

# How Employee Perceived Corporate Social Responsibility Influence Organizational Commitment and the Subsequent Outcome - A Study in Retail Industry in Bangalore City

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**ABSTRACT** - The purpose of this study is to focus on how corporate social responsibility (CSR) develops positive emotions among employees through organizational commitment and the subsequent outcome like employee satisfactions and lower turnover intention. Corporate Social Responsibility practices have a significant influence on employees. The study aimed to investigate the how employee perception of corporate social responsibility (CSR) effects on employees. This study primarily involved a survey, comprised of a questionnaire concerning the perception of CSR, organisational commitment, job satisfaction and turnover intentions. Questionnaire was used to collect data from employees of retail companies in Bangalore City. The results of this research indicate that CSR contributes to increase organisational commitment of employees and thus the outcomes like lower propensity of turnover intentions and job satisfaction.

**Keyword:** Corporate Social Responsibility (CSR), Job satisfaction (JS), Organisational Commitment (OC), Employee turnover intentions.

## I. INTRODUCTION

Corporate Social Responsibility is a very important human resources management strategy which increases employee commitment and thus increases employee satisfaction which also leads to lower turnover intention. Companies have begun to notice that work force and social security rights are the keys for Corporate Social Responsibility concept. Therefore, companies are now working towards increasing employee commitment and employee satisfaction. The concept of Corporate Social Responsibility is recently followed by all the companies because companies have started to understand they can grow not only with financial investment, but they can also grow with focus on social problems. Many companies have started to evaluate CSR principles in order to compete better in the global market and to promote products and services by emphasizing corporate social responsibility activities. Retail industry play a crucial role in equitable development and facilitating economic advancement in the country. Hence by sheer proximity, Retail sector has control over social impact, a growing number of initiatives designed to involve Retail industries in the CSR program.

## II. LITERATURE REVIEW

Corporate social responsibility (CSR) is approach as a modern concept and a business practice and discussed conceptually in philosophic discussions and also it is a 19th

century philanthropic activities. (L' Etang, 2002)<sup>9</sup>. According to Kotler, social responsibility is optional business practices and an undertaken commitment to recover social welfare with the contributions of corporate sources, also says that the corporate social responsibility activities are not obligatory business practices but they are voluntarily done activities(Kotler and Lee, 2004)<sup>8</sup>. The firms must pursue the values and aims of the society in their business activities, fulfil the decision that they take in this sense and, continue the policies while performing social responsibility. (Maignan and Ferrel, 2004: 17)<sup>10</sup>

Employee satisfaction is a concept that gained value in 1930's and 1940's. It is an very important concept because it related with life satisfaction. This is because work satisfaction affects both mental and physical health of people. On the other hand, it has a direct relationship with productivity (Sevimli and Işcan, 2005)<sup>16</sup>. Work satisfaction also affects the decision of employees to stay in the same company or leave the job. Employees' decision to leave the job is an individual decision that is made in a short time; however, decision to stay in the business is a decision that is planned in long term (Tett and Meyer, 1993)<sup>18</sup>. Researches show us that employees do not consider leaving the job as soon as companies fulfil their responsibilities that they promise (Cho et all, 2009)<sup>5</sup>. Employees' idea of leaving the job can disappear if human resources. There is an significant analysed relationship between corporate social responsibility

and job satisfaction for the period of 1999 to 2007 on 850 US companies. (Blazovich and Smith ,2010)<sup>4</sup>.

Employee commitment is a pattern of behaviour in which employee desires to be a permanent staff of the company and it is shaped based on the relationship of employee with the company (Meyer and Allen 1997.)<sup>2</sup>. Nowadays, companies in the global market move beyond subsidizing the employees and they have started to include them in the issue. High organizational commitment among employees lowers the propensity toward job turn- over and absenteeism (Hunt, Chonko, & Wood 1985)<sup>7</sup>, thus producing higher attendance, job effort, and performance, which ultimately increases desire and intent to remain with the organization. Commitment to organization is related positively to a variety of desirable work outcomes including employee job satisfaction, motivation and performance, and related negatively to absenteeism and turnover (Mathieu & Zajac, 1990)<sup>11</sup>.

Employee JS and OC have been negatively related to actual turnover and intention to leave (Arnold and Feldman, 1982)<sup>1</sup>, and positively among them (Bluedorn,1982)<sup>12</sup>. Although JS correlates more strongly than commitment to TI, they both make a unique contribution to it (Tett and Meyer, 1993)<sup>18</sup>.

### 2.1 Hypothesis

Based on the above literature the following hypothesis are framed

1. Employee’s perception of CSR has a significant influence on Organisational commitment
2. Organisational commitment increases employee job satisfaction
3. Organisational Commitment lowers employee turnover intentions.
4. Employee’s perception of CSR brings outcomes employee job satisfaction and lowers turnover intention.

## III. METHODOLOGY AND ANALYSIS

### 3.1 Conceptual Framework

In the construction of conceptual framework, the independent variables are employee’s perception of corporate social responsibility; the mediator is organisational commitment and the dependent variables are intention of employee turnover and employee satisfaction. Corporate social responsibility influence on organisational commitment and thus the results are the outcome of lower turnover intentions and employee satisfaction. The relationships of these variables in the study are acquired through the literature review. As a result the conceptual framework is presented as figure3.1, Hypothesis 1 to 4 were verified by regression analysis while SEM was used to test the model’s goodness of fit.

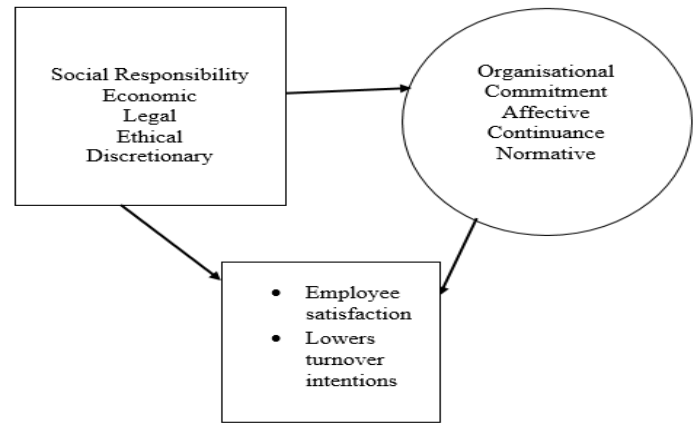


Figure 1: Conceptual framework

### 3.2 Definitions

Mowday, Steers and Porter (1979)<sup>12</sup> defined OC as the relative strength of an individual’s identification with the involvement in a particular organization which can be defined by three factors: A strong belief in and acceptance of the organization’s goals and values, A willingness to exert considerable effort on behalf of the organization, A strong desire to maintain membership in the organization. What it means is, an organizationally committed individual will tend to exhibit the three types of behaviour identified above.

Mohr et al. (2001)<sup>1</sup> which describes CSR as a company’s commitment to minimizing or eliminating any harmful influence and maximizing its long-run beneficial impact on society.

Britt & Jex (2008)<sup>17</sup> describe job satisfaction as the thoughts, feelings, and behaviours employees hold toward aspects of their job

Turnover intention can be defined as “conscious and deliberated wilfulness of an individual toward voluntary, permanent withdrawal from the organization” (Tett and Meyer, 1993, p. 262)<sup>18</sup>.

### 3.2 Data Collection

Convenience sampling method was chosen for conducting the questionnaires on respondent. The research population is composed of managers from Retail industry in Bangalore City. Over 150 questionnaires were delivered to the managers. After deducting the incomplete questionnaires there were 100 valid questionnaires. The participants were represented by 60 males and 40 females. Most of them are at the age of 20 to 30 and 30 to 40 years old. Almost 140 employees are working in the organisation for more than 4yrs.

### 3.3 Measurement Tool

In the present study, The scale used to measure Organisational Commitment is Organisational commitment questionnaire Meyer and Allen (1991)<sup>2</sup>. The organisational commitment questionnaire consists of nine items. The corporate social responsibility scale used is (Turker, 2009)<sup>19</sup>. The Brayfield-Rothe Job Satisfaction Index (1951), as modified by Homburg and Stock (2004)<sup>6</sup> was used to assess

job satisfaction of the employees and it was consistent with our conceptualization of this construct. The job satisfaction index contains 6 items related to Job satisfaction. In this study, the instrument that was used to measure the turnover intentions of individuals, which is an employee’s desire to leave a company, was the turnover intention scale. In 2004, Roodt developed the turnover intention scale in an unpublished document and Jacobs and Roodt (2008)<sup>15</sup> later published the instrument in their literature. The original version of the turnover intention scale, developed by Roodt (2004)<sup>15</sup>, contained 14 items and used a 5-point Likert scale for measurement (Martin & Roodt, 2008)<sup>15</sup>. However, Jacobs and Roodt (2008), in their study predicting the turnover intentions of professional nurses, listed an updated version of the turnover intention scale that included 15 items on a 5-point Likert scale. Bothma and Roodt (2013)<sup>15</sup> later published a shortened version of the scale, known as TIS-6, which included six items from the 15-item scale (Bothma & Roodt, 2013)<sup>15</sup>. The six-item version of Professor Roodt was used for this study.

### 3.4 Objectives of the Study

The objectives of the study framed are

1. To study the influence of perceived corporate social responsibility on organisational commitment
2. To understand the outcome of the corporate social responsibility on organisational commitment
3. To analyse organisational commitment as mediator to increase employee satisfaction and lowers turnover intentions.
4. To analyse employee satisfaction and turnover intentions as outcomes of corporate social responsibility.

## IV. FINDINGS, ANALYSES AND RESULTS

### 4.1 Demographic Characteristics of Employees

In this section, demographic characteristics of the employees (such as gender, age, tenure) and 40.0% are female, 60% are male; 52% are between the ages of 20 and 30, 40% are between 31 and 40 and the other 8.0% are between 41 to 50 and 43% employees are working the organisation for 1-5yrs, 40% are Working for 5-10yr, 10% are working for 10-15yrs and 7% are working for 15yrs and above.

		n	%
Gender	Female	40	40
	Male	60	60
Age	20-30	52	52
	31-40	40	40
	41-50	8	8
Tenure	1-5yrs	43	43
	5-10yrs	40	40
	10-15yrs	10	10
	15yrs and above	7	7

Table 1 – Demographic Characteristics of Employees

#### Descriptive statistics

No	Item	Mean	Standard deviation
Organisational Commitment			
1	Affective commitment	3.54	0.6519
2	Continuance Commitment	3.73	0.8534
3	Normative Commitment	2.80	0.5543
Average		3.3	6049

Table 2 – Descriptive analysis of organisational Commitment

No	Item	Mean	Standard deviation
Corporate Social Responsibility			
1	Economic	4.25	0.8524
2	Legal	3.25	0.7352
3	Ethical	3.46	0.7854
4	Discretionary	3.12	0.60011
Average		3.314 0	0.76322

Table 3 - Descriptive analysis of Corporate Social Responsibility

From the Table (2) the means range was (2.85- 3.76), the highest means was for the item Continuance Commitment with a mean 3.73 and STD of (0.8534) while the lowest is Normative Commitment with a mean of (2.80), and STD of (0.5644) overall mean was (3.17) with STD of (0.6765).

From the Table (3) the means range was (3.12- 4.25), the highest means was for the item Economic with a mean 4.25 and STD of (0.8524) while the lowest Discretionary with a mean of (3.12), and STD of (0.60011) overall mean was (3.314) with STD of (0.78612)

### 4.2 Regression Analysis

#### Employees perception of CSR on Organisational Commitment

Independent variable	Dependent variable			
	Affective commitment	Continuance Commitment	Normative Commitment	
C S R	Economic	0.163	0.156	0.074
	Legal	0.286	0.43	0.36
	Ethical	0.287	0.234	0.152
	Discretionary	0.187	0.189	0.065
R <sup>2</sup>	0.256	0.232	0.034	
Adj-R <sup>2</sup>	0.234	0.167	0.067	
F-Value	14.456	13.607	2.345	
D-W value	1.867	1.775	1.762	

p<0.05, p<0.01, p<0.001

Table 4 – Regression Analysis, employees perception of CSR on organisational commitment.

As shown in the table 4, The impact of CSR on Organisational commitment is significant and the factors of organisational commitment are significant. The regression of CSR with the organisational commitment for affective commitment  $p < 0.001$  and  $R^2_{adj} = 0.234$ , Economic ( $\beta = 0.286$ ,  $p < 0.05$ ) is a significant positive predictor in this equation, Discretionary ( $\beta = 0.187$ ,  $p < 0.05$ ) shows significant impact. Legal (Continuance commitment  $p < 0.001$  and  $R^2_{adj} = 0.167$ , Ethical ( $\beta = 0.287$ ,  $p < 0.05$ ), Continuance Commitment  $p < 0.001$  and  $R^2_{adj} = 0.167$ ), Legal ( $\beta = 0.43$ ,  $p < 0.05$ ), Ethical ( $\beta = 0.234$ ,  $p < 0.05$ ), Discretionary ( $\beta = 0.189$ ,  $p < 0.05$ ) shows positive impact. Normative Commitment  $p < 0.001$  and  $R^2_{adj} = 0.034$ , Legal ( $\beta = 0.074$ ,  $p < 0.05$ ), Ethical ( $\beta = 0.152$ ,  $p < 0.05$ ), Discretionary ( $\beta = 0.065$ ,  $p < 0.05$ ), Economic ( $\beta = 0.074$ ,  $p < 0.05$ ). From the table 2 it is clearly shows organisational commitment has positive impact on CSR variable.

**Organisational Commitment on Turnover Intention and Employee Satisfaction**

Independent variable		Dependent variable								
		Turnover Intentions				Employee Satisfaction				
		TI1	TI2	TI3	TI4	ES1	ES2	ES3	ES4	ES5
OC*	Affective commitment	0.273	0.263	0.21	0.256	0.29	0.263	0.121	0.2	0.22
	Continuance Commitment	0.294	0.255	0.291	0.294	0.19	0.214	0.259	0.2	0.21
	Normative Commitment	0.287	0.177	0.232	0.282	0.27	0.245	0.211	0.2	0.21
R		0.156	0.154	0.167	0.193	0.13	0.126	0.115	0.2	0.11
Adj-R		0.218	0.232	0.118	0.294	0.25	0.249	0.208	0.2	0.22
F-Value		14.46	15.656	13.456	14.46	14.8	14.311	12.46	14	15
D-W value		1.732	1.732	1.732	1.732	1.73	1.732	1.732	1.7	1.73

$p < 0.05$ ,  $p < 0.01$ ,  $p < 0.001$ , \*organisational commitment

Table 5 - Regression Analysis – CSR on Turnover intentions and Employee satisfaction

**Turnover Intentions**

- How often have you considered leaving your job (TI1)
- To what extent is your current job satisfying your personal needs? (TI 2)
- How often are you frustrated when not given the opportunity at work to achieve your personal work-related goals? (TI 4)
- How often do you dream about getting another job that will better suit your personal needs? (TI 5)

**Employee Satisfaction**

- I feel fairly satisfied with my present job (ES 1)
- Most days I am enthusiastic about my work. (ES 2)
- Each day of work seems like it will never end (ES 3)
- I find real enjoyment in my work (ES 4)

The table 5 shows the regression analysis of organisational commitment on Turnover Intention and Employee Satisfaction. The Organisational commitment is positive significant impact on Turnover Intention and Employee Satisfaction. The regression of organisational commitment, affective commitment  $p < 0.001$  and  $R^2_{adj} = 0.218$ , Turnover intention (T1) ( $\beta = 0.273$ ,  $p < 0.05$ ), Turnover intention (T2) ( $\beta = 0.263$ ,  $p < 0.05$ ), Turnover intention (T3) ( $\beta = 0.21$ ,  $p < 0.05$ ), Turnover intention (T4) ( $\beta = 0.256$ ,  $p < 0.05$ ), on Employee satisfaction (ES1) ( $\beta = 0.286$ ,  $p < 0.05$ ), Employee satisfaction (ES2) ( $\beta = 0.263$ ,  $p < 0.05$ ), Employee satisfaction (ES3) ( $\beta = 0.121$ ,  $p < 0.05$ ), Employee satisfaction (ES4) ( $\beta = 0.244$ ,  $p < 0.05$ ), Employee satisfaction (ES5) ( $\beta = 0.223$ ,  $p < 0.05$ ). Similarly the Continuance Commitment and Normative Commitment has significant impact on Employee satisfaction and employee turnover intention. Thus it shows the employees have lower intention to leave the company.

I consider my job rather unpleasant (ES 5)

**V. RESULTS AND DISCUSSION**

Results can be concluded that all the hypotheses were supported. The result proved that all the independent variables have significant positive impact dependent variable. The results from the Regression analysis, Correlations are used to prove the hypothesis.

The first hypothesis is *Employee’s perception of CSR has a significant influence on Organisational commitment*: The regression analysis shows significant positive impact on Organisational commitment. Thus the perception of CSR in an organisation increase the organisational commitment among the employees.

The second hypothesis *Organisational commitment increases employee job satisfaction* also proved using the regression analysis. (Table 5). Strong positive relationships have been observed between organisational commitment and desirable work outcomes such as performance, adaptability and job satisfaction (Mowday, Porter & Dubin 1974)<sup>12</sup>.

Different research results shows that satisfied employees tend to be committed to an organisation, and employees who are satisfied and committed are more likely stay in the organisation. According to Kotze and Roodt (2005)<sup>15</sup>, a strong correlation has been empirically established between job satisfaction, employee commitment and retention.

The third hypothesis *Organisational Commitment lowers employee turnover intentions*. The regression analysis shows employee perception of CSR brings positive impact on organisational commitment. There is a strong connection between organizational commitment, job satisfaction and turnover intention. People who are more committed to an organization are less likely to leave their job.

Many Research has also found that organisational commitment is positively correlated with job satisfaction and positively correlated to turnover intention By increasing organisational commitment, organisations can have a positive influence on factors such as job satisfaction and turnover intention (Allen & Meyer, 1990; McFarlane Shore & Martin, 1989)<sup>2,14</sup>. Thus Organisational commitment lowers the turnover intentions. Thus they stay back in the organisation which is very important for the organisational performance.

The fourth hypothesis *Employee’s perception of CSR brings outcomes employee job satisfaction and lowers turnover intention*.

**Correlations**

		Organisational Commitment
Employee satisfaction	Pearson Correlation	.719**
	Sig. (2-tailed)	0
	N	100
Turnover Intention	Pearson Correlation	.670**
	Sig. (2-tailed)	0.01
	N	100

Table 5 – Correlation Analysis

For this hypothesis the correlation analyses results is used. Table 5 shows the correlation analysis. The correlation analysis results shows the employee organisational commitment has positive impact on employee satisfaction and turnover intention. The organisational commitment have direct influence on CSR which is proved by the regression analysis from the table (4). Thus CSR also have impact on Employee satisfaction and lower turnover intentions through organisational Commitment. The employee satisfaction and the turnover intention are the outcomes of impact of CSR on Organisational commitment.

**VI. CONCLUSIONS**

This study investigated how the perceived CSR impact on Organisational commitment. The outcome of this relationship is employee satisfaction, lower turnover

intentions. From this study it is concluded that the perception of employees of retail industry in Bangalore City is positive as they support and are satisfied with the CSR by their organization. This satisfaction with the CSR activities causes job satisfaction and lower turnover intention through organizational commitment which is clear from the data analysis. It means the employees are concerned about their society. The literature review also supported the hypothesis that there exist a positive relationship between CSR and organizational commitment and also employee satisfaction. The theoretical framework of this research work is supported by its empirical result. Four hypothesis are framed and all four hypothesis are proved by using the results of regression analysis and correlation analysis. The data analysis provided the proof that for the employees of retail industry in Bangalore, there exist a positive relationship between the variables.

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