

## **International journal of multidisciplinary research and development impact of corporate social responsibility on organization and its sustainability: Indian corporate perspective**

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### **Abstract**

This paper attempts to study the recent growth and internationalization of Business in India that has created a vacuum to look into the dictionary of business organizations to include Ethics, Governance and Corporate Social Responsibility as a very important part of Organization's Funds. The debate on organisation's sustainability is not new, but the researchers not yet came to an agreement that which tool is better to serve the sustainable business. The aim of this research paper based on secondary research is to evaluate the previous reserachers and evaluate the impact of CSR on Business Performance. The paper also identifies the impact faced by employees of the participatory organizations in their social life and personal life. Various impact of Corporate Social Responsibility is seen in society. They are economically, socially and environmentally connected and has revolutionized the lifestyle in community and organizations. Through review of literature, the paper describes the examples of top performing organisations following CSR that positively affects their business. Organisations supporting CSR carves a way to sustaibale business and also supports the society for community development. The finding of the paper will give a clear direction to where an organisation will lead to if it supports CSR Activities.

**Keywords:** Corporate Social Responsibility; Community Development; Business Performance; Employee Performance; Sustainability; Society.

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### **Introduction**

The 21st century is characterized by inimitable challenges and opportunities with a need for Inclusive Development arising from globalization. Government initiatives such as "Make in India" and "Swachh Bharat Abhiyan" and "Digital India" by Indian Government and an invitation to the leaders of all the SAARC countries, Japan, Sri Lanka, China and US visit followed by various business friendly reforms have significantly created a positive business environment for India. Though there are many gridlocks in the economy which the Government needs to look into towards making India a global manufacturing hub of Indian business. It is recognized the world over that integrating environmental friendly and social ethical responsibilities into the governance of businesses ensures their long term success and sustainability. Such an approach also acknowledge the view that businesses are an intrinsic part of the society, and this has an active and crucial role to play in the sustenance and improvement of healthy ecosystems, in stimulating social inclusiveness and equity, and in fostering the essentials of ethical practices and good governance. The sense of business of the company is also affected by corporate social responsibility, as this creates image of socially responsible companies among its consumers. In turn these consumers prefer the products by these socially responsible companies which helps the company in a sustainable growth in their operations in the long run.

Indian entrepreneurs and business enterprises have a long tradition of working within the values that have defined our nation's character for millennia. Ancient wisdom of India

inspires people to work for the larger objective of the well-being of all stakeholders and this is still relevant today. These encompassing values are more relevant in current times, as organizations struggle with the challenges of modern-day enterprise and the hope of stakeholders and of citizens eager to be active contributor in economic growth and development. Corporate social responsibility is the dedication of businesses to contribute towards sustainable economic development by working with employees of the company and their families along with the local community and at large including the society in order to improve their lives in ways that are good for their own development and business. Corporate Social Responsibility (CSR) is perceived as a comprehensive pack of policies, programs and practices that are integrated into supply chains, business operations and decision-making processes throughout the organization. In which the organization does business and that includes the responsibility for current and past actions as well as future impacts. Social Responsibility involves the ethical, legal and commercial expectations that a society has for the business, and making decisions that fairly balance the claims of all key stakeholders.

### **Literature Review**

Numbers of studies have set out to calculate employee engagement at the organizational level and connect it to business outcomes. These studies have shown that employee engagement may lead to decreased absenteeism; turnover; counterproductive behavior (e.g. theft and misconduct);

production costs and increased customer satisfaction; customer loyalty; revenue growth; ability to adapt to change and productivity.

International Survey Research (ISR) found that companies with high employee engagement levels improved their operating income by 19.2 % over a 12-month period, while operating income for companies with low employee engagement levels declined by 32.7% - a gap of almost 52%. The study also found a 13.2 per cent growth in net income over a one-year period for companies with high employee engagement and a 3.8 per cent decline in net income over the same period for companies with low employee engagement. Companies with high employee engagement also demonstrated a 27.8 per cent growth in earnings per share (EPS), while companies with low employee engagement reported an 11.2 per cent decline in EPS over the same period.

Based on the results of Global Workforce Study, Towers Perrin stated a strong belief in the need for companies to embrace CSR: "one thing is increasingly clear. It's not a choice any longer. Your employees expect it, and your company needs it ... it is in fact linked to how well your employees perform. In other words, CSR extends to the bottom line." CSR is fast gaining momentum as an important aspect of business practice in India.

Corporate Roundtable on Development of Strategies for the Environment and Sustainable Development - Business Council for Sustainable Development (CoRE-BCSD) of India is a grouping of Indian corporates trying collectively and individually to build in sustainable development concepts into their operations. Subject experts from these corporates identify and conceptualize projects. A team of industry members and TERI researchers then works to develop appropriate solutions/strategies for use by the industry. Currently the Roundtable includes some of the leading Indian corporates, such as The Associated Cement Companies Limited, Bharat Heavy Electricals Limited, Bharat Petroleum Corporation Limited, Century Textiles & Industries Limited, Gas Authority of India Limited, Gujarat Ambuja Cements Limited, Hindustan Lever Limited, Infrastructure Leasing & Financial Services Limited, ITC Limited - Paper Brands & Specialty Papers Division, National Thermal Power Corporation Limited, Reliance Energy Limited, Tata Chemicals Limited.

Tim Mohan from AMD said, "does being able to contribute to a cause while you're at work improve your commitment and level of engagement to your core job function and to the company? 96% agreed." And this proved that CSR is not only crucial to recruiting talented employees; it's also a great way to maintain the engagement the existing work force.

IBM with the launch and growth of its Corporate Service Corps program, which operates like a corporate version of the Peace Corps where IBMers bring their core competencies and skills in such areas as project management, strategic planning, marketing or engineering to an entrepreneurial level and this has witnessed development of global talent. IBM launched Corporate Service Corps as an integral part of a larger effort to promote the development of IBM employees into global leaders and global citizens. According to IBM this is the best way to build global leaders by having them as a part of a global team to build a new business in a emerging market.

Hewitt Associates teamed up with Canadian Business for Social Responsibility (CBSR) CSR as a driver of employee engagement [2009]. Hewitt Associates and CBSR, gathering

opinions from over 100,000 employees and 2,000 leaders at more than 230 Canadian workplaces. The survey found that there is a strong correlation between employee engagement and employee views of their employers' record on corporate social responsibility. "Eighty six per cent of employees at organizations with high engagement agreed or strongly agreed with the statement that they worked for an employer that was socially and environmentally responsible, compared to 71% at employers with moderate engagement and only 60% at those with low engagement."

Sirota Survey Intelligence [2007] This global survey of 1.6 million employees found that employees who have a favourable view of their organization's CSR commitment are also positive about other factors important to its success, including: senior management's integrity, senior management's sense of direction, the company's competitiveness in the marketplace, the company's interest in employees' well-being, and their engagement or pride in their organization. Of those who are satisfied with their employer's CSR commitment: 86% have high levels of engagement, 82% feel their organization is highly competitive in the marketplace, 75% feel their employer is interested in their well-being, 71% rate senior management as having high integrity, and 67% feel that senior management has a strong sense of direction. In a survey by the nonprofit Net Impact, 53 percent of workers said that "a job where I can make an impact" was important to their happiness, and 72 percent of students about to enter the workforce agreed. Most would even take a pay cut to achieve that goal. Research conducted by Cone Millennial Cause group, detailed in The 2020 Workplace found that 80% of a sample of 1,800 13-25 year olds wanted to work for a company that cares about how it impacts and contributes to society. More than half said they would refuse to work for an irresponsible corporation.

### **Research Objectives**

1. To understand the meaning of Corporate Social Responsibility and its impact on Employee Productivity
2. To study the impact of CSR on Business Performance and Organization's Sustainability.
3. To help companies to get socially active for better customer support

### **Research Methodology**

A social science driven research methodology has been used to draw evidence that relate Corporate Social Responsibility (CSR) with dual aspects of Employee Performance and Company Sustainability. I have used Secondary data method during my research. It is obtained from available literature, different scholars' and researchers' published books, articles published in different periodicals, magazines, journals, working paper, news paper and conference proceedings. The secondary data and information is analyzed for preparing the paper extensively.

### **Results and Discussions**

The vast literature review undertaken during the course of the research suggests that a socially active organization will lever employee engagement and Corporate Social Responsibility cannot be ignored and taken lightly for an organization's sustainability. Involvement of organization in social causes is not only the need of the society anymore it is an important aspect responsible for its Public Image and Sustainability in

the Market. CSR typically includes issues related to governance, marketplace, environment, workplace, business ethics, community investment and human rights. Now corporations don't exist solely to make a profit they also want to make a difference in the society and want to stand out in the market. So the businesses are now focusing a lot on corporate social responsibility and it has become an expected part of a corporation's mission. Employee performance and Organization's Profit is closely connected with Corporate Social Responsibility. After a detailed introspection of the literature, the following facts have been deduced from the study:

### **Socially active Company has positive influence on Employee Engagement and Employee Performance**

CSR is an emerging and increasingly important driver of employee engagement. An important opportunity rests with CSR's potential to influence employee engagement followed by positive business outcomes that go along with an engaged workforce. CSR active companies have a positive organizational reputation; higher or sustained employee engagement and are environmentally conscious. Promoting environmental efforts will become increasingly important to attract and retain employees and also customers. Employees now want more from their employer than a paycheck. Employees now need a sense of fulfillment and pride from their work.

Employees today prefer working for a company that has a good reputation for environmental responsibility. CSR perceptions shape employees' subsequent attitudes and behaviors towards their firms. This has favorable impact on how employees rate their pride in the organization, their willingness to recommend it as a place to work, their intention to stay and their overall satisfaction. Employees view socially responsible rated senior management as having high integrity. CSR practices are linked to enhanced job performance, reduced costs due to increased employee retention and improved productivity.

### **Companies with CSR Practices perform better on Business and have a Sustainable model.**

The current consumer climate doesn't allow for companies to simply be in business for the sake of making a profit. Consumers may rely upon the corporations for goods and services and the level of competition allow the customers to make decisions based on how much good a corporation is doing outside of the workplace and how they are positively impacting their community.

- **Better Public Image:** Being socially responsible creates goodwill and a positive image to build its brand, reputation and public profile. This only let the company grows, but also creates a unique culture of the company in which the officials, staff and wider community genuinely believe in.
- **Better and More Media Visibility:** CSR Activities performed by Companies are often noticed by the public. This positively impacts the image of the company. As the amount of positive media coverage an organization receives can have a significant impact on the company's bottom line. The level till which a good a company contribute towards its community or beyond reflects its corporate social responsibility values. The more positive the benefits to the community are, the more media coverage a company is likely receive.

- **Fosters a Positive Workplace Environment:** It is proved that employees like working for a company that has a good public image and is constantly in the media for positive reasons. Employees like to get associated with a company that also help others and contribute towards social development.
- **Corporate Partnerships:** Another positive impact corporate social responsibility has on organizations is the possibility of corporate partnerships. And these partnerships are important for the positive impact of a corporation it has on its local community. A key benefit is that it makes it easier for consumers to trust a company.

Corporate social responsibility (CSR) increases company profits and thus most large companies are actively engaged in it. CSR can promote respect of the company in the marketplace which can result in higher sales and enhance employee loyalty. CSR activities emphasizing upon sustainability issues may improve efficiencies and lower costs as well. Another advantage for public companies is that aggressive CSR activities may help them gain a possible position in top list of companies. This may enhance the company's stock price, making stock options more profitable and shareholders happier. Being socially responsible creates goodwill and a positive image to build its brand, reputation and public profile. This only let the company grows, but also creates a unique culture of the company in which the officials, staff and wider community genuinely believe in. The more socially responsible a company is, it gets more public attention. Also employees like to get associated with a company that also help others and contribute towards social development.

### **Conclusion**

Companies are facing unprecedented pressure from a number of quarters like communities, non-governmental organizations, social activists and socially responsible investors to behave as responsible corporate citizens. Forward-thinking companies are increasingly coming to terms with the fact that ignoring this pressure represents a significant risk while responding proactively presents an emerging opportunity. CSR is an integral part of corporate activity that acts as a connective link between business and community and the urge to behave in a socially responsible way deserves society's high attention. India includes some of the most innovative, largest and the most forward looking organizations in the country. CSR is a potentially powerful tool to attract, engage and retain employees. This represents an opportunity for forward-looking companies to get in front of this emerging issue instead of playing catch up after more and more companies grasp and exploit this opportunity. There are two major benefits an organization generates with the help of CSR activities. First, a socially active Company has positive influence on Employee Engagement and Employee Performance followed by positive business outcomes that go along with an engaged workforce. Employees today prefer working for a company that has a good reputation for environmental responsibility. CSR perceptions shape employees' subsequent attitudes and behaviors towards their firms. Second, Companies with CSR Practices perform better on Business and have a Sustainable model.

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