

## **EMPLOYEES' PERCEPTIONS TOWARDS CSR PRACTICES IN THE FINANCE SECTOR**

**Dr. Divyarajsinh M. Zala**

Assistant Professor, Atmiya University, Rajkot, Gujarat.

### **Abstract**

Corporate Social Responsibility (CSR) signifies operating a business with a sense of responsibility towards the effects of business on the society and environment. It also includes a commitment to formulating policies that include responsible practices into day-to-day business operations, and to register the progress made towards implementing these practices. There is a lot of importance of Employee's perception in any organization because the employees together make up an organization. The attitude of each individual affects their decisions, their approach towards work, ultimately affecting the performance of an organization as a whole. When the employees know that their company has no concern for them, they may work with less devotion which is also known as organizational behavior. The present study is a pioneering attempt to inspect the perception levels of employees from finance sectors, in terms of demographic variables such as gender, age, designation and experience, and type of organization.

**Key words: CSR, Perception, Organization, Society, Strategy**

### **Introduction**

*"No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people."*

- J.R.D. Tata.

The complete meaning of CSR can be summarized in the three words: corporate, social, and responsibility. CSR encompasses the relationship between corporations (or other big organizations) and the societies with which they interact. CSR also comprises the accountabilities that are innate in both the parties of these relationships. CSR describes society in its extensive sense and on different levels, to embrace all stakeholder and constituent groups that in some way are constantly concerned with the organization's operations. Stakeholder groups take into account clearly defined consumers, employees, suppliers, creditors, and regulating authorities and some other less related constituents, such as local communities and even the environment. For the organization, transactions must be carried out amongst these contending interests.

In any organization, employees are one of the key elements in deciding its success or failure in future. With the advancement of science and technology in the present times, people currently working in this society are having high expectations out of their work, as compared to those of the past. Once the employees become dissatisfied with their present organization or they perceive that their organization is not committed towards them, they start seeking jobs, which offer them better welfare in other organizations; particularly those who are experienced in specific areas. This loss of talented and experienced employees has been a cause for the failure of many organizations. Consequently, during the 1970s, CSR became a desired subject for management discussion (Corporate Social Responsibility and Related Terms).

### **Review of literature**

Reviews of literature of the study are stated below:

**Ehsan and Ahmed (2012)** found that "the company's social responsibility and its positive behavior develops trust among employees towards the organization and encourages them achieving company's goals and brings self-confidence. It is also established in study that relationship between employees and corporate social responsibility.

**Mikael Holmqvist (2009)** in his study identified that "organizations are now concentrating on their social responsibility towards the health and wellness of their employees. The approach has two benefits such as: to have improved health and wellbeing for workers at work place and, supporting liable corporations in the socio- competitive environment".

**Ligeti and Oravecz (2009)** studied CSR in Hungary and found that "2/3 of the organizations believe that CSR is mandatory so it is to be implemented and around the half believe that it is a matter of concern and employer needs to do something for society." They found in the diverse education level people that "on an average 27.9 percent of them accepted that the organizations are involved in such practices for their promotion while on an average only 9.7 percent completely denied. 69.0 percent of the respondents were in favour of the statement." "A company is part of society, too, therefore it has a duty to support its environment" while only 9.7 percent disapproved it. "

**Rawlins (2005)** found that "doing well by doing good". He said "organisation who have more CSR, increases as the choice for employers (a worth place to work), a choice of neighbor , and vendor of choice (eluding bad product design and safety issues— offering complete worth). All companies need to emphasize beyond financial duties".

**Balmer and Greyser (2002)** in his study contends that "employees' perceptions and viewpoints about a company's values and devotion to society are vital in molding their conduct towards the firm and the management, but this important feature of CSR has carelessly been overlooked by the researchers of this field". Aguilera et al., (2007) supported this opinion contending that "so far, not much study has been done on the employees as a unit of scrutiny in the research conducted in the field of CSR. Moreover, they believe that although the CSR initiatives hold a lot of relevance for employees' approaches and conducts, still this aspect of CSR remains to be examined by the OB and HRM researchers".

**Albinger and Freeman (2000)** found that “influence of CSR on firm’s appeal is stronger for individuals looking for jobs having lot of alternatives and in case they have knowledge in advance of CSR and/or are straightaway related to the problems spoken about by CSR. Hence, “CSR can be regarded as a valuable promoting instrument for enticing the most competent employees and is a vital element of corporate standing “(Fombrun & Shanley, 1990). This study shows that, by improving corporate image and status, CSR is a suitable instrument for publicizing to forthcoming employees”.

**Ashforth and Mael (1989)** established that “CSR initiatives not only influence the outlook of the prevailing employees, they also showed their influence over the selections made by the probable employees”. According to them, “individuals get inclined to identify with companies when they perceive that the company has outstanding characteristics, high reputation and a lucrative image, which in turn makes them believe that joining such company would enhance their own self-esteem. These authors believe that a corporate’s socially responsible activities send a positive gesture to prospective employees. Subsequently, the employees possibly get identified with a responsible company, particularly if their ethics match with promoted practices. These researches indicate the way a socially responsible image affects corporate attractiveness for probable workers like undergraduates, or MBA students” (Blackhaus et al., 2002).

### **Title of the study**

After going through existing literature in the library, researchers has selected topic as under:

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### **Objective of the study**

The main objectives of the study are stated below:

1. To observe the employees’ perceptions towards CSR practices in Finance sector with respect to employees’ designation.
2. To observe the employees’ perceptions towards CSR practices in Finance sector with respect to type of organization.

### **Gap analysis**

On the basis of evaluation of literature and objectives, researcher found the gap in this area. After considering a few research have been taken for the study, researcher is found following gap:

1. The employees’ perceptions towards CSR practices in Finance sector have been significantly changed and yet it was not studied so far.
2. Perception and understanding differ between company and its employees towards CSR.

### **Research methodology**

Researcher analyzed all the data based on primary data & secondary data.

Primary data had been collected by using questionnaire and secondary data source had been used as per need of the study. As this research’s main concern is analyzing towards CSR practices in Finance sector, on the base of the questionnaire through total 140 employees of finance sector are responded.

### **Hypothesis & Data Analysis**

**Objective: 1 Testing Hypothesis with respect to employees’ perceptions towards CSR practices in Finance sector with respect to employees’ designation.**

**H<sub>0</sub>:** There is no significant difference in employees’ perceptions towards CSR practices in finance sector with respect to employees’ designation.

(Please refer to ‘Exhibits’ for Testing means of different designation groups)

(Please refer to ‘Exhibits’ for Analysis between different designation groups)

(Please refer to ‘Exhibits’ for ANOVA)

**Objective: 2 Testing Hypothesis with respect to employees’ perceptions towards CSR practices in Finance sector with respect to type of organization**

(Please refer to ‘Exhibits’ for employees’ perceptions towards CSR practices in Finance sector with respect to type of organization)

**H<sub>0</sub>:** There is no significant difference in employees’ perceptions towards CSR practices in Finance sector with respect to type of organization.

### **Testing mean of different Types of Organization group**

(Please refer to ‘Exhibits’ for multiple comparison and ANOVA of Hypothesis 2)

### **Findings of the study**

#### **Objective 1**

It is clearly seen from the Table of objective 1 that When the perceptions of employees were analyzed with respect to designation level, the value of significance was found to be  $p=0.000$  which is lower than the significance value of 0.05 which means that the null hypothesis is rejected. Consequently, it may be concluded that there is a significant difference in employees’ perceptions in finance sector with respect to designation level.

#### **Objective 2**

A one-way ANOVA was conducted to compare the effects of CSR practices on employees' perceptions in finance sector in Public sector, Private sector (national) and Private sector (MNC) groups. The employees' perceptions in finance sector with respect to type of organization was analyzed, the value of significance was found to be  $p=0.002$  which is less than significance value of 0.05 which rejects the null hypothesis. Thus, it may be concluded that there is a significant difference in employees' perceptions in finance sector with respect to type of organization.

**Limitations of the study**

The following limitations are:

- 1) Limitation of primary & secondary data will remain with the study of CSR Practices in Finance Sector.
- 2) The study was limited to reflect about CSR Practices in Finance Sector only.
- 3) The study was limited to reflect about CSR Practices in Finance Sector with respect to two dimensions related with employees.

**Conclusion**

This research has established that perceptions of the employees in finance sector. It was also revealed that belonging to different types of organization was also a factor affecting employees' perception. Hence, the study has proved that the perceptions of the employees towards CSR practices in finance sector are determined by employee's designation and type of organization. Therefore, the differentiation in employees' perceptions towards CSR practices can be made based on designation, and type of organization.

Employees are the important joining links between business and society; thus, their perception regarding social responsibility holds a lot of importance. The concept of social responsibility necessitates a decision maker to reflect on his/her conduct towards the entire social system and makes him/her accountable for the consequences of his conduct. If the ethics of managers are restricted primarily to specific acts, groups or organizations, they tend to become prejudiced acting for that group. Socially responsive managers show a lot of concern towards social issues and deliver social outputs for a wide range of claimants.

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**Web Reference**

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[www.researchgate.net](http://www.researchgate.net)

**Exhibits**

**Testing mean of different Designation groups**

Designation	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Mini mum	Maxi mum
					Lower Bound	Upper Bound		
Non Executive	25	56.8000	16.69082	3.33816	49.9104	63.6896	37.00	80.00

Executive	58	68.4828	6.41337	.84212	66.7964	70.1691	46.00	79.00
Manager	57	66.2632	8.05012	1.06627	64.1272	68.3991	39.00	80.00
<b>Total</b>	<b>140</b>	<b>65.4929</b>	<b>10.42306</b>	<b>.88091</b>	<b>63.7511</b>	<b>67.2346</b>	<b>37.00</b>	<b>80.00</b>

Analysis between different Designation groups

(I)Designation	(J)Designation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Non Executive	Executive	-11.68276*	2.29987	.000	-17.1322	-6.2333
	Manager	-9.46316*	2.30594	.000	-14.9270	-3.9993
Executive	Non Executive	11.68276*	2.29987	.000	6.2333	17.1322
	Manager	2.21960	1.79286	.433	-2.0285	6.4677
Manager	Non Executive	9.46316*	2.30594	.000	3.9993	14.9270
	Executive	-2.21960	1.79286	.433	-6.4677	2.0285

\*The mean difference is significant at the 0.05 level.

Employees' perceptions towards CSR practices in Finance sector with respect to type of organization  
ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2441.457	2	1220.729	13.211	.000
Within Groups	12659.535	137	92.405		
Total	15100.993	139			

Multiple Comparisons

					Lower Bound	Upper Bound		
Public Sector	40	65.7500	3.59308	.56812	64.6009	66.8991	61.00	72.00
Private Sector (National)	32	60.1250	13.93938	2.46416	55.0993	65.1507	37.00	74.00
Private Sector (MNC)	68	67.8676	10.41369	1.26285	65.3470	70.3883	40.00	80.00
<b>Total</b>	<b>140</b>	<b>65.4929</b>	<b>10.42306</b>	<b>.88091</b>	<b>63.7511</b>	<b>67.2346</b>	<b>37.00</b>	<b>80.00</b>

(I) VAR00001	(J) VAR00001	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Public Sector	Private Sector (National)	5.62500	2.37973	.051	-.0137	11.2637
	Private Sector (MNC)	-2.11765	1.99937	.541	-6.8551	2.6198
Private Sector (National)	Public Sector	-5.62500	2.37973	.051	-11.2637	0.0137
	Private Sector (MNC)	-7.74265*	2.15098	.001	-12.8393	-2.6460
Private Sector (MNC)	Public Sector	2.11765	1.99937	.541	-2.6198	6.8551
	Private Sector	7.74265*	2.15098	.001	2.6460	12.8393

\*The mean difference is significant at the 0.05 level.

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1308.184	2	654.092	6.497	.002
Within Groups	13792.809	137	100.677		
Total	15100.993	139			