

# A Study on Evaluating CSR and Its Importance in Overall Development of the Organization

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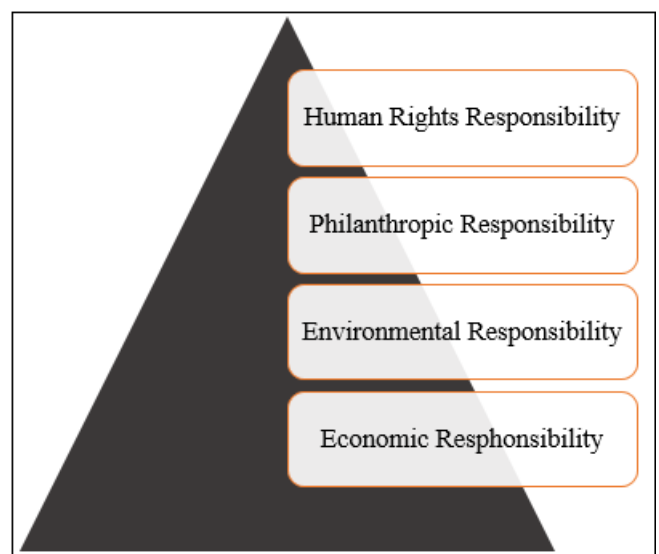
**Abstract:** *Helping someone in need is the best way of showing people that there is still goodness left in the world; corporate social responsibility is one way that makes companies aware of the community's needs. The purpose of conducting this research is to analyse importance of CSR in overall development of the organisation. The technique used is one sample t-test. The study's findings indicated that employee engagement, brand awareness, brand loyalty, brand equity, customer retention, brand recognition, and better relationship were seen to have a significant relationship in the overall development of the organization. Further research can be conducted applying EFA technique.*

**Keywords:** Corporate social responsibility, organization performance, corporate reputation

## 1. Introduction

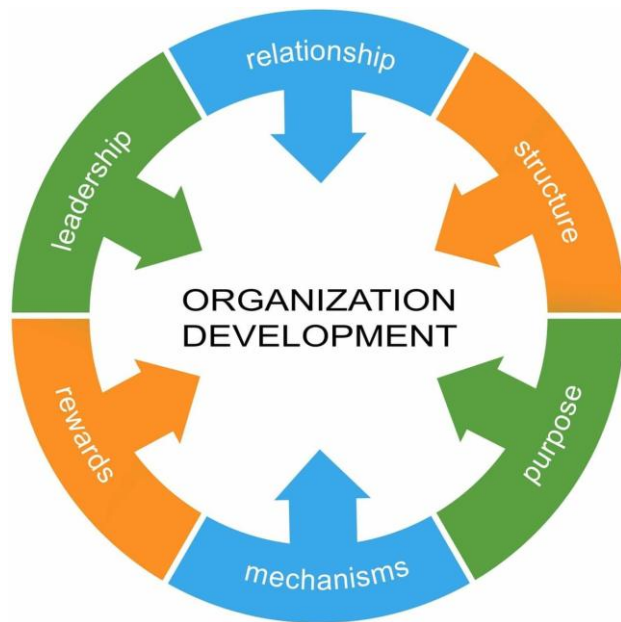
Corporate social responsibility (CSR) is a strategy of policy taken up by companies towards the development of the community. CSR helps companies reach the correct path that will benefit and be ethical for society. It is a broad concept; every company takes it up at different levels and various social causes. CSR aims to operate in a socially, environmentally and economically sustainable manner. The purpose of CSR is the same as the development of society. Still, various companies take up steps that best describe them and give maximum benefit to the company as well as the environment. CSR can be classified into a few categories: Human rights responsibility, Philanthropic responsibility, environmental responsibility and economic responsibility. Human rights responsibility is where the companies take up the responsibility to keep in check various organizations and themselves towards fair labour practices such as equal pay scale and quantity of work and that no child labours are appointed in any organization. Philanthropic responsibility can be described as those that take up funding for education, health, and beautification of various stations or localities and donating to causes such as any form of natural disasters, relief work etc. Environmental responsibility comprises the upgradation of the environment, such as reducing the noise, air, and water pollution from the surrounding also reducing greenhouse gases by introducing sustainable energy resources which are naturally available. The economic responsibility is carried out within the organization while introducing sustainable practices such as upgrading the manufacturing unit, packaging units, and food quality with renewable or sustainable resources so that there is minimum wastage.

### Types of Corporate Social Responsibilities



When implemented correctly, a CSR initiative brings several changes to society, the community, and the organization. It helps an organization to be relevant in its sector of business. Also, it brings in several competing superiorities such as improves sales and profits, enhance productivity and quality, amplify access to capital and markets, structured human resources, operational cost savings, brand image and improved brand reputation. Also, the most important is customer and employee loyalty. CSR has a lot of importance in the overall development of an organization as the first and foremost benefit a strong CSR activity does is build the brand image or improve the brand image, which is the most important aspect of any business as a customer first looks at the image of the company in the market and then intends to use the services provided by the firm. It also helps in increasing awareness surrounding the brand as well as brings recognition in the market; a CSR activity leads to a lot of positive publicity; e.g. various organizations take up beautification initiatives or provide drinking water facilities in rural areas or the slum areas of metropolitan cities which grabs the attention of the customers as well as increases customer loyalty. Various other benefits are using sustainable energy for manufacturing and packaging, increased customer engagement and employee engagement, and cost savings, which results in additional benefits for the employees and

customers. All these lead to the overall development of an organization as it is the stepping stone towards the success of any company.



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This research aims to evaluate and understand CSR and its importance in the organisation's overall development. This study will help companies gain a better understanding of the CSR initiatives and also push them towards taking up good and enhanced CSR activities that will help in the growth and overall development of the organization as well as the employees and the customers.

## 2. Review of Literature

- 1) **Chaudhary, R. (2020).** The paper examined the impact of employees' perception towards the companies' corporate social responsibility activities and further investigated the relationship of CSR activities on employee performance and organisational development. The research narrowed down 187 companies' supervisors who headed the CSR activities unit. The study's findings indicated a positive association between employees' CSR perception of organisational citizenship behaviour (OCB) and job performance under the hierarchical regression analysis. Also, it was seen that there is no significant association between the importance seen by employees on CSR activities of an employer on the growth of the association between CSR and the performance of employees.
- 2) **Gupta, N., & Sharma, V. (2016).** The paper attempted to understand the association between corporate social responsibility and employee engagement and its linkage to organisational performance. The paper focuses on CSR, considering its significant contributing factor among employee engagement factors that have emerged as a sustainable business strategy. This study's findings indicated a positive relationship between CSR practices and engagement, CSR and organisational performance and employee engagement and organisational performance. The study also revealed an understanding of CSR strategies in this paper which point out that CSR activities significantly impact the organisation's and the employees' growth.
- 3) **Kamatra, N., & Kartikaningdyah, E. (2015).** The authors examined the effect of corporate social responsibility on the financial performance of an organisation. The study states the importance of CSR on a company's brand image and performance; it also elaborates on the benefits of CSR and how so many companies are drawn towards it. The paper used company mining and basic chemical industries for this research selected 24 companies, and conducted a quantitative approach. The study results indicated a significant impact of CSR and control variables of leverage DER and sample size of ROA, ROEm NPM and EPS. CSR has a significant relationship with ROA and NPM and no effect on ROE and EPS.
- 4) **Kapoor, S., & Sandhu, H. S. (2010).** The paper attempts to determine the impact of CSR on corporate financial performance in the growth and profitability for the effect of various financial performance variables. The study used secondary data from 93 companies of Indian origin that are undertaking CSR initiatives for the development of the community. The main purpose of conducting this research is for the stakeholders and policymakers to review the effects and impact of CSR on an organisation's financial and overall performance. The findings of this study indicated that there is a significant positive impact of CSR on the company's financial performance as well as overall performance. The authors further state that it pays to be a profitable organisation to be socially responsible towards society. Also, managers and policymakers should take up CSR practices to upgrade their company profile, financial performance, employee performance, and overall organisation development.
- 5) **Mishra, P. (2017).** The paper attempted to examine green human resource management as an emerging trend in sustainable organisational development. This study aimed to explore the challenges and status of green human resources practices in India through CSR activities. The findings of this study indicated that GHRM practices are gaining attention in the market, and there is further scope for utilising the GHRM to its full potential. Also, green corporate social responsibility is a scope that some organisations are taking up, yet there needs to be complete utilisation. The policymakers and managers should consider this study's findings towards building sustainable organisational policies to benefit the community, employees and the organisation.
- 6) **Nejati, M., & Ghasemi, S. (2013).** The paper attempted to investigate how an organisation's CSR is perceived and influenced based on employees' organisational commitment. The paper narrowed down 142 business professionals working in Iran and used exploratory factor analysis, reliability assessment and regression to analyse the data. The findings of this study indicated that there is a significant positive influence of CSR on the organisational commitment of an employee. It was also observed that there is a significant association between employee OC and an organisation being socially aware of its responsibilities towards the community and the environment.
- 7) **Sekhon, A. K., & Kathuria, L. M. (2020).** The paper analysed the effect of corporate social responsibility on

the financial performance of corporates and collected evidence from major Indian firms. The purpose of this study is to understand that although there are continuous research efforts made on CSR practises yet, so many aspects of CSR still need to be perfectly understood. The paper narrowed down 178 CSR activities conducted by the companies across 46 social development categories. Various companies' annual reports were studied to understand the purpose of this study, and the findings indicated a neutral association between CSR and the financial performance of an organisation.

- 8) **Singh, K., & Misra, M. (2021).** The paper linked Corporate Social Responsibility (CSR) and organisational performance and evaluated whether there is a moderating effect on corporate reputation. The study collected responses from 340 senior executives and managers working in European multinational companies in India. The paper conducted a two-stage approach which involved theoretical model construction and regression analysis. The findings of this study indicated that when CSR is exercised for external stakeholders, it has a significant positive association with organisational performance. Furthermore, the analysis also indicated that the results differ between deep-rooted, esteemed business firms and those with frail and lesser reputations.

#### Significance of the study:

Corporate social responsibility is an organisational commitment towards the community and society. The sole

purpose of conducting this research is to understand and evaluate CSR and its importance in the organisation's overall development. The research provides a fresh view towards the factors that are responsible for the overall development of the organisation the significant and the significant impacts that will help the policymakers and managers implement better CSR activities that will further improve the organisation's overall development.

#### Objective of the Study:

To analyse importance of CSR in overall development of the organisation.

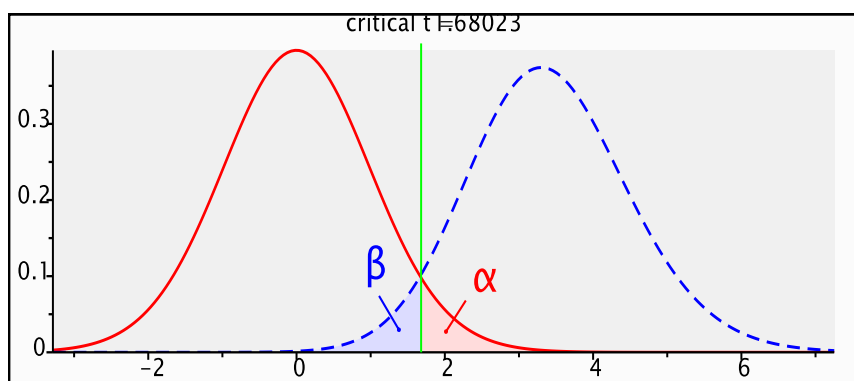
#### Hypothesis:

H0: Mean score of various items impacted by CSR  $\leq 3$

H1: Mean score of various items impacted by CSR  $> 3$

### 3. Research Methodology

Descriptive research design is used for the current study. The sample size selected for the study is 80T top level managers Sampling techniques used for the current study is non probability purposive sampling. Both primary and secondary data collection sources have been used. Parametric one sample test has been used using R studio software. (As per faul et al minimum required sample to run one sample t-test one tailed=45)



Test family		Statistical test	
t tests		Means: Difference from constant (one sample case)	
Type of power analysis			
A priori: Compute required sample size - given $\alpha$ , power, and effect size			
Input Parameters		Output Parameters	
Tail(s) One		Noncentrality parameter $\delta$ 3.3541020	
Effect size d 0.5		Critical t 1.6802300	
$\alpha$ err prob 0.05		Df 44	
Power (1 - $\beta$ err prob) 0.95		Total sample size 45	
		Actual power 0.9512400	

#### 4. Data Analysis and Interpretation

**Table 1:** One sample t-test

Items	t-statistics	p-value	Ha: Mean Score of importance of overall development of the Organisation >3
Employee engagement	16.00	0.000	Significant
Brand Awareness	16.09	0.000	Significant
Brand loyalty	14.88	0.000	Significant
Brand equity	14.77	0.000	Significant
Customer Retention	14.00	0.000	Significant
Better Relationship	15.87	0.000	Significant
Brand Recognition	16.31	0.000	Significant
Capital growth	16.40	0.000	Significant
Greeting New Customers	15.90s	0.000	Significant
Employee Productivity	14.72	0.000	Significant
Employee Morale	-16.89	1	Insignificant
Increase Revenue	14.90	0.000	Significant
Positive impact in the society	-14.11	1	Insignificant
Reduce Employee turnover	15.11	0.000	Significant
Competitive advantage	16.55	0.000	Significant

Parametric one sample t – test (one tailed) is applied to evaluate impact of CSR on employee performance. It is seen that t – value > 14.00 and p – value = 0.000 which is less than 0.05. indicating high impact of employee engagement, brand awareness, brand loyalty, brand equity, customer retention, brand recognition, capital growth, generating new customers, employee productivity, increases revenue, reduce employee turnover and competitive advantage as significant employee performance.

#### 5. Conclusion

The study evaluated CSR and its importance on the overall development of the organisation, and it was observed that there were several significant impacts which were brought forward from the analysis; it was seen that employee engagement, brand awareness, brand loyalty, brand equity, customer retention, brand recognition, capital growth, generating new customers, employee productivity, increases revenue, reduce employee turnover and competitive advantage as the significant impact of employee performance. The findings also brought insignificant problems, such as the positive impact on society and employee morale. The research showed that CSR significantly impacts the organisation's overall development, so companies can use this research and draft better CSR activities that will further the development and growth of the organisation. This study should be considered by those weaker companies who are trying hard to achieve success for their organisation.

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