

# Factors Affecting Socially responsible behavior of employees – an empirical study in India

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**ABSTRACT :** The socially responsible behavior is defined as discretionary decisions and actions taken by individuals in organizations to enhance societal well-being. Socially responsible behavior can be used by organizations as a type of differentiation strategy to create competitive advantage. The present study has made an attempt to understand the factors behind responsible behavior of Indian employees towards society. Data has been collected from the employees through a structured questionnaire. Results obtained after data process depict that socially responsible behavior of the Indian employees vary across a range of demographic and organizational variables.

## KEYWORDS

Corporate social responsibility, Prosocial behavior, Socially responsible behavior, Well-being.

## INTRODUCTION

The term Corporate Social Responsibility (CSR) has gained prominence, both in business and in the press to such an extent that it seems to have become ubiquitous [1]. There has been a growing acceptance of the plea that corporations should be responsible to the society. Business, being one of the dominant institutions of the present day market-

led-economy, wields considerable influence on the resources of the society and plays an important role in the process of socioeconomic and cultural modernization. Being organically linked to the wider socioeconomic and cultural system, it cannot distance itself from its commitment to the society, particularly in a developing country like India [2].

While talking about corporate social responsibility, socially responsible behavior (SRB) comes into play that an individual or a firm has to drive that CSR agenda in that firm. Socially responsible behavior has been described as “action that goes beyond the legal or regulatory minimum standard with the end of some perceived social good rather than the maximization of profits [3].

It seems reasonable to expect that the employees who have a positive attitude towards socially responsible activities are more likely to champion the activities in the firms they manage. Having these kinds of employees would always lead a firm to implement socially responsible activities. Formal adoption of CSR by corporations could be associated with the changing personal values of managers and that there may be an association between different industries, the

personal values of the managers who work in them and their commitment to CSR [4].

Literature shows that in India, only a few empirical studies, Singh et al. [5], Krishna [6] and Reddy [7] have been made to assess the state of CSR based on the data generated from the business managers. Taking all this into consideration, this paper studies the factors affecting socially responsible behavior of employees keeping in mind that the more responsible an employee is towards the society the higher the tendency firms show towards corporate social responsibility.

## REVIEW OF LITERATURE

There have been few methodological debates on how to study both what responsible actions are and why companies act accordingly. Maignan and McAlister [8] proposed a conceptualization of socially responsible behavior that accentuates the role of stakeholder and organizational norms, respectively. Schneider et al. [9] provided a definition of socially responsible behavior and proposed a model of the psychological antecedents, specifically cognition, values, and emotions that are believed to prime this behavior.

Krishnan and Balachandran [10] discussed that the case of Coca Cola proved without doubt that irresponsible corporate behavior can have repercussion throughout their global markets. Brueck and Hollerweger [11] found that the success of an organization is based on managers' creativeness and correctness, i.e. on a common effort of all workers who ethically contribute to a corporate strategy and qualitative meeting the demand on the market.

Sorsa [12] discussed how institutional social theory has been and could be used in explaining socially responsible corporate behavior. Kumari [13] addressed some major issues of social responsibility in corporate and micro, small and medium enterprises (MSMEs) in India and found that enterprise social responsible behavior seem to vary generally with the size of the enterprise. Cano et al. [14] tried to seek answer to the question as to why socially responsible behavior is good business behavior. More favorable attitudes formed when warning labels are present that supports the notion that consumers recognize and value the stewardship principle.

Singh [15] explored the extent of the relationship between the demography and socially responsible behavior of Indian consumers. Behavioral intentions and manifestations reflect the image of the corporations in the society. Socially responsible behavior influences various initiatives today. Benabou and Tirole [16] drew on recent developments in the "psychology and economics" of prosocial behavior to shed light on this trend, which reflects a complex interplay of genuine altruism, social or self image concerns, and material incentives.

## HYPOTHESES

To study the socially responsible behavior of employees, the following hypotheses are formulated in null form.

H1<sub>0</sub>: Type of business sector does not have significant effect on employees' socially responsible behavior.

H2<sub>0</sub>: Employee demographic profile will not have significant effect on their socially responsible behavior in relation to: H2<sub>0a</sub>: Gender; H2<sub>0b</sub>: Education level; H2<sub>0c</sub>: Level of management; H2<sub>0d</sub>: Designation;

Table 1: Reliability analysis of the scale

S.No.	Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q1	.697	.840
Q2	.746	.835
Q3	.398	.862
Q4	.608	.848
Q5	.647	.844
Q6	.524	.854
Q7	.581	.851
Q8	.476	.857
Q9	.676	.850
Q10	.103	.873
Q11	.804	.841

H2<sub>0c</sub>: Work experience.

## RESEARCH METHODOLOGY

Simple random sampling technique was used in the selection a sample of employees from different industries across India. The final sample consisted of consisted of 317 employees. Both primary and secondary data were used. The primary data was collected through a well-structured survey. The self-administered questionnaire used 5-point Likert type statements (where 1 = strongly disagree, 2 = agree, 3 = undecided, 4 = agree, 5 = strongly agree) (Annexure). Inferential statistics were used selectively for the testing of hypotheses. Univariate ANOVA and test of homogeneity were computed. Reliability analysis, using Cronbach's alpha, was employed to check the reliability of the scale.

Principal component analysis was used followed by Varimax rotation. The extraction of factors was stopped when Eigen values (latent roots) came to be less than 1.00. Three factors with Eigen value greater than 1 emerged explaining 75.965 per cent of variance with a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of 0.619 which was in the acceptable range, being more than 0.5.

Table 2: Identified Variables and Factors

Factor No.	Factor Description	No. of variables	Variable Codes*	% of variance explained
F1	Ethical Behavior	5	Q1 (.882), Q2 (.914), Q4(.573), Q9(.716), Q11 (.651)	32.075 %
F2	Employee Wellbeing	2	Q3 (.881), Q8(.828)	22.637 %
F3	Social Development activities	3	Q5(.664), Q6(.854),	21.253 %

			Q7(.64 4)	
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## DATA ANALYSIS AND RESULTS

### Type of Sector and Socially responsible behavior

Univariate ANOVA implied that there was a significant effect of type of sector on the socially responsible behavior, namely 'Ethical Behavior'  $F(1,136)=4.745$ ,  $p=0.030$ ; 'Employee Wellbeing'  $F(1,136)=75.930$ ,  $p=0.000$ ; and 'Social Development Activities'  $F(1,136)=9.471$ ,  $p=0.002$ .

The Levene's test for homogeneity of variances was applied between the type of sector and socially responsible behavior. The tests for homogeneity of variance were significant at 0.05 level for 'Employee Wellbeing' (Levene=9.512,  $p=0.002$ ), 'Social Development Activities' (Levene=3.930,  $p=0.048$ ) except 'Ethical Behavior' (Levene=1.104,  $p=0.294$ ) which was insignificant.

### 5.2 Gender and SRB

The ANOVA results showed that there was no significant effect of gender on the socially responsible behaviors, namely 'Ethical Behavior'  $F(1,136)=0.205$ ,  $p=0.651$ ; 'Employee Wellbeing'  $F(1,136)=1.134$ ,  $p=0.288$ ; 'Social Development Activities'  $F(1,136)=0.008$ ,  $p=0.930$ .

### Educational Background and Socially responsible behavior

The univariate ANOVA test results implied that there was a significant effect of educational background on the socially responsible

behaviors, namely 'Employee Wellbeing'  $F(1,136)=34.081$ ,  $p=0.000$  and 'Social Development Activities'  $F(1,136)=8.693$ ,  $p=0.003$  with the exception of 'Ethical Behavior'  $F(1,136)=1.534$ ,  $p=0.216$ .

The Levene's test for homogeneity of variances was applied between the educational background and socially responsible behaviors. The tests for homogeneity of variance were significant at 0.05 level for 'Social Development Activities' (Levene=6.996,  $p=0.009$ ), whereas 'Ethical Behavior' (Levene=0.000,  $p=0.988$ ) and 'Employee Wellbeing' (Levene=2.759,  $p=0.098$ ) were insignificant.

### Level of Management and Socially responsible behavior

The univariate ANOVA tests implied that there was a significant effect of level of management on the socially responsible behaviors, namely 'Ethical Behavior'  $F(2,316)=208.720$ ,  $p=0.000$ ; 'Employee Wellbeing'  $F(2,316)=10.925$ ,  $p=0.003$ ; and 'Social Development Activities'  $F(2,316)=37.753$ ,  $p=0.000$ .

The Levene's test for homogeneity of variances was applied between the level of management and socially responsible behaviors. The tests for homogeneity of variance were significant at 0.05 level for 'Ethical Behavior' (Levene=14.155,  $p=0.000$ ), 'Employee Wellbeing' (Levene=19.162,  $p=0.000$ ), and 'Social Development Activities' (Levene=8.816,  $p=0.000$ ).

### **Designation of Respondents and Socially responsible behavior**

The univariate ANOVA tests were conducted to compare the effect of designation of the respondents on their socially responsible behavior. It was implicit from the results that there was a significant effect of designation on their socially responsible behaviors, namely 'Ethical Behavior'  $F(2,316)=87.406$ ,  $p=0.000$ ; 'Employee Wellbeing'  $F(2,316)=5.469$ ,  $p=0.005$ ; and 'Social Development Activities'  $F(2,316)=20.241$ ,  $p=0.000$ .

The Levene's test for homogeneity of variances was applied between the designation of the respondents and socially responsible behaviors. The tests for homogeneity of variance were significant at 0.05 level for 'Ethical Behavior' (Levene=15.501,  $p=0.000$ ), 'Employee Wellbeing' (Levene=6.657,  $p=0.001$ ), and 'Social Development Activities' (Levene=3.393,  $p=0.035$ ).

### **Work Experience and Socially responsible behavior**

The univariate ANOVA tests were conducted for each dependent variable. The results revealed that there was no significant effect of work experience on the socially responsible behaviors, namely 'Ethical Behavior' ( $F(2,136)=0.471$ ,  $p=0.625$ ); 'Employee Wellbeing' ( $F(2,136)=0.048$ ,  $p=0.953$ ); and 'Social Development Activities' ( $F(2,136)=0.363$ ,  $p=0.696$ ).

## **DISCUSSION OF RESULTS**

This study found that employees from manufacturing sector perceived that their behavior

is more socially responsible than their counterparts in service sector. This means that the manufacturing sector is more ethical and more concerned for employee well-being and more involved in social development activities than service sector. Hence, type of sector can be said to have effect on socially responsible behavior of the employees.

It was found in this study that gender-based variations on socially responsible behavior were insignificant. In other words, irrespective of the gender, employees have a similar responsible behavior towards society. Further, this study revealed that respondents having post-graduation expressed a better responsible behavior towards society than those having under-graduation. Such variation was also found statistically significant. The finding confirmed the significance of a respondent's education level on his or her SRB.

The findings revealed that top level of management had such socially responsible behavior compared to middle level management and lower level management. Such difference was also found statistically significant. Hence, the results of this study confirmed that level of management of the employees has significant effect on their socially responsible behavior. The findings also show that CEOs/Presidents held a much better socially responsible behavior than the CSR functional heads and other officers. Such variations were also found statistically significant suggesting designation of the employees predicts their socially responsible behavior. Surprisingly, this study revealed that there is no significance effect of years of experience on the responsible behavior of the employees.

## CONCLUSIONS AND SUGGESTIONS

The research indicated that the socially responsible behavior of the Indian employees vary across a range of demographic and organizational variables. The results indicate that the employees from both business sectors displayed their behavior in varying degrees towards social issues. The higher their level within the hierarchy, the more likely the employees have a positive attitude of being responsible than their colleagues in the lower level of managerial hierarchy. When the findings are interpreted in terms of gender of the employees, both male and female employees tended to display no difference in their socially responsible behavior. However, the education level of the employees appeared to significantly affect their responsible behavior towards society.

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