



RESEARCH ARTICLE

CORPORATE SOCIAL RESPONSIBILITY AS A DRIVER OF EMPLOYEE ENGAGEMENT

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ABSTRACT

Corporate social responsibility has received an increasing amount of attention from practitioners and scholars alike in recent years. However, very little is known about whether or how corporate social responsibility affects employees. The role CSR plays in enhancing a company's reputation among its own employees, subsequently boosting their motivation and engagement, is perhaps underrated. In this paper, an attempt was made to study the relationship between Corporate Social Responsibility (CSR) and employee engagement, which is regarded as a key to organizational performance. This paper shed light on Corporate Social Responsibility as a driver of employee engagement in an organization. The study shows that CSR is an emerging and important driver of employee engagement.

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INTRODUCTION

Businesses are trying to flourish and adapt to the various challenges they encounter in today's competitive environment by improving their organizational performance. In order to achieve better results and higher profit margins organizations are adopting various emerging business tools and management philosophies. Some of these include corporate social responsibility and the engagement of employees. Business organisation also took interest in CSR as it portrayed the good image of business in front of public. Furthermore, stated that the interest in corporate social responsibility also stems from the fact that corporate social responsibility builds strong employee bonds with corporations and achieves better employee and organizational performance. Servaes and Tamayo (2013) observed that CSR for employees are relevant to enhancing employee commitment, satisfaction and performance. Hence, it could be a good idea to engage in CSR for employees given that they are an important pillar in every business.

Definition of CSR

CSR is a corporate initiative taken to assess and take responsibility for the company's effects on the environment and impact on social welfare.

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The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups. The idea of CSR first came up in 1953 when it became an academic topic in HR Bowen's "Social Responsibilities of the Business". Corporate social responsibility can be defined as an ongoing commitment made by organizations to act in an ethical manner and enhance economic development while improving the quality of life of employees and their families, local community, and society as a whole by Turcsanyi, J. and Sisaye, S. (2013), Al Azmi, N et al. (2012). Corporate social responsibility can also be seen as "the firm's considerations of, and responses to, issues beyond the narrow economics, technical, and legal requirements of the firm to accomplish social [and environmental] benefits along with the traditional economic gains which the firm seeks" (Ferreira, P. and De Oliveira, E.R. (2014 p. 234).

Definition of employee engagement

Engagement was first entered in the academic glossary by Khan, W.A. (1990) who proposed that personal engagement occurs when people bring in or leave out their selves when performing their work roles. Robinson D et al. (2004) Defined employee engagement as a positive attitude held by employees toward the organization and its values. Hewitt (2010) Defined engagement as the emotional and intellectual commitment of individuals or groups to an organization that affects business performance. (Shuck, B. and Wollard, K. (2010) p.103) use

work engagement to refer to employee engagement and state that it is “an individual employee’s cognitive, emotional, and behavioural state directed toward desired organizational outcome”. According to Ariani, D.W. (2013), employee engagement is a construct that captures the differences between individuals and the amount of energy and dedication they provide to their jobs.

Literature Review

Research on CSR and employee engagement is relatively nascent, but there are a few studies that establish that there is a positive relationship between CSR and employee engagement. Glavas and Piderit (2009) found that the effect on employee engagement resulting from positive employee perceptions of CSR was strengthened by importance of CSR to the employee. Caligiuri et al. (2013) also found a positive relationship between CSR and employee engagement; moreover, the authors found a three-way interaction of project meaningfulness, social support, and availability of resources on employee engagement. Aguilera, R.V. *et al.* (2007) suggested that CSR perceptions shape employees subsequent attitudes and behaviours towards their organizations. They further suggested that CSR presents an important opportunity to influence employee engagement and in turn positive business outcomes that result from having an engaged workforce. Sirota Survey Intelligence Greenwood M (2007), did survey of 1.6 million employees in seventy companies, found that employees who approved of their company’s commitments to social responsibility, compared to those who did not approve, were far more engaged on their jobs and more apt to believe that their employers were interested in their well-being. Parul behl (2017) proposed that CSR helps to foster the culture of team building among employees as they will work together on social cause, it will help to increase trust level and also improving communication among them. In addition to that, it also helps to improve employee’s organization abilities, planning and execution skills. Organizations involved in regular CSR activities give a sense of belonging to the employees thus keeping them engaged.

Objective

- To study CSR and employee engagement as a key to organisational performance.
- To study CSR as a driver of employee engagement

MATERIALS AND METHODS

A secondary data based research design was chosen to develop a profound understanding of the research topic and to obtain in-depth data about the research objectives. This paper evaluates previous academic studies reports and surveys to recognize the role of CSR as an important driver of employee engagement. All main elements of the research paper, findings and analysis were incorporated in a cohesive manner to evaluate the objectives of research paper appropriately.

FINDINGS AND ANALYSIS

Towers Perrin’s (now known as Towers Watson) Global Workforce Study was conducted on the views of global workforce. It includes 88,600 individual responses. The survey covers a range of workplace practices, but focuses particularly on the drivers of attraction, retention and engagement at mid-

to large-sized companies. The survey found that CSR is the third most important driver of employee engagement overall, and that an organization’s reputation for social responsibility was an important driver for both engagement and retention among all age groups. In fact, according to Towers Perrin research, companies with engaged workers have 6% higher net profit margins. The various survey findings shows that 44% of young professionals wants to work in a company with reputation and nearly half said corporate social responsibility policies should be compulsory (IBM Global Business Services). Other study conducted by Tandburg and Ipsos Mori in 2007 shows that 80% of the respondents would prefer working for a company that has a good reputation for environmental responsibility.

Kenexa Research Institute conducted a survey which shows that those employees working for an organisation which positively view CSR has a significant, favourable impact on how employees rate their pride in the organization, their overall satisfaction, their willingness to recommend it as a place to work and their intention to stay. A Gallup report (2017) found that companies with higher engagement rates had higher productivity (17%) and profitability (21%) when compared to companies with low engagement rates. Therefore, scholars have recently begun exploring the CSR–engagement relationship, with studies finding a positive and significant relationship between CSR and employee engagement (e.g., Glavas and Piderit, 2009; Caligiuri *et al.*, 2013).

Engaging Employees through CSR

Hewitt’s (2010) research across more than 7,000 organizations revealed that organizations with high engagement generated total shareholder returns that were 29% above average. Those with moderate engagement produced returns that were only 1% above average. Organizations with low engagement had total shareholder returns that were 60% below average. Nearly half of the world’s employees are not engaged. This means that for every employee who is contributing to the success of your organization, there is another employee not putting forth maximum effort.

High Correlation between Employee Engagement and CSR

This study also shows High Correlation between Employee Engagement and CSR [Fig-1]. The graph below shows the relationship between employee positivity over their employer’s CSR activity and how proud they are of their company.

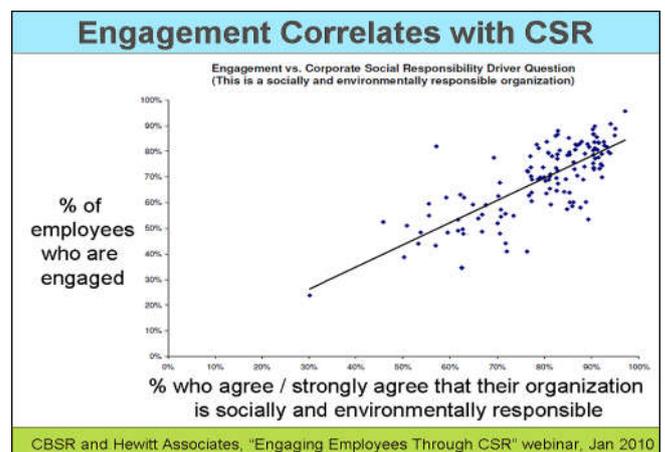


Figure 1.

Leaders Believe CSR is good for Reputation, Employee Engagement & the Environment: Business leaders ranked the top three benefits of investing in or pursuing socially and environmentally responsible practices as follows:

- Positive organizational reputation;
- Higher or sustained employee engagement; and
- Eliminate/reduce impact on the environment.

A Lack of Commitment to CSR Could Decrease Employee Engagement: An analysis of the study data indicated that perceptions of CSR appear as one of the top five threats to employee engagement more than a third of the time. At a minimum, organizations need to sustain their current CSR commitments or risk a decline in employee engagement. It is especially important for organizations with low employee engagement to sustain their CSR efforts. In over 60% of these organizations, declining positive perceptions of CSR could cause significant declines in engagement. The findings of the study further support that continuing efforts of CSR and employee engagement will yield a better return on investment to the business.

A Success Story: Booking.com-case study

At Booking.com business and leisure travelers can find and book suitable accommodation all over the world. In 2014 Booking.com launched a new CSR programme: Booking Cares. This platform brings employees closer together and encourages them to initiate or support projects that make Booking.com's travel destinations even more attractive. Employees can start their own project in three areas: sustainable tourism, the environment and cultural heritage – and they can spend a full working day on the project every year. The Booking Cares manager runs the platform together with a team of ambassadors (regular Booking.com employees) spread around the world. All Booking.com's communication channels (newsletters, Facebook, annual campaigns) are used to share programme updates and successes. It was Booking.com staff who demanded an active CSR policy, and there is a high level of participation in CSR activities. "One employee came up with an idea to have a hotel in Vienna that employs asylum seekers," says Marianne Gybels. "Our staff helped with odd jobs and finding second-hand furniture". We give our employees the opportunity to work in the real world. This gives them a better idea of their own place in the world." One year after the launch of Booking Cares, 80% of employees have signed up for the platform. 283 projects have begun in 115 cities around the world. 364 voluntary projects have been realized by 3,962 (of the 8,300) employees, with over 19,796 volunteer hours donated (Karmali P L, 2017).

Conclusion

"Doing well by doing good" is an aphorism sometimes attributed to Benjamin Franklin. In recent years, buzz about corporate social responsibility has brought this idea back into the public spotlight. If organisation wants to survive in this competitive market, they have to care about the wellbeing of their employee because at the end if they work hard organisation can achieve its objective. Employees who perceive their organization as socially responsible would be more committed to the organization and outperform those employees who perceive the organization as irresponsible. This is likely to improve organizational performance because

employees see a socially responsible organization as fair and reciprocate this fairness through dedication, loyalty, and increased productivity. The results of this study showed that employee engagement fully mediates the relationship between CSR and organizational performance in a significant way.

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