

EMPLOYEE FOCUSED CORPORATE SOCIAL RESPONSIBILITY PROGRAMS IN COMMUNITY CAPACITY BUILDING

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Abstract: The Domain of Corporate Social Responsibility has been evolving in intent, approach and impact ever since its acceptance as a sine qua non for any business. Innumerable and ubiquitous are the number of terms used to refer to Social responsiveness schemes Corporates resort to world over. The title “Social Impact programs” which has been gaining ground since 2016 has endeavored to define the renewed focus and dimension of Corporate Social responsibility programs venturing into human resources domain. This paper adopting a Descriptive approach, unveils the panoply of extensive futuristic research possibilities on Employee focused CSR initiatives of companies and how they could emerge a major game changer for society. Here we try to explore the existing list of employees focused Corporate Social Responsibility programs undertaken by five major corporates and how could they meaningfully transform into avenues for Community Capacity building. This study also explores how ‘Social capital formation’, proven fallout of Employee Focused CSR initiatives of corporates, would positively impact Community Capacity Building of a society or nation and whether it intermediates between the two.

IndexTerms - Employee Focused CSR programs, Community Capacity Building, Social capital formation, Diversity

I. INTRODUCTION

‘Convergence’ in the world of Business and emergence of ‘globally integrated enterprises’ (GIEs), among corporates have been the two major trends the world is encountering today. ‘Diversity and Inclusiveness’ is yet another strategic platform companies have been welcoming and incorporating into their defining principles or value systems today. It is with the intent of gaining a foothold over the vast diverse workforce populations and skills that are distinctive of emerging market economies that Corporates have made a foray into these fast-growing countries/markets. This has indirectly redrawn the contours of a new era corporate social responsibility which is to propel an organization to its sustainable growth path – Employee focused Corporate Social responsiveness being the renewed direction.

II. RATIONALE, SCOPE AND OBJECTIVE OF STUDY

The study centers on extensive understanding of the Employee focused CSR initiatives undertaken by selected five Technological giants worldwide. The rationale of limiting our observations and data collection to the five corporates is based on a review of web obtained reports on SWOT analysis, PESTEL analysis, Porter’ Five Force analysis and McKinsey 7S Model (some prominent management theories/techniques) as pertaining to these companies.

The purpose of this selective study is two-fold:

1. To understand how Employee focused CSR programs could contribute to Community Capacity building exercise of a community or nation. &
2. To ascertain the existence of a “Mediatory” influence by Social Capital formation upon Employee Focused CSR programs in IT companies that hold the potential to bring about Community Capacity building.

III. THE JOURNEY TOWARDS EMPLOYEE FOCUSED CSR

Corporate Social responsiveness or Corporate Citizenship in simple terms refers to a broad framework of regulations where businesses ensure they abide by the Spirit of law and ethics in society while driving their business goals so as to be partakers in societal development with governments.

From its Classic Hierarchical or Pyramid structure (Carroll) CSR theories have evolved to represent Corporate Social Performance (Wood). The era of Total Responsibility management theory and Stakeholders theory of Milton Friedman were successive stages in the development of a true perspective on Corporate Social responsibility which could accord universal applicability.

Stakeholders wield a predominant role today in determining the trajectory of growth of an organization. Employees in particular have been the key links or connectors to the community and Corporates have always mulled over the question of how effectively could Workforce be engaged to engender in better support and consistent growth for the company while upholding their ethical, legal and societal expectations hand in hand.

In other words, one can attribute these stages as consecutive phases in the evolution of a broad and globally accepted framework on CSR which has metamorphosed from its hitherto neutral stance of a vehicle imparting economic, legal, and ethical responsibilities to that of one able to create a long-lasting relationship with other institutions and organizations in vogue in society.

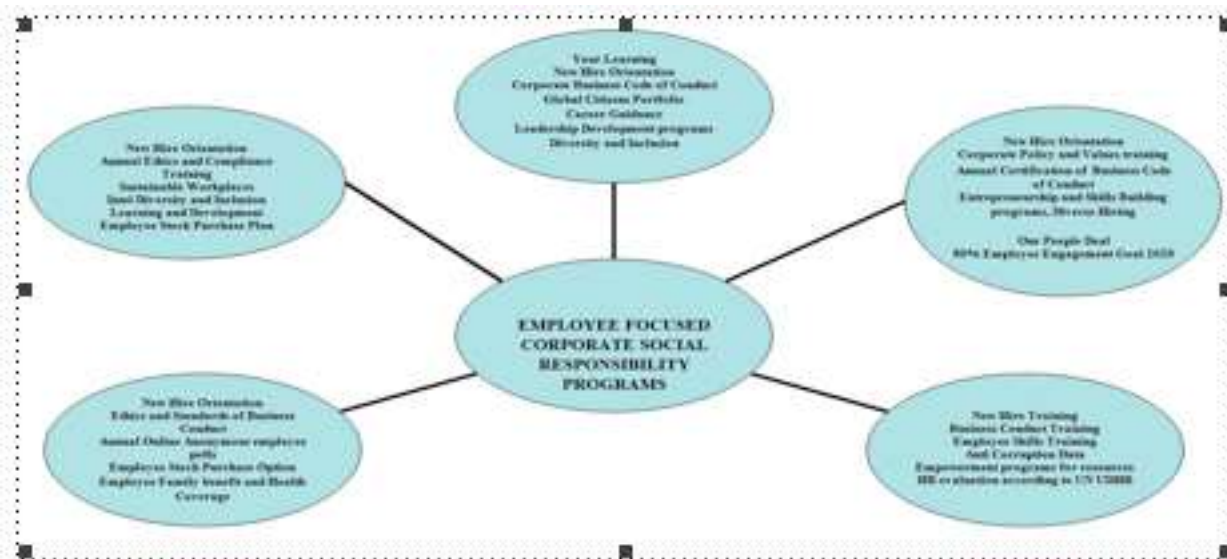


[Quote by Andrew Swinand, Co-Founder of Chicago based Startup; Pyramid of CSR Source: Carroll/ The Pyramid of CSR]

Corporate Social responsiveness strategies of Corporates today, have begun to underline the importance of employees as a force to reckon with – A shift from a broad spectrum (each touching a different realm of societal concern viz., Community, Environmental preservation related, Supply Chain relationships, Governance and General grants for development in miscellaneous areas) to a narrower focus on its Employees.

IV. EMPLOYEE FOCUSED CSR PROGRAMS

Corporate Social responsibility programs aimed at boosting the productivity and skills of employees are generally referred to as Employee focused corporate social programs. A holistic study of Employee focused CSR programs of five Information Technology corporates renowned worldwide (IBM, HP, Google, Cisco, Microsoft) have identified a common thread running through these kind of programs.



Employee focused CSR programs of Five IT Companies

Having delineated some of the common Employee focused CSR programs; to progress further into the content of this study paper, it would be imperative to obtain conceptual clarity on some of the key terms.

V. EMPLOYEE FOCUSED CSR PROGRAMS vs. EMPLOYEE CAPACITY BUILDING

Employee Capacity building is entirely a different concept when compared to Employee focused CSR, though there are chances of swapped usage between the two terms. The former refers to all administrative and allied expenditure incurred on resources who engage in CSR related services for the company. Indian Companies Act 2013 read with the CSR Policy Rules 2014 [Rule 4(6)] have limited the permissible amount of Employee Capacity building expenditure to not more than 5% of total CSR expenditure incurred by the company.

VI. SOCIAL CAPITAL FORMATION IN THE CONTEXT OF COMMUNITY CAPACITY BUILDING

A sociological construct - Social capital may be defined as those resources inherent in social relations that facilitate collective action. These social resources include trust, norms and network of associations that represent any group that gathers for a common purpose.

VII. EMERGENCE OF COMMUNITY CAPACITY BUILDING AS A SOCIO-POLITICAL DEVELOPMENTAL INDEX

Community Capacity building has been defined as all those activities, resources and support that strengthen the skills, abilities and confidence of people and community groups to take effective action and lead roles in the development of communities. This has off late sprung up as a major factor or index of HDI in both bilateral and multi-lateral world economic forums and between nations. Community Capacity building being a socio-psychological construct, has been defined using the single parameter of Diversity for the purpose of this study.

VIII. DIVERSITY IN ORGANISATIONS

Diversity would refer to any dimension which enables differentiation of people and groups. In the context of our study diversity has been limited to three dimensions of Gender, Age and Skills within an organization, which is an input from the community or society an organization thrives in.

IX. RELATED LITERATURE AND GAP IDENTIFIED

Literature review has been compartmentalized for ease of understanding into the broad 2 categories as below:

- Existing theories on Corporate Social responsibility programs and Social Capital formation



- Corporate Social responsibility and Social Capital Formation are positively related

AUTHOR	LITERATURE	AIM OF STUDY	FINDINGS
Mohammad Hakimy Abdullah & Nik Ramli Nik Abdul Rashid,	The Implementation of Corporate Social Responsibility (CSR) Programs and its Impact on Employee Organizational Citizenship Behavior International Journal of Business and Commerce Vol. 2, No.1: Sep 2012[67-75] (ISSN: 2225-2436)	The purpose of this study was to observe the implementation of Corporate Social Responsibility (CSR) programs and its impact on Organizational Citizenship Behavior (OCB) among employees.	Three dimensions of CSR were found to be significant, with CSR- Environment showing the biggest influence on OCB, followed by CSR- Employee and CSR-Customer Respectively Organization Citizenship behavior is positively related to Corporate Social responsibility towards Employee
Trent A. Engbers, Michael F. Thompson, Timothy F. Slaper	Theory and Measurement in Social Capital Research	This paper seeks to help researchers overcome the major challenges of social capital research, namely, measuring a concept that is notoriously difficult for measurement and choosing among the exhaustive list of direct, casual and consequential measures.	A typology of social capital that considers five major types of social capital and then reviewing a diverse selection of data available from national surveys

Luca Adriani: 2013	Social Capital: a roadmap of theoretical frameworks and Empirical limitations	This work sheds light on the different theoretical and empirical problems that a scholar is likely to face in dealing with social capital research and analysis	Social Capital- trust, cooperation and reciprocity involved in these relationships can have a positive impact on the wealth of the society
David Murillo & Steen Vallentin, 2011	CSR, SMES and Social Capital – An Empirical Study and Conceptual reflection	Research on CSR and SMEs – the case for CSR in this Business sector (Automotives that are competitiveness driven)	There is explicit evidence by way of the Case studies that CSR activities of SMEs and the notion of Social Capital are interrelated, turning Social Capital into a powerful instrument to better explain what Silent CSR practices are
David Murillo (Ramon Lull University) & Steen Valentine (Copenhagen Business School)	CSRs, SMEs and Social capital - An Empirical Study and Conceptual reflection	A new line of research on CSR and SMEs - automotive sector focused	Concludes by pointing the need for defining or tailoring the theoretical approach of SMEs towards CSR

In this perspective, one may construe that Social capital could be manoeuvred to spring in extensive societal benefits. The connotation - Social capital formation in the context of community capacity building, tries to explore the possibility of Social capital having an intermediary influence in community capacity building efforts of nations. My study seeks to address and substantiate on this unanswered possibility in literature by resorting to statistical analysis of perceptual data collected from employees of the five techno companies.

X. CONCEPTUAL FRAMEWORK



XI. METHODOLOGY OF STUDY

Data Collection, Samples and Modus Operandi

The formal process of primary Data collection was initiated with the help of a Five point Likert scale based questionnaire. There were 19 questions in all that respondents were required to answer. Each question was a parameter or criteria that measured a construct. The 3 constructs being –

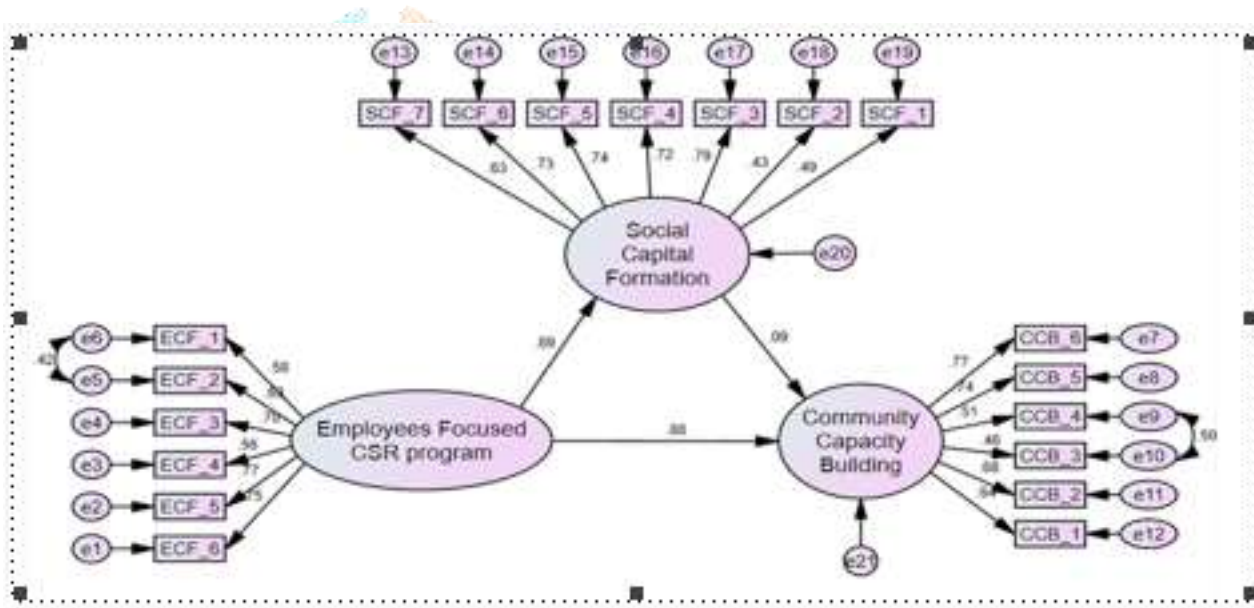
- Employee focused CSR programs
- Social Capital formation and
- Community Capacity building.

Sample size was determined based on the ratio of number of cases to the number of free parameters to be measured 20:1; a 10:1 ratio was considered a more realistic target. Kline (2005), this being a study subject to Structural Equation Model based multi analysis.

Accordingly, a Sample size of 200 was considered desirable for this study – From among the five companies selected for study of Employee focused CSR programs, questionnaires were floated online seeking responses from more than 300 employees based on convenience and judgmental selection. Of them responses were received from 276 respondents, which was subject to statistical testing.

Confirmatory Factor Analysis was tested for stimuli on a pilot sample of 57 responses initially collected from employees of these organizations on a random basis.

The test results confirmed a High Reliability of the factors that constituted the latent variables (proven by the cronbach alpha values of > 0.7), Convergent Validity and Discriminant Validity, thus ruling out the possibility of multi collinearity. With these tests giving the go ahead, SEM analysis was conducted on the below Measurement model finalized.



Out of a total of 400 respondents to whom the questionnaires were shared with, close to 279 responded, the details of which were subject to statistical examination to arrive at the findings.

Structural Equation modeling

A Conclusive tint to the otherwise descriptive study was made possible through the SEM Quantitative analytic method adhered to in order to prove the hypothesis formulated as follows (Results of which have been provided under Table 4 beneath.)

- H1: There is a significant and positive relationship between Employees’ focused CSR programs and Social capital formation.
- H2: There is a significant and positive relationship between Social capital formation and Community Capacity Building.
- H3: There is a significant and positive relationship between Employees focused CSR programs and Community Capacity Building.
- H4: There is a positive correlation between Employee focused CSR programs and Community Capacity building.
- H5: Social capital significantly mediates the relationship between Employee focused CSR programs and Community Capacity building.

Table 4: Direct Effect of Research Model: Standardized Regression Weights for full-fledged data (279 samples)

Relationships		Estimate	S.E.	C.R.	P-value	Remarks	
Social capital formation	<---	Employees' focused CSR programs	0.893	0.079	9.607	0.000*	Fully Supported
Community Capacity Building	<---	Social capital formation	0.087	0.194	0.563	0.573	Not Supported
Community Capacity Building	<---	Employees' focused CSR programs	0.877	0.179	5.222	0.000**	Fully Supported

* Significant at 5 % level, **Significant at 10 % level.

Hypotheses tested: 1, 2 and 3.

Hypothesis 4 was tested by subjecting the constructs to a Polychoric correlation analysis.

Table 5: Polychoric Correlation result between Employees' focused CSR programs and Community Capacity Building for full data (279 samples)

	Community Capacity Building
Employees' focused CSR programs	r =-0.954*, p-value =0.000, S.E = 0.045

* Significant at 5 % level.

Mediatory effect of Social capital formation upon Employee focused CSR programs leading to Community Capacity building was sought to be analyzed by a Mediation analysis test. The framework model with test results as below.

Fig 7: Mediation model frame work for Employees' focused CSR programs and Community Capacity Building with Social Capital Formation as mediator full data (279 samples)

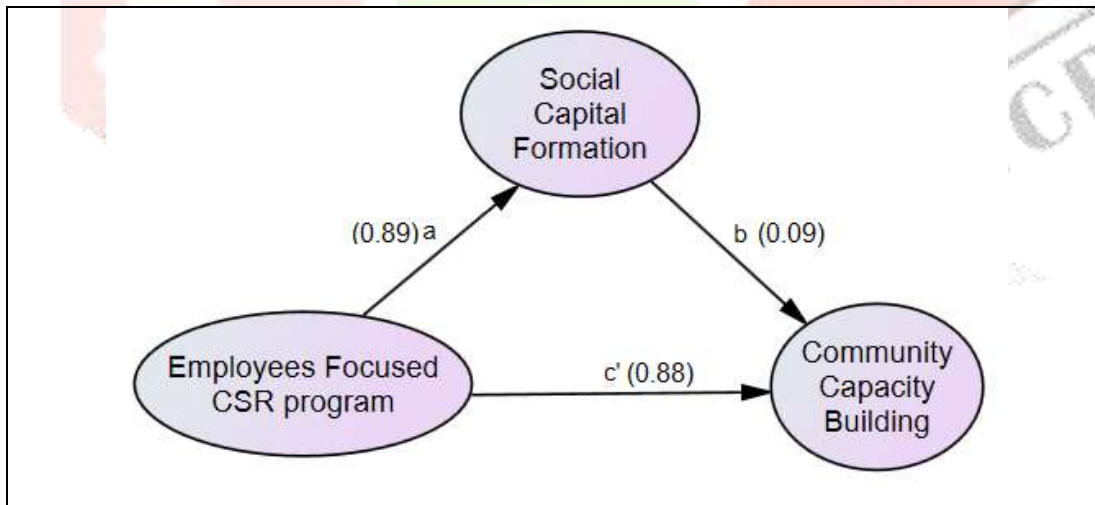


Table 6: Test for mediation effect of Social Capital Formation between Employees' focused CSR programs and Community Capacity Building

(Bootstrap = 2000 and confidence level = 95 %)

	β	Boot S.E	Boot LLCL	Boot ULCI	p-value
A	0.893	0.039	0.819	0.948	0.001*
B	0.087	0.344	-0.416	0.429	0.683

a*b (Indirect)	0.078	0.323	-0.382	0.377	0.672
Direct (c')	0.877	0.338	0.536	1.366	0.001*
Total	0.955	0.034	0.887	1.001	0.002*

* Significant at 5 % level,

Analysis and Interpretation

Hypothesis 1

The results outlined in Table 4, column 1 prove a significant positive relationship between Employees' focused CSR programs and Social capital formation ($\beta=0.893$, C.R = 9.607, $p=0.000$, $p<0.05$), thereby accepting H1.

Hypothesis 2

The results depicted in Table 4, column 2 prove the nonexistence or lack of significant positive relationship between Social capital formation and Community Capacity Building. ($\beta =0.087$; CR= 0.5636, $p=0.573$ $p>0.05$), thereby not accepting H2

Hypothesis 3

The results outlined in Table 4, column 3 prove that Employees' focused CSR programs have a significant positive relationship with Community Capacity Building. ($\beta =0.877$; CR= 5.222, $p=0.000$ $p<0.05$), therefore accepting H 3

Hypothesis 4

From the polychoric correlation Table 6, it is observed that the correlation (r) between Employees' focused CSR programs and Community Capacity Building is 0.954 and it is significant (p -value 0.002, $p < 0.05$) at 5 % level. Thus, H4 is not rejected

Hypothesis 5

From the analysis of the perception of sample taken for the present study subject to Mediation Analysis, it could be interpreted that there is no statistical evidence to conclude that Social Capital Formation would help to strengthen the relationship between Employees' focused CSR programs and Community Capacity Building.

XII. FINDINGS AND IMPLICATIONS

This study has statistically proven the hypothesized construct that Employee focused CSR programs hold tremendous potential in bringing about Community Capacity Building.

We had further ventured to ascertain if Social Capital formation could pose a catalyst or a facilitator enhancing the impact of Employee Focused CSR programs in Community Capacity building. It was clear that no mediatory influence is exerted by Social capital upon the latter.

Taking a holistic perspective by connecting the two findings, the one message the researcher purports to articulate to all corporate managements is obvious, loud and clear.

Employee focused CSR programs have emerged the major game changer in the corporate world today. C suite executives and those concerned with strategic decision making in companies would need to attempt an overhaul or revamp of their present Corporate Social Responsibility Kitty by including more employee centered measures in addition to the others.

In view of this, it is suggested that Bureaucrats, Policy formulating Boards and others aligned to the Ministry of Corporate Affairs, GOI would need to vouch for legislative amendments in the Companies Act to interpret Employee focused CSR programs in broader terms and more exclusively. (Circular)

The Government would need to promote a surge in expenditure categorized under "Employee capacity building" incurred by Companies annually by removing the current 5% permissibility limit or enhancing this based on further feasibility studies.

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