

UNDERSTANDING THE EMPLOYEES' PSYCHOLOGY TOWARDS ETHICAL BUSINESS AND CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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ABSTRACT

The aim of the study is to understand the employee's psychology towards ethical business and CSR activities. Data has been gathered from both primary and secondary sources. The sample size was 200 respondents of 4 companies; their selection is totally based on the non-probability sampling. When it comes to individuals, their commitment to ethics is going to depend upon three factors. The first is the individual's sense of values; the second is what the society accepts as a norm and third are the systems, which can be evolved to see that the best practices are adopted. If the Indian companies could also be perceived as serving and living up to their commitments to the stake holders, probably, they would have started on the right lines for evolving a road-map towards building a culture of better ethics and corporate integrity.

Keywords: Ethics, norms, morality, values, perception, quality.

INTRODUCTION

In recent decades the concept of Corporate Social Responsibility (CSR) turned out to be a vital strategy for companies to survive in a ruthless market environment. In a condition where market's shift and customers' preferences becomes more unpredictable and complex, adopting CSR strategy could be a powerful tool for survival. CSR-Asia defined Corporate Social Responsibility as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Many companies all over the world are now starting to see the benefit of practicing CSR in their bottom lines. European countries are now seriously engaged in this concept on different levels and even in interpretation of how the concept works. The concept is quite ambiguous for some did not see its difference from corporate philanthropy. The latter is the most popular as it is easy to comprehend and implement. Other would try to adopt the concept but their involvement limited only to their core business. This is understandable, because it is easier for companies to formulate interventions on a concept they can easily

understand and are cost-effective to them. Example, a food manufacturing company would normally prefer to implement interventions that are related to nutrition, and call this as their CSR project, but in reality is still very similar to corporate philanthropy. Despite the wide spectrum of approaches to CSR, there is a large consensus among practitioners on its main features. First, is that, CSR is behavior by business over and above legal requirements, voluntarily adopted because business deem it to be in their long-term interest. Second, CSR is intrinsically linked to the concept of sustainable development: businesses need to integrate the economic, social and environmental impact in their operations. Third, CSR is not an optional "add-on" to business core activities – but about the way in which business is managed. Following the above line, CSR could not be equated to Philanthropy. It is a complete business strategy that aims to ensure the long-term viability of the business, by assuming an active role in the development of the community, the economy, and the environment through good business practices. It is not different from being a "good citizen" of a country! CSR brings full load of benefits aside from "ego-trip" as others thought. Today's world has become smaller, and markets have become ever more accessible, thanks to globalization. Globalization however, would force many companies including

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small and the medium enterprises to adopt CSR in order to remain competitive locally and in the international market. In some countries Government regulations such as environmental and social issues have increased, and standard and laws are also often set at a supranational level. An example of this is the European Union, where regulations and standards are applied to all member countries. Moreover, buyers in these countries would want to know that the product they buy did not come from companies and manufacturing processes that caused or even poses threat to the environment. They are also concerned with the company's records - giving fair wages, good working conditions, and the like. These are highlighted in the media, which becomes a clear advantage to businesses with good CSR programs. During the past decade, consumers and communities have become sensitive to business practices of companies existing in their areas or from which they buy their goods and services. It has been observed that communities would prefer and are supportive of companies they see as concerned with the general welfare of the people in their business operation than the employment opportunities it generates. Achieving and maintaining industrial peace is also a direct consequence of a good CSR strategy.

REVIEW OF LITERATURE

Yamaji (2009) stated that business ethics should not just be a corporate code, but should be implemented in the line of business as a corporate philosophy and he attempted to show that these activities were ahead of their time, resulting in greater prosperity for the corporation that used them.

Hill et al. (2007) define CSR as the economic, legal, moral, and philanthropic actions of firms that influence the quality of life of relevant stakeholders. While the definitions of CSR vary, it is generally about how firms manage the business processes to produce an overall positive impact on society and refers to serving people, communities, and the environment in ways that go above and beyond what is legally required of a firm.

Townsend and Gephardt (1997) argue that the way that corporations go about their business operations, with particular respect to ethics, is increasingly important in the market place. The marketplace is becoming increasingly aware of, and increasingly discriminating against, corporations that fail to meet the criteria of ethical business operations and ethical management principles.

Sims (1991) focused upon business ethics as a function of the interaction between the business and its outside publics. Companies invoke a range of measures to enhance their perceived ethical performance in the marketplace.

McDonald and Zepp (1989) wrote that evolutionary corporate strategies can influence the ethical behavior of employees, in respect to such areas as code of ethics, ethical policy statements, leadership, ethical ombudsperson, ethics committees, realistic performance and reward plans, and an ethical culture. A growing number of corporations are devoting attention to evolutionary issues in business ethics. These companies are trying to move themselves towards an ethical business philosophy in the expectation that ethical behavior by their employees will result and that this behavior will lead to benefits for their business. This contention that "ethics pays" is one that is difficult to quantify.

Friedman (1970) first defines CSR as: "Corporate social responsibility is to conduct the business in accordance with shareholders' desires, which generally will be to make as much money as possible while conforming to the basic rules of society, both those embodied in law and those embodied in ethical custom."

RESEARCH METHODOLOGY

Objectives:

1. To study the Relevance of CSR activities in growth of any Company.
2. To understand the Employees psychology towards Ethical Business and CSR activities.

Methodology:

Information has been gathered from both primary and secondary sources. The sample size was 200 respondents of 4 companies; their selection will be totally based on the non-probability sampling. The sample list contains 4 companies (Company A, B, C and D).

- Primary data research: Primary data was collected through schedules filled up by questioning the respondents and also through shadowing some prospect readers to understand the real insight of the employees.
- Secondary data research: Sources include websites, old journals, and old research papers.

ANALYSIS & INTERPRETATIONS

Sample Status

Table 1: Gender wise classification of the responding sample:

GENDER	NO. OF RESPONDENTS
MALES	117
FEMALES	83

Table 2: Age wise classification of the responding sample:

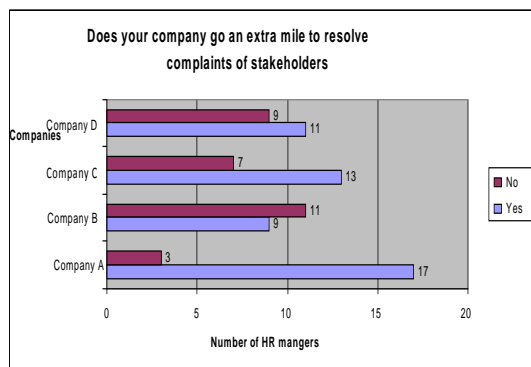
AGE	No. Of Respondents
18-24	24
25-34	54
35-44	36
45-54	29
55 or more	17
Total	200

Table 3: Income wise classification of the responding sample:

Income	No. of Respondents
Rs 10,000-19,999	14
Rs 19,999-29,999	37
Rs 30,000-39,999	45
Rs 40,000-49,999	39
Rs 50,000 or More	65

<Table 4>

	Company A	Company B	Company C	Company D
Yes	17	9	13	11
No	3	11	7	9



<Figure 1>

FINDINGS FROM THE SURVEY :(From Managers of Companies)

Marketplace policies

To understand the dynamics of the social ethics followed by the companies, the following information is obtained from the managers of various companies

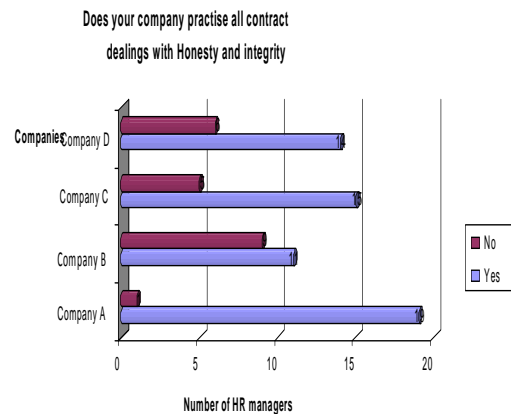
Q1. Does your company go that extra mile to resolve complaints from suppliers, customers and business partners?

Interpretations: According to the respondents Company A followed by Company C are more into CSR activities and go an extra mile to solve problems of Stakeholders.

Q2. Can you standby and say that honesty, quality and integrity are practiced in all your organizations contract dealings?

<Table 5>

	Company A	Company B	Company C	Company D
Yes	19	11	15	14
No	1	9	5	6



<Figure 2>

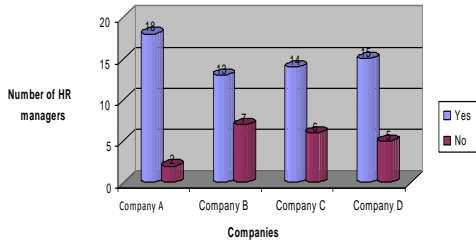
Interpretations: The result is mainly skewed towards Company A followed by Company C. That means that HR managers of Company A follow honesty and integrity more into their work.

Q3. Does your organization disperse transparent information and labeling about various products and services, including its after-sales obligations?

<Table 6>

	Company A	Company B	Company C	Company D
Yes	18	13	14	15
No	2	7	6	5

Does your company reveal true information about your Products like Labelling?



<Figure 3>

Interpretations: According to the survey mainly all companies follow the system of Transparency in its Products and Services, with Company A on the top.

Q4. Does your organization ensures timely and accurate payment of all its suppliers' invoices (BILLS)?

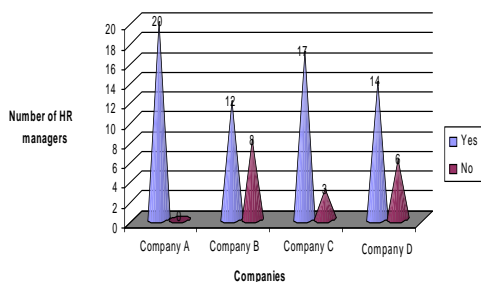
Interpretations: Stakeholders are most important for any company; this is proved from the following survey. Company A is most caring in

terms of interest of Stakeholders like timely payment of the bills.

<Table 7>

	Company A	Company B	Company C	Company D
Yes	20	12	17	14
No	0	8	3	6

Does your company pays timely bills



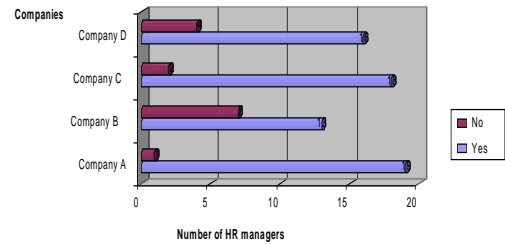
<Figure 4>

Q5. Does your company promote processes for effective feedback with customers, suppliers and other business partners?

<Table 8>

	Company A	Company B	Company C	Company D
Yes	19	13	18	16
No	1	7	2	4

Does your company processes for effective feedback with stakeholders



<Figure 5>

Interpretations: From the above Bar graph we can see that now days companies are customer focused and they adopt each valuable feedback of customer.

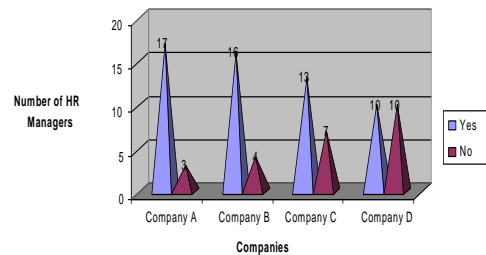
Workplace Policies

Q6. Do various practices like flexible working hours that ensures a good work-life balance for its employees offered by your organization?

<Table 9>

	Company A	Company B	Company C	Company D
Yes	17	16	13	10
No	3	4	7	10

Does Your company follow various Employee oriented practices like Flexible working Hours



<Figure 6>

Interpretations: In opinion of HR managers every company tries to attract the employees in its on ways. According to respondents Company A take care of its employees most followed by Company B.

Q7. Are there enough measures undertaken by your company against all forms of Discrimination, both in the workplace and at the time of recruitment?

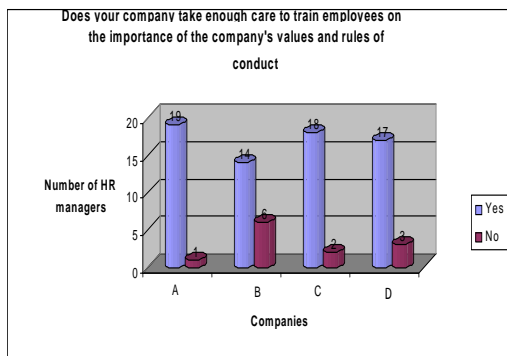
<Table 10>

	Company A	Company B	Company C	Company D
Yes	18	17	13	16
No	3	3	7	4

Are there enough measures undertaken by your company against all forms of discrimination

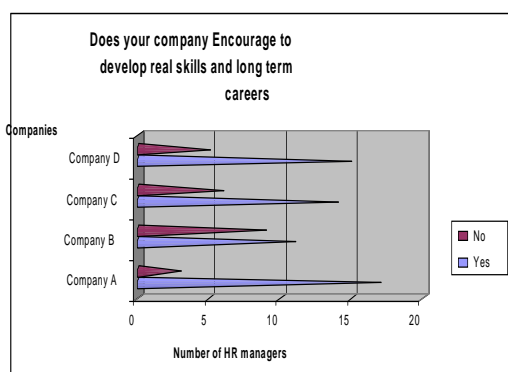
<Table 12>

	Company A	Company B	Company C	Company D
Yes	19	14	18	17
No	1	6	2	3



<Figure 9>

	A	B	C	D
Yes	17	11	14	15
No	3	9	6	5



<Figure 8>

Interpretations: From the above graph it is clear that nowadays companies are more talent focused rather than Gender focused. 18 out of 20 HR managers of Company A agree that their company do care of real talent hunt above personal biases.

Q8. Are employees encouraged to develop real skills and long-term careers?

Interpretations: According to the survey Company A followed by Company D encourage its employees most for their career development.

Company Values

Q9. Does the organization take enough care to train employees on the importance of the company's values and rules of conduct?

Interpretations: From the bar graph it is clear that all the companies seems to be interested in teaching employees about social and corporate ethics.

Q10. Does your company communicate its values to all others through sales presentations, marketing material or other informal communication means?

Interpretations: According to the survey Company A followed by Company D encourage its employees most for their career development.

Environmental Policies

Q11. Have you tried to reduce your enterprise's environmental impact in terms of:

Interpretations: All the managers of the picked companies seem to be agreed on the To CSR initiatives one Car Pooling and other energy conversation. Whereas they are most diverted on Waste minimization and recycling.

Q12. Does your company consider the potential environmental impacts like assessing energy usage, recyclables or pollution generation when developing new products and services?

Interpretations: All HR managers of various companies have a unanimous decision of having a product which can be most environmental friendly, on the top of the list being Company A followed by Company C.

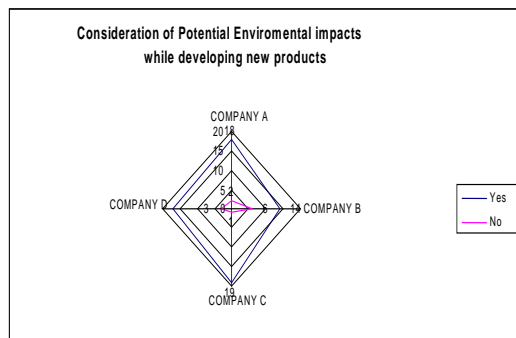
FINDINGS

- Stakeholders are most important for any company; this is proved from the following survey. Company A is most caring in terms of interest of Stakeholders like timely payment

of the bills and taking care of Stakeholders in

<Table 15>

	Company A	Company B	Company C	Company D
Yes	18	14	19	17
No	2	6	1	3



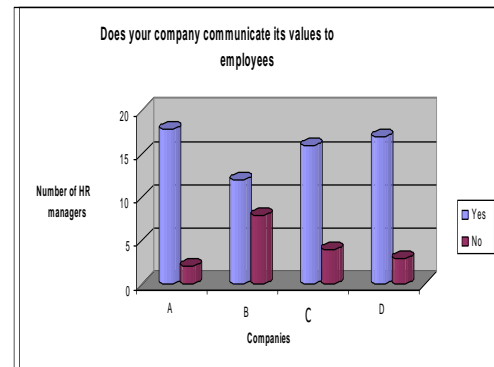
<Figure 12>

every perspective.

- All the managers of the picked companies seem to be agreed on the to CSR initiatives one Car Pooling and other energy conversation. Whereas they are most diverted on waste minimization and recycling.
- From the Survey it is clear that nowadays companies are more talent focused rather than Gender focused. 18 out of 20 HR managers of Company A agree that their company do care of real talent hunt above personal biases on various points like Recruitment and Performance Appraisal.
- In opinion of HR managers every company tries to attract the employees in its on ways like Work from Home and Flexible Working Hours etc. According to respondents Company A take care of its employees most.
- Corporate people believe in promoting responsible parenthood as its Corporate Social Responsibility to enrich quality of life for lower end pyramid of the society.
- Now a day's companies are customer focused and they adopt each valuable feedback of customer.
- All HR managers of various companies have a unanimous decision of having a product which can be most environmental friendly and disclose every information about the product

<Table 13>

	Company A	Company B	Company C	Company D
Yes	18	12	16	17
No	2	8	4	3



<Figure 10>

whether it is benefits or the Side effects of the product.

- According to the Survey the most general meaning of CSR is paying back to the society followed by ways to enhance the goodwill of company.

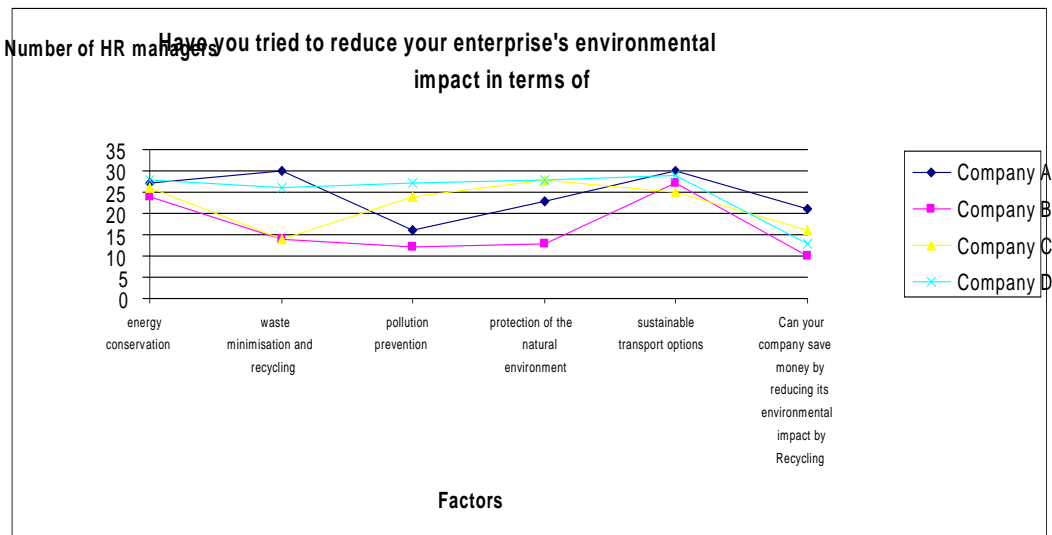
CONCLUSIONS

There are various parameters by which companies are being constantly judged in different ways. Industry associations and business magazines are coming up with various criteria for judging, listing and ranking companies. Perhaps, as business ethics will increasingly emerge as an important factor, determining the performance of an enterprise, especially, in the listing of the most admired countries, this factor will become very significant. The more a company is admired because of its business ethics, the more it is likely to attract the right type of people and retain them.

There is perfect relation between the amount of CSR activities performed and the building the goodwill of the company and building strong relationship with Stakeholders. This means any positive increase in CSR activities will also increase the Goodwill of the companies. There are mix of opinion about what should be there in CSR activities and what should not be there. Each company performs the CSR activities according to

<Table 14>

	Comp. A	Comp. B	Comp. C	Comp. D
Energy conservation	27	24	26	28
Waste minimization and recycling	30	14	14	26
Pollution prevention	16	12	24	27
Protection of the natural environment	23	13	28	28
Sustainable transport options	30	27	25	29
Can your company save money by reducing its environmental impact by Recycling	21	10	16	13



<Figure 11>

their own Mission and Vision. That means there is no set meaning and activities included in CSR.

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