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PERCEPTIONS BETWEEN EMPLOYEE SEGMENT AND INVESTOR SEGMENT ON THEIR SATISFACTION OF BUSINESS CSR PERFORMANCE

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Abstract
Corporate Social Responsibility can affect a business interest strategically, and therefore it preferably falls under strategic management function. Business managers can strategically plan their corporate financial objectives in alignment with corporate social objectives. To make this alignment possible, there is a need for them to have an in depth understanding of the relationship CSR has, on the stakeholders, their satisfaction and perceptions, and its effect on the business case benefits. The aim of the study is to understand the relationship between Stakeholder Expectations, Stakeholder Perceptions, and Stakeholder Satisfaction on Corporate Social Responsibility. Corporate social responsibility demands business engaging its stakeholders on issues that matter. It expects business to use engagement to drive decisions, not just as a public relations exercise but to add value to the whole exercise. Stakeholders have limited time and prefer to engage with companies that are serious about change. Business should identify and engage with the right stakeholders. It should ensure the process is inclusive and diverse.

Key Words: Corporate Social Responsibility, Perception, Stakeholders.

INTRODUCTION

Corporate Social Responsibility, a new triple bottom line driving force, has replaced the previous bottom line driving force *corporate financial responsibility (CFR). It* ensures equity and sustainability for people, planet, and profit. Even though it cannot be consensually and precisely defined, one widely accepted definition is of The World Business Council for Sustainable Development that 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." The broad objectives of CSR can be grouped into four corporate value additions such as Economic Value Addition (EVA), Brand Value Addition (BVA), Reputation Value Addition (RVA) and Societal Value Addition (SVA) (Wiedmann, 2005). The scope of CSR is wide by covering various disciplines of sciences and also its range of spread is all over the globe. The dynamism of CSR helped it to evolve and adapt according to the needs of various disciplines, economies, industries, geography, demography, and cultures. Corporate Social Responsibility is a two way transaction process between business and its stakeholders. While CSR ensures the business to keep up to its responsibilities, it also encourages stakeholders to reward business by extending strategic benefits. These benefits can be termed as business case benefits. Stakeholders can be defined as “groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions.” (Freeman, 1998, p. 174) Their satisfaction level and perception on CSR motivates the business to perform well. This influences the attitude and behaviour of stake holders towards their relationship with business. A positive satisfaction and perception may bring in better business case benefits, whereas negative satisfaction and perceptions may bring in adverse effects on the business. Hence the investigator has studied the level of satisfaction through the perception of the selected stake holders.

STATEMENT OF THE PROBLEM

The fruits of global commerce, liberalized economies, shrinking international trade barriers, and multinational investments are desired to transcend still further to nurture benefit to the serving societies and the endangered environment. In aspiring so, the emerging discipline of CSR has been designed as a special purpose vehicle to deliver social and environmental equity and sustainability to look upon with great hopes by both business and its stakeholders. But a finer study on the ground realities may expose that there exists disconnect between the expectations, perceptions, and performances of both the actors of CSR. While examining the possible reasons for this disconnect, the cause is much suspected to be the perceptional differences each actor has on other’s performances. As a result, it is not only business and stakeholders who suffer, due to these differences in perceptions, but also it is CSR that suffers collaterally in its objectives. These sufferings need solutions to redress the problems. As CSR is a multi-dimensional concept, so also are the problems it throws up. The perceptional differences as a problem for CSR cannot be stated in simple terms even if it is desired so. With all these problems stated, the expectations of stakeholders from business on CSR front and their perceptions on business performance on CSR and its consequential impact on stakeholder satisfaction levels are to be studied. What is the perception of stakeholders on the business performances on CSR?

REVIEW OF LITERATURE

There seems to be even less information at the operational level of CSR. Helmer (2005) and Panapanaan et al. (2003) suggested that business formulate and implement their CSR strategies arbitrarily or through trial and error. Wartick and Wood (1998) spelled out three major structural factors for managing CSR: Establishing a code of ethics, reducing the inducements for misdeeds, and raising the risk of exposure. The last and more compelling tool for implementing CSR was presented by Werre (2003). He proposed a four-phase CSR implementation model: Raising top management awareness of core values and sensitivity for external driving force, formulating a set of CSR vision and core corporate values, changing organizational behavior, and anchoring the change.Most previous research has mainly concentrated on managerial perceptions of CSR. These studies have shown that organisations use CSR as a public relations tool to further their economic interests and legitimise their relationship with powerful stakeholder groups (Adams, 2002;; Belal, 2002; Campbell, 2000; and Deegan, 2002) Very little research has been carried out on the perceptions of other stakeholder groups. Deegan and Rankin's (1997) study of the demand for environmental disclosures did include other stakeholders but the majority of their respondents still came from investors and investment-related professionals. O'Dwyer, Unerman & Bradley (2005) have called for studies that include 'different sets of non-managerial stakeholders such as trade unions and consumer groups' (P.36). The recent CSR literature emphasises the importance of giving voice to non-managerial stakeholder groups (Owen, Swift & Hunt, 2001; Unerman & Bennett, 2004; O'Dwyer, Unerman & Hession, 2005)

OBJECTIVES OF THE STUDY

To study the perceptions between employee segment and investor segment on their satisfaction of business Corporate Social Responsibility (CSR) performance

RESEARCH METHODOLOGY

The study is carried out in two different perspectives, one in the perspective of the Stakeholder Expectations and another in the perspective of Stakeholder Satisfaction. A single questionnaire with two parts was prepared for both the perspectives. A sample size of 540 respondents was identified to study both the perspectives of the stakeholders and the questionnaire was administered to them. The responses from 432 stakeholders were considered valid and hence used for the purpose of analysis.

RESULT AND DISCUSSION

Hypothesis: There is no difference in the perceptions between Employee segment and Investor Segment on their satisfaction of business CSR performance, in terms of internal CSR, external CSR, operational CSR, and community CSR.

Table -1, Perception of Employee and Investors Segment

Variables		Mean	S.D.	t-value	Level of Significance
Internal CSR Satisfaction					
Eradication of Child Labor	Employee	1.8144	0.712	-0.31	0.759
	Investors	1.8507	0.764		
Workplace Health and Safety Measures	Employee	1.7010	0.724	-1.46	0.147
	Investors	1.8806	0.808		
Sustainable Production Process	Employee	1.7423	0.754	-1.20	0.233
	Investors	1.8806	0.708		
Investor care and services	Employee	1.7835	0.753	0.07	0.948
	Investors	1.7761	0.670		
Workplace CSR Initiatives	Employee	1.9794	0.841	0.86	0.394
	Investors	1.8657	0.833		
Internal Stakeholder Engagement	Employee	1.8557	0.736	2.45*	0.015
	Investors	1.5672	0.743		
Gender equity in employment	Employee	1.7629	0.788	0.82	0.411
	Investors	1.6567	0.827		

External CSR Satisfaction					
Customer Health and Safety Considerations	Employee	1.8557	0.764	-0.56	0.578
	Investors	1.9254	0.804		
Market CSR Initiatives	Employee	1.8144	0.697	-0.19	0.849
	Investors	1.8358	0.709		
Fair dealings with Business Associates	Employee	1.8041	0.745	-1.52	0.130
	Investors	1.9851	0.749		
External Stakeholder Engagement	Employee	1.8557	.736	-1.20	.233
	Investors	1.9851	.639		
Operational CSR Satisfaction					
CSR Disclosure and Reports	Employee	1.8247	0.750	-0.88	0.382
	Investors	1.9254	0.703		
Code of Conduct	Employee	1.8041	0.731	-1.24	0.216
	Investors	1.9552	0.787		
Corporate Citizen Policy	Employee	1.8144	0.726	-1.05	0.297
	Investors	1.9403	0.776		
CSR Regulatory Compliances	Employee	1.8041	0.731	-0.64	0.524
	Investors	1.8806	0.769		
Adoption of CSR Standards	Employee	1.9072	.693	0.23	0.821
	Investors	1.8806	.769		
Community CSR Satisfaction					
Community Care and Welfare	Employee	1.8454	0.697	1.00	0.318
	Investors	1.7313	0.730		
	Employee	1.9175	0.731		
NGO Dialogue and Engagement	Investors	1.7761	0.692	1.26	0.211

**Significant at 5 percent level*

An inspection of Table-1 shows that the obtained t-values of all the statements except one statement namely " Internal Stakeholder Engagement" under Internal CSR Satisfaction on the factors internal CSR satisfaction; external CSR satisfaction; operational CSR satisfaction; and community CSR satisfaction are found to be not significant, since the significance values are less than 1.96 at 5 per cent level. Hence there is no significant difference in the perception between Employee segment and Investor Segment with regard to the four factors, internal CSR satisfaction, external CSR satisfaction, operational CSR satisfaction, and community CSR satisfaction. Hence, the null hypothesis is accepted in most of the factors. Whereas the factor "Internal Stakeholder Engagement" is found to be statistically significant since the t-value is 2.45 which is greater than the table value of 1.96. Hence it is inferred that the two types of stakeholders differ in their perceptions with regard to the above one factor.

CONCLUSION

Managing corporate social responsibility represents a new kind of challenge for many companies. As a result, business is increasingly working with stakeholders to understand their views and incorporate them into strategic decision-making processes. Stakeholder engagement comes in many forms, and businesses are compelled to engage their stakeholders for myriad reasons. Stakeholders have the ability to influence the success or failure of the business at various levels. Engagement is the process of exchanging information, listening to and learning from stakeholders with the goal of building understanding and trust on issues of mutual interest. A primary objective of corporate stakeholder engagement is to generate a better understanding of stakeholder perspectives on key issues and, consequently, build relationships with key individuals.

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However, over time, more tangible business value can be realized from these relationships. There are many challenges for a successful engagement with stakeholders, but they are small in comparison to the risks of failing to engage stakeholders in a timely and strategic manner. Corporate social responsibility demands business engaging its stakeholders on issues that matter. It expects business to use engagement to drive decisions, not just as a public relations exercise but to add value to the whole exercise. Stakeholders have limited time and prefer to engage with companies that are serious about change. Business should identify and engage with the right stakeholders. It should ensure the process is inclusive and diverse. It should consider stakeholders' expertise, level of influence, willingness to engage and impact on the company. It should engage with representatives who are empowered to take decisions on behalf of their constituents and have the mandate to implement decisions. It should ensure that each stakeholder benefits directly from the engagement. It should adopt an agreed rule of engagement and establish the scope, objectives, roles, rules and risks of engagement at the beginning. It should also agree on the processes for decision-making, conflict resolution and evaluation. It should manage expectations of varied stakeholder and make certain that all parties have realistic ambitions and agree on clear outcomes of the engagement. It should provide adequate resources (time, money and people) to ensure stakeholder engagement gets success. It should ensure engagement is a dialogue and not a one-way information feed. It should allow stakeholders to voice their views without restriction and fear of penalty or discipline. It should build trust and commit to long term relationships with stakeholders.

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