Employee Motivation factors for Corporate Social Responsibility and Environmental Reporting

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ABSTRACT

Engaging employees through CSR is one of the most discussed issues in the business parlance today. Organizations undoubtedly are facing pressure from a range of stakeholders to operate in a more socially and environmentally responsible manner.Motivating employees morally is possible by CSR activities performed by the organisation by implementing CSR. The integration of social, environmental, and economic improvement through CSR makes workplaces morereputable. CSR is intricately linked to employee engagement, employee behavior and motivation. Organizations should increase employee proximity to CSR for making them their buy-in for effective CSR project implementation. Employees are among the important stakeholders that make organizations to act in a socially responsible manner.

Keywords:- CSR , Environmental reporting , Motivation

INTRODUCTION

The fundamentals of CSR rest on the fact that not only public policy but even corporates should be responsible enough to address social issues. The evolution of CSR in India refers to changes over time in India of the cultural norms of corporations' engagement of corporate social responsibility. CSR is about the integration of social, environmental, and economic considerations into the decision-making structures and processes of business. It is about using innovation to find creative and value-added solutions to societal and environmental challenges.

India now only country with legislated CSR.Law mandates that all companies, including foreign firms, with a minimum net worth of Rs 500 cr, turnover of Rs 1,000 cr and net profit of at least Rs 5 cr, spend at least 2% of their profit on CSR. With the implementation of the new company law from April 1,2014 India has become the only country in the world with legislated corporate social responsibility (CSR) and a spending threshold of up to $2.5 billion (Rs15,000 crore).According to industry estimates, around 8,000 companies will fall into the ambit of the CSR provisions and this would translate into an estimated CSR spend of $1.95 billion to $2.44 billion. With higher economic growth and increase in companies' profits, this mandatory spending will go up.

Literature Review:

- **Sing, Jitender. (2014). Corporate Social Responsibility and Nation Building: A Strategic Employee Engagement Tool**
  The research paper explores the strategic link between CSR and employee engagement. Employee engagement through CSR and is one of the most discussed issues in the business parlance today. Organizations undoubtedly are facing pressure from a range of stakeholders to operate in a more

socially and environmentally responsible manner. Among all significant HR tools, employee engagement is paramount to keep the workforce motivated and productive.

- **Mohr, L.A., Webb, D.J., and Harris, K.E. (2001). The impact of corporate social responsibility on buying behavior.**

  Corporate Social Responsibility (CSR) is linked with giving back something to the society. It is a process whereby the management of a company practices several moral and ethical initiatives, using codes of conduct to manage the impact of their activities on customers, shareholders, employees and the environment.

- **Ali, I., Rehman, K. U., Ali, S.I., Yousaf, J. And Zia, M. (2010). Corporate Social Responsibility Influences, employee commitment and organizational performance. African Journal of Business Management.**

  CSR has been often utilized by companies for their personal growth and revenue accumulation. Most companies are averse to using CSR as the cost of implementing it is quite high. Several researchers have tried to make companies understand that CSR should not be viewed as expenditure but should rather be seen as investment in building good relationships with stakeholders

CSR in Indian Context:
CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship. As some observers have pointed out, the practice of CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects. Also, with global influences and with communities becoming more active and demanding, there appears to be a discernible trend, that while CSR remains largely restricted to community development, it is getting more strategic in nature (that is, getting linked with business) than philanthropic, and a large number of companies are reporting the activities they are undertaking in this space in their official websites, annual reports, sustainability reports and even publishing CSR reports.The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy. It will be interesting to observe the ways in which this will translate into action at the ground level, and how the understanding of CSR is set to undergo a change.
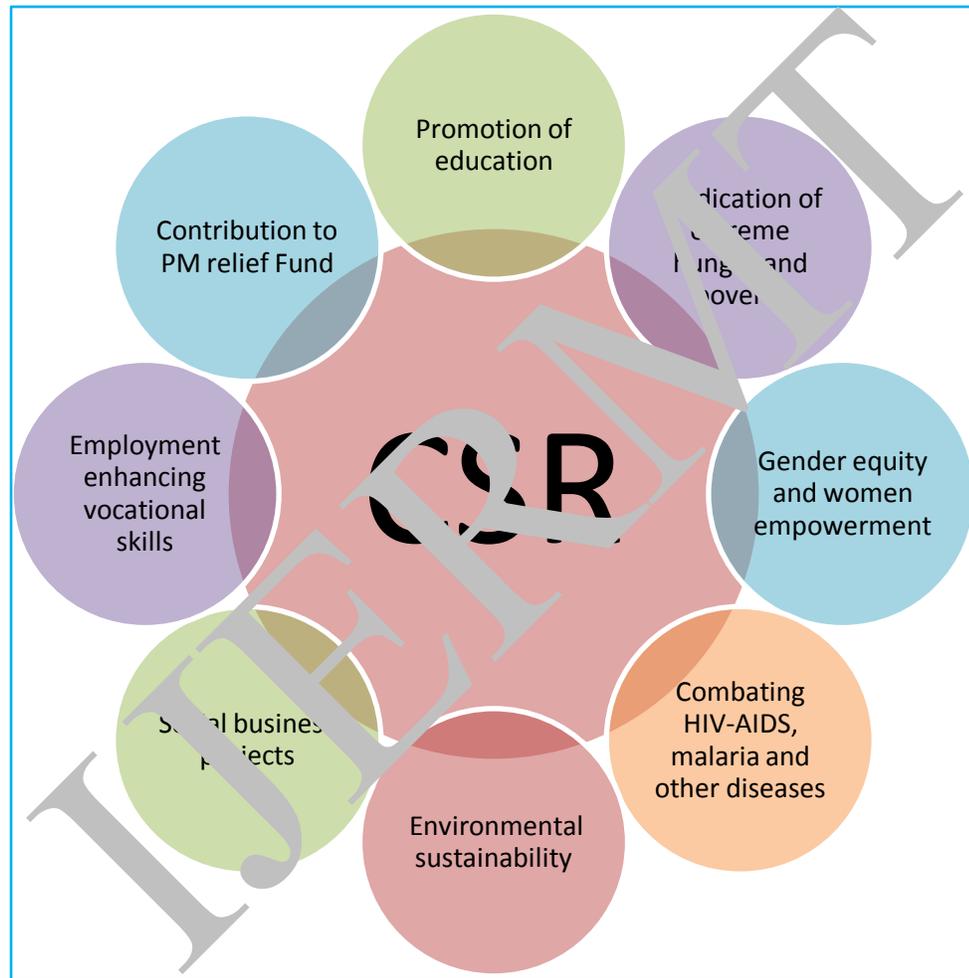
Fig 1 : List of CSR Activities suggested

CSR benefits being interrelated generally include the following:

- Stronger financial performance and profitability through operational efficiency gains.
- Improved relations with the investment community and better access to capital.
- Enhanced employee relations that yield better results respecting recruitment, motivation, retention, learning and innovation, and productivity.
- Stronger relationships with communities and enhanced license to operateimproved reputation and branding.
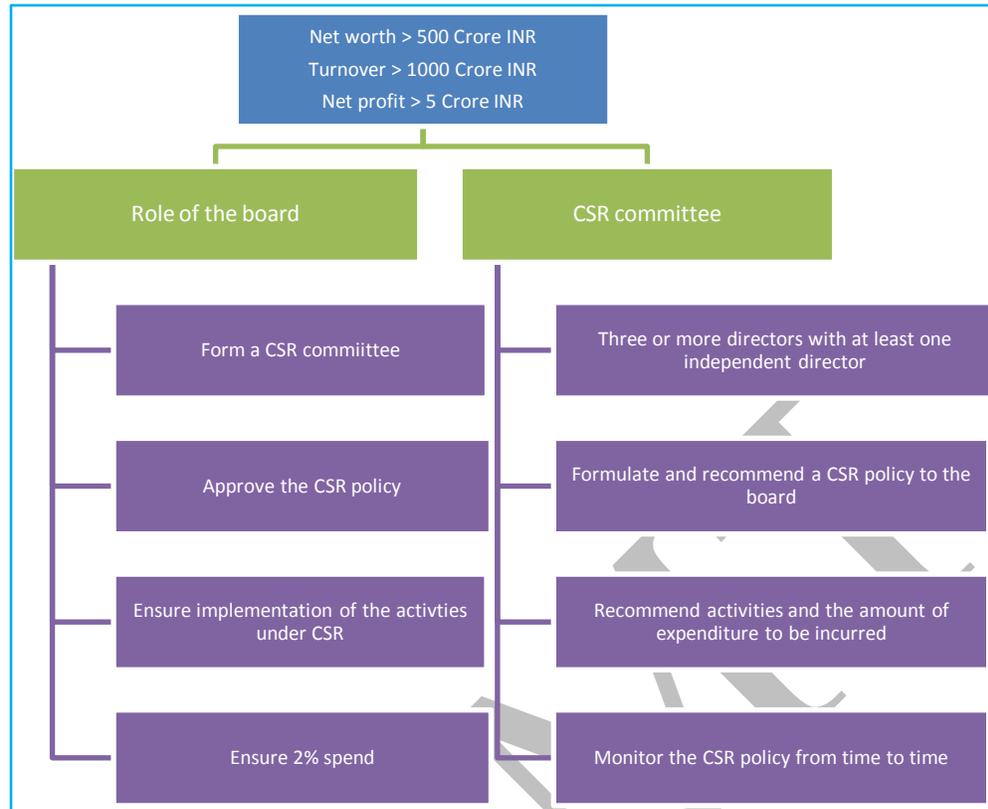- Effective CSR process flow is pivotal in driving CSR benefits

Fig 2: CSR Process Flow

Engaging employees through CSR

Employee engagement is more than just motivation or performance. Studies reveal that employee engagement may result in positive business outcomes, like, decreased absenteeism and turnover, increased customer satisfaction, increased productivity and more profit. Studies also state that CSR is an important driver of employee engagement.

CSR – An Internal Marketing Tool

Employee linkages to CSR programs spans from complete lack of knowledge to   personal involvement. Many enterprises execute considerable CSR activities, yet do not   communicate with employees. They fail to seize opportunities for internal branding. Employee motivation models such as compensation management, benefits, career advancement opportunities, job role along with CSR linkages can motivate and engage workforce. CSR information dissemination and employee involvement in CSR projects can an internal marketing tool.

CSR – Attracting talented workforce

Working on CSR projects make people learn specific skills that can help in advancement of their careers. Gen X and Millennials prefer to work with socially responsible companies as it gives them opportunities to balance personal and professional aspirations. This group wants to work for organizations that they can trust and respect. They want to work with organizations which are committed to social responsibility and want to be involved in exciting new initiatives that have positive impacts. Company that integrates CSR in their business model is the employer of choice for this generation. Employees are able to balance their work and personal aspirations by engaging in CSR projects.

Employee ROI through CSR

With the advent of new generation CSR after the Companies Act, 2013, human resource departments have to be geared to play crucial role in helping their companies to achieve goals of becoming a socially and environmentally responsible organization. Employee engagement is a shared responsibility and HR managers can leverage this with respect to CSR. The vital information can help organization in integrating CSR throughout their operations and business model, not restricting to a mere CSR team. HR department can be instrumental in positioning employee behavior with CSR and thus can foster a high performance CSR culture throughout the organization.

Factors for Employee motivation

Employees are motivated by corporate social responsibility (CSR). The integration of social, environmental, and economic improvement through CSR makes workplaces more sound. Studies show that when companies implement CSR successfully, the result is positive employee relations with respect to recruitment, morale, retention, and productivity. Below are factors to motivate the workforce through CSR.

- **Employee Participation:** While it is important that the company demonstrates its commitment by sponsoring events and writing big checks, letting employees experience the commitment firsthand is critical. Employee participation should be made mandatory.
- **Employee need to Lead:** Employee-led schemes have to be initiated which will give entire company a feeling of pride and meaning to employees and their roles at the company.
- **Recognize Employees:** One key potential benefit from CSR initiatives is establishing an environment that contributes to raising the commitment and motivation of employees to be more innovative and productive. When ideas start flowing and initiative takes hold, recognize the effort with individuals and teams.
- **Encourage employee referrals.** Loyalty goes up when CSR-related programs go up. The positive culture and environment that is generated can help retain and recruit talent. Develop an employee referral program for your managers and employees. It can generate feelings of commitment toward your company and its mission and growth.
- **Start CSR within first:** Look for ways to help your employees grow inside and not just in the community. Invest in training, tuition, and any costs associated with their skill development.
- **Convert sick days to rewards.** Since CSR generates more engaged employees, and we know they are likely to perform better and even take fewer sick days per year on average, we should create a rewards program with unused sick days. A strong CSR program can be significant in motivating employees to not only keep going to work but also showing up with real purpose.
- **Recognize and make team efforts visible.** When your employees have gone above and beyond internally on a project or externally in the community, make sure it is recognized. Organize a town hall or a walk-through that shows utmost care and respect. Every employee that the executive team acknowledges should get a handshake and a personal thanks.

- **Encourage initiative.** A well-implemented CSR initiative leads to more satisfied employees. Studies show fully engaged employees are 2.5 times more likely to exceed their performance expectations than their disengaged counterparts. Make sure that you encourage initiative and big-thinking to grow the satisfaction your CSR programs have already started.
- **Create a competitive advantage.** A real commitment to a CSR program can lead to a true and defining differentiation from competitors. Your employees will feel it, and so will your suppliers, partners, and customers.
- **Be Proud and be loud in media:** When you have done a great job with CSR, share it with everyone through social media, newsletters, media coverage, and face-to-face interactions. When your employees see the pride of the company, they will feel greater pride and the energy, excitement, and enthusiasm becomes contagious.

Outcome of CSR:
- Boosting up the business as well as the employee morale is possible by CSR activities performed by the organisation. A sense of pride is established among employee & acts a source of inspiration & connectedness.
- It adds up the employee productivity & lowers the attrition risk. Not only this, it endows a greater ability to attract talent.
- It has been confirmed that employees become more engaged, remain positive & likely to continue with the organisation when they possess positive opinion of their organization's socially responsible activities.
- It is great engagement tool that makes the employee realizes that the organisation cares about the workforce's general interest as well as socially committed
- CSR is such a great way to connect with the youth that their company pages in Facebook and LinkedIn enlist the social causes that the organisation is involved with.
- The CSR activities also lead employees to believe that they are not only working for an organisation that provides a good career, but one that 'cares'
- This proves to be an efficient way not only to engage employees on a social level, but also allows them to do or create something that they feel strongly about or are passionate for.

CSR crucial to recruiting talented employees, it's also a great way to maintain the engagement of your existing work force. CSR must become part of company's recruitment strategy to attract top talent

Benefits of a robust CSR program
As the business environment getsincreasingly complex and stakeholders become vocal about their expectations, good CSR practices can only bring in greater benefits, some of which are as follows:
- **Communities provide the license to operate:**
  Apart from internal drivers such as values and ethos, some of the key stakeholders that influence corporate behaviour include governments (through laws and regulations), investors and customers. In India, a fourth and increasingly important stakeholder is the community, and many companies have started realizing that the 'license to operate' is no longer given by governments alone, but communities that are impacted by a company's business operations. Thus, a robust CSR program that meets the aspirations of these communities not only provides them with the license to operate, but also to maintain the license, thereby precluding the 'trust deficit'.

- **Attracting and retaining employees:**
  Several human resource studies have linked a company's ability to attract, retain and motivate employees with their CSR commitments. Interventions that encourage and enable employees to participate are shown to increase employee morale and a sense of belonging to the company.

- **Communities as suppliers:**
  Thereare certain innovative CSR initiatives emerging, wherein companies have invested in enhancing community livelihood by incorporating them into their supply chain. This has benefitted communities and increased their income levels, while providing these companies with an additional and secure supply chain.

- **Enhancing corporate reputation:**
  The traditional benefit of generatinggoodwill, creating a positive image and branding benefits continue to exist for companies that operate effective CSR program. This allows companies to position themselves as responsible corporate citizens.

Conclusions and Recommendations

CSR is intricately linked to employee engagement, employee behavior and motivation. Organizations should increase employee proximity to CSR for making them their buy-in for effective CSR project implementation. Employees are among the important stakeholders that make organizations to act in a socially responsible manner. Employees' perceptions, attitudes and behaviors predict outcomes such as productivity, turnover and wellbeing which in turn are proportional to their involvement in CSR-related projects, directly or indirectly. Employees who recognize their firm to be socially and environmentally responsible will exhibit more commitment and loyalty.

For employee engagement, organizations can apply different tools to ensure a sustainable commitment of employees towards CSR programs. Training sessions, workshops and employee volunteering programs should be employed diligently to enable employees to actively participate and implement CSR across the company. HR can be at the forefront to work cross functionally to integrate CSR objectives across value chain of the organization. Effective HR leadership on CSR integration requires commitment from top management to be successful

It is about engaging shareholders and other stakeholders and collaborating with them to more effectively manage potential risks and build credibility and trust in society. It is about not only complying with the law in a due diligent way but also about taking account of society's needs and finding more effective ways to satisfy existing and anticipated demands in order to build more sustainable businesses. It is about delivering improved shareholder and debt holder value, providing enhanced goods and services for customers, building trust and credibility in the society in which the business operates, and becoming more sustainable over the longer term.

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