

CORPORATE SOCIAL RESPONSIBILITY AND EMPLOYEES COMMUTMENT IN NEPALESE ORGANIZATION

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Abstract

The effect of corporate social responsibility on employee commitment in Nepalese service and manufacturing sectors is investigated in this study. The primary sources of evidence were used to determine the respondents' views on the various impacts of corporate social responsibility. A total of 280 respondents took part in the survey. The findings were tested using a descriptive and analytical research design. A standardized questionnaire has been prepared to achieve the study's aim. The meaning and effect factors was tested using correlation coefficients and regression models. The findings suggest that corporate social responsibility and employee engagement have a strong and meaningful relationship. This study concludes that increase in components of corporate social responsibility leads to increase in employee commitment in the organization.

Key words: Corporate Social Responsibility, Stakeholders, Customer's, Employee and Employee commitment.

Introduction

Since a business enterprise enters, expands, and persists in community through compelling capital, it is known as an accessible social institution. As a result, no business organization can jeopardize the desires of its stakeholders. Corporate social responsibility is ingrained in the company's DNA. The theory of corporate social responsibility (CSR) has a long and varied tradition. For decades, proof of the corporate community's regard for humanity may be seen. Furthermore, despite the fact that CSR ideas can be found all over the world. Business is regarded as human obsessed entity; without employee no organization is thinkable, the success of business highly relies on the deployment of human resource and successful commencement of business is anticipated by highly committed employees'. Various factors affect employees' commitment, these factors include organizational rewards both monetary and non-monetary, supervisor support, career development opportunities, work-family support, favorable job conditions and corporate social responsibility.

In terms of environmental principles and voluntary approaches to sustainability, corporate social responsibility (CSR) has been a source of considerable debate and concern for the past three decades. This controversy is a product of the proliferation of various CSR conceptualizations. The principle of stakeholder theory is at the heart of CSR. Stakeholders, behaving officially or informally, personally or jointly, are an important part of the firm's external climate and can have a positive or negative effect. (Murray & Vogel, 1997).

Since employees are among the most important capital of any organization, various studies have investigated the importance of employees in corporate social responsiveness (Albinger and

Freeman,2000). Though there are various factors that affect to the employees' commitment, in this study researcher will try to explore the relationship between corporate social responsibility and employees' commitment.

CSR has been practiced by some companies in Nepal. At present, many businesses in Nepal have integrated CSR and humanitarian activities into their day to day operations. The consciousness of social responsibility has led them to share profit with the society and getting engaged in multiple areas of social well-being. Businesses themselves increasingly recognize that their future profitability and 'license to operate' depend on their willingness to assume responsibility for the social and environmental consequences of their global footprint. But as civil society's awareness of the need for corporate social responsibility (CSR) increases, as regulators and auditors place increasing pressures on companies and as institutional shareholders become more pressing in their demands for adequate risk management, companies find themselves in urgent need of assistance (Mathiason 2006).

The Corporate social responsibility (CSR) is one of the hotly debated topics in today's highly competitive business world. The concept has long evolved from being merely a "nice but optional" activity to virtually mandatory for many companies, and as such, these companies nowadays exercise increased willingness to act responsible towards key social issues. Reputation, brand image, ethical consideration, economic considerations, increased shareholder value, improved relationship with suppliers and government, and risk management are amongst many reasons for companies actively integrating CSR with their business plan (KPMG, 2011).

Issues of the Study

The concept of employee organizational commitment (EOC) has been an area of interest amongst scholars for many years. In Nepalese organizations, the economic influence of CSR is emerging, as they transition from philanthropic to strategic goals. Despite government attempts to accomplish MD targets, businesses in Nepal are consciously or unknowingly leading to the achievements of some of these goals. Employees are mostly in agreement that the company's attempts to support CSR have a positive impact on long-term operational success. (Adhikari, Gautam,& Chaudhari,2016).

With the importance of both CSR and Organizational performance apparent, investigating the link, if any, between the two concepts is bound to be subject worthy of study.

Although CSR problems are attracting a lot of interest in developed countries, there is a need for more CSR studies in developing countries. CSR is seeing a lot of attention in Nepalese academic and business circles these days. This study primarily focuses on the following research issues:

- Is there any relationship between corporate social responsibility on employee commitment in Nepalese manufacturing and service sectors?
- What is the impact of corporate social responsibility and employee commitment in Nepalese manufacturing and service sector?

Objectives of the Study

Utilizing their CSR efforts, companies can enable opportunities not only to increase brand awareness and strengthen their relationship with suppliers and government bodies, but also to influence their employees' commitment and motivation to the organization. The impact of CSR on employees' commitment to the organization, is studied across various geographical boundaries including Malaysia (Viswesvaran, Deshp & Milman, 1998), USA (Peterson, 2004), UK (Brammer et al., 2007), Chile (Rodrigo & Arenas, 2008), Turkey (Turker, 2009a), Romania (Stancu, Grigore & Rosca, 2011), Greece (Samanta, Kyriazopoulos, & Pantelidis, 2013), and South Korea (Moon, Hur, Ko, Kim, & Yoon, 2014). However, existing literatures provide little evidence of study on the link

between CSR and employees' commitment to work in Nepal. This perhaps is partially due to the immaturity of the development of CSR in Nepal relative to the rest of the world (Sweeney, 2007).

The study's key goal is to look at the relationship between CSR and employee engagement in the Kathmandu valley's different service sectors. As a result, the study's basic goals have been formulated as follows:

1. To analyze the relationship between corporate social responsibility and the employee commitment in selected organization.
2. To examine the impact of corporate social responsibility and employees' commitment in selected organizations.

Significance

The study has two-fold benefit. To begin with, the aim of this research is to contribute to the current literature by exploring the relationship of CSR on EC in the Nepalese manufacture and service firms. Second, the researcher hopes that the findings of this study can provide business practitioners with insights into how to influence and motivate their workers by CSR.

Literature Review

The concept and the definition of corporate social responsibility (CSR) have evolved extensively in the past couple of decades. Amongst many scholars who have studied under the concept, Carroll (1979). The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has on organizations at a given point in time.

As more and more emphasis is placed on the corporate responsibility beyond the economic obligation of making profit for the benefit of their shareholders, theories and concept of organizations' obligations to stakeholders evolved amongst scholars and researchers. A theory of CSR from the perspective of stakeholder management was developed by Edward Freeman in the early 1980s.

Freeman (2010) asserted that Shareholders, consumers, workers, vendors, the financial sector, rivals, and government agencies can all be stakeholders, as well as advocacy organizations, consumer advocate groups, unions, labor councils, and political groups, depending on the size of the company. Following the rise of stakeholders' theory, many scholars have studied stakeholders' role in motivating the implementation of CSR initiatives (Ditlev-Simonsen & Wenst 2013), the impact of CSR programs on stakeholders' attitudes and behaviour (Peloza & Shang 2011, Zaharia & Zaharia, 2013).

In light of such theoretical advancements, businesses are increasingly being pressured to act professionally against their broader community, which includes not only owners, but also workers, customers, and buyers. Companies have aimed to build competitive resources, such as executive appeal and a more dedicated workforce, by leveraging the recognition of such obligations. (Brammer, Millington & Rayton 2007).

Greening and Turban(2000), Albinger and Freeman (2000), Viswesvaran *et al.*, (1998) and Turban and Greening (1997). Greening and Turban (2000) companies with positive corporate social performance status have the ability to attract quality workforce, especially if this status is valuable, rare and unique. Furthermore, the applicants will pursue jobs and have better chances accepting the jobs with such companies, therefore, the authors suggest that companies should communicate their ability to offer a work atmosphere that encourages socially responsible activities and encourages employees' self-concepts and social identities.

Based on this filtering mechanism, the authors concluded that companies with high levels of CSR have the ability to attract the most qualified workforce.

Turban and Greening (1997), completed by administering a survey to students enrolled in management classes, found that for the majority of career candidates, certain aspects, such as care of women and minorities and employee relations, were better indicators of working conditions than others, such as environmental interest. The extent of which corporate social performance attracts prospective quality workforce was also investigated in the study by Albinger & Freeman (2000).

Farooq. et al., (2019) identified CSR was as a deciding factor in employee turnover intentions. The framework proposed in this study will help researchers better understand how internal and external CSR, as well as CSR in combination, affects employee commitment.

Hameed et al (2016) analyzed on the importance of understanding such mechanisms in relation to employee outcomes was emphasized. Investigating these alternative mediation mechanisms may also help firms improve their ability to manage the impact of CSR initiatives. (Shen & Zhang 2019; Farooq M et al. 2019). CSR, according to this study, generates a number of mediators that influence organizational commitment because it entails a variety of actions taken by businesses to target various stakeholder groups. (Shen & Zhang 2019). This study will distinguish between internal and external CSR activities in order to better understand how these different types of CSR activities influence organizational commitment.

Story and Castanheira,(2019) studied on the constructive effects of corporate social responsibility (CSR) policies have been noted. A recent study looked at the effect of CSR practices on employee behavior and found that they had a positive impact. The authors investigated the association between perceived CSR behaviors (external and internal) and employee success using a study of 190 supervisor-subordinate dyads, as well as two mechanisms that clarify this relationship. Specifically, the authors also studied if this relationship was mediated by employees' job satisfaction and affective commitment. The findings show that there is a clear correlation between external CSR expectations and efficiency, with work satisfaction serving as a partial mediating factor. Furthermore, internal CSR expectations are linked to higher success through job satisfaction, implying complete mediation. However, despite the fact that both internal and external CSR were linked to affective commitment, affective commitment did not serve as a mediator in the CSR-performance relationship. The paper concludes with implications for practice and shortcomings of this research.

Aguinis et al., (2020) critically synthesized and combined philosophical and empirical analysis on the behavioral perspective on corporate social responsibility (CSR) and explain why it is useful and important, particularly in light of the COVID-19 pandemic. The authors discuss that CSR may have both positive and negative consequences, as well as potential study directions and policy recommendations. The emphasis of this research is on a critical literature analysis and synthesis. Organizations establish CSR strategies in reaction to COVID-19, but individual workers adopt them. Employee perceptions and reactions to CSR initiatives are critical determinants of CSR's adoption and performance. CSR may be integrated with or separate from a company's core operations. Although embedded CSR has been linked to a number of positive outcomes when properly applied in collaboration with workers, peripheral CSR has been linked to the "dark side" of CSR which may lead to negative employee outcomes. The authors detail forms of CSR actions that governments and companies should enact and their relative efficacy, as well as why "one size fits all" top-down CSR does not succeed, how businesses can use human resource management strategies to re-engage workers by finding value in work, and the "black side" of CSR, all against the backdrop of the COVID-19 pandemic. The majority of CSR literature has centered on when and why businesses want to participate in CSR. From an employee-centric philosophical construct, a behavioral viewpoint on CSR promotes a better understanding of when and why employee reactions contribute to positive and unexpected negative results, particularly during the COVID-19 pandemic.

Theoretical Framework

The essence of the relationship between the dependent and independent variables in this analysis is depicted in the model below. Employee engagement is a dependent variable in this analysis, while CSR activities are independent variables.

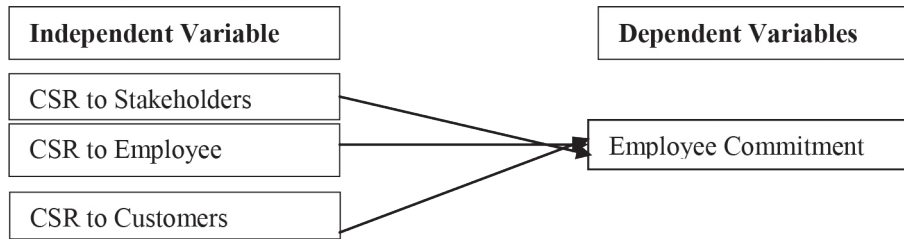


Figure 1. Theoretical framework.

Operational Definition of Variables

In this study employee commitment has been undertaken as dependent variable and components of CSR such as CSR to stakeholders, CSR to Employee and CSR to customers are considered as independent variables.

Dependent Variable

The dependent variable in this study is the level of EC. Previous studies provide variations of Organizational Commitment Questionnaire (OCQ) in measuring the EC (Balfour & Wechsler 1996, Dunham, Grube, & Castaneda 1994, Allen and Meyer 1990, Mowday *et al.*, 1979). Allen and Meyer (1990) examined a pool of 66 OCQ items, a combination of, the authors’ previously written items, items from Mowday *et al.*, (1979), and items from other authors.

Independent Variables

The independent variable in this study is the level of corporate social involvement, as perceived by the employees. Existing literature provides models and scales to measure CSR across various factors including; market and cultural settings (Quazi & O’Brien 2000) and economic, legal, ethical and discretionary (Maignan and Ferrell 2000). Combining scale items from the studies from Carroll (1979).

The current study is to evaluate CSR across following three dimensions such as CSR to stakeholders, CSR to employees and CSR to customers

Research Design

The aim of this analysis is to analyze the relationship between corporate social responsibility and employee engagement using a comprehensive and empirical research design. The aim of this research is to see how perceived CSR affects employee loyalty. Self-administered and systematic questionnaires were used to gather primary data. Nepal Telecom and Panchakanya Group have been chosen as research subjects. This research primarily focuses on employee commitment and perceptions of CSR operations. Regression and correlation analyses are used to assess the intended interaction. In correlation with the objectives of this study, the sampling frame is aimed at working professionals in Kathmandu, due to limitations on time and access, convenience and judgmental sampling technique, through a combination of convenient and voluntary sampling, was employed for this study. There are four telecommunication companies and one thousand seventy-eight manufacturing companies in Nepal, out of these companies, one telecom company named Nepal Telecom and one manufacturing company named Panchakanya Group have been selected

for this study. The researcher's self-selected and granted access samples include different levels of Nepal Telecom and Panchakanya Group employees. Well-structured 280 questionnaires were circulated to the respondents during the study, for a total of 700 respondents. The data was gathered by a fieldwork, in which a sample of standardized questionnaires and an opening statement was circulated to workers face-to-face during their working hours. Throughout the study, the researcher had sole custody of all captured records, both hard copies and soft copies, and this would continue unless otherwise ordered. In addition, 300 people took part in the study, with 20 of them returning incomplete questionnaires. However, 280 full questionnaires were returned, resulting in a 94 percent response rate. Questionnaires were circulated to NTC and Panchakanya Group workers at three levels: top level, middle level, and junior level.

Analysis Tools

The informative and inferential statistics methods are used to analyze the primary data obtained from the respondents. In this study, descriptive statistics are used to measure the mean, standard deviation, and rank of the different products, while inferential statistics are used to calculate the correlation and regression coefficient. SPSS20 has been used to evaluate and classify the data in this analysis.

Test of Reliability

Reliability is a measure of the stability or consistency of test scores. Anyone can also think of it as the ability for a test or research findings to be repeatable. In this study to check the reliability of collected data Cronbach’s alpha was used, it measures internal reliability for tests with multiple possible answers. The aggregate Cronbach’s alpha of reliability statistics for four variables shows 0.842.

Reliability Statistics

Cronbach's Alpha		N of Items		
0.842		4		
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Employee Commitment	11.7023	5.246	.417	.803
CSR to Stakeholder	10.7390	3.125	.813	.735
CSR to Employee	10.8252	2.247	.865	.733
CSR to Customers	10.3690	3.379	.814	.743

Model

This study is based on the following simple regression model.

$$EC_i = \beta_0 + \beta_1 SNSS_i + \beta_2 CSRC_i + \beta_3 CSRE_i + e_i$$

Where

EC= Employee commitment.

β_0 = Constant

SNSS_i= Social and Non Social Stakeholders

CSRC_i= CSR to Customer

CSRE_i= CSR to Employee

β1, β2, β3= slope of the variables

e_i= error term.

Result and Discussion

The data was analyzed using SPSS version 20. Descriptive statistics, correlation coefficient analysis, and hierarchical regression analysis were used to interpret the survey results.

Correlation Analysis

Correlation analysis is a method of statistical evaluation used to study the strength of a relationship between two, numerically measured, continuous variables. This particular type of analysis is useful when a researcher wants to establish if there are possible connections between variables.

Table 4.6

Correlation Coefficient

	Employee Commitment	CSRto Stakeholder	CSRto Employee	CSRto Customers
Employee Commitment	1			
CSR to Stakeholder	.347**	1		
CSR to Employee	.404**	.816**	1	
CSR to Customers	.406**	.734**	.802**	1

** Correlation is significant at the 0.01 level (2-tailed).

Table 4.6 posits the correlation coefficient of dependent and independent variables. The EC has a moderate partnership with CRS for employees, CSR for stakeholders, and CSR for customers (i.e. 0.347,0.404 and 0.406). Similarly, the table shows that there is a strong association (0.802) between CSR consumers and CSR to employee, as well as a strong link between CSR to employee and CSR to stakeholder (i.e. 0.816). The association between the dependent and independent variables is statistically significant at the 1% level of significance, as seen in the figure.

Regression Analysis

The correlation coefficient depicted in Table 4.6, indicates that all three CSR variables have positive and statistically meaningful correlations with the EOC, indicating that all three hypothesized relationships are supported.

Table 4.7

Regression Analysis of Dependent and Independent Variables

	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error	Beta	

(Constant)	2.185	0.229		0
CSR to Stakeholder	-0.002	0.078	-0.005	0.982
CSR to Employee	0.066	0.067	0.225	0.003
CSR to Customers	0.1	0.083	0.229	0.006

R square = 0.182, adjusted R²= 0.145, F-Statistics = 4.899, F. sig.= 0.004

The table 4.7 shows that R square = 0.182, modified R²= 0.145, F-Statistics = 4.899, F. sig.= 0.004 as seen in Table 4.7. The F meaningful value is statistically significant at the 5% level of significance, indicating that the model is fit. P- value seen in the coefficient table. CSR to workers has a value of 0.003 and CSR to customers has a value of 0.006. At a 95% confidence interval, it means that at least one independent variable has an impact on the dependent variable. Stakeholders have a marginal and insignificant effect on corporate social responsibility.

Findings and Conclusion

The findings of the data analysis using SPSS provided support to all three theories, showing that CSR has a positive association with EOC in Nepal. As described in this chapter, this study contributes to analytical studies on the impact of CSR on employees' loyalty to the company from a Nepalese perspective. Of the three CSR components, CSR to customers had the strongest positive association with EOC, while CSR to stakeholders had the worst. CSR to social and non-social stakeholders, CSR to workers, and CSR to consumers both had a strong positive association with the EOC, according to the study's findings.

The highest influencing factor on EOC was CSR to customers. Furthermore, the influence of each of the five individual elements on EOC was evaluated, and the results showed that the degree to which organizations are concerned with their workers' desires and wishes had a strong positive association with EOC. In the early 1940s, Abraham Maslow defined these desires as respect and self-actualization needs, and in the corporate world, employers and administrators will theoretically improve EOC by meeting these workers' needs. (Kremer & Hammond, 2013).

The aim of this analysis was to see how corporate social responsibility (CSR) affects employee engagement in Nepalese organizations. CSR in this analysis was divided into three categories based on prior research and a theoretical framework: CSR to stakeholders, which includes the natural environment, population, future generations, and non-governmental organizations, CSR to workers, and CSR to consumers. Following that, three hypotheses were formed to assess the research topic's validity. Working professionals in selected organizations were given self-completed survey questionnaires, and the data was analyzed using SPSS version 23. CSR to social and non-social stakeholders, CSR to workers, and CSR to consumers both had a strong positive association with the EC, according to the study's findings.

The biggest influencing factor on EC was CSR to Customers. Furthermore, the influence of each of the five individual elements on EC was evaluated, and the results showed that the degree to which organizations are concerned with their workers' desires and wishes had a strong positive association with EC. Abraham Maslow categorized these types of needs as esteem needs and self-actualization needs in the early 40's and in the context of business world, employers and managers can potentially increase EC by fulfilling these employees' needs (Kremer & Hammond, (2013). Given the limitations mentioned in the section on limitations, as well as the immaturity of CSR in Nepal, further research is required, first to affirm the results of this report, and secondly, and more importantly, to provide organizations with clarification on how CSR affects their employees' love and loyalty to the organization.

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