

# The Impact of Corporate Social Responsibility on Employees

Alin Stancu<sup>1</sup>, Georgiana Florentina Grigore<sup>1</sup> and Mihai Ioan Rosca<sup>1+</sup>

<sup>1</sup> Bucharest Academy of Economic Studies - Romania

**Abstract.** In the last years we witness a significant increase of society's overall focus upon issues concerning sustainable development. This trend affected both companies and consumers. The sustainable development concept is present both in the scientific literature, but also in companies board rooms. Companies start to engage in CSR activities in order to respond to an external demand, while taking into consideration the positive effects of CSR. The article presents the results of a quantitative research regarding the employees' attitude regarding social responsibility activities of their employers. In the beginning a short literature review is presented.

**Keywords:** sustainability, corporate social responsibility, employees.

## 1. Introduction

In the last years we witness a significant increase of society's overall focus upon issues concerning sustainable development. This trend affected both companies and consumers. The sustainable development concept is present in the scientific literature, and also in companies' board rooms. Concepts such as social responsibility, community development, corporate citizenship, community relations started to be present in the vocabulary used by companies in their annual reports. The annual reports are ways of communicating about the impact that a company has on multiple categories of stakeholder (Gray et. al, 1996).

In this context, companies and society have to work together, and this approach will add value for all parties involved and also bring to the surface new market opportunities (Grigore, 2011). The studies regarding the benefits of CSR point out the following aspects: increases sales and market share, strengthens brand positioning, enhances corporate image and clout, increases the ability to attract employees, decreases operating costs and increases appeal to investors (Kotler and Lee, 2005). The purpose of this paper is to explore employees' attitudes towards corporate social responsibility and discuss the implications raised.

## 2. Context and literature review

Internationally, marketing-management literature faces new challenges. In 2010, the increasing importance of „marketing stakeholder” was highlighted in one publication of the American Marketing Association (Bhattacharya and Korschun, 2008). Specialists maintain that this concept means to go beyond satisfying customers' needs, and to include other relevant stakeholders, that can affect or are affected by companies' activities (Freeman, 1984). In this context, to study the internal dimension of an organization – the employees – and their perception about the social responsibility dimension of their employer, becomes a challenge that we aim to explore.

On one hand, companies are starting to engage in CSR activities in order to respond to an external demand, and also taking into consideration the positive effects of CSR. On the other hand, their CSR activities have an impact on current employees commitment towards their employer (Turker, 2008) and on the attractiveness of an employer in the mind of prospective employees (Greening and Turban, 2000). Also,

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<sup>+</sup> Alin Stancu Corresponding author. Tel.: +40729199399; fax: +400216373767.  
E-mail address: [alinstancu@mk.ase.ro](mailto:alinstancu@mk.ase.ro)

it is highlighted that employees have sufficient power, legitimacy, and urgency to become salient stakeholders to management (Mitchell et al., 1997), therefore they are considered to be a relevant group of stakeholders for each organization.

The role of corporate social responsibility on employees is becoming more present in the business world, one of the reasons being that successful companies should attract, retain the best work force. By creating a good working environment and developing the internal marketing strategies, companies can stimulate productivity and satisfaction among employees. If employees are satisfied and attach the company, they will recommend to friends and family as a good employer (Bhattacharya et al., 2008)

In the classical approach, many companies consider that the client is only interested in the final product that he buys, and not necessarily in how it is produced. Currently, however, consumers begin to evaluate companies in terms of working conditions of the company. Quality of products or services of a company depends to an extent of the degree of motivation and training of its employees. That is why the company should look at employees from the stakeholder theory perspective and consider their requests. Marketing science developed the concept of internal marketing, which involves targeting the marketing efforts within the company to its employees. In this context, promoting corporate social responsibility inside the company and encouraging employees to participate in these activities, allows the companies to develop a strong relation with its internal stakeholders (Harwood et. al, 2008). When the level of the quality of relationship between a company and employees improve, the customer satisfaction increases as well, and this cycle of success leads to an improved profit margin (Schlesinger and Heskett, 1991).

Considering the internal marketing approach, each employee is considered as an extension of the corporate image and in this regard an important determinant of consumer's satisfaction. For a company, the benefits of social responsibility in the internal marketing concerns (Hoeffler et al., 2010):

- Development of holistic relations with its employees;
- Meeting the altruistic needs and desires;
- Interaction with customers and employees in non-commercial circumstances.

A recent study measures the extent to which employees are involved in marketing programs related to a case in a company (Li et al., 2010). This study focuses on a company's internal stakeholders - employees, and the degree of their involvement in the selection of social campaigns. While the difficulties of running a business that has lost legitimacy in the eyes of employees are well known, there isn't as much understanding on the extent to which managers and non-profit partner are considering the opinions of employees, and involve them in choosing the causes. It was investigated the involvement of employees in cause related marketing campaigns and benefits of such action by telephone interviews with non-profit organizations and top managers of companies in services. Results showed the following:

- degree of participation of employees vary significantly from company to company;
- large marketing campaigns linked to a central question tend to be driven with a relatively low employee participation than if smaller campaigns
- financial services companies are more willing to make decisions regarding marketing linked to a central question with a relatively small participation of employees than retailers.

Starting from these challenges that we observed in the international literature review, in this article we aim to explore employees' perception on social responsibility and to present the results of a quantitative research conducted inside the companies.

### **3. Methodology**

The objective of this study is to assess the attitudes of the Romanian employees regarding the CSR activities in general, and of their company in particular, by pointing out the following dimensions: (1) the relevance of CSR activities to employees, (2) the criteria that builds the image of a responsible employer in the eyes of employees and (3) the employees involvement in social or environmental activities. In order to reach this objective the authors developed an online survey, as this research method offers several advantages: the possibility to reach a vast number of respondents, in a rapid way and with low costs. Also, it offers flexibility and a possibility for respondents to feel comfortable in their environment.

Recent studies showed that the social performance of the company influences also the economic one, even though it is very difficult to measure it (Ali et al., 2010). One of the directions analysed in the scientific literature is the influence of CSR on the internal stakeholders, many of them focusing on the potential of CSR in attracting employees and building an employer brand (Turker, 2008; Kim et al., 2010). Even so, little attention has been given to the attitudes of the employees regarding CSR. Attitudes are judgments of value regarding a certain aspect. The process of building an attitude is based on three components: a cognitive one, an affective one and a conative one (Quester and Lim, 2003; van der Brink et al. 2006). In this regard our study takes into account the evaluation of the level of understanding of CSR activities, their importance and employees' level of involvement.

### 3.1. Measures

The questionnaire measures the attitudes of the employees regarding CSR. We used for this the Osgood scale (1 unimportant-5 very important) and Likert scale, but also nominal one. The questionnaire includes two sections: (1) questions that aim to identify the extent to which employees are aware of the CSR activities developed by their employer and (2) demographic questions. An important aspect in this study was to define what we mean by "employee". In this study we didn't include the employees with middle and top management because those can alter the results of the study, as they are involved in the decision process, and have the tendency of defending the corporate culture.

### 3.2. Sample and collection of data

Data was collected using an online questionnaire. Potential respondents were contacted by email and asked to fill in the questionnaire and recommend other potential respondents. Three hundred and fifty questionnaires were collected and 245 usable questionnaires remained in the sample after verifying the completion accuracy. The sample consisted only of employees from urban areas from all types of companies.

Table 1. The Structure of the sample

<b>Sex ( n=245, 0 missing)</b>		<b>Education (n=245, 0 missing)</b>	
Male	38,80%		
Female	61,20%	High school	22,90%
<b>Total</b>	<u>100%</u>	University	40%
<b>Income per month ( n=245, 0 missing)</b>		Masters	35,50%
125-375 EUR	14,7%	Other	1,60%
376- 625 EUR	29,8%	<b>TOTAL</b>	<b><u>100%</u></b>
626 -875 EUR	18,4%	<b>Work experience (n=245, 0 missing)</b>	
Above 875 EUR	37,1%	less than 2 years	26,1%
<b>TOTAL</b>	<b><u>100%</u></b>	2-5 years	44,9%
<b>Age (n=245, 0 missing)</b>		6-10 years	19,2%
18-25	31,00%	above 10 years	9,8%
26-35	43,70%	<b>Total</b>	<b>100,0%</b>
36-45	18,00%		
above 46	7,30%		
<b>Total</b>	<b>100%</b>		

## 4. Results

In the first part of the study the authors asked the employees what aspects they take into account when forming the image of an employer brand. Several options are given for consideration. Table 2 presents these criteria and the responses for each of them.

Table 2. The criteria for building an employer brand

Criteria	Frequency		Percent	
	YES	NO	YES	NO

Safe and healthy work environment	187	58	76,33%	23,67%
Respect the rights of employees	215	30	87,76%	12,24%
Improving the quality of life of employees at work and outside it	152	93	62,04%	37,96%
Employee involvement in social and environmental problems	82	163	33,47%	66,53%
Transparency in communicating with employees	164	81	66,94%	33,06%
Non-discrimination in employment and profession	139	106	56,73%	43,27%
Fair wages and benefits package	206	39	84,08%	15,92%
Professional and personal development opportunities to employees	187	58	76,33%	23,67%
Responsible approach to restructuring in case of crisis	88	157	35,92%	64,08%

As we see in Table 2 the employees considers that the brand of the employer is built by respecting the rights of the employees (87%), fair wages (84%) and safety at work and employee professional development (76%). Regarding the involvement of the employees in solving social and environmental problems the employees didn't found this item important for the employers' brand (33.47%). This result show that employees demands from the company to act in a responsible way, but when it comes for him to be involved, this doesn't represent an important thing.

Another aspect, relevant for our research was to determine in which social responsibility activities organized by the company the employees are involved. Considering the total number of 245 respondents, just 87 of them declared that they didn't participated in any activity. The most attractive CSR activities for employees are donations and selective recycling, and another important aspect is that the women are more engaged in CSR activities compared to men.

Table 3. Types of CSR activities that employees are engaged in

Activity	Frequency		TOTAL
	Male	Female	
Volunteer for community support	23	31	54
Donations to support certain social causes	38	59	97
Selective recycling	29	54	83
Blood donation	17	25	42
I have not participated in any of the activities	33	54	87

Regarding the perception of employees on the company's involvement in social causes and environmental issues the respondents answered that they consider their company mainly responsible (Table 4).

Table 4. Employee perception on the company's involvement in social and environmental issues

Issue	Very responsible	Responsible	Indifferent	Less responsible	Irresponsible
Involvement in supporting social causes	13,47%	39,18%	31,02%	11,43%	4,90%
Company's involvement in environmental issues	13,47%	39,59%	27,76%	14,29%	4,90%

## 5. Conclusions and further research

In summary, the purpose of this study is to obtain a better understanding of how the employees perceive the CSR activities developed by their employer and what is their attitude towards these. The findings from an online survey reflect that several important aspects. Firstly, the majority of respondents consider that respecting the employees' rights, fair wages and safety at work are the most prevalent dimensions in the image of a responsible employer. Secondly, the research shows that women are more likely to engage in CSR activities compared to men. Thirdly, most of employees are aware of the CSR activities of their

employer, but fewer are actually involved in these activities. A possible explanation for this third aspect is that CSR activities are vaguely presented and introduced in the companies.

In order to develop a fuller insight into the issues raised in this study, the authors aim to develop the scope of the research and investigate what is the impact of CSR activities on employees' organizational commitment and job satisfaction. Also, another interesting future research it would be to compare different CSR activities (cause related marketing, philanthropic activities, volunteering, etc.) and to analyse their impact on employees.

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