

# Corporate Social Responsibility: A Stepping stone For Employer Branding

Manju Devi\*

## Abstract:

*Corporate social responsibility is emerging as a new field in the management research. It is gaining more and more importance day by day. It is not just for large scale companies but also used by small scale and non-profit organizations. In India many firms have taken the initiatives of corporate social responsibility practices which have met with different needs of the society as a whole. Changing market scenario, globalization, ethical consumerism all are adding heat to the CSR concept. More and more organizations are showing their commitments towards CSR either for enhancing their corporate image or to be in competition. The paper shows that how corporate social responsibilities (CSR) are helpful in increasing employer branding. Other way we can say how Corporate Social Responsibility activity work as a milestone for employer branding. The research paper has been an attempt to generate awareness and to understand meaning, concept, significance and how it is work as a tool for employer branding and meaning of employer branding. This research paper is based on secondary data. Data has been collected from number of articles, books, periodicals and websites.*

**Keywords:** *Corporate social responsibility, globalization, milestone, competition, employer branding.*

\*Research Fellow, Institute of Management Studies and Research, Maharshi Dayanand University, Rohtak.

## Introduction

In today's changing world, Corporate Social Responsibility (CSR) is a growing area of interest for academics, practitioners and entrepreneurs, in terms of both theory and practice. Corporate Social Responsibility (CSR) is a concept whereby companies integrate social, environmental and health concerns in their business strategy (policy) and operations and in their interactions with stakeholders on a voluntary basis. The social responsibility of business encompasses the economic, legal, ethical, and discretionary

expectations that society has of organizations at a given point in time (Carroll, 1979) CSR is defined by The Prince of Wales International Business Leaders Forum as, "CSR means open and transparent business practices that are based on ethical values and respect for employees, communities, and the environment. It is designed to deliver sustainable value to society at large, as well as to shareholders" (<http://www.iblf.org/csr>) According to business for Social Responsibility (BSR), a U.S.-based global business organization: CSR means "operating a business enterprise

in a manner that consistently meets or exceeds the ethical, legal, commercial, and public expectations society has of business”

### **Objectives of the paper**

The research paper has following objectives:

1. To explain the concept of Corporate Social Responsibility.
2. To explain the concept of employer branding.
3. To study the role of Corporate Social Responsibility in increase employer branding.
4. To suggest option for further research work.

### **Research Methodology:**

This Research paper is an descriptive cum evaluative research it is based on secondary data. This data shall be taken from journals, articles, internet, and report of government of India. According to the objective of the research paper, the research design is of descriptive in nature.

### **History of Corporate Social Responsibility**

CSR in India has been quite old. Being the oldest form of CSR, charity and philanthropy still influence CSR practices, especially in community development. In the preindustrial period up to the 1850s, merchants committed themselves for the religious reasons, sharing their wealth, for instance, by building temples. Under colonial rule, Western type of industrialization reached India and changed CSR from the 1850s onwards. The Pioneers of industrialization in the 19<sup>th</sup> century in India were a few families such as the Tata,

Birla, Bajaj, Lalbhai, Godrej, Mahindra and some other who were strongly devoted to philanthropically motivated CSR (Mohan, 2001). In the period (1914-1960) of Indian CSR was dominated by country’s struggle for independence and influenced fundamentally by Gandhi’s theory of trusteeship, which aimed to consolidate and amplify social development.(During this period , Indian business actively engaged in the reform process). The paradigm of the “Mixed Economy”, with the emergence of PSUS and ample legislation on labor and environment standard affected the period (1960-1980) of Indian CSR. This phase was also characterized by shift from corporate self-regulation to strict legal and public regulation of business activities. In the period (1980 until the present) Indian companies abandoning traditional philanthropic engagement and to some extent integrated CSR into a coherent and sustainable business strategy, partly adopting the multi –stakeholder approach. At present, Indian companies are now expected to discharge their stakeholder’s responsibilities and social obligations, along with their shareholder’s wealth maximization goal. In India as in the rest of the world there is a growing realization that business cannot succeed which fails in society. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between section of people in term of income and standards as well as socio- economic status. Nowadays, India has been named among the top ten Asian countries paying increasing importance towards CSR disclosure norms. Besides the public sector companies, it is the

private sector companies that played dominant role in CSR activities.

## **Constitutional status of CSR in India**

The company act, 2013 is an historic milestone in the area of growth of CSR. It provides an opportunity to corporate sector to socialize its business operations. The act, 2013 has introduced several provisions, which would change the way Indian corporate do business, and one such provision is spending on CSR activities. ([http://gtw3.grantthornton.in/assets/companies\\_Act-CSR.pdf](http://gtw3.grantthornton.in/assets/companies_Act-CSR.pdf))

Thus CSR, which has largely been voluntary contribution by corporate, has now been included in law. The section 135 of this act states that every company having net worth of \$50 million or more, or turnover of \$100 million or more, net profit of \$50 million or more during any financial year, shall require establishing one full- fledged CSR board. Even in terms of the constitution of the board, the CSR provisions under the 2013 act requires a minimum of three directors of the constitution of the CSR committee. As per schedule VII of the Act, the activity of intervention under CSR project are environment sustainability, empowering women and promoting gender equality, education, poverty reduction, and eradicating hunger, social business projects, reducing child mortality and improving maternal health, imparting of vocational skill, contribution towards central and state government funds for socio-economic development and relief etc.

## **Concept of Corporate Social Responsibility**

Corporate Social Responsibility is a growing and important part of an organization's overall strategy. The voluntary compliance of social and ecological responsibility of companies is called corporate social responsibility. It is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It is a concept whereby companies integrate social and environmental concern into their business operation and their interaction with their stakeholder on a voluntary basis. It is represented by contributions undertaken by companies to society through its business activity and social investment. CSR also linked with the principal of sustainability, which argues that enterprises should make decisions based not only on financial factors such as profit or dividends, but also based on the immediate and long term social and environmental consequences of their activities. It is a comprehensive set of policies, practices and programs that are integrated into business operations. Supply chains and decisions making processes throughout the organization. It addresses various concern of society like legal, ethical, commercial associated with business practices and brings equilibrium between expectation of society and profit motive of business houses. The main goal of effective CSR is to achieve commercial success in ways, which honors ethical values, and respect natural environment. Therefore, it consist of business ethics, corporate citizenship, corporate accountability, sustainability and corporate responsibility.

## Definitions of CSR

Some of the most prominent writers during that time were Keith Davis, Joseph W McGuire, William C Frederick and Clarence C Walton. Frederick wrote that 'social responsibility in the final analysis implies a public posture towards society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms'(carroll, 1999).Howard Bowen in 1953 argued that since social institutions shaped economic outcomes it was to be expected that business firms as an economic outcome of societal interests should consider the social impact of business activity. According to Bowen," Corporate Social Responsibility refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in term of the objectives and value of our society."Corporate Social Responsibility implies some sort of commitment, through corporate policies and action. This operational view of corporate social responsibility is reflected in a firms 'social performance, which can be assessed by how a firm manages its societal relationships, its social impact and the outcomes of its corporate social responsibility policies and actions (Wood, 1991).

## Role and Significance of CSR

Corporate Social Responsibility allows organization to do their bit for the society, environment, and customers or for that matter stake holder. Now, business houses have realized that CSR is one of the

important ways in which an organization can distinguish itself from its competitors. Corporate Social Responsibility plays very important and significant role in smooth functioning of organizations. The term CSR gives a chance to all the employees of an organization to contribute towards the society, environment, country and good customer relationships. It goes a long way in creating a positive word of mouth for the organization on the whole. It also gives employees a feeling of unparalleled happiness. Employees take pride in educating poor people or children who cannot afford to go to regular school and receive formal education. CSR policies improve company profitability and value. It also increases company accountability and its transparency with investment analysts and the media, shareholders and local communities. It helps in making a good public relation with organization. Public relations are a potent tool for shaping consumer perception and building a company's image. It plays important role of promoting social responsibility in the workplace that is the positive environment build for employees. It also important in making a good relation between a organization and government. So corporate social responsibility is very important and significant for a business organization. It play a very important role in current scenario for face the competitors.

## Corporate Social Responsibility strategies

Business responses to social responsibility stated by Goel (2008) end to fall within four categories

**Social Opposition:** -This view is taken by the business, which feels that they have no obligation to society in which they operate.

**Social Obligation:** -This view is held by the companies, which believe that they have no obligation to obey the law. Such business would install safety equipment that is required by the law that would not spend additional money in order to install even better safety equipment

**Social Responsibility:** -Social response is the position taken by companies that meet their social responsibilities as dictated by the law and will on selective basis, go beyond the legal requirements but not until are convinced that the benefits out weight the cost.

**Social Contribution:** -It is the position taken by the companies, which believe that they have a deep obligation to serve the society. Such companies consider themselves to be responsible citizens in society and are eager to contribute whatever they can to the improvement of the society.

## Review of literature

The purpose of the literature review is to critically review literature related to the theoretical Concept of the topic of Corporate Social Responsibility: A Stepping Stone for Employer Branding. The literature review helps us to develop a theoretical framework for the study.

Haimann and Bezui Denhout (2003) stated that their study highlights the fact that large South African companies in the mining sector often feel driven to adopt corporate social responsibility and improve their image as the result of their increased

international exposure. South African companies are now getting recognition in the whole world due to which they have become more socially responsible.

Peel and Wilson (2003) found high significant switching costs for small firms due to 'informational capture' tying customers to their bank relationship. Exacerbating this is the time needed to search out and evaluate banking alternatives, the administrative effort involved in switching, the difficulty in conveying a picture of past and current performance to a new bank alternative, the low level of administrative skills, and less efficient financial management systems. In these characteristics, small firms may be thought quite similar to individual consumers.

Gondat-Larralde and Nier (2004) consider search costs and transaction costs, such as rerouting outgoing direct debits and redirecting inflowing payment, explanation for why such account holders rarely switch banks, and note that switching banks may result in an increase in asymmetric information between bank and customer.

Robins, (2005) The core idea of the corporate social responsibility concept is that the business sector should play a deeper (non-economic) role in society than only producing goods and making profits. This includes society and environmentally driven action, meaning that the business sector is supposed to go beyond its profit-oriented commercial activities and increase the well-being of the community, thereby making the world a better place.

Asia Pacific Corporate Social Responsibility Conference (2008) which was organized in



Hilton Singapore. On 9<sup>th</sup> to 11<sup>th</sup> July 2008. In this conference decide that corporate social responsibility is becoming a bigger priority to organization in Asia Pacific. While corporate social responsibility is not a new concept or practice, its initiative in the region is still comparatively young. It's now recognized as one of the best way to enhance companies' position and value many companies are now increasing their corporate social responsibility initiatives. Today's corporate social responsibility priorities are determined through ethical reasoning rather than governmental and legal requirements. Corporate social responsibility can also be used as a strong risk management tool against shareholder & consumer dissatisfaction. It is now clearly entwined in many multinational organizations' strategic planning process. In fact, 54% of today's business school requires a course in corporate social responsibility which is a significant jump against 2001's 34%. Salvo's Asia Pacific corporate social responsibility is specifically designed to meet corporate social responsibility professional demand to better their initiatives, strengthen their commitments and balance their investment. This even will address project selection, resources allocations, and impact measurements. We have gathered the best impact practitioners and expert to help you adopt would class corporate social responsibility initiatives.

Bansal and Srivastava, (2008) find out the concept of corporate social responsibility is not new in India and has occupied a prominent place in the business world. A lot of organizations today are trying to forge a strategic link between their business

endeavors and their social responsibility. They are trying to develop a model which will help them to serve the community at large, while still remaining profitable.

Planken et al (2010) investigated Corporate Social Responsibility platforms and the communication surrounding those platforms in India and established that the CSR platforms are typically used, together with stakeholder attitude to both the form and content of those platforms. The author presented the fact that the selected Indian corporations pursued a primarily philanthropic platform with a focus on community development projects, as predicted by previous studies. It also indicated, however, that Indian consumer may not value philanthropic CSR as highly as other CSR initiatives.

### **Role and Significance of CSR**

Corporate Social Responsibility allows organization to do their bit for the society, environment, and customers or for that matter stake holder. Now, business houses have realized that CSR is one of the important ways in which an organization can distinguish itself from its competitors. Corporate Social Responsibility plays very important and significant role in smooth functioning of organizations. The term CSR gives a chance to all the employees of an organization to contribute towards the society, environment, country and good customer relationships. It goes a long way in creating a positive word of mouth for the organization on the whole. It also gives employees a feeling of unparalleled happiness. Employees take pride in educating poor people or children who

cannot afford to go to regular school and receive formal education. CSR policies improve company profitability and value. It also increases company accountability and its transparency with investment analysts and the media, shareholders and local communities. It helps in making a good public relation with organization. Public relations are a potent tool for shaping consumer perception and building a company's image. It plays important role of promoting social responsibility in the workplace that is the positive environment build for employees. It also important in making a good relation between a organization and government. So corporate social responsibility is very important and significant for a business organization. It play a very important role in current scenario for face the competitors.

### **Concept of Employer Branding**

Brand identity is a phrase used in the marketing industry which describes the value of having a well-known brand name, based on the idea that the owner of a well-known brand name can generate more revenue simply from brand recognition. Simon Barrow and Tim Ambler were the first authors that brought out the topic of employer branding into the surface. They defined the employer brand as "the package of functional, economic and psychological benefits provided by employment, and identified with the employing company". It serves to construct image as employer. This image is influenced by the benefits proposed by human resource management. The implementation of employer branding

strategy is called the human resource marketing. HR marketing is the application of marketing and communication's logic and techniques to attract and retain candidates, employees and other collaborators. It considers the actual/potential employees (and other collaborators) as clients.

Employer brand is the term commonly used to describe an organization's reputation as an employer, and its value proposition to its employees, as opposed to its more general corporate brand reputation and value proposition to customers. The term was first used in the early 1990s, and has since become widely adopted by the global management community. Minchington describes your employer brand as "the image of your organization as a 'great place to work' in the mind of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders). The art and science of employer branding is therefore concerned with the attraction, engagement and retention initiatives targeted at enhancing your company's employer brand.

### **Role of corporate social responsibility create good employer branding**

CSR help to create good employer branding. It play significant role in create employer branding. Many of study find that corporate social responsibility and employer branding are strongly, positively and significantly related each other. The help of CSR dimensions we try to explain the role of CSR as a stepping stone in improving employer branding. The dimension of CSR

include - Economic aspects, social aspects and environmental aspects

**Economic aspects of CSR** consist of understanding the economic impacts of the company "s operations. The economic aspects of CSR is often mistakenly considered to be synonymous with financial issues, which is why it has been assumed easier to implement than the other two pillars of the temple. However, the economic responsibility is not simply a matter of companies being financially accountable, recording employment figures and debts in their latest corporate responsibility report. The economic dimension of the sustainability agenda should rather consider the direct and indirect economic impacts that the organization "s operations have on the surrounding community and on the company "s stakeholders. That is what makes up corporate economic responsibility.

a) **Effect on Stakeholders** The economic performance of a company has direct and indirect impacts on all of its stakeholders – including its employees, local governments, non-profit organizations, customers, suppliers, and the communities in which the companies operates. A good economic performance makes it possible to develop operations for the long term and to invest in development and the well-being of employees. The employees of the company get good salaries, from which they purchase goods and services as well as pay taxes. These activities fuel the local service industry, government programs and the community activities. This multiplier effect becomes all the more important if the

company is one of the largest employers in the communities.

b) **Through taxes** Companies are major contributors to the well-being of the area surrounding their operations, for example through the local tax base. Therefore, the question arises: is it responsible for a business to see corporate taxes purely as to cost be avoided, rather than part of their social contract with society? Taxes have a significant impact on the creation and distribution of wealth: tax avoidance, though perfectly legal, deprives the community in the area of the company "s operation of well-being.

c) **Maintaining Trust** a company "s license to operate depends upon the trust and support of the local communities where it operates. The shift in power from the public the private sector emphasizes the importance of this trust – and the obligations and responsibilities that come with it. Some company activities are potentially very destructive to the trust earned from the community or otherwise cannot be regarded as economically responsible. These should be avoided or at least carefully considered. Example of such harmful company behavior include: bribery and corruption, tax avoidance: and concentration of rewards and incentives of the company "s performance to few individuals only instead of fairer distribution among the personnel. The company should also stop to consider the economic effects of changes in locations and/or operations to the community.

2. **Social Aspects of CSR** Social responsibility is the newest of the three dimensions of corporate social responsibility and it is getting more attention than it has



previously had. Many organizations are becoming increasingly active in addressing social concerns social responsibility means being accountable for the social effects the company has on people -even indirectly. This includes the people within the company, in the supply chain of the company, in the community the company is in and as customers of the company which means the whole lot of stakeholder. It refers to the management 's obligation to make choices and take actions that will contribute to the well fare and interests of society as well as those of the organization. The following aspects have been found to be key the social aspects of CSR for an organization.

a) Responsibility of CSR towards Customers the idea of treating customers with respect and attention is not new to business: often being responsible to customers has a direct positive effect on the company 's profits. There are, however, broader social responsibilities including providing good value for money. These responsibilities may include such issues as the safety and durability of products or services; standard or after sales service; prompt and courteous attention to queries and complaints; adequate supply of products or services; fair standards of advertising and trading; and full and unambiguous information to potential customers.

b) Responsibility of CSR towards Employees Businesses is major contributors to the employment generation of the community. However, social responsibility to employees extends beyond terms and conditions of the formal contract of employment. Companies need to come up

with wider expectations that today 's employees have for the quality of their working life. Such expectations include taking care of the personnel 's welfare and safety at work and upholding their skills and motivation for the work. Beyond these expectations, a socially responsible company secures a just treatment and equal opportunities for all its employees, regardless of gender, age, race, or religion.

c) Responsibility of CSR towards the Community Companies depends on the health, stability, and prosperity of the communities in which they operate. Often majority of the company 's employees and customers come from the surroundings area – especially so for SME 's. The reputation of a company at it s location, its image as an employer and producer, but also as an actor in the local scene, certainly influences its competitiveness. Many companies become involved in community causes, for example by providing additional vocational training places, recruiting socially excluded people, sponsoring local sports and cultural events, and through partnerships with communities or donations to charitable activities.

### **3. Environmental aspects of CSR**

Environmental concern and sustainable development is a key pillar of the corporate social responsibility. Environmental and ecological issues have been an important topic of discussion for the past thirty years in the business world – the longest time of the three dimensions corporate social responsibility. The knowledge and issues within the dimensions have progressed across a landscape of changing business realities. Environmental aspects put in place

in the 1970s with the first real understanding of the environmental impacts of business.

a) Environmental Impact Corporate activity may have many types of effects on the environment. Usually environmental impact refers to the negative effects occurring in the surrounding natural environment due to business operations. Such impacts may include: overuse of natural, non-renewable resources of energy, pollution wastage, degeneration of biodiversity, climate change, deforestation etc. Since many business – related environmental problems transcend national boundaries, most companies are thus actors in global environment.

b) Measuring Environmental Impact Environmental impacts can be measured in several ways through environmentally extended input output tables, material input per service unit (MIPS) calculations, ecological footprint and life cycle assessment, to name a few. Ecological footprint measures the amount of nature’s resources consumed in a given year, and compares it to the resources available in the world. Life cycle assessment (LCA or eco-balance) is used to assess the environmental performance of a product from raw materials in the beginning of the production process all the way to disposal at the end of use. The MIPS value is calculated by dividing the amount of material the product or service causes to move e.g. The amount of earth moved in mining, not just the metal used – during its entire life – span by the amount of benefits and value it brings.

c) Environmental Management to truly commit to its environmental responsibilities a company should change its traditional

modes of operation towards a more environmentally oriented one. The environmentally more responsible perspective could include such issues as an emphasis on increased resource productivity, cleaner production and active dialogue with the company’s stakeholders. Many businesses have found that establishing an environmental management system is the best basis for good environmental performance. Quality, health and safety issues can also be integrated into the same management system.

d) Environmental Responsibility several individual companies have found that improving environmental performance may also have beneficial effects on the company itself. Using less material and streamlining processes to create less waste may lower the costs of operation significantly. Moreover, the close review of operations, which is needed to improve the environmental performance, may reveal other improvement points, such as risk and material loss. A responsible public image may also attract more customers. State governments can fulfill their role in helping business to identify market opportunities and undertake win-win investments, the action program also set out a number of other measures aimed at business: establishment of a compliance assistance program to help business understand the environmental requirements of the European Community; development of national, but harmonized, company environmental performance reward schemes that identify and reward good performers and encourage voluntary commitments and agreements.

## Conclusion

The evolution of corporate social responsibility in India refers to changes over time in India of the cultural norms of corporation's engagement of corporate social responsibility (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR rest on the fact that not only public policy but even corporate should be responsible enough to address social issues. There are three dimensional aspect of corporate social responsibility (CSR) includes Economic aspects, Social aspects, and Environmental aspects. How social responsibility is significant for organizations like by motivating employees, profitability, increasing value etc. So all the dimension of corporate social responsibility create the good image of our organization and good image help improving employer branding. At the end we can say that CSR is work as a stepping stone for employer branding. Companies have specialized CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the mainstream business. The programs are put into practice by the employees who are crucial to this process. CSR programs ranges from community development to development in education, environment and healthcare etc. CSR contributes a lot to the organization. Every organization should adopt it make their business more efficient and profitable.

## References

Aloke Goel and Mridula Goel (2008) Kalyani Publication pg 74.

Anupam Sharma and Ravi Kiran. Corporate Social Responsibility: Driving Forces and Challenges .ISSN 1929-0977

Auger, P., Burke, P., Devinney, T.M., Louviere, J.J., 2003. "What will consumer pay for social product features"? Journal of Business Ethics 42(3), 281-304.

Bansal, I. and J. Srivastava, (2008), Creating Socially responsible system for holistic development. Social Responsibility Journal, 4(4): 464-47

Dr. C.B. (Gupta, 2006) Social Responsibility and ethics management theory and practices, (pg.7-32)

Frederick, W.C. (1960), "The Growing concern over business responsibility", California Management Review, Vol.2, pp. 54-61

Mori, "Annual Corporate Responsibility Study" (2001). Available from <http://mori.com>, accessed 24 August 2004.

Mr. Neelmani Jaysawal and Mrs. Sudesshna Saha. Corporate Social Responsibility: A Review (81-82).

Ms Yogita Sharma. Role of Corporate Social Responsibility in Organization

Pelsmacker, Driesen, and Rayp (2003), "Ethics and Coffee buying intentions. Working paper". Gent: Universities of Gent.

Robbins, F., (2005). Why corporate social responsibility should be popularized but not imposed proceedings of the European

Academy of Management Conference, 2005,  
Munich.

**Websites:**

*Impact of Corporate Social Responsibility  
on Brand Image: A Study on Telecom  
Brands.* Available from:  
<https://www.researchgate.net/publication/267515044>

[https://en.wikipedia.org/wiki/Corporate\\_social\\_responsibility](https://en.wikipedia.org/wiki/Corporate_social_responsibility)

[https://en.wikipedia.org/wiki/Employer\\_branding](https://en.wikipedia.org/wiki/Employer_branding)

<http://www.bsr.org/>