



Management

CORPORATE SOCIAL RESPONSIBILITY INFLUENCES, EMPLOYEE COMMITMENT AND ORGANIZATIONAL PERFORMANCE

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DOI: [https://doi.org/10.29121/granthaalayah.v5.i1\(SE\).2017.1917](https://doi.org/10.29121/granthaalayah.v5.i1(SE).2017.1917)



Abstract

This study analysis the multifaceted influence CSR on employee organizational commitment and organizational performance. The important matter for corporate sustainable growth especially era of global recession. Researchers are advising corporations to consider amount spent on CSR as investment than expenses. This study focused on employees perceptions towards CSR. Companies worried about high employee turnover, employee absenteeism and employee low motivation towards work and organization. These findings are very useful for decision makers and researchers. The organization can enhance their employee organizational commitment through involving themselves in social activities for instance identifying needs of the community and fulfilling them, working for better environment, involving in employee welfare, producing quality products for customers and complying with government rules and regulations and working within legal ambiance. All these activities significantly and positively influences employee commitment with organization and improve organizational performance .This study provides important information to decision makers involved designing employee related policies for uplifting moral and motivate them to remain loyal committed with their organization and work hard for uplifting of organization.

Keywords: Corporate Social Responsibility; Employee Job Satisfaction; Organizational Commitment.

Cite This Article: Dr.C.Eugine Franco, and G.Suguna. (2017). "CORPORATE SOCIAL RESPONSIBILITY INFLUENCES, EMPLOYEE COMMITMENT AND ORGANIZATIONAL PERFORMANCE." *International Journal of Research - Granthaalayah*, 5(1)SE, 23-27. [https://doi.org/10.29121/granthaalayah.v5.i1\(SE\).2017.1917](https://doi.org/10.29121/granthaalayah.v5.i1(SE).2017.1917).

1. Introduction

One of the most discussed topics nowadays is Corporate Social Responsibility (CSR).The CSR can be found not only in the commercial sector, but also in fields like government, public sector,

and nongovernmental organizations, as well as in Intergovernmental Organizations such as the United Nations, the World Bank or the International Labour Organization. In the commercial sector, CSR is considered as a part of strategic planning for those companies that strive to be successful, that want to improve their reputation and especially those who want to be competitive. CSR is a competitive advantage for business, having as a source of intangible and human resources, and being executed by competences such as communication, management and corporate culture.

2. Objectives

- To know the sustainable growth especially in recession period.
- To understand the amount spent on CSR as an investment than expenses.
- To study the factor that affects the organization performance.
- To study about the CSR, employee commitment and organizational performance.

3. Corporation Sustainable Growth

Economic crises never happen overnight. Corporate Social Responsibility as a significant aspect of competitiveness became relevant particularly during the period of economic recession, when business environment was degrading. There was pressure for lowering already agreed prices and delay of payments which deteriorated business and affected the collection of receivables. In determination of financial and non-financial impacts of the crisis, the economy began to show unhealthy phenomena such as the significant loss of trust. Companies have enormous potential to affect change in the communities and the environment by investing in CSR initiatives. Leaders need to be aware of what pay-offs they can expect to get from an investment in CSR and it should be noted that a miraculous improvement in retention rate is not likely to be one of them. Though immediate benefits might be low, it is likely that the importance of CSR will increase in years to come to known as people become interested in social and environmental effects of corporations. Leaders who stay aware of CSR and the implications for their organizations will be able to make the most informed decisions.

4. Amount Spent on CSR an Investment than Expenses

CSR can promote respect for their company in the market place which can result in higher sales, enhance employee loyalty and attract better personnel to the firm. CSR activities focusing on sustainability issues may lower costs and improve efficiencies. The country's top 75 companies spent more than Rs 4,000 crore towards corporate social responsibility in the last fiscal, the first year after the government mandated bigger companies to give away a part of their profits for social work, early estimates of the government show. Big CSR spenders include Reliance Industries with Rs 760 crore, ONGC with Rs 495 crore, Infosys with Rs 239 crore, NTPC with Rs 205 crore and TCS with Rs 220 crore, according to company filings. The government expects total spending in the first year to top Rs 9,000 crore and rise substantially in coming years, a senior government official said. The initial estimates of the government had pegged CSR spend at Rs 15,000 crore in a year. Under Companies Act 2013, which came into effect in April last year, companies with a net worth of more than Rs 500 crore or revenue of over Rs 1,000 crore or a net profit of more than Rs 5 crore needs to meet the CSR norms? Tata companies spend more

than 2% of their profits on CSR; others like Tata Consultancy Services (TCS) are yet to meet the requirement. In fiscal 2014, the outsourcing giant's CSR expenditure was Rs 93 crore, which was 0.48% of its profits.

5. Corporate Social Responsibility and Employee Organizational Commitment

Ample of research is available on effects of corporate social responsibility on employee organizational commitment studies suggested that corporate social responsibility increases employee commitment level with the organization, because CSR interventions also included activities for the welfare of employees and their families. Many other studies including Moskowitz (1972); Turban and Greening (1996); Albinger and Freeman (2000); Backhaus et al. (2002); Peterson (2004); Dawkins (2004) stated that corporate social contribution attracts motivated potential employees and improves commitment level of existing employees. Brammer et al. (2007) noted that CSR increased employee organizational commitment. Sharma et al. (2009) discussed the role of HRM as main contributor towards CSR. Scott (2004) stated that corporate social contribution builds better reputation of organization in the society that helps in attracting new graduates.

6. Corporate Social Responsibility, Employee Commitment and Organizational Performance

The concept of corporate social responsibility is viewed by researchers with different variables including organizational performance, consumer behavior, investor behavior and employee behavior. Moreover, researchers also focused on effects of the disclosure CSR on various stakeholders. This study introduces a model which combines CSR, employee organizational commitment and organizational performance. This is a unique study it combines variables in one model, the theoretical model of the study is presented in Figure 1.

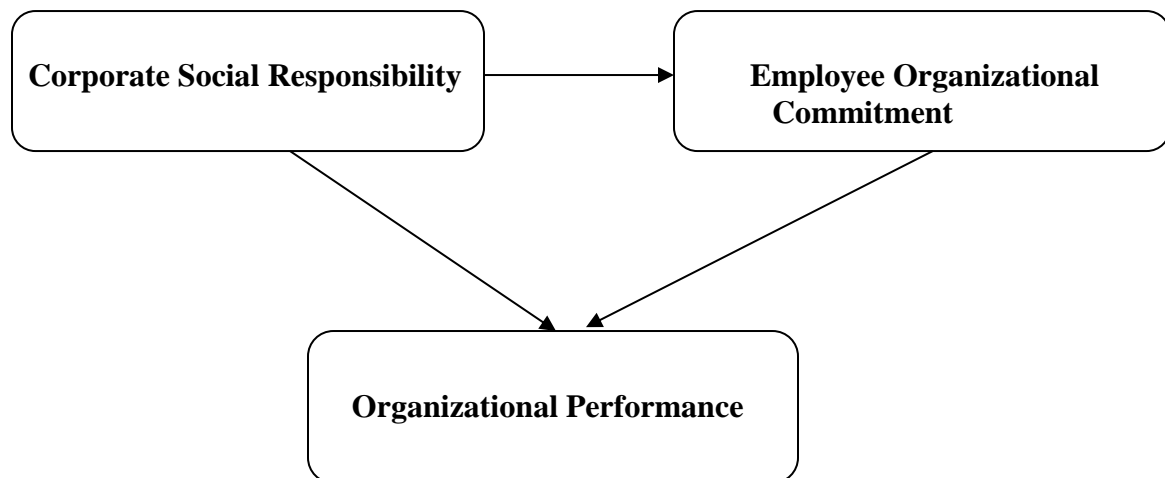


Figure1: CSR employee commitment and organizational performance

Researches proved that CSR supports employee organizational commitment, but not as much as employee job satisfaction, the goods deeds of corporations motivates employees to discuss with

others outside organizations and feel a strong sense of belongingness with the organization proposed that in order to yield maximum benefits of CSR, employees should be involved in decision making regarding which actions should be undertaken relating to environment , community.

Three factors that affect organizations performance:

- *Employee turnover*
- *Employee absenteeism*
- *Employee low motivation*

Employee Turnover

Today's competitive business world, it is considered that the important task is to manage employee turnover for any organization. Naturally people want diversities in his/her everyday life. Seeks for new and challenging jobs and good working environment in work place. To provide these things to the employees in an economic way is very difficult and cumbersome. But it is also crucial for any organization to retain its talented employees. Every organization wished to have high productivity, fewer turnovers and to be profitable. Managing turnover successfully is a must to achieve the above goals. In Bangladesh, it is very important to manage turnover for both government and non-government sectors. In government sectors, some fringe benefits are given to the employees regularly but it is not satisfy them sufficiently. In private sectors, though salary and benefits are high but security of job is less.

Employee Absenteeism

Absenteeism is one of the major threats to Indian Industry. Absenteeism causing poor utilization of plant. India is facing unemployment problem on one side and the other side abnormal absenteeism. In Industries if our absenteeism can be reduced then we can improve our gross national product without any investment. Absenteeism not only causes production loss but also causes reduction of gross national income, when the gross income of workmen reduces naturally his buying capacity also reduces if he could not manage the primary and secondary needs of timely and properly. He has to face problems like poor family harmony poor health more mental and physical tiredness which will again lead to absenting from work.

- 1) Leave sanctioned by management referred to as authorized absence.
- 2) Absence without any prior information and permission from management referred to as unauthorized absence.
- 3) Certified sickness most widely known as ESI leave. This does not include maternity leave absence of workers during strike due to lay off those who earned leave and women workers on maternity leave not have been considered as absentees.

Employee Low Motivation

Motivating employees to complete their job at a satisfactory or better level can be challenging. Employees show motivation when they are self-inspired to perform tasks and proud of their work. Employees who do not have the drive to succeed at the company adversely impact others in the workplace, which can directly affect the success of the business. Dissatisfaction in the office environment, leading to lack of self-motivation may cause negative consequences. If there is no motivation, it can be difficult to complete a task. Low productivity is a consequence of not

being motivated and other employees may feel that they must work harder to compensate for unfinished work. Encouragement helps employees to know how they are appreciated. Poorly performing employees can consume owner's valuable time, and dealing with late or unfinished projects can directly impact the earnings. When one employee lacks motivation, it can bring down the morale of the entire office. Dissatisfaction with their jobs can lead employees to quit. To avoid this scenario, motivating the employee will bring changes in their behavior.

7. Conclusion

Leaders need to be aware of what pay-offs they can get from an investment in CSR, and it should be noted that a miraculous improvement in retention rates is not likely to be one of them. Immediate benefits might be few, it is likely that the importance of CSR will increase in years to come as people more interested with social and environmental effects of corporations and also there is no doubt that socially responsible activities will be present in the future in business environment. Companies should have in mind, that in a competitive environment, not only customers but also business partners will want to know whether companies measure the carbon footprint, whether if they abuse the workforce, what they do well for the society, and to take this as key considerations when deciding with whom they co-operate. In the future, socially responsible behavior will not represent only a competitive advantage, but a necessity.

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