

## Leveraging CSR for Nurturing Employee Engagement

Prof Venkatesh Naga Devaguptapu, Professor – OB &HR Area,  
Goa Institute of management

### Abstract

In the competitive market place, organizations are fighting battles on all fronts i.e., building & retaining market share, stakeholder satisfaction and more importantly recruiting & retaining best talent. The talent in modern era is well informed and have high aspirations. Organizations are finding it difficult to attract and retain talent be it on compensation and career growths. It is here that Corporate Social Responsibility (CSR) comes into play for organizations to leverage upon. CSR provides an opportunity for the organization to differentiate itself from the competition.

Organizations that are able to design & execute CSR strategy that are integrated to their brand proposition and are able to make a difference to the community in which they subsist,

are found to be more attractive their competitors. The talent finds it meaningful and satisfying for having contributed to a larger and touching cause and in the process develop an emotional bonding and engagement with the organization.

This researcher paper studies the twin dimensions of CSR and Employee Engagement and if CSR can impact the level of employee engagement. The research studies the CSR practices of organization and the extent to which they are involving employees and process through which they are involved. The research paper can be referred by both HR Practitioners and Academicians/Researchers.

**Key words:** Corporate Social Responsibility, Corporate Citizenship, Triple Bottom line, *Employee Engagement*

### Introduction

The concept of giving by haves with havenot is as old as the civilization and across religions it has various connotations like “Daan” in Hinduism, “Zakat” in Islam, and is equally prevalent among citizens who practice other religions as well. The religious tenets have built in the concept along with religious practices.

In the corporate context it started as Corporate Philanthropy, the initiative was taken by business leaders with social consciousness, who started social service by establishing trusts and in India we have trusts established by leading business groups like TATA, Birla, Reliance and in the last one decade after the maturity of Information Technology space, we have foundations instituted by leading IT organizations like Infosys, Wipro, HCL and so on. CSR as has been defined by leading organizations in the world and some of the definitions are as under:-

*The EC defines CSR as “the responsibility of enterprises for their impacts on society”. To completely meet their social responsibility, enterprises “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders”* The WBCSD defines CSR as2 “the continuing commitment by business to contribute to economic

*development while improving the quality of life of the workforce and their families as well as of the community and society at large.”*

*According to the UNIDO3, “Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy”.*

CSR per se helps an organization to contribute back to the community that it operates in and gets its profits and in the process it helps to strengthen the corporate brand equity among the stakeholders. CSR from the above definition can be interpreted as “holistic initiative that helps an organization to respond to the community in which it operates and support the society at large”, “helps to broaden the definition of stakeholders to include the community/society that it does business in as well and thus become a responsible corporate citizen” & “Philanthropy is just a part of CSR and CSR has multiple facets that address various societal needs like environment, health care, education etc”

CSR in India is progressing from institutional building in the areas like education, research and culture to more societally direct factors such as Child Nutrition, Women Welfare. The real-movement towards CSR came through the efforts of Government of India, who during the early 2000s realized that the Industry in the country has come up the maturity curve and as responsible corporate citizens, they should partner with the government in the area of social development. The government initially for few years made it as voluntary and made it legally obligatory with Companies Bill of 2013. Post the CSR Bill, there has been a mixed scenario in the implementation of CSR by organization in India. Employee Engagement as the emotional connect of an employee with the organization that enables an employee to contribute with the discretionary efforts. The discretionary efforts help in performance differentiation both at individual and organizational levels.

#### **Research Objectives & Methodology**

*Research Objectives:* The research study proposes to study the following dimensions:

- 1) What is linkage of corporate social responsibility in India to the socio economic conditions in India?
- 2) What are the various approaches adopted by corporates in India in the area of CSR?
- 3) How are employees involved in the CSR efforts of the organizations
- 4) What is the strategy behind employee involvement in CSR Initiatives
- 5) Is the Employee Involvement in CSR activities helping in employee engagement?

**Research Methodology:** The following methods were adopted for the research study: -

- Descriptive Research approach was adopted as the study involved qualitative research
- Secondary data was used (data sources included published research papers/ case studies/ web sites/ informal employee feedback sites like Glass door.
- Random & convenience based sampling

- For the purpose of collection of data on organizational culture, the research adopted a validation method, i.e. study of information on the websites of the sample organizations. It then aims to draw the cross references and impact of CSR on the

### Literature Survey

**Corporate Social Responsibility:** The evolution of CSR in India can be categorized into four models, i.e. the ethical (Gandhian) model; the statist (Nehruvian) model; 3. The liberal (Friedman) model & 4. The stakeholder (Freeman) model (Balasubramanian et al., 2005; Kumar et al., 2001). Carroll (1991) had designed the model for CSR that provides the holistic perspective of CSR:-



Windsor (2001), had studied future of CSR and its impact on the business in the long run. Using Carroll's model, he identified 3 alternatives for CSR i.e. . conception of responsibility, global corporate citizenship, stakeholder management practices. Nigel Sarbutts( 2003) studies the impact of CSR on SME's and identified that they could minimize or mitigate risk by leveraging CSR. Moon (2004) in his research paper identified that Government has a major role in driving CSR in any country. Further he identified the drivers of CSR i.e, Reputation of Business, Existence & identify of the corporation and more importantly the employee involvement & knowledge. Idowu (2007) after studying 20 companies in UK that CSR has become integral part of ethics agenda of an organization and is mandatorily to be reported by the organizations. Trwoniak (2009) based on his research conducted in Australia is increasingly gaining significance. Shah, Bhaskar (2010) based on his case study on CSR at BPCL has identified that carried out a number of CSR initiatives to connect with and serve the community/society. Mc William & S. Seigal (2010) in their research have identified that CSR helps in improving brand equity of the organization. Agunis (2012) in his research presented a framework for CSR. Bhattacharyya & Chaturvedi (2012), in their research had predicted that CSR Bill in India will force a lot of organization to look at CSR activities actively.

**Employee Engagement (EE) :**Thanks to the competitive environment, organizations have realized that Employee Engagement cannot left to chance that is a core focus area both for

the Leaders and managers in the organization. A survey of literature indicates that the concept of EE basically indicated “how happy are the employees with their jobs, work environment and more importantly how efficient re their performance levels. Research has proved that organizations with higher levels of employee engagement are more productive and profitable in relation to other organizations.

Kular et al. (2008) explore five dimensions of EE i.,e a) What does “EE” mean b) How can engagement be managed? ; c) What are the consequences of engagement for organisations? ; d) How does engagement relate to other individual characteristics? ; e) How is engagement related to employee voice and representation? Robertson-Smith and Markwick (2009), through their research have identified that EE is important and it is very complex challenged. Simpson (2009) through his research has focused on the determinants and consequences of Engagement at work. Susi &Jawaharrani (2011) through their research have examined employee engagement from the context of work-place culture and work-life balance perspectives.Shashi (2011) in her research highlighted the importance of employee communication and its impact on business. Bijaya Kumar Sundaray (2011) focussed on factors/drivers of employee engagement and its impact on profits/quality, CSAT & ESAT. Siddhanta& Roy (2012) explored the theoretical framework and evaluated it in context of practices at organizations.

#### Data Collection & Analysis

India as a country has made significant strides in the areas of economic and social areas, due to various initiatives by the Central and State Governments. The upper and middle classes have been able to make significant progress in the areas of economic and social development and as a result these segments of the society have made their mark both in the country and abroad. India is today looked as next promising economy and is positioned among the top 5 economies in the world.

The following social and demographic indicators indicate the magnitude of efforts needed to make sure that the fruits of development are made available to all the citizens of the country

S.No	Social Indicator	Current Status	Call for Action
1	National Literacy	75%	<ul style="list-style-type: none"> <li>• Quarter of Population are to be transformed into literates</li> <li>• Literacy and Poverty Alleviation have a strong correlation</li> <li>• Education of one child will transform the social status, earning potential of the family.</li> <li>• Corporates</li> </ul>
2	Women Literacy	65.46	<ul style="list-style-type: none"> <li>• In case of men it is 82.14%</li> <li>• Literacy of a women will enable literacy of entire family. An educated mother will always motivate her children towards pursuing education. It will lead to women empowerment</li> </ul>

3	Child Mortality (under 5 years)	55 / 1000	<ul style="list-style-type: none"> <li>• 53 children per 1000</li> <li>• The high child mortality is linked to high fertility in the Below the Poverty Line ( BPL) segments of the population</li> <li>• The government has been budgeting and spending from towards nutrition of pregnant women and child welfare through Anganwadi</li> <li>• The Anganwadi feeding is being taken by NGOs with support from corporate CSR</li> </ul>
4	Employability Skills of youth	25%	<ul style="list-style-type: none"> <li>• Only 25% of Indian Engineering Graduates are employability (NASSCOM Survey)</li> <li>• The skill gap is as high as 75-80% across sectors</li> </ul>
5	Health	0.7 per 1000	<ul style="list-style-type: none"> <li>• The low availability of doctors has an impact on health especially at the bottom of the pyramid due to affordability</li> </ul>
6	Sanitation	Half of rural India	<ul style="list-style-type: none"> <li>• The problem exist in urban slums</li> </ul>
7	Safe drinking water	6%	<ul style="list-style-type: none"> <li>• The number being national average</li> <li>• The low availability of safe drinking water has an impact on health of citizens</li> </ul>
8	School Infrastructure	4.8%	<ul style="list-style-type: none"> <li>• Only 4.8% of govt schools have all the nine facilities under Right to Education ( RTE)</li> </ul>

The above social indicators have been a trigger and guiding factor to the CSR activities initiated by organizations across the country.

Initially organizations were selecting CSR areas, based on parameters like reference of promoters, convenience, preferences of persons responsible CSR and so on. The Companies Act, 2013 can be described as a landmark in the history of India CSR and marks the beginning of new era. The criterion for applicability of CSR Clause along with pertinent information like Role of board toward CSR, Guidelines about CSR Committee have been indicated as below:-

Provisions of the CSR Bill	Details
Networth/Turnover/Net Profit	<ul style="list-style-type: none"> <li>• Net worth of INR 500 crore or more</li> <li>• Turnover of INR 1000 crore or more</li> <li>• Net Profit of INR 5 Crore or more and above</li> </ul>
% of Profits to CSR Contribution	Every year atleast 2% of average profits made during the last three financial years be allocated towards CSR activities
Purposes of CSR Funds	Poverty Alleviation /Education/Girl Child & Women Welfare/Disease Mitigation/Employability Skills Training/Social Infrastructure etc
Role of Board of	Approve CSR Policy & Annual Report/ Oversee implementation

Directors	of CSR activities
Execution of CSR Activity	The company can plan & execute activities independently or through an NGO
CSR Committee	To have atleast 3 or more directors of which one has to be an independent director. The composition of CSR committee is to be disclosed in the annual report.
Purpose of CSR Committee	The CSR Committee is to formulate & recommend the CSR policy and annual expenditure to the board of directors for approval

The total quantum of funds from all organizations, who are responsible as per the bill is INR 20,000 Crore and is bound to grow progressively over the years with the growth in Industry and country's economic development. The parameters on the basis of which organization are identifying the CSR priority areas include, Socio-economic conditions in the environment in which it operates ; Alignment to Organization's Core Operation & Corporate Philosophy ; Organizational connect with community & Branding (direct and indirect), employer branding with existing and prospective employees etc.

The current focus areas for CSR initiatives by Indian organizations include Health, Education, Livelihood, Poverty alleviation, Environment, Water, Housing & Energy (including renewal energy). Based on the comparative study of the 24 companies, it was found that while some companies chose to narrow their focus on a few thematic areas, others took a broader view and undertook a larger scope of areas to focus on. Out of 24 case studies that were analysed, it was found that there were as many as 16 corporates focusing on 3-5 thematic areas. A recently carried research indicates the following:-

Dimension	Finding (s)
Well Structured Foundation	In case of 37 percent corporates, the CSR initiative is being implemented through a well-structured separated Foundation.
Separate CSR Department	Among 58 percent corporates there is a separate CSR department that takes care of the activities to be implemented
Partnerships	The importance of building strong public-private partnerships as well as working closely with NGOs as implementation partners is being increasingly realised by corporates
Stake-holder Relationship Management	Stakeholder engagement has become one of the important aspects of CSR practices. The list of stakeholders impacting the CSR initiatives include employees, neighbouring community and general public. Neighbouring community refers to the people in catchment area of corporate who have a direct effect of business on them
Sustainability Reporting	Organizations as step towards transparency and accountability are reporting in their annual report about the social, environmental and economic impact of its activities including CSR activities.

The success stories of CSR initiatives by various organizations in India are tabulated below:

Name of the organization	Approach	People Practices & Work Culture	Employee Involvement in CSR
Deutsche Bank	Integrated approach that includes grants, Volunteering, Community Awards, Matched Giving and Environmental Initiatives	Strong focus of Culture, Values & Ethics	Volunteering & Employee Contributions

General Electric	Has devised a five year plan of USD 20 Million and leverages its technology towards water purification, power generation and health in existing hospitals and build new medical centers in Africa	Focus on developing talent, innovation, positive work environment	Employee involvement in design and execution of CSR projects related to the competence of the organization
Glaxo Smith Kline (GSK)	GSK has prepared a 20 year plan with USD 1 Billion to eliminate Lymphatic Filariasis in partnership with World Health Organisation (WHO). GSK will donate medicine to WHO that will treat 1/5 <sup>th</sup> of global population across 83 countries	Work Culture that enables people to do more, feel better, live longer.	Employee Volunteering in donation/distribution of medicine
Heinz	Heinz' Corporate social responsibility mission is: "Heinz will achieve sustainable growth by enhancing the nutrition, health and wellness of people and their communities. We will conduct business in an ethical manner, guided by our strong commitment to integrity, safety, and the principles of social and environmental responsibility. In communities where we operate, Heinz will manufacture safe, high-quality products, reduce environmental impacts, and maintain business and labor practices that ensure human safety and dignity. As a global company, Heinz will also make the world a better place to live by helping people in need through our charitable foundations, employee contributions, and community partnerships." Heinz donated more than \$17 million in cash and products across the globe over the past two fiscal years to support community programs, with a focus on promoting the health, nutrition, and well-being of children and families.	Work culture where people are supportive and focus on work-life balance	Employee volunteering & involvement in community related activities
Microsoft	Microsoft As a global leader in technology, it has an opportunity and a responsibility to apply its expertise in software to helping	Work culture that is Fast paced, challenging, and	Employee involvement & volunteering in community

	<p>people, particularly people in underserved communities. Through monetary grants, software and curriculum donations, technology solutions, and employee volunteer hours, Microsoft supports programs and organisations that address the needs of communities worldwide. It is partnering with governments, NGOs in the area of developing technology skills in the community, through cash grants, software donations and specialized curriculum.</p>	<p>a whole lot of fun, great depth of talent &amp; opportunities</p>	<p>initiatives</p>
IBM	<p>Has long history of supporting non-profit organisations around the world, IBM has discovered that its noncash contributions are often valued even more highly than cash grants. With the conviction that small businesses are the growth engines of nearly every economy, IBM launched an innovative philanthropic program in July 2007 that fully leverages the company's distinctive technical expertise: the SME Toolkit. The heart of the SME Toolkit project is a Web site that contains free software, business templates, training documents, and other resources designed to assist small businesses in emerging markets. To bring this project to fruition, IBM collaborated with the nonprofit International Finance Corporation (IFC). Additional partner organisations in the 22 countries hosting Toolkit Web sites provide users with local support, increasing the probability that those small businesses will thrive</p>	<p>Friendly, supportive &amp; flexible work environment, Focus on employee empower and employee friendly people policies</p>	<p>Employee involvement in planning &amp; execution of community connect &amp; service initiatives</p>
Lupin Laboratories	<p>It has started a project for providing sustainable development in 154 villages across Rajasthan. The scheme instead of providing for piece-meal assistance that does not lead to effective alleviation of poverty or adequate development is designed as a holistic action plan</p>	<p>Good Team Work, Good Management, great place to learn and develop one's Knowledge, Skills &amp; Attitude</p>	<ul style="list-style-type: none"> <li>Employee Involvement &amp; engagement of community service initiatives</li> </ul>



	that includes an Agricultural Income Generation Scheme, land cultivation and fruit plantation programs, fodder preservation schemes, sericulture and water-recycling programs, establishment of medical and educational centers, adult literacy programs and credit schemes.		
TCS	TCS has set up a fully-equipped computer training laboratory for children from the Society for the Welfare of the Physically Handicapped and Research Centre, in Pune for imparting basic computer knowledge	Work place diversity, Open culture, Learning Opportunities and global identity	Employees volunteer in the center to train the children/learners
NIIT	NIIT has launched a highly popular 'hole-in-the-wall' scheme where it places a computer on a public wall in urban and rural areas so that neighbourhood children can learn computer basics using the play-way method	Nice working Environment, Caring & mentoring Managers, Fair People Processes, work life balance	Employee are involved in the identification & execution of the projects
Jindal Steel, Bellary	Has given Land, Infra & capital funding to set up a state of the art kitchen that can serve 1.5 Lakhs Mid-day meals to children studying in Govt School in the district of Bellary. It continues to contribute to revenue expenditure of a Kitchen every year.	Performance-oriented work culture, company focuses on teamwork, innovation and the freedom to excel at all levels and rewards its employees with additional benefits	Employees volunteer in food distribution at the schools annually in turns
CISCO	Has been funding mid-day meal program with annual casg grant of INR 5 crore in the city of Bangalore.	Amazing work environment, young and vibrant crowd, free to speak whatever is on your mind, Flexible work environment	Employee volunteering in meals distribution & imparting education to the children at beneficiary schools.
SocieteGenerale Bank	Has been supporting education of 10,000 children in the city of Bangalore by funding the mid-day meal program	Very nice place to learn, supportive & transparent	Employee volunteering in meals distribution & imparting

		leadership, work life balance	education to the children at beneficiary schools.
ICICI Bank	Has set up ICICI Foundation that has trained & placed over 25000 youth with employability skills in different vocations	Focus on Innovation & Risk Taking ; Outcome & People Orientation; Culture of excellence	Employees are deputed to the unit for specified period to contribute to the organization
USHA industries	Has trained and supplied sewing Machines for over 10000 women in Rajasthan with stitching skills	Focus on Process & Systems; Pay for Performance; good working environment & supportive management	Employees volunteer to train the rural women to be the “train the trainer” for skill-building and employment generation of women

In the cases of above organization, it is clear that most of the major organizations are involving the employees in the CSR activities irrespective of the approach of the organization. The approach could any i.e, a) Design & execution of projects in the area of competence of the organization b) employee contributions for matching grants or c) employee volunteering in the CSR projects of the organization.

**Research Findings:**Based on the research carried out during the research study the following research findings are identified:-

- Organizations have realized that CSR is a core responsibility of corporate citizenship behaviour of the organization.
- Organizations are involving & engaging the employees in the design & execution of their CSR projects
- Organizations are leveraging CSR to connect emotionally with their employees and thus build and nurture Employee Engagement.
- These organizations have good fundamentals such as well-defined vision & mission, good work culture & practices
- CSR is being leveraged as a key lever in addition to other good people practices by these organizations.
- These organizations have good higher levels of employee engagement

**Limitations & Scope for further study:** The study had the limitations of time, resources and budget, due to which the researcher had to depend on secondary data. For validating the findings it is advised that primary research be explored to validate the findings of this research study.

#### References

- 1) Aravind, D. and Christmann, P. (2011), “Decoupling of standard implementation from certification: does quality of ISO 14001 implementation affect facilities’ environmental performance?”, Business Ethics Quarterly, Vol. 21 No. 1, pp. 75-104.

- 2) Arora, B. and Puranik, R. (2004), "A review of corporate social responsibility in India", Society for International Development, Vol. 47 No. 3, pp. 93-100.
- 3) Balasubramanian, N.K., Kimber, D. and Siemensma, F. (2005), "Emerging opportunities or traditions reinforced?", Journal of Corporate Citizenship, Vol. 17, pp. 79-92.
- 4) Baskin, J. (2006), "Corporate responsibility in emerging markets", Journal of Corporate Citizenship, Vol. 24, pp. 29-47.
- 5) Windsor, Duane (2001). "The future of corporate social responsibility". International Journal of Organizational Analysis. Vol. 9. No.3. Pp.225 – 256.
- 6) Shah, Shashank & Sudhir Bhaskar ( 2010). "Corporate Social Responsibility in an Indian Public Sector Organization:A Case Study of Bharat Petroleum Corporation Ltd". Journal of Human Values. Vol. 16. No. 2.Pp. 143-156
- 7) Corporate Social Responsibility : Societal Initiatives Taken by Indian Companies, Neha Puri&Shruti Ashok, International Journal of Management Research & Business Strategy (IJMRBS) ISSN 2319-345, vol 2, No 4, Oct 2013
- 8) Amaeshi, K. M., B.C. Adj, C. Ogbechie and O. Olufemi, 2006. "Corporate Social Responsibility in Nigeria: Western Mimicry or Indigenous Influences?" Journal of Corporate Citizenship, 24 winter, pp. 83-99
- 9) Rethinking Corporate Social Responsibility in Financial Services – Making Business Sense of CSR, RuchiVerma and Sarda N ( Infosys White Paper Series)
- 10) Corporate Social Responsibility – Towards a Sustainable Future - A White Paper (KPMG IN INDIA) & ASSOCHAM

---XXX---