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Employee's attitude and perception towards corporate social responsibilities - An empirical study

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Abstract

The present societal marketing concept of companies is constantly evolving and has given rise to a new concept-Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. Cause-related marketing and corporate social responsibility has provided companies with a new tool to compete in the market. CSR refers to the corporation's obligation to all the stakeholders. It stems from the desire to do well and get self-satisfaction in return as well as societal obligation of business. This could be a strategic marketing activity a way for a company to do well by doing good-distinct from sales promotion, corporate philanthropy, corporate sponsorship, corporate Samaritan acts and public relations. Now, it is assumed to be responsibility of the business houses too. In nutshell, CSR and cause related marketing results in increased sales, visibility, and consumer loyalty and enhanced company image along with positive media coverage. Globalization has brought not only industries and consumers closer, but also business philosophies.

Keywords: CSR, Globalisation, companies, self-satisfaction, public relations.

1. Introduction

Employee's attitude & perception towards corporate social responsibilities- an empirical study

Preamble

Corporate Social Responsibility (CSR) has permeated management practice and theory up to a point where CSR can be referred to as the latest management fad. However, so far CSR integration into business processes has been very uneven. India has become one of fast growing economies of the world. It is growing at the rate of 9 per cent p.a. As an emerging market all are looking at India from an international perspective. At the stage when India is set to acquire a global position, it is essential to gauge whether the economic growth is due to successful business operations. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. Attention on the need for corporations to exercise social responsibility has existed for several decades in West. In Asia, not many corporations and businesses attach much importance to the idea of being socially responsibility, the level of CSR in, for instance, India, is quite low. Not only is the concept often misunderstood, it is ignored when businesses are locked in competition or are under economic pressure. In India, there is no doubt that there have been efforts by various local and foreign corporations to incorporate some CSR principles in their operations.

2. Theoretical Background of the Study

Carroll's Pyramid of Corporate Responsibility: Carroll's Pyramid of Corporate Responsibility (1979, 1991) identifies a spectrum of obligations that companies have toward society. It serves as a framework which places primary emphasis on economic results but argues for legal, ethical and philanthropic behavior. In a recent conceptualization, this is termed as "the four faces of corporate citizenship". **Economic responsibilities** pertain to the necessity for corporations to be profitable. **Legal responsibilities** require business to operate within the boundaries of laws and national policies. **Ethical responsibilities** demand that firms operate morally, fairly and justly. **Philanthropic responsibilities** oblige companies to contribute financial and other resources for the welfare and betterment of society and the community. The Pyramid of CSR is a comprehensive though general framework. It possesses

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key research constructs to develop an instrument for undertaking empirical studies which are still nascent.

Principles of Charity and Stewardship: Developed by Lawrence, Weber & Post 2005 text.

The charity principle: companies make voluntary contributions to the less fortunate members of society. It is reminiscent of the historical times when rulers and royalties provided for the poor citizenry. At the beginning of the last century, wealthy industrialists in USA such as Andrew Carnegie and John D. Rockefeller had contributed large sums of monies to charitable organizations, educational institutions and other community groups. There are also wealthy individuals in India who have contributed immeasurably to the social and economic development of India.

The stewardship principle: requires companies to be keepers, stewards or trustees in the public interest. Companies must ensure that society benefits or does not suffer from their business decisions and actions. Implicit in the stewardship principle is the interdependence of business and society. While companies act according to their self-interests, they are enlightened enough to balance the interests and desires of various stakeholders some of whom look for support for causes such as animal rights and **Environmental Friendliness.**

3. Objectives of the Study

- To study the attitudes of individuals towards CSR using Carroll’s (1991) pyramid of CSR framework, Principles of Charity and Stewardship and Environmental Friendliness.
- To learn the Perceived benefits by companies for practicing CSR.
- To know the level of corporate social performance and the impact of demographics on individual attitudes and perceptions of CSR.

4. Methodology

The study is based on the convenience sampling method. Altogether 208 respondents are taken for the study from the individuals who are working in various companies in Tirunelveli district. Frequency analysis, Mean, Standard Deviation, Correlation, Alpha Coefficients and F-ratio are the statistical tools used for analysis this study.

Table 1: Demographic Profile of the Respondents

Sl. No	Particulars	No of respondents	Percentage (%)
1.	Gender		
	Male	119	57.3
	Female	89	43.0
	Total	208	100
2.	Age		
	Below 35 years	82	39.6
	36-50 years	67	32.2
	Above 51 years	59	28.2
	Total	208	100
3.	Education		
	Secondary, higher secondary	67	32.2
	Graduates, post graduates	79	38.1
	Others	62	29.7
	Total	208	100
4.	Nature of organization		
	Private sectors (local – owned)	67	32.0
	Private sectors	98	47.8
	Others	43	20.2
	Total	208	100
5.	Position in company		
	Top level	55	26.6
	Middle level	95	45.70
	Lower level	58	27.6
	Total	208	100
6.	Working experience		
	Below 5 years	67	32.2
	Up to 20 year	65	31.2
	Above 20 years	76	36.6
	Total	208	100

Source: Primary Data

Table 2: Mean, Standard Deviation, Correlation and Alpha Coefficients

Particulars	Mean	Std.dev	Eco.resp	Leg.resp	Ehi.resp	Phil.resp	Chari.prin	Stew.prin	Envi.frien
Eco.resp	15.19	2.27	(0.49)	-	-	-	-	-	-
Leg.resp	15.85	2.39	-0.05	(0.74)	-	-	-	-	-
Ehi.resp	15.40	2.60	-0.20**	0.06**	(0.60)	-	-	-	-
Phil.resp	14.78	2.21	-0.08	0.41**	0.36**	(0.70)	-	-	-
Chari.prin	14.75	2.30	-0.10	0.33**	0.31**	0.62**	(0.77)	-	-
Stew.prin	14.38	2.65	0.04	0.31**	0.22**	0.34**	0.43**	(0.68)	-
Envi.frien	16.11	2.29	-0.03	0.42**	0.32**	0.47**	0.44**	0.34**	(0.78)

Source: Primary Data

Correlation is significant at 0.01 levels, () – Alpha Coefficients

Table number two gives the mean, standard deviation, inter-correlations and alpha coefficients on the Carroll’s pyramid of CSR, charity principle, stewardship principle and environmental friendliness. Respondents have rated environmental friendliness (mean = 16.11) highest which suggests high importance caring for the natural environment. Among the four social responsibilities in the

Carroll’s pyramid framework, respondents rated legal responsibility (mean = 15.85) highest, followed by ethical responsibility (mean = 15.40), economic responsibility (mean = 15.19) and philanthropic responsibility (mean = 14.78). Despite a patent focus on social responsibilities, the respondents are sensitive to the need that their organizations must also fulfill legal and ethical responsibilities.

Table 3a: F-Ratio – Working Experience

Variables	Working Experience			F-Ratio	Significance level
	Below 5 years	Up to 20 years	Above 20 years		
Ethical Responsibility	14.77	15.71	15.74	3.03	Significant at 0.05 level
Philanthropic Responsibility	14.50	15.57	14.47	5.46	Significant at 0.01 level
Charity Responsibility	14.31	15.54	14.62	5.50	Significant at 0.01 level
Environmental friendliness	15.78	16.84	15.99	4.12	Significant at 0.05 level
CSR – Rating	4.06	4.44	4.09	3.49	Significant at 0.05 level

Source: Primary Data

The ANOVA results support the contention that length of working experience, nature of organization and Gender influence the respondents’ perceptions of CSR. Table 3a shows that those with up to 20 years of work experience rate ethical responsibility, philanthropic responsibility,

charity principle, environmental friendliness and level of social performance by companies in Tirunelveli (CSR-rating) highest. In contrast, those with below 5 years work experience are more critical based on the five variables.

Table 3b: F-Ratio – Nature of Organization and Gender

Nature of organization	Legal responsibility	F-Ratio	Significant
Private (local owned)	16.48	3.05	Significant at 0.05 level
Private	15.58		
Others	15.60		
Gender	Economic responsibility	5.06	Significant at 0.05 level
Male	15.49		
Female	14.78		

Source: Primary Data

Table 3b is shows that those from Private companies, i.e., companies not local owned, in the private sector give higher ratings for legal responsibility. The survey also request for respondents’ religions. There are also

differences in ratings due to gender, From the Table it can be seen that males compared to females consider economic responsibility more important.

Table 4: Perceived Benefits

Sl. No	Perceived benefits	Percentage (%)
1.	Improve public image / reputation	81.7
2.	Increase support from the community	69.7
3.	Improves employee morale	53.8
4.	Increases customer loyalty	46.2
5.	Lowers criticism from public	40.9
6.	Enhances investors’ confidence	39.4
7.	Attract quality employees	35.6
8.	Enhances employee loyalty	32.2
9.	Minimizes regular problems	25.0
10.	Minimizes restrictive regulations	15.4
11.	Improves market price of shares	14.4
12.	Increase sales	25.0
13.	Increase brand image	74.0
14.	Others	3.4
15.	No benefit	1.9

Source: Primary Data

There are quite a number of benefits that business can have on account of being socially responsible. Table 4 shows some of these benefits. The three most frequently cited benefits of CSR are “improve public image/reputation” (81.7%), “increase brand image” (74.0%), and “increase support from the community” (69.7%). The other three

frequently cited benefits are “improve employee morale” (53.8%), “increase customer loyalty” (46.2%) and “lower criticism from public” (40.9%). Only 1.9% of respondents disagree that that would be any benefits from practicing CSR.

Table 5: Perceived Benefits by Position in Company

Sl.no	Benefits	Top level	Middle level	Lower level	Significant @ 0.05 level
1.	Enhances employee loyalty Lowers criticism from public	35.8	22	41.8	significant
2.	Enhances investors’ confidence	35.8	37.25	49.1	significant
3.	Increase support from the community	56.6	68.65	80.0	significant
4.	Lowers criticism from public	35.8	42.65	38.2	significant

Source: Primary Data

An analysis of the perceived benefits by different occupational ranks shows that general agreement that CSR can “increase support from the community”. It is noteworthy that this is more evident in the case of middle-level personnel (78% reporting this perception) and lower-level personnel (80% of this category). Responses such as contributing something back to the society; avoid causing social problems, and being environmental friendly. There are some mentions on business ethics issues pertaining to integrity, justice, good ethics, philanthropy, charity, donations, volunteerism and generally helping the less fortunate and disadvantaged.

5. Findings

- There is a significant difference between charity and stewardship principle. This significance is at the 95% confidence level for a one-tail test; the $t=1.94$ being greater than the critical value of 1.645. Respondents in Tirunelveli are more likely to subscribe to the charity than stewardship principle. The expectation is for companies to have greater obligation to the less fortunate in society than the role of “stewards” or “trustees”. Generally, the inter-correlations among all the variables demonstrate the discriminate validities. Although the correlations among the variables are significant, their correlations are not high (lower than .70).
- The significant, negative correlation between ethical responsibility and economic responsibility suggests a perceived trade-off between these two responsibilities. The significant correlations are intuitive, positive correlations are expected between legal responsibility and ethical responsibility, between philanthropic responsibility and ethical responsibility, and between philanthropic responsibility and charity principle. The significant, positive correlation between philanthropic responsibility and legal responsibility suggests that respondents expected companies to fulfill these two responsibilities concurrently.
- Environmental friendliness is found to be significantly and positively correlated with legal responsibility, ethical responsibility and philanthropic responsibility, and charity principle and stewardship principle. Collectively, these correlations can be interpreted to mean that the environmental friendliness, legal responsibility, ethical responsibility and philanthropic responsibility are joint responsibilities. Corporations are expected to fulfill these different responsibilities which are expected of business because they operate in the context of the larger society. They would also be viewed as applying charity and stewardship principles to CSR. The alpha coefficients of legal responsibility, philanthropic responsibility, stewardship principle and environmental friendliness are equal to or above 0.70. Thus, there are relatively high internal reliabilities in these scales. However, the internal reliabilities for economic responsibility and ethical responsibility are low as indicated by the low alpha coefficients.
- The empirical findings in this study support the applicability of Carroll’s Pyramid of CSR constructs, and Lawrence charity and stewardship principles. For example, environmental friendliness, legal responsibility and ethical responsibility are scored highly.

6. Recommendation

Managers should be aware that even though CSR primarily suggests social and ethical concerns, many people also place importance on legal responsibility as part of the comprehensive definition of CSR. Generally, being philanthropic is easy because it involves donations. This is not so with the case of the stewardship function which is sometimes viewed as a narrower aspect of CSR. It should be recognized that the stewardship duty has a broader agenda as it compels business to be “trustees”, an obligation to function in the general interest of the public.

7. Conclusion

CSR strategies will be seen as a source of innovation and growth and will not be limited to a tool for reputation and risk management or increasing efficiency. In practice that means a switch from the mentality of “writing a cheque” to investing in hybrid business models that combines social and business return. To give an example in the area of environmental sustainability, there will be a shift towards truly integrating the cost of the natural resources and the environmental impact of the production in the cost sheets of products. In such a world, the current business models will be challenged and only the ones who can adapt will survive. The weight of CSR strategies is likely to increase rapidly in the developing countries like Turkey, India, Brazil and China. If you look at the history of CSR in those countries, you will see the main driver has been the demands of international business partners. As a result, in these countries the executions have been eclectic and fragmented as opposed to being strategic. In the future demands of foreign customers in these countries will be supported by increasing pressure of civil society and consumers in these countries and that will trigger a movement of integrating CSR practices into the overall business strategy. These countries that have not yet completed their economic development will have different opportunities than already developed countries. This research is one of the empirical studies on how CSR is perceived in companies in Tirunelveli. The findings support the applicability of Carroll’s Pyramid of CSR constructs. While there is adequate appreciation for more socially responsible business operations, future studies should refine the concept and examine the different dimensions or components that could help companies understand what they should do in order to improve their CSR efforts. It is hoped that with more research in this area, there will be greater consciousness among business leaders, employers and employees to look beyond pure profit-making.

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