Employee Perception Regarding Corporate Social Performance: A study of the selected Banking Company in Bangladesh

Shuvabrata Saha

Abstract:

This research studies employees’ perceptions and expectations toward their organization’s Corporate Social Performance. Researcher develops a framework and methodology for analyzing and evaluating the perception of bank employees. This framework explains how employees’ perceptions of CSR trigger attitudes and behavior in the workplace which affect organizational, social and environmental performance. It also examines the social issues in the lens of employee perceptions by the descriptive statistical tools. To know the employee perception regarding corporate social performance ten sample banks employees have been chosen. In this study, we found that employee perception is high-quality regarding social activities of the sample banks. Specifically, the study reveals that by pursuing a series of variables will help in assessing employees’ reactions to and perceptions in the context of CSR principles. It also indicates that bank industry should pay more attention to its relevant social activities.

Keywords: Perception, Employee, CSP, CSR, Bank

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1. Introduction:
Bank is playing the important role in the Bangladesh economy where main stake holder is employee of the bank. So that employee perception is vital things for bank activities. The connection between CSR and employee engagement is then presented. Evidence from surveys, management consulting, journalistic and corporate sources show that CSR is an emerging and increasingly important driver of employee perception. The concept of CSR was formalized in the middle of the previous century (Bowen, 1953; Heald, 1970) and many reviews detail its progressive theory-building process (Carroll, 2008; Lockett et al., 2006; Walsh et al., 2003; Wood, 1991). Corporate social responsibility has received an increasing amount of attention from practitioners and scholars alike in recent years. However, very little is known about whether or how corporate social responsibility affects employees. As employees are primary stakeholders who directly contribute to the success of the company, understanding employee reactions to corporate social responsibility may help answer lingering questions about the potential effects of corporate social responsibility (Bauman, 2012), Banks have realized that successful businesses are concerned with economic aspects of organizational activity and actions that further social good. The banking sector now plays a key role in improving the societies’ social-economic welfare through monitoring borrowers, managing financial risks and organizing the payment system (Greenbaum, 2007). The banking sector seems to be the most responsive to the impact of Corporate Social Responsibility, (CSR); it is subject to a more diverse and complex stakeholders than most other sectors of the economy (Achuma, 2008); it needs to be socially responsible to build good reputation, which could result in attraction of high quality employees. Mamic (2004) and Smith (1994) argued that employees prefer and want to work for corporations that are regarded as ethical and responsible. An employee will be proud to identify himself with an organization that has favorable reputation. In view of internal CSR practices in organizations; employees have begun to reevaluate their commitment and relationship with organizations. Employees as a unit of analysis have received limited attention in past CSR literature (Aguilera et al., 2007: 839; Rupp et al, 2006; Swanson & Niehoff, 2001). Therefore, this study focused on the employees with respect to their perceptions and expectations toward CSP, hence enabling organizations to learn about their corporate social performance of Bank Industry from the employees’ viewpoint. This paper examines the connection between a Bank Company’s CSR practices and its ability to attract, retain and engage employees, and, ultimately, to influence work and business outcomes.

2. Literature review:
The term corporate social performance has been used for several years. Woods (1991) concern that “the definition of corporate social performance is not entirely satisfactory” is shared by many scholars and managers. As first described by Carroll (1979), CSP is the three-dimensional integration of corporate social responsibility, corporate social responsiveness, and social issues. The CSP model integrates economic responsibility and public policy responsibility into its definitions of social responsibility. (Wartick, 1985). CSP has been used as a synonym for corporate social responsibility, corporate social responsiveness, or any other interactions between business and social environment. (Wartick, 1985). According to the definition given by the International Organization for Standardization (ISO), “CSR is taken to mean a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society. It also
concerns a role of business firm in the society and the society's expectation on the firm. CSR is a voluntary obligation and the management must involve in their firm's CSR activities. The measurement of CSR for sustainable development can be made in 3 dimensions, i.e. economic, social and environmental dimensions.”

Social activities are viewed as attractive employers of a large number of quality employees (Greening & Turban, 2000). For example, Bauer et al. (1996) found that companies with a pro-active stance toward the natural environment are viewed as more attractive employers than companies without such a stance. Similarly, Maignan et al. (1999) report a positive relationship between CSR and employee commitment. In other words, as an organization shows its dedication to act as a responsible citizen of society, employees commit themselves to act as exemplary organizational members. In a study of employee reactions to communication of CSR, Dawkins and Lewis (2003) found that the propensity to speak highly of their firm to outsiders increases considerably among employees involved in CSR activities. They also found that advocacy increases somewhat among employees who are aware of their firm’s CSR activities. A recent global survey of 1,122 corporate executives suggests CEOs perceived that businesses benefit from CSR because it increases attractiveness to potential and existing employees (Economist, 2008: 13). A French poll on CSR indicated that employees were seen as the most important stakeholder group toward whom corporations have to exercise their social responsibility (Humière & Chauveau, 2001).

Studies have also been conducted on how managers as stakeholders perceive CSR initiatives. The managers of organizations are important stakeholders who hold the responsibility of creating value for all other stakeholders. Managers of organizations, when compared to other stakeholders, perceive CSR differently and it is important to survey some of the studies on manager perceptions of CSR. Orpen (1987) examined the attitudes of 164 United States and 151 South African managers towards CSR. The result revealed that US managers hold significantly more favorable attitudes toward CSR than their South African counterparts. In addition, they tended to agree with more pro-responsibility arguments, while the South African managers tended to agree with more anti-responsibility arguments. The US managers feel that their society expects more corporate involvement in social responsibility than South African managers do. Orpen explained the results of his study in terms of the susceptibility of attitudes toward social responsibility to accepted cultural norms of the two societies. In another study conducted in Malaysia, Gupta and Sulaiman (1996) explored managers’ personal beliefs, orientation, and intentions regarding the ethical dimension of their decision-making behaviors, and also the organizational and societal factors that affect their choice in that regard. The results revealed that although managers would like to affirm their faith in the relevance of ethical behaviors for long-term success in their business endeavors, practical realities in the contemporary business scenario sometimes require them to make compromises. Those managers often feel constrained to make unethical adjustments for a variety of reasons, such as, the organizational and societal climate, lack of effective guiding mechanisms in the face of complex ethical problems, stiffer competition, and behaviors of superiors, colleagues and friends. Although some studies of CSR adopted an organizational behavior perspective (Albinger & Freeman, 2000; Greening & Turban, 2000), they mainly focused on how CSR impacted prospective employees, and increased corporate attractiveness. This research supports the idea that CSR positively affects corporate attractiveness but says little about how CSR actually influences employees. The few empirical studies investigating the internal impact of CSR on employees tend to focus on specific
dimensions of organizational commitment (Brammer et al., 2007; Maignan & Ferrell, 2001a; Peterson, 2004). Because of its multidimensional nature (Husted, 2000; Wood, 1991), CSR can influence a wide range of organizational attitudes and behaviors beyond organizational commitment. Aguilera et al. (2007) and Rupp et al. (2006) suggest that CSR can frame employees’ perceptions of organizational justice, and Swaen and Maignan (2003) and Swanson and Niehoff (2001) suggest that CSR can affect Organizational Citizenship Behavior (OCB). So, there is a lack of theoretical consolidation and synthesis on how and why CSR impacts on employee's attitudes and behavior, which can be explained by the limited empirical evidence available.

Employees' perception regarding corporate social performance (CSP) has never been investigated, either theoretically or empirically. Some researchers are investigating the role of stakeholders’ behavior as a mediating variable between CSR and financial performance (Barnett, 2007; Rowley & Berman, 2000; Wood & Jones, 1995), yet attention has mainly focused on consumers (Brown & Dacin, 1997; Schuler & Cording, 2006; Sen & Bhattacharya, 2001). An important contribution of this study is to show systematically how employees’ attitudes and behavior affect this relationship. Previous research on corporate social responsibility (CSR) investigates customers’ perceptions; however, employees’ view of CSR remains largely unexplored. Corporate culture and its capabilities become resources for the competitive advantage and employee perceptions of CSR activities play an important role in employee attachment to their company as well as corporate performance. Therefore, this study examines how the perceived cultural fit and CSR capability influence employee attachment and performance.

2.1 CSR and Employees
The concept of CSR was formalized in the middle of the previous century (Bowen, 1953; Heald, 1970) and many reviews detail its progressive theory-building process (Carroll, 2008; Lockett et al., 2006; Walsh et al., 2003; Wood, 1991). In the following discussion we clarify how CSR relates to employees as one of a corporation’s main stakeholder groups (Donaldson & Preston, 1995; Freeman, 1984). The proposition that an engaged workforce leads to a number of positive business outcomes has been well established.

2.2 Employees as a Stakeholder
According to Barnett (2007: 798-801) CSR is a form of corporate investment characterized by a dual orientation towards the improvement of social welfare and of stakeholder relations. This focus on stakeholder relations explains why employees, as a stakeholder group, impact CSR policy. Firstly, employees can act as agents for social change when they push corporations to adopt socially responsible behavior (Aguilera et al., 2007). Secondly, environmental policy demonstrates that employees’ support is necessary to secure effective CSR programs and policies (Ramus & Steger, 2000). Thirdly, employees as a stakeholder group perceive, evaluate, judge and react to CSR programs and actions (Rowley & Berman, 2000; Rupp et al., 2006; Wood & Jones, 1995).

In this paper, we are primarily interested in the second role played by employees as a stakeholder group. We consider employees as a group which perceives, evaluates and reacts to CSR. We will also consider employees mediating role by explaining how CSR-triggered attitudes and behaviors may affect organizational performance.
2.2.1 CSR Influence on Employees

Past CSR and HRM research has mainly focused on relationships between leadership and corporate social behavior (Swanson, 2008), or defined socially responsible leadership (Waldman & Siegel, 2008). Although some theoretical models of Corporate Social Performance explicitly included employees as a level of analysis (e.g., Wood, 1991), few studies have investigated CSR’s influence on employees’ attitudes and behavior. Numerous studies have focused externally, looking at the influence of CSR on prospective employees. Previous research on socially responsible behavior took two distinct and parallel paths, that explains the present knowledge gap on CSR’s influence on actual employees (Swaen&Maignan, 2003; Swanson &Niehoff, 2001). These works, which tend to be based on signaling theory (Spence, 1973) and social identity theory (Ashforth&Mael, 1989), suggest that a corporation’s socially responsible practices send a positive signal to potential workers. The workers, in turn, are likely to get identified with a responsible organization, especially if their values correspond with promoted practices (Strand, Levine & Montgomery, 1981). CSR effect on organizational attractiveness is stronger for job seekers who have many job choices (Albinger& Freeman, 2000), and when they have prior knowledge of CSR and/or are directly concerned with the issues addressed by CSR (Blackhaus et al., 2002). To determine how improved societal or environmental corporate performance impacts organizational attractiveness for applicants, it is necessary to consider both job and organization attributes. CSR can, therefore, be seen as a useful marketing tool for attracting the most qualified employees and is an important component of corporate reputation (Fombrun & Shanley, 1990). This research has demonstrated that, by enhancing corporate image and reputation, CSR is an appropriate tool for marketing to prospective employees. CSR directed towards employees can be perceived positively by both prospective employees and a wider audience, including actual employees. Indeed, Riordan, Gatewood & Bill (1997) used external corporate image as a proxy for social performance and found that employee’s perceptions of corporate image can positively influence job satisfaction, and negatively influence turnover and turnover intentions. Recently, researchers have investigating how CSR may influence incumbent employees.

These studies provide strong empirical support for CSR’s influence on commitment. These works build on social identification as a mechanism to explain CSR’s influence on employees, either explicitly (Carmeli, Gilat & Waldman, 2007), or implicitly (Valentine & Fleischman, 2008). Yet recent research suggests that CSR may influence employees through other mechanisms than identification (e.g., social exchange), and that CSR may influence employees’ attitudes, needs and behaviors other than commitment (Aguilera et al., 2007). Swaen & Maignan (2003) suggest that CSR can directly influence employee’s adoption of socially responsible behavior within corporations.

2.2.2 Need for employee perception

It is very important to evaluate and examine whether the stakeholders are satisfied with the activities and performance of the companies. On the other hand, the stakeholders should also be aware of their rights and be acquainted with company related issues which affect their interests. In this paper awareness of the corporate stakeholders (specifically employees of bank companies) about various relevant issues of social performance as well as their perception towards relevant issues has been evaluated.
According to Human Development Report (2011), if human development is about expanding people's choices, it will be built on shared natural resources. Promoting human development requires addressing sustainability locally, nationally, and globally. This can and should be done in ways that are equitable and empowering. Sustainable human development is the expansion of the substantive freedoms of people today, while making reasonable efforts to avoid seriously compromising of the future generations.

If the employees’ relation with the companies is strong, then the companies will attain long term financial and operational sustainability. The companies with poor external stakeholders’ relations may be more vulnerable to operational disruption like lawsuits, loss of reputation and diminution of board value (Dalas, 2004). Therefore, it is important to appreciate the company’s relations with its employees.

3. Objectives of the study:
The basic objective of this study is to evaluate the corporate social performance through the lens of employee.

4.0 Methodology of the study:

4.1 Sample Size:
About sixty banks are in operation in Bangladesh at present. Among them Ten (10) bank companies are selected for this study which falls into given category accordingly: two (2) state commercial banks, Seven (7) private commercial Banks, One (1) Islamic bank, Namely; AB Bank Limited, Agrani Bank Limited, NCC Bank Limited, One Bank Limited, Pubali Bank Limited, BASIC Bank Limited, Janata Bank Limited, Dutch Bangla Bank Limited, Islami Bank Bangladesh Limited and Bank Asia limited) have been selected for the study on the random sampling basis. Total One hundred and fifty (150) employees were interviewed who are working on those selected banks.

4.2 Data Collection: The investigation rests mostly on two pillars: the first is an extensive review of general and Bangladesh- specific pertinent literature and collection of secondary social information data as disclosed in the annual reports of selected companies as well as from other relevant legal and document published by the government and other bodies concerned thereto. The primary data have collected from respective stakeholder group with the use of a questionnaire designed for the purpose of the study by face to face interview by the researcher and filling up the questionnaire by the selected respondents themselves as per the instruction provided. Besides, the researcher conducted semi-structured interviews with the executive of the firm just to develop insight about the current practice of CSR in respective firms.

4.3 Data Analysis Techniques: Descriptive statistics such as mean, standard deviation were employed in data analysis. The study reveals employee perception regarding CSP.

5.0 Scope of the study:
Of the several industries in Bangladesh, the financial company was selected for the purpose of the study. It is found that several bank companies had social responsibility highlighted among their values mentioned on their website. At the same time in their annual reports they had shown commitment by funding activities in various social programs like beautification projects, employing physically handicapped people, sponsoring medical camps, education
scholarship, providing medicines and support for disaster recovery programs and so on. The study was confined to Ten (10) banks which were randomly selected for the study. Besides, the extent of the study would remain limited to Dhaka, Chittagong and Comilla metropolitan cities Branches.

6.0 Analysis & Findings:
Total 19 (Nine teen) research questions were designed into questionnaire which focuses on employee perception regarding corporate social performance. In this survey, to what extend employee agree with the research question measured by using Likert 7 scale point questionnaire consist of (1= strongly disagree, 2= disagree, 3=moderately disagree, 4=neutral, 5=moderately agree, 6=Agree, 7= strongly agree). This questionnaire distributed in different banks in the area of Dhaka, Chittagong, and Comilla to collect responses of employees.

The analyses of the research questions are as follows:
Research Question -1 (RQ-1) descriptive statistics analysis indicates that bank’s participation in society is important. Out of 10 banks, highest mean 6.875 and SD 0.35 of Bank Asia and lowest mean 5.33 and SD 0.70 of Janata bank, Grand average shows 6.46, which indicates it is important for the bank to contribute in the social cause.

Research Question -2 (RQ-2) descriptive statistics analysis indicates that bank has contributed for social cost out of their budget. This question response highest mean 6.71 and SD 0.76 in One Bank and lowest mean 5.17 and SD 0.63 in Janata bank, Grand average shows 5.95, which point out bank significantly includes social cost in their budget.

Research Question -3 (RQ-3) descriptive statistics analysis indicates that bank has sound policy regarding social responsibility. This question response highest mean 7.00 and SD 0 in NCC Bank and lowest mean 4.5 and SD 1.9 in Janata bank, Grand average shows 6.14, which indicate samples bank has sound policy regarding social responsibility.

Research Question -4 (RQ-4) descriptive statistics analysis shows that employee is an important participant of the social fund. This question response highest mean 7.00 and SD 0 of NCC Bank and lowest mean 4.64 and SD 1.74 of DBBL, Grand average shows 6.14, which indicates most of the bank consider employee as an important participant in their social fund.

Research Question -5 (RQ-5) descriptive statistics analysis shows that Bank provides full adequate information about social responsibility. This question response, highest mean 7.00 in Basic bank and SD 0 in Basic bank and lowest mean 4.6 and SD 0.7 of NCC Bank, Grand average shows 6.08. Respondent’s response indicates the all banks provide adequate information regarding CSR.

Research Question -6 (RQ-6) descriptive statistics analysis shows that most of the bank provides satisfactory salary. This question response highest mean 7.00 and SD 0 of Basic Bank and lowest mean 3.8 and SD .63 in NCC bank, Grand average shows 5.38.

Research Question -7 (RQ-7) In question seven responses, highest mean 6.37 and SD .52 of Bank Asia and lowest mean 3.00 and SD .67 in NCC bank, Grand average shows 5.30., which indicates most of the bank employees, get sufficient fringe benefits.

Research Question -8 (RQ-8) In question eight responses, highest mean 6.8 and SD .33 of AB Bank and lowest mean 2.40 and SD 0.7 in NCC bank, Grand average shows 5.26., which indicates most of the bank employees, get sufficient retirement benefits.

Research Question -9 (RQ-9) In question nine responses, highest mean 6.44 and SD .73 in AB Bank and lowest mean 3.64 and SD 1.74 in DBBL, Grand average shows 5.84.
Research Question -10 (RQ-10) In question ten responses regarding timely training and opportunities, highest mean 6.29 and SD .49 in One Bank and lowest mean 3.5 and SD .7 in NCC bank, Grand average shows 5.60.

Research Question -11 (RQ-11) In question eleven responses, highest mean 6.44 and SD .53 in AB Bank and lowest mean 1.2 and SD .42 in NCC bank, Grand average shows 4.53.

Research Question -12(RQ-12) In question Thirteen responses, highest mean 7.00 and SD .0 in Basic Bank and lowest mean 4.64 and SD 1.98 in DBBL, Grand average shows 5.84. This indicates average respondents are satisfied with their job.

Research Question -13(RQ-13) In question fourteen responses, highest mean 6.78 and SD .44 in AB Bank and lowest mean 4.17 and SD 1.49 in Janata Bank, Grand average shows 5.73. This indicates average sample banks provide better working conditions.

Research Question -14(RQ-14) In question eighteen responses, highest mean 6.44 and SD .53 in AB Bank and lowest mean 3.57 and SD 1.91 in DBBL, Grand average shows 5.44. This indicates average sample banks recognize employee’s contribution.

Research Question -15 (RQ-15) descriptive statistics analysis shows that Bank employees corporate image increases due to bank’s social contribution. This question response highest mean 6.84 and SD 0.38 in one bank and lowest mean 4.42 and SD 2.11 of Janata Bank, Grand average shows 5.78.

Research Question -16 (RQ-16) descriptive statistics analysis shows that most of the respondents agree that Bank’s operating profit increases for its social involvement. This question response highest mean 6.57 and SD 0.53 in one bank and lowest mean 4.1 and SD .74 of NCC Bank, Grand average shows 5.52.

Research Question -17 (RQ-17) descriptive statistics analysis shows that most of the Bank employees are satisfied with the overall CSP of the respective banks. This question response highest mean 6.71 and SD 0.49 in one bank and lowest mean 3.7 and SD .67 in NCC Bank, Grand average shows 5.47.

Research Question -18 (RQ-18) In this question responses, highest mean 6.71 and SD 4.9 in one bank and lowest mean 2.9 and SD .57 in NCC bank, Grand average shows 5.53.

Research Question -19 (RQ-19) This question response highest mean 6.20 and SD 3.57 in IBBL and lowest mean 2.21 and SD .19 in Agrani Bank, Grand average shows 4.01. In this question respondents Agrani Bank responses is very poor it means employee benefit will reduced if CSR contribution by the Bank.

On the above employee perception analysis grand average shows all of the average is more than 5 expects question no. 4. In this study researcher found that employee perception on CSP is high-quality. Bank wise CSR performance highest position is AB bank and Bank Asia. Out of 10 Banks employee wise CSR perceptions is very poor in NCC Bank and Janata bank. Hence employee’s perception regarding the corporate social performance is positive. Employee’s agree with most of the statement included in the questionnaire. Employee’s are neutral about bank’s responsibility toward their health, family and social issues. Further, about a major percentage of Banks employees think that CSR contribution minimizes their benefits.

5. Conclusion:

Employees can be a key driver of the concrete and successful implementation of the organization’s CSR activities. (Changchutoe, 2012). The study indicates that banks perform in a fair manner, such the bank procedures are perceived as fair, reliable and non-biased; and also, if the banks treat the employees with dignity and respect, the employees may feel
grateful to pay back the bank with high levels of commitment. It is concluded that work-place variety, work-life balance and safety elements of CSP are stronger predictors of Employee commitment in the banking sector. The study found, employee perception is high-quality regarding corporate social performance of Bank industry and if the CSR activities in the Bank increase bank employee will be more satisfied.

6. References:


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