Employee Perception and CSR: An Empirical Study

**Dr. Deepti Singh[1], Dr. Jyoti Paul[2]**

Abstract

The concept of CSR as seen today has gone a paradigm shift particularly due to new amendments in Companies Act 2013. Companies have been indulging in various philanthropic activities since long when company form of business has been in existence. CSR construct is different from philanthropy in which businesses are donating money, CSR on the other hand involves a hands-on approach, now more clearly delineated in the Act as to where to put money to come under the ambit of CSR. The activities involved are basically performed to solve some issues related to the environment and society. There have been various studies in the past which have delved into looking CSR from the viewpoint of various stakeholders. However, CSR perception from the point of view of employees and its impact on job satisfaction is scantily explored. This paper is a novel attempt to investigate CSR awareness and perception and its impact on job satisfaction in Indian context.

Introduction

The subject of CSR has been studied by numerous authors from different domain specific interests. CSR research is highly fragmented despite various attempts from authors. The work of Carroll (1999) is one of the most prominent works in the domain who explored to operationalize CSR.

Carrol gave a pyramid of Social responsibility in his works. This pyramid of responsibilities combines knowledge from varied theories and models and springs the four responsibilities that together constitute CSR. Other research has focused on measuring CSR and operationalizing it. Wood (2010) reviewed the literature on how to measure CSR, and (Peloza & Shang, 2011) conducted a review of how CSR can create value for stakeholders. There have been various theories in the past beginning from Gandhian thought of CSR to the modern viewpoint of stakeholder's approach to CSR. Along with CSR, considerable research has been done on leadership and job satisfaction and the current paper is an attempt to assess these perceptions of employees and gauge their overall linkages with gender and management level in an organization.

Figure 1: CSR Model by Carrol

Source: Carroll (1991)
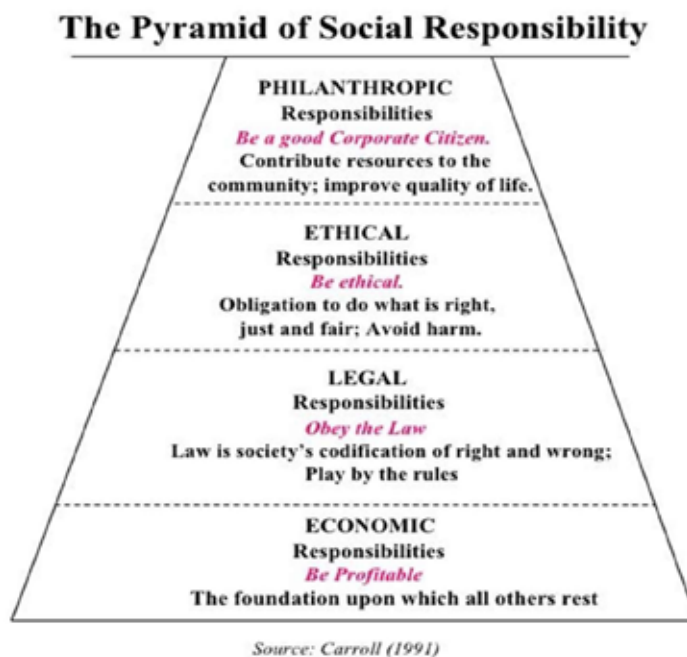
[1] *Associate Professor , Motilal Nehru College , University of Delhi*
[2] *Associate Professor, Dyal Singh College, University of Delhi*

The stakeholder theory argues that CSR is a part of corporate responsibilities towards its all the stakeholders. Research has found relationship between CSR and Stakeholder theory (Freeman & Dmytriyev, 2017). Few authors feel that one concept is subset of another, while others feel they have competing views. But given the growth of these two fields phenomenally over last decades, both the concepts though distinct but overlap in the sense that both investigate incorporating social interest in business context. This perspective shows that the company has a responsibility to operate in the interest of its all stakeholders. Given this background, where the stakeholders are significant, most of the research has in the past focused on external stakeholders. A comprehensive review on CSR literature was undertaken and various predictors and moderators of CSR in empirical and conceptual papers were found (Aguinis & Glavas, 2012). Their research work is a significant contribution to investigate and reveal that CSR is virtually absent from the domain of micro-OB, micro HR and I-O psychology levels. This gap in literature prompted us to investigate the construct of CSR from the perspective of employees.

Review of Literature

(Moura, Rosamaria, & Padgett, 2011) trace the conceptual evolution of CSR. They studied the journey of CSR research over few decades initiating from service to society to using management principles to CSR and finally culminating into an area of strategic importance.

Akhouri and Chaudhary have reviewed the literature extensively on the subject and explored the work of authors in the domain of CSR from various perspectives. Authors in the past have majorly focused on external stakeholders in research and internal stakeholders like employees were not given due importance in research (Akhouri & Chaudhry, 2019). Their findings have progressively tried to find employee-focused micro-level work around CSR. Their findings were a breakthrough to understand why, how, and when employees react to CSR which also gave us to explore this issue empirically in the Indian context. This review work revealed the gap in literature which we have tried to bridge in.

Nejati et al. worked on employees' perspective about CSR in Iran and concluded that despite a low CSR score of the companies, employees perceived a greater commitment to CSR (Nejati, Brown, Shafaei, & Seet, 2021). This research indicates the infancy of the level of CSR among Iranian organizations.

Various research in the past has also investigated leadership styles and CSR. Long-Zeng et al. have investigated the mediating role of organizational ethics in the relationship between leadership by Chief executive officer and CSR (Wu L. K., 2015). Nejati et.al. show that employees' perceptions of CSR along with ethical CEO are inversely related to turnover intention (Nejati, Brown, Shafaei & Seet , 2021). Job satisfaction played a predominant role instead of commitment as a mediator. It is also shown by research

that autocratic leadership has greater linkages with explicit CSR whereas implicit CSR is more closely aligned with emergent and authentic styles of leadership (Angus-Leppan, Metcalf, & Benn, 2010). Another study by Taylan & Ahmet confirmed that ethical leadership gives greater attention to CSR practices towards employees over transformational leadership (Taylan & Ahmet, 2019).

To explain how employees' perceptions of CSR influence their job performance, a study by Shin et al. has examined the relationships between perceived CSR, organizational identification, job satisfaction, and then develops a sequential mediation model by fully integrating these links (Shin, Hur, & Kang, 2016). The study found that perceived CSR was indirectly and positively associated with job performance sequentially mediated first through organizational identification and then job satisfaction.

Another study explored the relationship between CSR and employee engagement, concluded that CSR can be a tool for better employee engagement by enabling employees to bring more of their whole selves to work. and significantly mediated the relationship between CSR and employee engagement (Glavas, 2016). Dhanesh examined corporate social responsibility (CSR) as a probable relationship management strategy that could strengthen relationships between organizations and their employees (Dhanesh, 2014). Work of Akhouri and Chaudhry revealed strong, significant, and positive associations between CSR and organization–employee relationships (Akhouri & Chaudhry 2019). Barakat et al. provide evidence that CSR-oriented actions undertaken by companies enhance organizational image resulting in heightened employee satisfaction (Barakat, Isabella, Boaventura, & Mazzon, 2016).

Several authors in the past have delved into the intersection of the domain of HR and CSR from different perspectives. One such area CSR and how it is affecting choice of companies and their retention by millennials is widely researched. (Alonso-Almeida & Llach, 2019), Ahmad (2019), (Ikhide, Tarik Timur, & Ogunmokun, 2021)have famous research work in these areas.

Research Methods and Sample Description

For the present study, data was collected through a structured questionnaire administered to people working at different levels from different organisations. Snowball sampling technique was used to target the respondents. The collected data focusses on the awareness level of employees towards CSR and CSR programs of the corporation, knowledge of employees in organizations at various levels and industry on CSR in general and CSR programs specifically.

The primary data was collected between August 2022 to February 2023 using a structured questionnaire from employees in organizations. Data was collected through a Google form from various industries. The questionnaire was developed by reviewing literature in the field, analyzing gaps and it was made specific to Indian context by brainstorming

on the variables chosen for the study. The questionnaire was pilot tested among five employees which brought to light a few changes. Few statements were changed considering the same.

The final questionnaire consists of three parts. The first part deals with classification questions pertaining to industry and level of employee. The second part deals with scope of knowledge and awareness of CSR programs and the third part tries to capture perception on organizational and job variables like organizational identity, employee retention and satisfaction etc. Majority of questions used five -point Likert scale with the options ranging from "Strongly Agree" to "Strongly Disagree."

The questionnaire was administered to over 200 respondents and in order to analyze the research hypothesis, the responses received from 165 respondents at various levels in organizations were complete and hence used for analysis. To analyze the research hypothesis, the sample consists of 165 filled responses from three types of organizations Manufacturing, financial and Non- Financial service organizations. 42 statements were initially included in the questionnaire. The responses were tested for reliability and validity and finally 21 statements were analyzed for further analysis and extraction of factors. The demographic description of respondents is summarized in table 1 below. The gender breakup showed that 67% respondents were male and 33% were females.

Table 1: Distribution of respondents

Gender	Number of respondents
Male	111
Female	54
Total	165
Job positions of respondents	
Level	**Number of respondents**
Top level	27
Middle level	120
Executive	18
Total	165
Sectoral composition of Respondents	
Sector	**Number of respondents**
Manufacturing	21
Financial services	33
Non- Financial Services	111
Total	165

The IBM SPSSv 20 was used to perform statistical analysis. The analysis includes descriptive analysis, and certain non-parametric / factor analysis to process the hypotheses.

Results and Discussion

The results of Factor Analysis are discussed in this section. To check the sampling adequacy, KMO and Bartlett Test were performed. Table 4 shows that the value of KMO was 0.786 which came out to be significant showing that Factor analysis can be performed on the sample.

Table 2: Measure of Sampling Adequacy.

Kaiser-Meyer-Olkin Test statistic		0.786
Bartlett's Test of Sphericity	Approx. Chi-Square	2940.914
	df	210
	Sig.	.000

Source: Authors Calculation using software

At the onset the responses were tested for suitability for using Factor Analysis by using KMO and Bartlett's test. The results are presented in Table 2. The test is aimed to check the sampling adequacy of each variable in the study as well as the overall adequacy by measuring the proportion of variance among variables (Dziuban & Shirkey, 1974). Since the sampling adequacy statistic is 0.786 and higher than the threshold limit of 0.6 the data was found suitable to use Factor analysis.

Table 3: Initial Extraction

Communalities	Initial	Extraction
Partof_devstrategy	1	0.551
Natural_env	1	0.705
Future_gen	1	0.719
Wellbeing_society	1	0.789
Skill_career_dedvelop	1	0.484
Worklife_bal	1	0.708
Fairness	1	0.76
Empee_welfare	1	0.518
Criticise_insult	1	0.752
Thinking	1	0.569
Success	1	0.876
Praise	1	0.822
Value_culture	1	0.729
Open_newprocess	1	0.927
Consultaion_prob	1	0.908
Profesionalques	1	0.874
Requests	1	0.895
Wrk_env	1	0.842
Retire	1	0.719
Obey_rules	1	0.768
Fulfill_requirements	1	0.838

Source: Author's Calculations using Software

Table 4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.110	38.618	38.618	8.110	38.618	38.618	4.450	21.188	21.188
2	3.060	14.572	53.190	3.060	14.572	53.190	3.330	15.857	37.045
3	1.806	8.601	61.791	1.806	8.601	61.791	3.123	14.870	51.915
4	1.627	7.745	69.536	1.627	7.745	69.536	2.933	13.964	65.880
5	1.153	5.490	75.026	1.153	5.490	75.026	1.921	9.147	75.026
6	.848	4.039	79.066						
7	.747	3.556	82.622						
8	.639	3.045	85.666						
9	.534	2.541	88.207						
10	.480	2.285	90.493						
11	.371	1.765	92.257						
12	.333	1.588	93.845						
13	.279	1.327	95.172						
14	.240	1.143	96.314						
15	.182	.867	97.181						
16	.170	.810	97.992						
17	.128	.610	98.602						
18	.095	.454	99.056						
19	.089	.423	99.478						
20	.071	.338	99.816						
21	.039	.184	100.000						
Extraction Method: Principal Component Analysis.									

Source: Author's Calculations using Software

Table 3 and Table 4 displays the initial extraction and total variance explained by the factors extracted. Five factors explain 75.026 of the total variance of the rotation sum of squared loadings. Rotations converged in 6 iterations.

Table 5: Rotated Component Matrixa

	Component				
	1	2	3	4	5
Open_newprocess	.942				
Consultaion_prob	.925				
Profesionalques	.912				
Requests	.907				
Value_culture	.703				
Wellbeing_society		.825			
Natural_env		.775			
Future_gen		.773			
Partof_devstrategy		.695			
Skill_career_dedvelop		.531			
Success			.912		
Praise			.769		
Criticise_insult			.739		
Empee_welfare			.577		
Thinking			.486		
Retire				.789	
Wrk_env				.782	
Fairness				.724	
Worklife_bal				.706	
Fulfill_requirements					.877
Obey_rules					.811
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 6 iterations.					

Source: Author's Calculations using Software

After performing Factor analysis, from the above tables, the results show five factors. The extraction method used was Principal Component analysis with Varimax rotation. The results clubbed statements together, and show five prominent Factors viz. Leadership style, CSR orientation of the organization through its programs, Organizational Identity, Job Satisfaction and Job Commitment as the Factors. These five factors together explain more than 75% variance. The Model as derived from Factor Analysis is as follows:

Figure 2: Factors affecting Employees Perception towards CSR

Source: Authors compilation

The factors identified were later tested for their reliability score given in Table 6. The Cronbach Alpha values show that Reliability of the scale and the Factors generated. All values fall within the bracket of 0.7 to 0.8 and one exceeds 0.9 showing that the factors so extracted are suitable for further statistical analysis

Table 6: Reliability analysis

		Reliability Statistics	
	Factor Identified	Cronbach's Alpha	Statements
Factor 1	Leadership	0.953	5
Factor 2	CSR orientation of the organization	0.837	5
Factor 3	Organizational Identity	0.834	5
Factor 4	Job Satisfaction	0.840	4
Factor 5	Job commitment	0.770	2

Source: Author's Calculations using Software

To further analyze the data obtained from Factor Analysis, Kruskal-Wallis Test was performed. This Test is performed when Normality of data is not assumed and also it take care of the Outliers in the data. We performed this test taking Gender of the respondent as an Independent Variable. The results in Table 7 show that there is a significant difference as to Gender of the respondent and Factor 3 and Factor 4. This implies that there is significant difference in employee perception as to Organization Identity variables between male and female employees. Further, there is also significant difference found between gender of the employee and Level of Job satisfaction. This implies that male and female employees differ in their views as to Organizational identity and level of job satisfaction. The Table shows that the Null Hypothesis is rejected in Case of Factor 3 and Factor 4.

Table 7: Kruskal Wallis Test as to Gender of the employee.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of A-R factor score 1 for analysis 1 is the same across categories of gender.	Independent-Samples Kruskal-Wallis Test	.696	Retain the null hypothesis.
2	The distribution of A-R factor score 2 for analysis 1 is the same across categories of gender.	Independent-Samples Kruskal-Wallis Test	.501	Retain the null hypothesis.
3	The distribution of A-R factor score 3 for analysis 1 is the same across categories of gender.	Independent-Samples Kruskal-Wallis Test	.035	Reject the null hypothesis.
4	The distribution of A-R factor score 4 for analysis 1 is the same across categories of gender.	Independent-Samples Kruskal-Wallis Test	.041	Reject the null hypothesis.
5	The distribution of A-R factor score 5 for analysis 1 is the same across categories of gender.	Independent-Samples Kruskal-Wallis Test	.174	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Authors performed this test again taking Level of the Respondent as an Independent Variable. The results in Table 8 show that there is a significant difference as to Level of the respondent and Factor 1 and Factor 42 This implies that there is significant difference in employee perception as to Leadership Style and the Level of Management at which respondent is working implying the ones working at Top Level management and At Middle and Lower levels of management perceive Leadership Styles and their orientation to do CSR activities by the organization differently. Those at Top Level management may consider CSR practices to be good as they are part of making such strategies while there is lack of complete information and understanding on part of other level of management employees and they perceive it differently. Further, there is also significant difference found between Level of the employee and Perception about

CSR orientation of the company particularly because of the similar reasons as Top Level management employees know the CSR practices, the way organizations are spending in precise manner as they are part of strategy making for

CSR. The Table shows that the Null Hypothesis is rejected in Case of Factor 1 and Factor 2. The results indicate new dimensions in research as to what employees at different levels feel about Leadership style as to CSR decisions.

Table 8: Kruskal Wallis Test on Level of Management

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of A-R factor score 1 for analysis 1 is the same across categories of Mgt_level.	Independent-Samples Kruskal-Wallis Test	.044	Reject the null hypothesis.
2	The distribution of A-R factor score 2 for analysis 1 is the same across categories of Mgt_level.	Independent-Samples Kruskal-Wallis Test	.015	Reject the null hypothesis.
3	The distribution of A-R factor score 3 for analysis 1 is the same across categories of Mgt_level.	Independent-Samples Kruskal-Wallis Test	.130	Retain the null hypothesis.
4	The distribution of A-R factor score 4 for analysis 1 is the same across categories of Mgt_level.	Independent-Samples Kruskal-Wallis Test	.120	Retain the null hypothesis.
5	The distribution of A-R factor score 5 for analysis 1 is the same across categories of Mgt_level.	Independent-Samples Kruskal-Wallis Test	.150	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Conclusion

The subject of CSR has been studied in multiple dimensions in the past. Authors have investigated micro and Macro level factors affecting CSR in organizations. This paper is an attempt to empirically find out the factors affecting perception of CSR among employees in India. The study after performing of Validity and Reliability tests performed Factor analysis to bring forth the prominent factors relating to Employee perception and CSR. A structured questionnaire was used to gather responses. The study further tries to empirically test as to whether these Factors differ as to Gender of the employee and level of employee in an organization. The results show that Gender of an employee that is male and female employees differ in their views as to Organizational identity and level of job satisfaction. Further, the level of respondent came out to be significantly differing as to Leadership Style and Orientation of the company towards CSR programs. The Top level management employees and other employees differ to these factors.

The implication for companies from this study can be :

1. Focusing on the factors viz Welfare measures, Fairness at work and other variables the organizations while trying to do best for their employees should ensure that work life balance is maintained and the females are given equal opportunity and are well associated in all the programs. The CSR programs should investigate the People component and focus on welfare measures to ensure gender parity. The gender must be respected by ensuring gender equal policies by the management.

2. The dissemination of information to CSR programs is very important. The scheme in which the organization is working should be well communicated to all employees at all levels. The style of leadership also matters to different respondents. They differ as to their perception about Leadership style, so the organization should be open to new processes and involve all employees and ready to answer their questions if any to reduce differences.

3. The companies in all sectors should communicate well the plans relating to all future endeavors of CSR. CSR should be made part of the strategic plan of the company and should be embedded at all levels. The employees job satisfaction and commitment also increases if the organization obey rules and comply to all legal requirements and ensure work life balance.

References

1. Aguinis, H., & Glavas, A. (2012). What We Know and Don't Know About Corporate Social Responsibility. *Journal of Management, 38*(4), 932-968. From https://journals.sagepub.com

2. Ahmad, T. (2019). Corporate social responsibility: A value-creation strategy to engage millennials. *Strategic Direction, 35*(7), 5-8.

3. Akhouri, A., & Chaudhry, R. (2019). Employee perspective on CSR: a review of the literature and research agenda. *Journal of Global Responsibility*(ahead-of-print). From https://www.researchgate.net/publication/336051475_Employee_perspective_on_CSR_a_review_of_the_literature_and_research_agenda

4. Alonso-Almeida, M., & Llach, J. (2019). Socially responsible companies: Are they the best workplace for millennials? Across-national analysis. *Corporate Social Responsibility and Environmental Management, 26*(1), 238-247.

5. Angus-Leppan, T., Metcalf, L., & Benn, S. (2010). Leadership Styles and CSR Practice: An Examination of Sensemaking, Institutional Drivers and CSR Leadership. *J Bus Ethics, 93*, 189-213.

6. Barakat, S., Isabella, G., Boaventura, J., & Mazzon, J. (2016). The influence of corporate social responsibility on employee satisfaction. *Management Decision, 54*(9), 2325-2339. From https://doi.org/10.1108/MD-05-2016-0308

7. Dhanesh, G. (2014). CSR as Organization–Employee Relationship Management Strategy: A Case Study of Socially Responsible Information Technology Companies in India. *Management Communication Quarterly, 28*(1), 130-149. From https://doi.org/10.1177/0893318913517238

8. Dziuban, C., & Shirkey, E. (1974). When is a correlation matrix appropriate for factor analysis? Some decision rules. *Psychological Bulletin, 81*(6), 358-361.

9. Freeman, R., & Dmytriyev, S. (2017). Corporate social responsibility and stakeholder theory: Learning from each other. *Symphonya. Emerging Issues in Management, 1*, 7-15. From 10.4468/2017.1.02freeman.dmytriyev

10. Ikhide, J., Tarik Timur, A., & Ogunmokun, O. (2021). The strategic intersection of HR and CSR: CSR motive and millennial joining intention. *Journal of Management & Organization*, 1-19. From doi:10.1017/jmo.2021.47

11. Lee, E. M., Park, S.-Y., & Lee, H. (2013). Employee perception of CSR activities: Its antecedents and consequences. *Journal of Business Research, 66*(10), 1716-1724. From https://doi.org/10.1016/j.jbusres.2012.11.008.

12. Moura, L., Rosamaria, & Padgett, R. (2011). Historic background of Corporate Social Responsibility. *Social Responsibility Journal, 7*, 528-539.

13. Nejati, M., Brown, M., Shafaei, A., & Seet, P. (2021). Employees' perceptions of corporate social responsibility and ethical leadership: are they uniquely related to turnover intention? *Social Responsibility Journal, 17*(2), 181-197. From https://doi.org/10.1108/SRJ-08-2019-0276

14. Shin, I., Hur, W.-M., & Kang, S. (2016). Employees' Perceptions of Corporate Social Responsibility and Job Performance: A Sequential Mediation Model. *Sustainability, 8*(5), 493. From https://doi.org/10.3390/su8050493

15. Tangngisalu, J., Mappamiring, M., Andayani, W., Yusuf, M., & Putra, A. (2020). CSR and Firm Reputation from Employee Perspective. *The Journal of Asian Finance, Economics and Business, 7*(10), 171-182. From https://doi.org/10.13106/JAFEB.2020.VOL7.NO10.171

16. Taylan, B., & Ahmet, D. (2019). Leadership Effects on Employee Perception about CSR in Kurdistan Region of Iraq. *International Journal of Social Sciences & Educational Studies, 5*(4), 184-192.

17. Wu, L. Z., Yim, H. K., Chiu, R. K., & He, X. (2015). CEO ethical leadership and corporate social responsibility: A moderated mediation model. *Journal of Business Ethics, 130*(4), 819-831. From 130.10.1007/s10551-014-2108-9