6 Employees Perception towards CSR: An Empirical Study

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Abstract

Since the early 1990s, corporate responsibility issues, including the social obligations of corporations, have attained prominence in political and business debate. This is not only in response to corporate scandals but also due to the realization that development centered only on economic growth paradigms is unsustainable and therefore, there is a need for a more proactive role by states, companies and communities in a development process aimed at balancing economic growth with environmental sustainability and social cohesion. The concept of Corporate Social Responsibility (CSR) is gaining importance nowadays. It calls upon business to follow ethical practices while dealing with shareholders, employees, customers, suppliers, environment, government and community, all the companies are not equally committed towards their social responsibility. When everything seems to be going wrong, it is the employees that can make company realize their social responsibility. In this backdrop, this paper investigates the employees perception towards CSR in a public limited company in Kerala, India.

Design/Methodology/Approach: Primary data using convenient sampling through questionnaire and interview method and secondary data from wide range of literature and various journal publications had been utilized. Frequency distribution, percentage analysis, mean score and one way ANOVA were used to test the objectives of the study. In order to test the reliability of the scale, the researcher applied Cronbach's Alpha (CFA) to measure the internal consistency of the variables. The findings of the study emphasize on the employee's perception towards CSR is that the company follow a strong corporate culture and CSR.

Key Words: Employees perception, Corporate Social Responsibility and Corporate governance.

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Introduction

Today not only are firms expected to be virtuous, but also they are being called to practice "social responsibility" or "corporate citizenship" (Carroll, 2000b, p.187). Unfortunately, too frequently marketers still focus solely on their products and markets while neglecting the social impact of their activities (Flores, 2001). Perhaps this is because the concept of Corporate Social Responsibility (CSR) is a fuzzy one with unclear boundaries and debatable legitimacy. The central question confronting strategy today is how to discern and respond to the new rules of the game – those that are being set both by changing industry and market structure and the new basis for competition, and by higher public expectations of companies' social and ethical performance. In retrospect from the vantage

point of 2010, it may be only a slight exaggeration to say that ethics have come to be on a par with economics as the primary criterion for evaluating corporate performance – not become economic value has become less important, but because it is taken for granted, and ethical performance is not (Wilson, 2000). According to Wilson (2000), new rules of corporate conduct could be considered as legitimacy, governance, equity, environment, employment, public/private sector relationships and ethics.

CSR, Corporate Governance (CG), Corporate Sustainability (CS), Corporate Citizenship and Triple Bottom Line (TBL) are becoming synonymous with the emerging effort to determine the meaning of "ethical business". However, even though the theory and models surrounding stakeholders management and social responsibility are abundant (Harrison and Freeman, 1999), the analysis of CSR is still in an embryonic stage and critical issues regarding frameworks, measurement, and empirical methods have not yet been resolved (Academy of Management, 2003). This paper is to clarify the CSR concept and to explore the employees' perception towards CSR in Jyothy Laboratories Limited, Kerala, India.

Corporate Social Responsibility (CSR)

CSR has been defined as the duty of the organization to respect individuals' rights and promote human welfare in its operations (Manakkalathil and Rudolf, 1995; Oppewal *et al,* 2006). Businesses not only have the economic responsibility of being profitable and the legal responsibility to follow the laws or ground rules that guide their ability to achieve their economic requirements, but they also have ethical responsibilities that include a range of societal norms, or standards (Carroll, 2000a). CSR has been around for more than two decades. During the latter half of twentieth century, an idea of the corporate social contract,

were which underlies the CSR concept of the day. Given the adverse effects of business decision making on society as well as corporate reliance on society, the notion of an implied corporate social contract was conceived by social and economic theorists. This contract spells out society's expectations of business as well as (although much less discussed) business's expectations of society (Bowie, 1983). CSR means being a good steward of society's economic and human resources (Journal of Consumer Marketing, 2001). In summary, CSR entails the obligation stemming from the implicit "social contract" between business and society for firms to be responsive to society's long-run needs and wants, optimizing the positive effects and minimizing the negative effects of its actions on society.
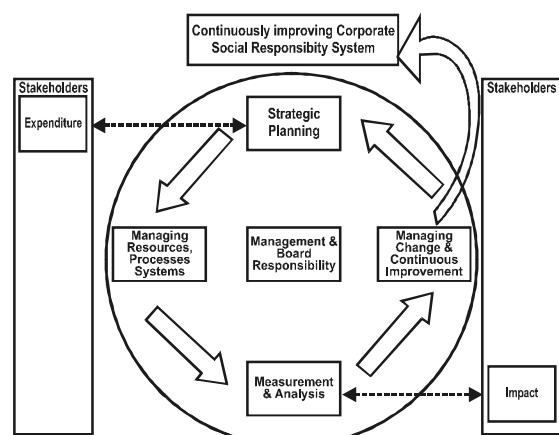
CSR Framework

Castka *et al,* (2004) proposed a useful framework, based on three major assumptions:

1. The CSR framework should be integrated into business systems, objectives, targets and performance measures.

2. The governance system, whose purpose is to control, provide resources, opportunities, strategic direction of the organization and be held responsible for doing so, is an integral part of business hence e need for the CSR system.

3. Central to the CSR framework is the transformation of stakeholders' needs and expectation into business strategy, where the organization has to balance the need for CSR from their key stakeholders with entrepreneurship.

The CSR framework was proposed to organizations to establish, manage, improve and document a CSR management system (Figure 1). This framework was designed as a process-based management system compatible with ISO 9001:2000 quality management system. Processes needed for the CSR management

system include processes for management and board responsibilities, identification of stakeholders' expectations, strategic planning, managing resources, processes and systems, measurement and analysis, managing change and continual improvement. This framework's key is the transformation of stakeholders' expectations into the operations of the organization with continual monitoring of the impact. Thus, assessment will determine whether the organization has satisfied its stakeholders or not. The only way to successfully address the complete spectrum of the CSR requirements is to look at the whole organization and the way it carries out its activities.

Figure 1 Framework of CSR

Source : Castle et at (2004)

Review of Literature

Arash Shahin (2007) pointed out that models of corporate governance and the associated elements affecting CSR. It addresses the integration of CSR into management systems through a framework as a process-based management system and studies the role of leadership style for socially responsible organizations. Rupal Sharma (2012) stated that the obligation of whole corporate world to take care of different interest groups which are directly or indirectly being affected by the pursuit of business activities. Chitra Devi (2011) discussed that the IT sector have woke up to the need for being committed towards CSR. But still majority of industrial sector have just been taking up some form of philanthropic activities for its stakeholders. Ananda Das Gupta (2012) analysed that the operational uncertainties and difficulties are compounded by recent observations of 'company anxiety' regarding CSR communications. Over-promising or declarations of rightness and good intentions could cause the mistrust of consumers and stakeholders, creating the opposite effects from those expected. Companies are recognizing that corporate responsibility communications should be low tone and straightforward, reflected in the actual behaviour of every member of the company, which is extremely difficult to achieve before CSR is integrated into the company's bloodstream. Malik Ali (2012) studied that CSR is becoming an increasingly important activity to business nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in various locations. CSR activities are now being undertaken throughout the globe. Rajan Sharma (2011) argued that the concept of CSR is gaining importance nowadays. It calls upon businesses to follow ethical practices while dealing with employees, suppliers, dealers, customers, etc. Unfortunately, all the companies are not equally committed towards their social responsibility. We repeatedly hear about various scams taking place in the business world. When everything seems to be going wrong, it is the employees that can make businesses realize their social responsibility.

Statement of the problem

The concept of CSR is gaining importance nowadays. It calls upon businesses to follow

ethical practices while dealing with employees, suppliers, dealers, customers, etc. Unfortunately, all the companies are not equally committed towards their social responsibility. We repeatedly hear about various scams taking place in the business world. When everything seems to be going wrong, it is the employees that can make businesses realize their social responsibility.

Research Question and Hypothesis

In this study, the researchers are seeking an answer to the following question:

Do really the employees perceive the corporate social responsibilities.

In order to conduct this investigation to answer the proposed question and considering the results achieved by the previous studies, the following hypotheses are formulated:

Ho: (Null hypotheses) There is no significant relationship between experience and perception towards corporate social responsibilities.

H1: (Alternative hypotheses) There is significant relationship between experience and perception towards corporate social responsibilities.

Objectives of the Study

1. To study the demographic profile of the respondents.
2. To find out the employees perception towards the corporate social responsibility.

Methodology of the Study

The study is based on the primary sources of data which are collected through questionnaire from Jyothy Laboratories Limited, Kerala, India, to identify the employee's perception towards corporate social responsibilities. A convenient sample was used for this study. A total of 26 questionnaires were distributed and collected from the respondents. The sample population for the research was defined and collected from only female employees. The questionnaire consisted of 19 questions (Appendix 1). Section A consisted of demographic questions while section B contained five point Likert's scale questions to measure the women employee's perception towards various corporate social responsibilities. The respondents were required to rate the various statements ranging from 5 (strongly agree) to 1 (strongly disagree). The statistical techniques of frequency distribution, percentage analysis, mean score and one way ANOVA were used to determine the variables, which determine their awareness towards problems on usage of mobile phone. To analyze the data the SPSS 11.5 for windows was used.

Test of Reliability

The current study has used Cronbach's alpha, which is the most widely used measure for testing the reliability. It requires only a single test administration and is easy to compute when using a correlation matrix. Cronbach's alpha is expressed as $á = Np/[1 + p (N-1)]$ (Carmines and Zeller, 1979), where N is the number of statements and p is the mean inter-item correlation. The dataset used for the study had a Cronbach's alpha of 0.970. As per Hair et al. (1998), the generally agreed upon lower limit is 0.70, while Carmines and Zeller (1979) believe that the alpha should not be below 0.80 for widely used scales. Considering these guidelines, it would be appropriate to conclude that the data used for one way ANOVA exhibit a very good reliability.

Limitations of the Study

The data collected for the study was limited to only 26 samples. The results of the study may not reflect the same when more samples are collected. The study period was limited to six months.

ANALYSIS AND INTERPRETATION

1. Percentage Analysis

The data pertaining to demographic factor of the respondents were given in table 1.

Table 1: Demographic profile

Factor		Freq.	%
Education	Up to 10th	20	77
	Plus 2	6	23
	Degree	0	00
	Total	**26**	**100**
Marital status	Married	20	77
	Unmarried	6	23
	Total	**26**	**100**
Age	21 to 30	8	31
	31 to 40	12	46
	41 to 50	6	23
	Total	**26**	**100**
Experience	Upto 5 years	10	38
	Upto 10 years	10	38
	Upto 15 years	3	12
	Upto 20 years	3	12
	Total	**26**	**100**

Source: Primary date

From the above table it is inferred that, 77 percent of the respondents belonged to 10th Standard, 23 percent of the respondents belonged to plus 2. With regards to marital status, 20 respondents among 26 were married and 6 respondents unmarried. Majority of (46%) of the respondents fell under 31 to 40 age groups, 31 percent of the respondents under 21 to 30 age groups and 23 percent respondents were under 41 to 50 years of age only. With regards to experience, 10 of 26 respondents have up to 5 years of work experience, 10 respondents have up to 10 years of work experience, 3 respondents have up to 15 years of work experience and 3 respondents have up to 15 years of work experience.

II. One Way ANOVA

Testing of Hypothesis

Table 2: One way ANOVA between experience and employees perception towards CSR

Variable	Mean	Std. Deviation	F	Sig.
Proactively promote public interest	3.88	0.588	14.301	0.000
Undertake charitable activities	4.08	0.744	12.707	0.000
Build healthy public relations	4.58	0.703	49.253	0.000
Maintain healthy labour standards	4.04	0.871	58.882	0.000
Promote social values	4.12	0.516	8.076	0.001
Improve quality of life	4.19	0.849	51.897	0.000
Ensure corporate governance	4.12	0.711	26.207	0.000
Ensure environment protection	4.04	0.871	40.071	0.000
Fulfil responsibility towards society	4.58	0.758	21.890	0.000
Fulfil responsibility towards customers	4.62	0.571	14.279	0.000

Source: Primary data

Findings

1. It is inferred from table 2 that the calculated value of one way ANOVA for all the above ten variables is 0.000, which is less than the hypothetical value ($á= 0.05$) at 5% level of significance. Therefore, null hypothesis is not accepted. Hence, there is significant relationship between experience and employees' perception towards CSR and it can be inferred that the all the employees' in Jyothy Laboratories Limited have perceived that the company follow CSR.

2. It is also revealed that building healthy public relations and fulfilling responsibility towards society have very high employees' perception

towards CSR with a mean score of 4.58. Proactively promoting public interest has a very low employee perception towards CSR with mean score of 3.88.

Suggestion

CSR should acts for both company policies and for the social value of the community. While formulating a CSR policy, the companies should consider the viewpoint of the employees. Encouraging the employees are the major stakeholders for the company to implement the corporate strategy in CSR.

Conclusion

As mentioned earlier, the main focus of this research was to find out the employees' perception towards CSR. Comparing the CSR conceptual framework and employees' perception, the research concludes that the company sincerely follow CSR towards society, environment and economy. The finding highlights the relevance of demographic profile, employees' perception and notes its one way ANOVA and contribution to present day CSR policies and strategies.

Scope for Further Research

There is a need for further research in this area and for spreading the CSR framework and practices to modern organizations and business entities.

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