

Internal Corporate Social Responsibility Influence on Employees Commitment: A case of Jay Jay Trinco (Pvt) Ltd.

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Abstract

Nowadays companies are highly considering about CSR corporate social responsibility as a strategy of increasing employee commitment. Jay Jay Trinco (Pvt.) Ltd is a garment factory in Trincomalee District. The researcher is going to study “Whether the Internal Corporate Social Responsibility Activities Influence on Employees Commitment or not”. Conceptual variables are employment, management employee relation, employee training & development, health & wellbeing, and Workplace inclusion. The objectives of the research identify the relationship between internal corporate responsibility and employees’ commitment. Data collected from structured questionnaire from 150 employees of different designations. Data’s are analyzed by univariate and bivariate methods. The study found that variables are moderately and positively support to the system. It depicts that organizations can enhance their employee commitment through involving themselves in social activities for instance, identifying needs of the employees and fulfilling them, working for better environment, involving in employee welfare, producing quality products for customers.

Keywords: CSR, Employee Commitment, Work involvement

Introduction

The concept of increasing corporate wealth is now vanishing against the broader concept of organizational success. Today the most important matter for corporations is sustainable growth, especially in the era of global recession. Researchers are advising corporations to consider the amount spent on CSR as an investment than expense. The corporations have also realized the multifaceted benefits of CSR and are paying great attention to incorporate it in all spheres of business strategies. Corporations are using CSR to strengthen its relationships with different stakeholders including customers, investors, government, suppliers, and employees. These strengthened relationships ensure corporations minimum conflicts with stakeholders and maximum loyalty from them.

Many studies including Moskowitz (1972)Turban and Greening (1996) Albinger and Freeman (2000) Greening and Turban (2000) Backhuas et al. (2002) Peterson (2004) Dawkins (2004) stated that corporate social contribution attracts motivated potential employees and improves commitment level of existing employees. Jay Jay Trinco (Pvt)

Ltd is a garment factory in Trincomalee district. Consider to the employees cadre information in 2014, employees turnover rate is different from month to month. It explained by below table. Therefore, researcher is going to study “Whether the Internal Corporate Social Responsibility Activities Influence on Employees Commitment or not”.

Table 1. Number of employees at Jay Jay Trinco (Pvt) Ltd in 2014

Year 2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Employees	392	394	386	387	380	370	382	384	370	375	379	375

(Source: Jay Jay Trinco (pvt) Ltd carder information 2014)

Literature Survey

Corporate Social Responsibility (CSR)

According to Werther and Chandler’s (2006), they defined CSR as both a means and an end. CSR is a means because it “is an integral element of the firm’s strategy; the way a firm goes about delivering its products or services to markets”. CSR is an end because it “is a way of maintaining the legitimacy of its actions in the larger society by bringing stakeholder concerns to the foreground”. CSR talks about both process and outcome; it is not only focused merely on financial but also the impacts on stakeholders.

Types of CSR

According to Pietersz (2011), CSR is divided into two which are external and internal CSR. External CSR is defined as the actions of company to promote the pursuit of positive impact on society and environment. Whilst internal CSR is focused within the organization, what can be done by the company to improve the well-being of their employees and their productivity as well their impact on profitability. It is believed that CSR strategy which is aligned with company’s core business and mission can lead to several benefits for the company such as increased employee motivation and retention, higher productivity, reduced absenteeism, more efficient and many more.

External CSR:

External CSR encompasses philanthropy and community contribution but also reflects the way in which the firm interacts with the physical environment and its ethical stance towards consumer and other external stakeholders (Carrol, 1979). Since CSR is concerned with those actions which exceed the legal minimum corporate contributions in this field are largely discretionary (Carrol, 1979). Employees may be expected to base their opinions of external CSR on internal and external information source including the media and their personal experience within the company. (Maignan and Ferrell, 2001; Gilly and Wolfenbarger, 1998).

Internal CSR:

Studies suggested that CSR increases employee commitment level with the organization, because CSR interventions also included activities for the welfare of employees and their families. Sharma et al, (2009) discussed the role of HRM as main contributor towards CSR. Scott (2004) stated that corporate social contribution builds better reputation of organization in the society that helps in attracting new graduates. According to Ehnert, Harry, and Zink (2014) internal CSR action is company’s activity to satisfy the expectation of their workers and employees such as health and welfare, training,

participation, work-family balance, and equality. Furthermore, Amann and Stachowicz-Stanusch (2013) add some actions which company can do as internal CSR such as workplace health and safety, work environment, development of worker skills, equitable wage and reward system, and open as well as flexible communication system. It is believed that internal CSR gives concrete outcome benefits for company in employee retention as well as commitment (Amann & Stachowicz-Stanusch, 2013).

Relationship between Internal CSR and Employee Commitment

Highly engaged and committed employees are the asset of a company to achieve sustainability performance in future since engaged employees are willing to put discretionary effort and go extra mile toward company success. There are drivers to increase engagement such as company practices, total rewards, opportunities (career opportunities and learning & development), people, work, and quality of life (Hewitt, 2013). In addition, according to Armstrong (2005), training, career opportunities, performance appraisal, and work-life balance also can be drivers to increase affective commitment.

Corporate social contribution attracts motivated potential employees and improves commitment level of existing employees. (Dawkins, (2004). Companies that engage in corporate responsibility experience various advantages such as; they have the ability to attract more and better qualified / skilled employees. These companies benefit from a much wider applicant pool compared to those that do not engage in corporate responsibility issues. Employees who work for organizations that have appropriate CSR policies are more committed to their work as they have pride in being associated with their organization. Studies show that employees consider aspects such as the firm's values and ethics codes when deciding which company to work for (Turban and Greening, 2000).

Research Model

Conceptualization is the process of giving clear idea and precise meaning and accepted definition to various concepts and variables used in the area of research undertaken.

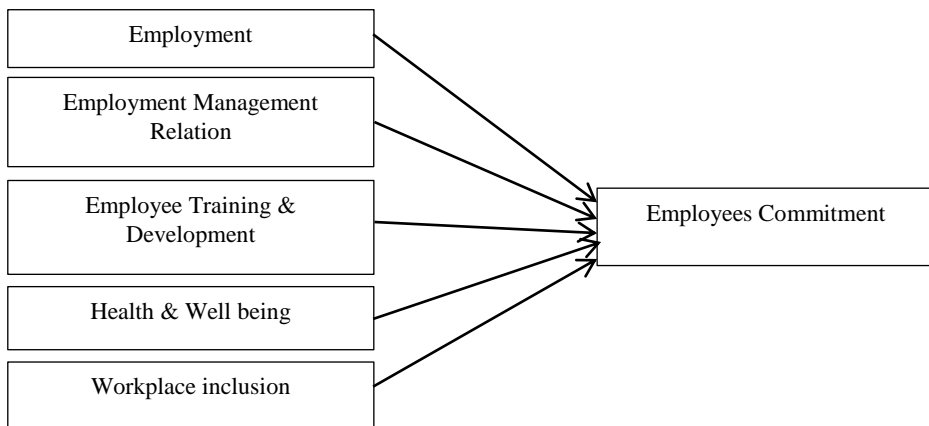


Figure 1. Conceptual framework
(Source: Developed for research purpose)

Operationalization

Operationalization is the process taking a conceptual definition and making it more precise by linking it to one or more specific concentrate indicators or operationalization definition, these are usually things with numbers in than, that reflect empirical or observable reality.

Table 2. Operationalization of the concepts

Variable	Indicators	Measurement
Employment	Salary	Questionnaire
	Flexible working arrangements	
Employee management relation	Channel of communication	Questionnaire
	Supervisors support for work	
Employee training and development	Performance assessment	Questionnaire
	Career planning	
Health and wellbeing	Healthy work environment	Questionnaire
	Preventing accidents	
Workplace inclusion	Gender equality	Questionnaire
	Age discrimination	
Employees commitment	Work experience	Questionnaire
	Personal characteristics	

(Source: Literature Survey)

Sample

Jay Jay Trinco (Pvt) Ltd having the 375 employees in machine operators, quality checkers and helpers. Researcher considers the above category for the research purpose and used the systematic random sampling method.

Sample distribution

Table 3: Distribution of sample

Type of Employees	Total Population	Percentage	Sample
Machine operators	250	67%	100
Quality checkers	80	21%	32
Helpers	45	12%	18
Total	375	100%	150

(Source: Jay Jay Trinco (Pvt) Ltd Carder Information 2014)

Data Evaluation

In this research process to analyze the collected data researcher uses the Statistical Package for Social Science (SPSS). The data were analyzed by univariate and bivariate method, specially consider to the mean and standard deviation. Five point likert scales were used to measure variables. Indicators of five point Likert Scale as Follows. StronglyDisagree-1/Disagree-2/Neutral-3/StronglyAgree-4/Agree-5.

Method of Data evaluation

Decision rule describe the evaluation part of the data.

Range	Decisional rule
$1 \leq X < 2.5$	Low level
$2.5 \leq X < 3.5$	Moderate Level
$3.5 \leq X \leq 5.0$	High Level

Data Analysis and Discussion

Table 4: Descriptive analysis

Variables	Mean	Standard Deviation
Employment	2.97	0.454
Employment management relations	2.94	0.589
Employee training and development	3.20	0.635
Health and wellbeing	3.19	0.529
Workplace inclusion	3.06	0.493

Source-Survey data

Employment is a dimension of internal CSR. This dimension includes salary, bonus, working condition, time schedule etc. This study found that employees of Jay Jay Trinco (PVT) Ltd are satisfied in moderate level with employment. Even though there is some dissatisfaction regarding employment this lead to employee turnover. Currently this garment gives Rs9000 as a basic salary for newly recruited employees. Year-wise they give salary increment to their employees. Handling machines is very risk. Therefore, the employees expect high salary. The garment gives bonus to employees. There are two types of bonus systems. One is given during the April new year season. One month salary is given as a bonus. Other one is given for their target achievement. Working hours are 7.30a.m to 5.15 p.m. Working day consist Monday to Saturday of every week. The garment mostly employs female workers. Married and unmarried females are working in this garment. Married workers are mostly dissatisfied with this time schedule. Because this time schedule is mostly interrupt their family attributes. As a result they are leaving the organization after a while. Getting leave also problematic in this organization because the management do not allow take more than 3days leave per month. If the employees want to take leave, they want to inform their supervisor before two days. Therefore, employees are unhappy time to time they leave from the job.

This study found that employee-management dimension has moderate level commitment. In this garment every line has a supervisor. Each supervisor assigned to supervise the workers. When the targets are high supervisors were very strict with workers because they try to increase the products. In this situation the workers are fear to talk with their problems. This is damage their relationship and led to make workplace unhappy. For example, if the employees work slow and make damaging their supervisor may behave strictly with that employee. Employees are doing their work according to the request of the top management. This organization follows downward communication.

Considering the employee training and development, Jay Jay garment give induction and coaching. It will be conducted by the training supervisor. Induction is given for 21 days. Within this 21 day training about sewing, cutting, packing and operating machines

will be given. Training mostly consider about sewing because it is the main work. After 21 day the employees transferred to a line for sewing by using normal sewing machine. If they perform better permanently they assigned to particular line. After that they instructed to use advance machineries. But if the employee not perform well they will transferred to packing section as helpers. The garment mostly focused on sewing but this 21 day training is not enough to practice all works. Other than this, the garment factory does not provide any training. If the employee performs better there is a chance for promotion for the post of training supervisor. In this they mostly consider about employee performance and experience also. But there are few people with high experience. According to personal information of this study most of the employees are with 2-3 years' experience.

According to the health & wellbeing most of the employees satisfied with health and welfare activities. The garment provides medical, meal and transportation facilities. Workplace has adequate space for work. Even though they satisfied with above facilities there is some matters lead to dissatisfaction. Handling machinery is difficult because all the machines are operate by using electricity. For example cutting and all the sewing machine are operates by using electricity. This is cause to arise accidents at workplace. Organization gives first aid training to employees but not for all. Randomly selected employees are train to give first aid. But all employees are desire to gain first aid training.

In the workplace inclusion explained that Jay Jay garment involves in the main work is sewing therefore the management preferred to recruit female employees. This is show that the organization gives more priority for female workers. Otherwise research can tell that this is a woman centered organization. Male employees working only cutting section. The management has provide age restriction when recruit the employees but they expect talented employees. This study found that married and unmarried employees are working. All age category workers also attached with this garment. But the married women frequently leave from the organization at the same time unmarried workers also leave from the job when marriage is proposed. If the spouse or parents dislike sending their partner or daughter the particular employee will leave the job. In this garment Sinhala and Tamil speaking peoples are working. Making relationship between co-workers is sometime difficult in the beginning because of language barrier. Sometimes workers need translators. Observed in few situation supervisors' show their bias for some employees.

Correlation Analysis

Relationship between internal CSR activities and employee commitment

Table 5. Relationship between internal CSR activities and employees commitment

		CSR	Employee Commitment
CSR	Pearson Correlation	1	.491**
	Sig. (2-tailed)		.000
	N	150	150
Employee Commitment	Pearson Correlation	.491**	1
	Sig. (2-tailed)	.000	
	N	150	150

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

(Source: Survey Data)

Correlation between internal CSR activities and Commitment is 0.491. It indicates that there is a positive relationship between two variables. This statistical evidence based

on the 0.01 significance level, with the 99% confidence level. Therefore, there is statistical evidence to claim that there is a contribution of internal CSR Activities to commitment in Jay Jay Trinco (Pvt) Ltd.

Conclusions

This study is conducted to investigate the contribution of internal corporate social responsibility on employees' organizational commitment level. It is an important study in the context that it provides management insight about employee's behavior regarding CSR. The study found factors influencing internal CSR and significant positive relationship between Internal CSR and employee organizational commitment. These findings are very meaningful for decision makers and researchers. It depicts that organizations can enhance their employee organizational commitment through involving themselves in social activities for instance, identifying needs of the employees and fulfilling them, working for better environment, involving in employee welfare, producing quality products for customers and complying with government rules and regulations and working within legal ambiance. All these activities significantly and positively influence employee commitment with organizations. This study provides important information to decision makers involved in designing employee related policies for uplifting their moral and motivate them to remain loyal, committed with their organization and work hard for the uplifting of organization. This study has highlighted the contribution of Internal CSR activities in employee organizational commitment in Jay Jay Trinco (Pvt) Ltd.

Recommendations

The findings of this study provided considerations for the Jay Jay Trinco (Pvt) Ltd. The study findings showed that Internal CSR practices influences Employee commitment this would suggest that organizations want to pay more attention to Internal CSR practices that are most desired by employees and these are most likely to create a sense of obligation that will result in high levels of commitment. CSR policies affect how the employees view their jobs, their motivation levels and commitment. If companies implement CSR they appeal to the subconscious mind of the employee and in turn the employee becomes more benefit to the company. Implementation of CSR also reduces the problem of employee turnover as employees become more comfortable and are willing to give more years of service to their companies. This will aid the companies to reduce the costs incurred in training and managing new employees. Consider to the employment of Jay Jay Trinco (Pvt) Ltd can increase the salary for their employees. Especially for machine operators. Change their working time schedule to retain employees and attract more talented employees and make arrangement for special facilities like child care. Based on the employee management relationship arrange the trips, conduct cultural programmes and suggestion box to improve their services. Organizations increase the induction training period and provide other type of training. (Mentoring,, off the job training). In addition organization provides the first aid training for employees. In regard to the workplace inclusion organization can try to recruit male employees who are interested in sewing in order to reduce labor turnover. Organization can provide language training to employees and supervisors in order to avoid communication problems.

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