

## **EXPLORING RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY,EMPLOYEE ENGAGEMENT AND ORGANIZATIONAL PERFORMANCE:AN EMPRICIAL ANALYSIS INIT INDUSTRY,CHENNAI**

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### **ABSTRACT**

In modern years the concept of Corporate Social responsibility (CSR) has accomplished much consideration. It provides companies with a significant move towards achieving performance distinction and considered a resource for enhancing feasible benefit. Employee engagement is an approach of commitment and contribution of employee's towards their work and organization. The aim of this research is to find the relationship between Corporate social Responsibility (CSR), Employee Engagement (EE) and Organizational Performance in IT Industry, Chennai. The dimension of Internal Corporate Social Responsibility (ICSR) includes Job satisfaction, Employer Branding, Employee Motivation, Employee Behaviour and HR practices. The level of Employee Engagement (EE) is measured using Utrecht work engagement Scale (UWES). The variable of Organizational performance includes Non-financial such as Learning and growth, customer satisfaction, and Employee satisfaction. For this purpose the study used Log-Linear regression, correlation and one-sample "t" test. The Log-Linear regression results indicate that Corporate Social responsibility (Internal CSR) have significant positive relationship on employee engagement. The variable Internal CSR Job satisfaction, Employer Branding, Employee Motivation, Employee Behaviour and HR practices are positively correlated with employee engagement and there is significant relationship on employee engagement. The result on the relationship between Internal CSR, Employee Engagement and Organizational performance indicate a positive correlation and significant relationship. In order to increase employee engagement in the Organization, the decision makers must work on generate and sustain an competent corporate social responsibility program, which would enhance employee's engagement in the work and to achieve the Organizational Performance.

**Keywords: Corporate Social Responsibility, Employee Engagement, Internal CSR, Organizational Performance**

### **INTRODUCTION:**

Today majority of the Organization are facing challenges to engage employees. Corporate Social Responsibility is one of the top drivers of Employee Engagement. "Indian companies Act 2013 has mandated that every company whose net worth of 500 crores or more or turnover of 1000 crore or more or net profit of 5 crore or more should spent 2% from their profits towards Corporate Social responsibility". Corporate Social responsibility is important factor that affects Employee Engagement and also organizational performance. A Good Corporate Social responsibility reputation tends to result in higher Employee Engagement and the organization will also able to attain its Organizational achievement.

An internal CSR practice refers to “CSR practices which are directly related with physical and psychological working environment of the employees”, Pedro Ferreira and Elizabeth Real de Oliveira (2015)

### **REVIEW OF LITERATURE:**

Govand Anwar and Bafer AbdZebari (2015) result predicted that there is significant relationship between CSR and employee engagement.

Fortunate Slindile Kweyama (2014) investigated the impact of CSR on employee engagement. The result shows that there was a positive correlation relationship between CSR and employee engagement.

Maryam Hamzala Tariq (2015) aimed to find out the relationship between CSR and employee engagement. His result shows that there was no relationship between CSR and employee engagement.

Pedro Ferreira and Elizabeth Real de Oliveira (2015) aimed to know the influence of CSR on employee engagement. The researcher used three CSR dimensions, such as CSR general, Internal CSR and External CSR. The result shows that there is no significant difference form of CSR and also revealed that employees are more engaged in Internal CSR compared to external CSR.

Osveh Esmacelinezhad, Ali Bin Boerhannoeddin, Kuppusamy Singaraveloo (2015) explored the outcome of CSR on employee engagement and initiated that there was a positive impact on ethical and philanthropy responsibility towards employee engagement.

Liao Yong-Zhong, Chen Xiao-Chun (2015) studied the impact of CSR on employee engagement and found that CSR to employees, customers, government, local community and to business partner have significant positive impact on employee engagement, whereas CSR to natural environment and CSR to shareholders are insignificant towards employee engagement.

### **Objective of the Study:**

1. To assess the level of employee engagement in IT Industry.
2. To identify the Internal Corporate social responsibility factors influencing employee engagement.
3. To analyze the relationship between internal corporate social responsibility and employee engagement.
4. To examine relationship between of corporate social responsibility, employee engagement and Organizational Performance.

### **Research Methodology**

To fulfill the purpose of the present study, the primary data were collected from the employees in IT Industry, Chennai

**Sample Size:** A sample of 100 employees chosen from various IT Industry, Chennai.

**Tools for analysis:** The following statistical tools have been used to analyze the collected data Log-Linear regression, Correlation, One-sample “t” test.

## DATA ANALYSIS AND INTERPRETATION

### (i) Demographic profile of the respondent

**Table: 1 Respondent Demographics of the Study Sample**

Demographic Information	Number	Percentage
Gender		
Male	54	54
Female	46	46
Age		
21-30 years	32	32
31-40 years	46	46
41-50 years	18	18
Above 51 years	4	4
Educational Qualification		
Graduate	35	35
Post Graduate	25	25
Professional	40	40
Designation		
Top level	9	9
Middle level	45	45
Operational level	46	46
Annual Income		
Less than 250000	10	10
250001 -500000	55	55
500001 - 750000	15	15
750001- 1000000	20	20
Experience		
Less than 2 years	15	15
2 -5 years	29	29
5-8 years	27	27
8-10 years	17	17
Above 10 years	12	12

It is observed from the Primary data, more than half of the respondents are male-showing. Majority of the respondents are professional followed by Graduate and Post Graduate. It is observed that most of respondents are Middle level and the remaining isOperational level.

### (ii) Level of Employee Engagement

To assess the Level of Employee Engagement “t” Test is adopted and the results are displayed in below Table:

**Table 2: Level of Employee Engagement**

7-Point Scale (1=Never,2=Always Never,3=Rarely,4=Sometimes,5=Often,6=Very Often,7=Always)					
Variables	Mean	Standard Deviation	"t" value	Degree of freedom	Number of Sample
Workcompleting	5.65	1.15	48.65**	99	100
Passionate at Job	5.58	1.11	50.19**		
Persuadeto work	5.26	1.46	35.84**		
Enthusiasm in Job	5.34	1.41	37.71**		
Encouragement at work	5.20	1.55	33.39**		
Overconfident on the work	5.16	1.49	34.50**		
Concentratedsatisfied working	5.49	1.03	53.31**		
Engrossed in work	5.38	1.10	48.55**		
Excitement at work	5.25	1.53	34.06**		

**Interpretation:**

From the above Table (No.2), it is understood that there is a significant difference among the employees in Work completing, Passionate at Job, Persuade to work, Enthusiasm in Job, Encouragement at work, Overconfident on the work, Concentrated satisfied working, Engrossed in work and Excitement at work

**(iii) To assess the influential factors of Internal CSR on Employee Engagement**

The researcher classified the Internal Corporate Social responsibility into five components namely Job satisfaction, Employee Branding, Employee Motivation, employee Behaviour and HR practices.

To assess the influential factors of Internal CSR on Employee Engagement Log-Linear Regression model is adopted and the results are displayed in below table:

**Log Linear Regression****Table 3: Definition of Variable to assess the influential factors of Internal CSR on Employee Engagement**

Variable	Definition
X1	Job satisfaction (1=Strongly Disagree;5= Strongly Agree)
X2	Employer Branding (1=Strongly Disagree;5= Strongly Agree)
X3	Employee Motivation (1=Strongly Disagree;5= Strongly Agree)
X4	Employee Behaviour (1=Strongly Disagree;5= Strongly Agree)
X5	HR practices (1=Strongly Disagree;5= Strongly Agree)

$$\ln(Y) = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \dots\beta_5X_5 + \mu$$

Where,

- Ln (Y) = Natural logarithm value of employees engagement  
 $\beta_0$  = Intercept  
 $\beta_i$ 's = Regression coefficients  
 $\mu$  = Random disturbance term; ( $\mu_i \sim 0, \sigma_i^2$ )

**Table 4: Factors Influencing Internal CSR on Employee engagement**

S.No	Variables	Regression Co-efficient	't' Value
1	Job satisfaction	0.707**	4.515
2	Employer Branding	0.546**	2.581
3	Employee Motivation	0.389**	2.007
4	Employee Behaviour	0.596**	2.581
5	HR practices	0.586**	3.937
	Constant	41.77**	5.564
	Dependent Variable	Employee Engagement	
	R <sup>2</sup>	0.399	
	Adjusted R <sup>2</sup>	0.368	
	F-Statistics	12.504**	
	N	100	

The linear-log regression analysis is employed for assessment of employee engagement which comprises nine variables such as a) Work completing b) Passionate at Job c) Persuade to work d) Enthusiasm in Job e) Encouragement at work f) Overconfident on the work g) Concentrated satisfied working f) Engrossed in work and g) Excitement at work. The Score value of employee engagement has been considered as dependent Variable.

The following Semi-log regression model was postulated with five influential factors related to Internal CSR (CSR to employees) such as employee Job satisfaction, Employee Branding, Employee Motivation, employee Behaviour and HR practices are treated as Independent Variable.

The Semi-log multiple linear regression technique is applied to assess the influential factors of Internal Corporate social responsibility on Employee engagement and the results are presented in Table 4. The co-efficient of multiple determination (Adjusted R<sup>2</sup>) is found to be 0.368, which indicates that 36.80 per cent of variations in the dependent variable explained by the independent variables.

The F value was 12.504 which are also found to be significant at 1 percent level. The variable of employee Job satisfaction, Employee Branding, Employee Motivation, employee Behaviour and HR practices, had a significant at 1 percent level and positive relationship with the employee engagement. Further, the five important components of Internal Corporate social responsibility are playing vital role to improve employee engagement in their Jobs.

- (iv) **Relationship between Internal Corporate social responsibility and Employee engagement** To assess the relationship between Corporate Social responsibility and Employee Engagement the researcher adopted correlation and the results are displayed in the below table.

**Table 5:****Relationship between Employee Engagement and Corporate Social Responsibility**

Variables		Employee Engagement	Internal CSR				
			JS	EB	EM	EBH	HR practices
Employee Engagement	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	100					
Job satisfaction	Pearson Correlation	.124	1				
	Sig. (2-tailed)	.220					
	N	100	100				
Employee Branding	Pearson Correlation	.364**	.806**	1			
	Sig. (2-tailed)	.000	.000				
	N	100	100	100			
Employee Motivation	Pearson Correlation	.483**	.592**	.812**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	100	100	100	100		
Employee Behaviour	Pearson Correlation	.446**	.639**	.802**	.908**	1	.
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	100	100	100	100	100	
HR practices	Pearson Correlation	.394**	.337**	.680**	.671**	.703**	1
	Sig. (2-tailed)	.000	.001	.000	.000	.000	
	N	100	100	100	100	100	

\*\* Correlation is significant at the 0.01 level (2-tailed)

**(JS=Job satisfaction; EB=Employee Branding; EM=Employee Motivation; EBH= Employee Behaviour; HR=HR practices)**

It is inferred from the Table5 that Employee Motivation ( $r=0.483$ ) is the biggest driver of employee engagement followed by Employee Behaviour( $r=0.466$ ), HR practices ( $r=0.394$ ), Employee Branding ( $r=0.364$ ), and Job Satisfaction ( $r=0.124$ ). The variables of Internal CSR Job Satisfaction, Employee Branding, Employee Motivation, Employee Behaviour and HR practices are positively correlated with employee engagement and there is significant relationship employee engagement.

(v) **Relationship between Internal Corporate social responsibility, Employee engagement and Organizational Performance**

To assess the relationship between Internal Corporate Social responsibility ,Employee Engagement and Organizational Performance the researcher adopted correlation and the results are displayed in the below table.

**Table 6:**

**Relationship between Employee Engagement and Corporate Social Responsibility**

Variables		Employee Engagement	Internal CSR	Organizational Performance		
				L&G	CS	ES
Employee Engagement	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	100				
Internal CSR	Pearson Correlation	.409**	1			
	Sig. (2-tailed)	.000				
	N	100	100			
Learning and Growth	Pearson Correlation	.291**	.811**	1		
	Sig. (2-tailed)	.003	.000			
	N	100	100	100		
Customer satisfaction	Pearson Correlation	.483**	.917**	.638**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	100	100	100	100	
Employee Satisfaction	Pearson Correlation	.446**	.937**	.620**	.908**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	

\*\* Correlation is significant at the 0.01 level (2-tailed)

(L&G=Learning & Growth; CS=Customer satisfaction; ES=Employee Satisfaction)

It is inferred from the Table6 that there is a positive significant relationship between Internal Corporate Social Responsibility, Employee Engagement and Organizational performance. The variables of Organizational performance Learning and growth, customer satisfaction and Employee satisfaction are positively correlated with Corporate social responsibility and Employee Engagement.

## CONCLUSION AND SUGGESSTION:

This study aimed to explore the relationship between corporate social responsibility, Employee engagement and Organizational Performance. The results of the study indicated that Internal Corporate Social responsibility has significant impact on employee engagement and there is a positive significant relationship between internal corporate social responsibility and Employee Engagement. The result also indicted that there is a positive significant relationship between Corporate Social responsibility, Employee Engagement and Organizational performance.

From the analysis the researcher offered the following suggestions: It is observed that corporate social responsibility enhance the level of employee engagement among employees in IT Industry and it will result in more efficiency and good performance in the business. In order to increase employee engagement in the Organization, the decision makers must work on creating and maintaining and proficient corporate social responsibility program, which would increase employee's engagement in the work. Furthermore, contributions of employees in social responsibility projects will enhance the social status of employees within and outside the organization.

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