



The role of CSR in promoting employee engagement and ethical work culture

Sakshi Madhyan¹, Dr. Pronoti Telore²

¹ Assistant Professor, At IMSCDR, Ahilyanagar, Maharashtra, India

² Head, Department of Management, IMSCDR, Ahilyanagar, Maharashtra, India

Abstract

Corporate Social Responsibility (CSR) plays a pivotal role in shaping ethical workplace cultures, enhancing employee engagement, and reinforcing organizational values. It fosters trust, psychological ownership, and a sense of purpose among employees, while aligning business practices with societal expectations. This study aims to understand how CSR helps in promoting employee engagement and ethical work culture. This paper is a review-based study on the research carried by various authors. The study is based on data collected from different research papers extracted from Google Scholar and other e-Journals. Findings of the study show a strong relationship between CSR, employee engagement and ethical work culture.

Keywords: Corporate social responsibility, employee engagement, ethical culture, organizational behaviour

Introduction

Corporate Social Responsibility (CSR) has evolved from traditional philanthropy into a strategic framework aligned with Environmental, Social, and Governance (ESG) objectives. According to the current business scenario, CSR is not only a tool for enhancing a company's goodwill but also helps in promoting sustainable organizational performance.

The Companies Act, 2013 has made it mandatory for the qualifying companies to allocate a portion of profits toward socially responsible activities. Therefore, CSR has gained significant momentum following the enactment of Section 135 of the Companies Act, 2013. This regulatory push has encouraged firms to integrate CSR into their strategic and operational frameworks, extending its reach beyond compliance into areas like employee engagement and building ethical work culture. This paper is a literature-based review and ideas extracted from academic studies, industry reports, and regulatory documents to examine how CSR influences employee engagement and contributes to building an ethical workplace culture.

Objectives

1. To study the relationship between CSR and employee engagement.
2. To identify the key CSR practices that enhance ethical work culture.
3. To study the role of CSR in promoting employee engagement and ethical work culture.

Scope of the Study

This paper uses only secondary data (peer-reviewed articles, institutional reports, and government/regulatory documents) published primarily between 2020 and 2025.

The study focuses on organizational-level CSR activities and employees' perceptions and behaviour (engagement, loyalty and ethical conduct).

Research Methodology

This study adopts a secondary data-based research design to examine the relationship between Corporate Social Responsibility (CSR) initiatives and employee engagement,

with a focus on ethical workplace culture. The methodology involves a structured review and synthesis of existing literature, regulatory documents, and industry reports published between 2020 and 2025.

Data Sources

The data was collected from:

- Peer-reviewed academic e- journals (available on Research Gate, Shodh Ganga)
- Government and regulatory publications, including amendments from the Ministry of Corporate Affairs (India)
- Global CSR studies from international databases.

Data Collection Approach

This study is based on secondary data, which means it uses information that has already been published. The data was collected from academic research papers, industry reports, government documents, and regulatory guidelines between 2020 and 2025.

The study also includes qualitative data, such as case studies and expert opinions. These sources help explain how CSR affects employee engagement and workplace ethics in real-life situations.

Literature Review

Bapat & Upadhyay (2021) ^[12] This study explored how CSR initiatives affect employee engagement in large Indian companies. The authors proposed a model showing that when employees actively participate in CSR activities—such as volunteering or decision-making—they feel more connected to the organization, which boosts their engagement and motivation.

Subba & Kumar (2024) This research focused on the emotional impact of CSR on employees. It showed that internal CSR practices—like employee wellness programs or ethical leadership—can foster feelings of compassion, meaning, and trust, which in turn promote ethical attitudes and emotional well-being among Indian workers.

Nazir *et al.* (2020) ^[9] This study found that when companies engage in meaningful CSR activities—like helping communities or supporting social causes—employees feel

more compassionate and purposeful. These feelings lead to more helpful behavior at work and stronger emotional engagement, especially in service industries like hospitality. Kim *et al.* (2023) This meta-analysis combined results from many studies and confirmed that CSR has a consistent positive effect on employee attitudes. Employees in companies with strong CSR programs tend to be more satisfied, engaged, and productive. The study also showed that these benefits apply across different industries and countries.

According to Gupta and Sharma (2020) ^[3], CSR programs improve the emotional and psychological bond between workers and their companies, which boosts motivation and dedication, claim Employees are more likely to align their values with the company's when they believe it to be socially responsible, which increases employee engagement. Rodríguez and Fernández (2024) ^[11] found that when companies encourage employees to participate in CSR-related volunteering activities, it gives them a deeper sense of purpose at work, which helps them feel that their efforts go beyond routine job responsibilities. As a result, employees experience a stronger emotional connection with their organization and greater satisfaction in their workplace. The study highlights that CSR-based volunteering not only benefits society but also creates a positive work environment where employees feel valued, motivated, and proud to be part of the organization.

Bhatia (2020) ^[1] in his research found that CSR activities, when aligned with ethical principles, help build a transparent and trustworthy workplace. Employees who see their organization making honest and socially responsible decisions tend to adopt similar values in their daily work. The research indicated that ethical CSR policies guide employee behavior, reduce misconduct, and promote fairness across all levels of management.

In a study carried out by Mehta and Chauhan (2021) ^[6] it was suggested that CSR serves as a bridge between ethics and engagement. When employees are part of an organization that genuinely practices CSR, they internalize its ethical values and demonstrate higher commitment and loyalty towards the organisation, environment and the society.

CSR practices that promote Employee Engagement and Ethical Work Culture

1. **Ethical Leadership and Transparency:** Leadership programs that promote honesty, accountability, and open communication help build a transparent and ethical workplace culture.
2. **Employee Volunteering:** Involving employees in community and social projects strengthens their moral values and enhances their sense of purpose at work.
3. **Diversity, Equity, and Inclusion (DEI):** Promoting diversity and equal opportunities fosters fairness, respect, and trust among employees.
4. **Environmental Sustainability:** Encouraging eco-friendly practices reflects an organization's ethical commitment to the environment and social responsibility.

5. **CSR-Based Recognition Programs:** Rewarding employees for ethical behaviour motivates others and reinforces moral conduct.
6. **Ethical Training and Awareness:** Regular ethics workshops help employees identify dilemmas and make responsible decisions.
7. **Employee Wellbeing and Mental Health:** Supporting employee wellness through CSR initiatives reflects compassion and builds loyalty and engagement.

Findings

The study throws light on the fact that CSR works best when employees are directly involved in those activities. This helps in creating a sense of belongingness among the employees and encourages them to take up CSR activities. Such participation helps employees develop a sense of pride and purpose, which boosts their engagement, motivation, and loyalty. It's not just about doing good for society—it's also about making employees feel valued and responsible. Participation in CSR builds pride and engagement, especially under India's legal framework that mandates CSR for qualifying firms.

Leadership plays a key role in ensuring CSR is not just a public relations tool but a meaningful part of workplace culture.

Conclusion

Based on the study, it can be said that there is a positive relationship between CSR and employee engagement.

It can also be said that CSR plays an important role enhancing employee engagement and fostering an ethical workplace culture.

By analyzing secondary data from academic research, industry reports, and regulatory documents (2020–2025), it becomes evident that CSR initiatives—especially those involving employee participation—positively influence attitudes such as trust, organizational identification, and psychological ownership.

In both Indian and global contexts, CSR programs that are authentic, well-communicated, and aligned with employee values lead to higher engagement, loyalty, and ethical behavior. However, the effectiveness of CSR depends on how genuinely it is implemented and perceived by employees.

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