identification Nicole Stofberg , Dr. Flore Bridoux: Theodoros Vellios (St. Number: 6262082) Amsterdam, August 2011.
6. Imran Hameed,[1,*] Zahid Riaz,[2] Ghulam A. Arain,[3] and Omer Farooq- How Do Internal and External CSR Affect Employees' Organizational Identification? A Perspective from the Group Engagement Model.