Employee Perceptions of Corporate Social Responsibility

The Implications for Your Organization

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Investing in small businesses to stimulate economic growth across the African continent; allowing employees to take paid time off to volunteer in their communities; providing scholarships to students who are the first in their families to go to college; setting corporate goals to reduce carbon emissions; these are just a few examples of how a number of companies (big and small) in Africa are demonstrating their commitment to corporate social responsibility[1].
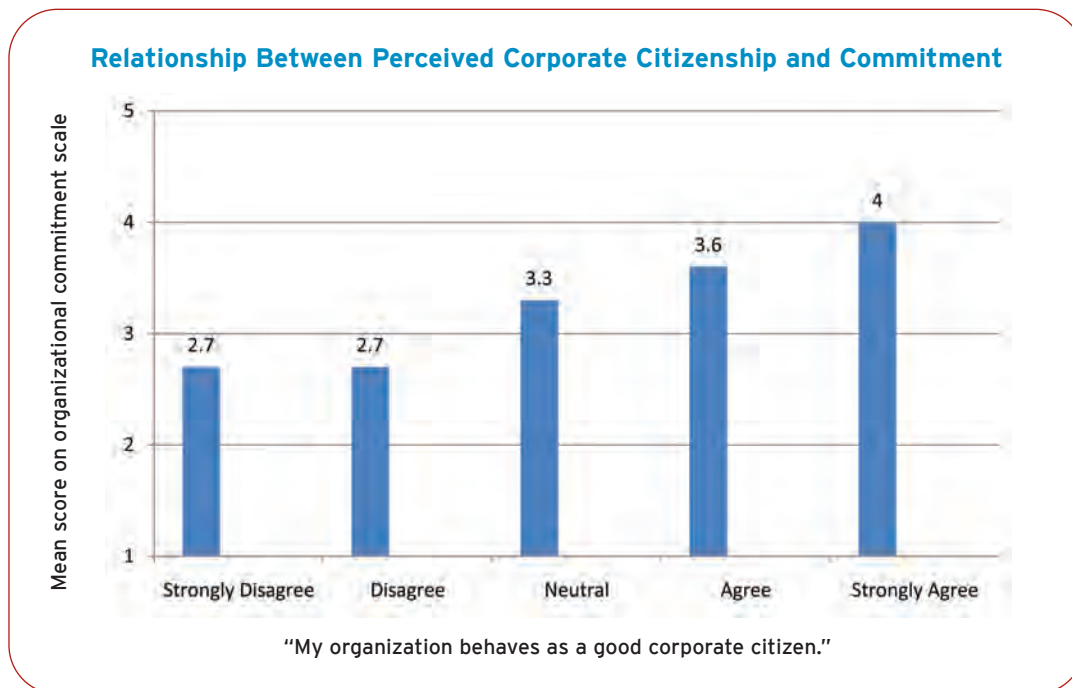
However, often ensuring a company's survival seems difficult enough, without adding corporate citizenship priorities into the mix. With everything going on, beginning or maintaining strong corporate social responsibility (CSR) initiatives may not be at the top of a company's priority list. Let's face it, not every company has money and/or resources to spare. What are the benefits of investing in CSR? Does CSR impact employee attitudes? Might CSR actually help the corporate bottom line?

> Research suggests that companies may receive external benefits from implementing CSR policies. Both field-based and laboratory studies have found that CSR is linked to more favorable corporate evaluations, increased purchase behavior[2], higher customer satisfaction and market value of a firm[3] – all of which is believed to translate into increased profitability for the corporation.

There is also some evidence that CSR is beneficial because – as with customers – CSR improves employees' perceptions of the company. When a company has CSR initiatives, employees are more proud of and committed to the organization[4]. This is because our personal identities are partly tied up in the companies we work for. If my company is saving the world, I am too, so my association with the company reflects positively on me and makes me feel good about the work I do for the company[5].

Research conducted in Africa using CCL's World Leadership Survey also supports this finding: employees' perceptions of their organizations' concern for community and environment is linked to their level of organizational commitment. That is, the higher an employee rates their organization's corporate citizenship, the more committed they are to the organization. Figure 1 shows one sample item from the CSR scale, "my organization behaves as a good corporate citizen" and its relationship to organizational commitment. Organizational commitment has previously been linked to favorable outcomes for companies including increased job satisfaction, reduced intentions to turnover and increased job involvement[6].

Figure 1

Relationship Between Perceived Corporate Citizenship and Commitment

Mean score on organizational commitment scale

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| 2.7 | 2.7 | 3.3 | 3.6 | 4 |

"My organization behaves as a good corporate citizen."

It is likely the case that the relationship works both ways – commitment enhances employees' ratings of corporate image and positive image increases employees' commitment. It make sense that knowing about the "good deeds" of an organization might make an employee more eager to discuss their company with outsiders, as well as feeling more committed to their organization which is doing these good things. Either way, perception of CSR is one of many factors that impacts commitment, and the data also suggest that how strongly CSR is related to commitment may depend on *which* employees we're talking about.

The following sections provide insight into some of the variations we see by demographic group.

Gender

On average, men and women in Africa tend to rate the CSR of their organizations about the same[8] – that is, both groups tend to think that their organizations are doing pretty well as corporate citizens. The relationship between perceptions of CSR and organizational commitment is also about the same for women and for men.

This finding is inconsistent with previous research (primarily using participants in North America and Europe) that found a stronger relationship between CSR and commitment for women than for men[9]. CCL would like to partner with organizations to further investigate this result.

Generation

Looking just at Gen Xers, Early Boomers, and Late Boomers[10], Gen Xers rate their organizations' CSR slightly lower (M=3.8) than do both of the Late Boomers (M=3.9) and the Early Boomers (M=4.1). These differences are not statistically significant[11].


Echoing the negligible difference among the generations with regard to perceptions of how socially responsible their corporations are, there is no difference in the amount that CSR contributes to organizational commitment for members of each generation . That is, CSR is equally – and positively – related to commitment for Gen Xers, and both Early and Late Boomers. This result is consistent with other research that shows that most working adults – whatever their generation – want the same things at work, and are committed to their organizations for substantially the same reasons[13].

Organizational level

As seen in Figure 2, those at the higher levels in the organization have more positive impressions of their companies' CSR initiatives[14]. Top level managers, executives, and upper management are likely to have the strongest sense of ownership — after all, they are responsible for making the most critical decisions (including CSR decisions) and therefore would be likely to have a positive view of the policies they helped create.

Figure 2[15]

Perceived CSR by Organizational Level
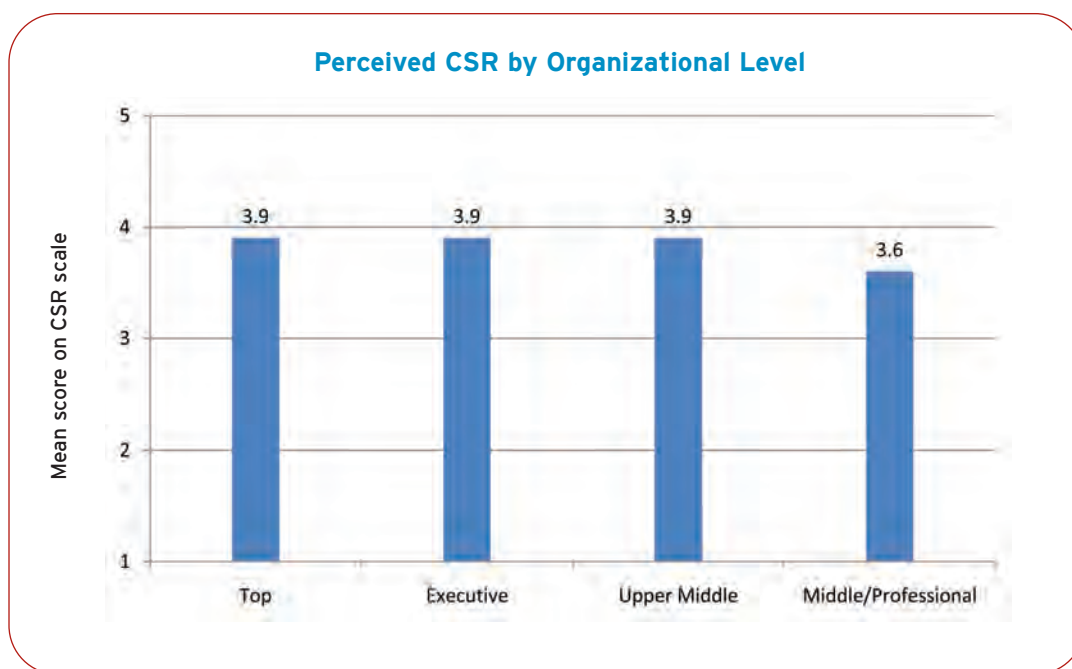
CSR is helpful, but it is not a panacea

There's a lot of discussion right now about how important CSR is to employee commitment and retention. While our data show that CSR does make a unique contribution to organizational commitment, it is a small contribution, and not as important as basic job satisfaction. Also, our data show that CSR is not directly related to intent to stay (e.g. lower turnover) after controlling for other factors that we would expect might be related to intent to stay (e.g. job satisfaction, organizational commitment)[16]. Therefore, if your employees are not generally satisfied with their work and their pay, and are not committed to the organization, a strong CSR program is less likely to result in an improved retention rate than are initiatives that directly improve individual employee job satisfaction such as job enrichment and autonomy.

Leveraging your CSR initiatives

We've seen thus far that people tend to think their companies are doing a pretty good job in the CSR arena, and that perceptions of organizational corporate citizenship matter to employees, though not as much as other key factors such as overall satisfaction with the job. Even for companies that find themselves struggling to do more during lean times, there are things that can be done to make the most of whatever resources are available to devote to CSR. African organizations that are investing in CSR should leverage that investment to improve both employee perceptions of the organization and customer perceptions.

First, communication about the CSR investment and what the tangible positive outcomes are of that investment will help employees better understand the contributions the organization is making. After all, employees can't be proud of something they aren't aware of. Additional communication about CSR initiatives is likely to be especially important for those at the lower levels in the organization who report lower levels of perceived CSR and organizational commitment. They might not be aware of all of the CSR initiatives underway that the C-suite knows about. It is easy for high level managers to forget that not everyone knows what they know. Organizational leaders should publicize these efforts to maximize internal benefits from CSR initiatives. At the same time, your employees will detect if you're making a fuss about nothing, so be sure that the programs and policies are actually making a difference (e.g., show how much money or paper is saved through initiatives to reduce paper waste), and that your CSR initiatives are really something to be proud of.

In additional to publicizing the organization's CSR efforts, get your employees involved. When possible, provide opportunities for employees at all levels to give input about which types of initiatives are important to them, and to participate in the efforts. Companies that do CSR well are those that have it embedded into employees' jobs. There are multiple advantages to doing this. Employees may come up with really innovative ideas for how to make a positive impact in the community and meet a business need at the same time. Also, investing in the initiatives that are important to your employees will increase the importance they attach to CSR, and the commitment they have to your organization. Getting your employees involved in this way is consistent with the principles of participative management, and the idea that employees prefer work environments where they can make a contribution to work they find meaningful.

Conclusion

Done correctly, companies in Africa have enormous potential to affect change in their communities and the environment by investing in CSR initiatives. Our data from respondents in Africa demonstrate that CSR matters to employees, but not as much as some of the basics like job satisfaction. Leaders across Africa need to be aware of what pay-offs they can expect to get from an investment in CSR, and it should be noted that a miraculous improvement in retention rates is not likely to be one of them. Though immediate benefits might be few, it is likely that the importance of CSR will increase in years to come as people become more interested in the social and environmental effects of corporations. Leaders who stay aware of CSR and the implications for their organizations will be able to make the most informed decisions.

Endnotes

[1] For a complete definition of corporate social responsibility and a description of leadership practices see: Quinn, L. and Van Velsor, E. (2010). Developing Globally Responsible Leadership; <u>CCL Handbook of Leadership Development, 3rd edition</u>, Van Velsor, E., McCauley, C., and Ruderman, M. (Eds), San Francisco, CA: Jossey-Bass/Wiley

[2] E.g., Lichtenstein, D.R., Drumright, M.E., & Braig, B.M. (2004). The effect of corporate social responsibility on customer donations to corporate-supported nonprofits. *Journal of Marketing, 68*, 16-32.

[3] E.g., Luo, X., & Bhattacharya, C.B. (2006). Corporate social responsibility, customer satisfaction and market value. *Journal of Marketing, 70*, 1-18.

[4] Brammer, S., Millington, A. & Rayton, B. (2007). The contribution of corporate social responsibility to organizational commitment. *Int. Journal of Human Resource Management, 18*, 1701-1719.

[5] The importance of a strong personal connection between employees and their organizations is also demonstrated in the QuickView Leadership Series: Focus on Africa report entitled *Workplace Attitudes – Positive Managers, Positive Organizations*.

[6] Data from 374 managers and professionals from Africa was collected between April 2008 and November 2010.

[7] For a review see Kacmar, K.M., Carlson, D.S., & Brymer, R.A. (1999). Antecedents and Consequences of Organizational Commitment: A Comparison of Two Scales. *Educational and Psychological Measurement*, 59, 976-994.

[8] On a 5 point scale, women rate CSR on average 3.90 and males rate CSR on average 3.88, $t=2.08(368)$, $p=.835$.

[9] This gender finding is also consistent with a finding from the previously cited Brammer et al study.

[10] There were too few born before 1945 (Silents) and after 1982 (Millennials) to include in this analysis. Gen Xers are defined as those born between 1964 through 1981; Late Boomers are between 1955 and 1963 and Early Boomer are between 1946 and 1954.

[11] Using ANOVA with CSR as dependent variable. , $F(2, 353)=1.540$, $p=.216$.

[12] Using ANOVA, tested interaction between generation and CSR. Model included affective commitment as dependent variable. Fixed included organizational level, generation, and gender. Covariates included corporate economic status, job satisfaction, pay satisfaction, trust in the organization, and corporate economic status. Generation x CSR not a significant interaction, $F_{(2, 1732)}=.992$, $p=.371$.

[13] Deal, J. *Retiring the Generation Gap*. Jossey-Bass/Wiley, 2007.

[14] Despite what appears to be a significant difference between the levels of management and the Middle/Professional group, we find no significant differences in perceptions of CSR by organizational level. Using ANOVA with CSR as dependent variable and organizational level, generation, and gender as fixed factors, controlling for affective commitment, job satisfaction, corporate economic status, trust in the organization, and pay satisfaction. Organizational level is not significant in this model, $F_{(8, 317)}=1.5$, $p=.171$.

[15] Top=Top of the organization, e.g. C-suite position; Executive=VP or Director; Upper Middle=Manager; Middle/Professional=Supervisor or Professional in a non-managerial position.

[16] Based on MANOVA. Dependent variable scale was "intention to turnover". Fixed factors were organizational level, gender, and generation; covariates were job satisfaction, corporate economic status, organizational commitment, CSR, organizational trust, and pay satisfaction. CSR not significant in this model, $F_{(1, 317)}=3.65$, $p=.057$

About the Authors

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Sarah Stawiski, Ph.D., is a Postdoctoral Research Fellow at the Center for Creative Leadership (CCL) in Greensboro, NC. Sarah's work focuses on how small group processes and organizational culture influence decisions, behaviors, and attitudes within organizations. Before coming to CCL, Sarah worked for Press Ganey Associates, a healthcare quality improvement firm. She holds a B.A. in Psychology from the University of California, San Diego, and a M.A. and Ph.D. in Applied Social Psychology from Loyola University Chicago.
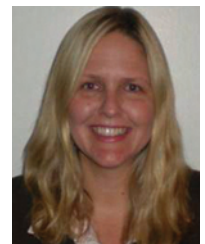
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