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## International Journal of Economic Research

ISSN : 0972-9380

available at <http://www.serialsjournals.com>

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Volume 14 • Number 16 (Part 3) • 2017

# Intrinsic Motivation of the Employee–The Cornerstone of a Genuine and Committed CSR

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## ABSTRACT

Strange are the ways as to how human beings get inspired, motivated and push themselves to the limit and this paper examines how a company's genuine and committed CSR could drive the worker towards excellence and productivity. The article focuses both pragmatically and theoretically on a company, that satisfies the criteria for CSR, and very much in the likelihood of becoming socially active for the sake of its growth, sustenance and the effect such an initiative will have on its employees. The authors strongly believe that though the impact of CSR is primarily on the growth and stability of the concern, maximizing profits through brand building, return of investment to the stakeholders, customer retention and market enlargement by countering competition, capital and resources infusion by up scaling goodwill and reputation and rebuilding the nation at large but not very conspicuously present in this cornucopia of the benefactors is the employee. The bone of contention is therefore the key element aptly termed by Maslow as "sense of belongingness" which is going to turn the tide for the company and intrinsically motivates the employee who feels that there is a sense of purpose. Through this research, an attempt has been made to examine and illustrate the vital ingredient or the cornerstone as 'intrinsic motivation' that powers the individual to achieve and affiliate.

**Keywords:** Corporate Social Responsibility (CSR), benefactors, intrinsic motivation of the employee.

## 1. INTRODUCTION

Corporate Social Responsibility is an essential component for good business practice, it is about using core competencies, influence others to improve business practices and encourage change. The underlying and cardinal principle of a company's philanthropic attitude should be the sharing of benefits and solely with the intention of uplifting the society and all the associated benefactors. Altruism at the expense of ulterior

motive of expecting a geometric progression of rewards and returns will never justify the very purpose of the initiative. On the other hand, the giving back to the society should help the company to reap rich dividends in the form of a satisfied and a gratified public with all its sub domains, translating into a wider customer base and enhanced market coupled with highly motivated employees who are now willing to go the extra mile to improve productivity and performance.

The cascading effect of an inspired and motivated workforce is felt in every sphere and spectrum of activity and the outcomes are fruitful, remunerative and beneficial and this comes naturally to a corporate giant or for a mammoth corporation with the right attitude and which has the wherewithal and the funds to divert and have a comprehensive CSR strategy.

They are easily noticed with their large presence and the volume of business with a gigantic workforce and benefaction automatically happens when it is able to generate lot of skilled, unskilled, general and specialized jobs locally, nationally and internationally. They are able to pay higher and attractive remunerative packages commensurate with their knowledge, expertise, experience and application which lead to better and higher productivity, efficient leadership and ultimately results – for themselves and for the enterprise.

The concept of resolving concerns for sustained development from concerns and conglomerates to the stakeholders is a process that has become more or less mandatory as article 135 of the Companies Act emphasizes this for companies with a net worth of 500 crores or having a turnover of 1000 crores or earning net profit of 5 crores or more. This means that a company coming under this purview would have to necessarily spend 2% of their profits on societal concerns such as education, eradicating hunger and poverty or for equality and empowerment of women, tackling health issues plaguing the society or doing their bit for the environment.

So what about the small and medium enterprise with a lower investment, turnover, employability, reach and profits. A company typically in this segment will undoubtedly be high on the creative and innovation quotient but there is a perpetual struggle to fund their ideas and reap higher revenues and again take it forward to benefit the society at large. Such enterprises, even if they have the intention and the will, are found wanting on the facet of social responsibility due to the dearth and paucity of finance.

The research tries to focus on a company that satisfies the criteria for CSR and very much in the likelihood of becoming socially active and in reckoning for a robust CSR policy for the sake of its growth, sustenance and the effect such an initiative will have on its employees.

## **2. LITERATURE REVIEW**

Jean-Pascal Gond, Assâad El-Akremiti, Jacques Igalens, Valérie waen (2010), discusses about What a corporation is doing for society is both a matter of external communication and a way to influence employees' perceptions of their organization. This paper shows that CSR can influence social exchange dynamics as well as social identification processes within the corporation. It integrates these two mechanisms in a new framework explaining how CSR perceptions stimulate the adoption of workplace attitudes and behaviors that may ultimately foster corporate performance. This model provides a roadmap for studying how corporations by doing good, can push their employees to engage in both efficient and socially responsible behaviours.

Vida Skudiene, Vilte Auruskeviciene (2012) suggests that internal and external CSR activities positively correlate with internal employee motivation. Internal CSR was found to be more inclined towards internal employee motivation than all the external CSR dimensions. As far as the external CSR was concerned, customer related activities indicated stronger correlation with internal employee motivation than local communities and business partners related CSR activities. The weakest relation was found between internal employee motivation and business partners related CSR activities.

Tokyo Foundation (2014) has stated that every social problem is in fact an amalgam of diverse individual woes, and its solution must involve all-out efforts not just by the government but by all sectors and strata of society, including businesses and citizens, based on a sense of their respective responsibilities. In particular, heightened expectations are being directed at the corporate sector, with its organizational strengths and funding clout. There is a strong need for Japanese corporations to address social issues from a public-interest perspective, not just to meet their social obligations but also to manage the risks of doing business globally. In other words, they must practice corporate social responsibility (CSR) to avoid stepping on “landmines” around the world. In order to achieve the desired integration of CSR and business operations, it is essential to aim for activities that will maximize both the contribution to resolving social issues and the contribution to business operations. The survey revealed that it is practically difficult to achieve in practice.

Kasha Rangan, Lisa A Chase, Sohail Karim (2012), discusses the CSR Practices and strategies needed for an organization and how it which brings values and relationship with the society it inhabits and it depends upon. It talks about the different catalyst for various CSR programs. It says the CSR programs depends on the expected outcomes of the programs like for some it is entirely logical to look for measurable business connections and for others, it is simply community contribution which may be sufficient. And for some it as a long term opportunity by first focusing on and working through the social and environmental investments. Every company needs a cohesive, integrated CSR strategy that plays on its core strengths and institutional capacity to maximize its benefits to society, environment, and motivations of its many stakeholders.

Lala Rimando (2012), discussed on the survey conducted by the League of Corporate Foundation commissioned Newsbreak, an independent media group, among large companies operating in the Philippines to obtain a snapshot of how companies practice what they preach about doing good. This is a follow up to a similar Newsbreak survey four years ago, or in 2007. He discusses about the potential sustainability of CSR efforts and its planning, structure of CSR programs. In the 2007 survey, employee volunteerism was less prominent when companies designed their philanthropy, event, or other CSR activities. The 2011 study showed that 62% of the respondents have CSR activities that are opportunities for their workers to do volunteer work. In the 2007, it was only 52%. The increasing involvement of employees is a transitioning from just being the business function to engaging the people that helps the business. Sixty percent (60%) of the respondents said their employees are a top reason why the companies have engaged in CSR. Studies have shown that happy and motivated employees are more productive at work. Fifty-two percent (52%) of the respondents in this 2011 survey said employee satisfaction is a measure of their CSR's success.

### 3. METHODOLOGY

It is time to improve communities and reinvest profits for the betterment of the society and this has become increasingly important in today's world, as the benchmark of a successful, appreciated and reputed business enterprise do more than generating revenues; they use their business acumen and competence to enhance the lifestyle of the locality. Corporates now adopt and apply CSR as one of the strategies to motivate their employees by bringing in a sense of belongingness in them through CSR activities. This paper does a non-empirical study to understand the CSR activity and its relationship or importance to employee's intrinsic motivation.

#### 3.1. Analysis and Inferences

CSR has become an integral touchstone of a plan of action for the Corporate to develop and foster a good relationship with internal and external customers. The legitimate mantra of an enterprise is to be genuine and committed to the society that has given so much in terms of various resources, that it has become imperative and irrefutable for it do something in return.

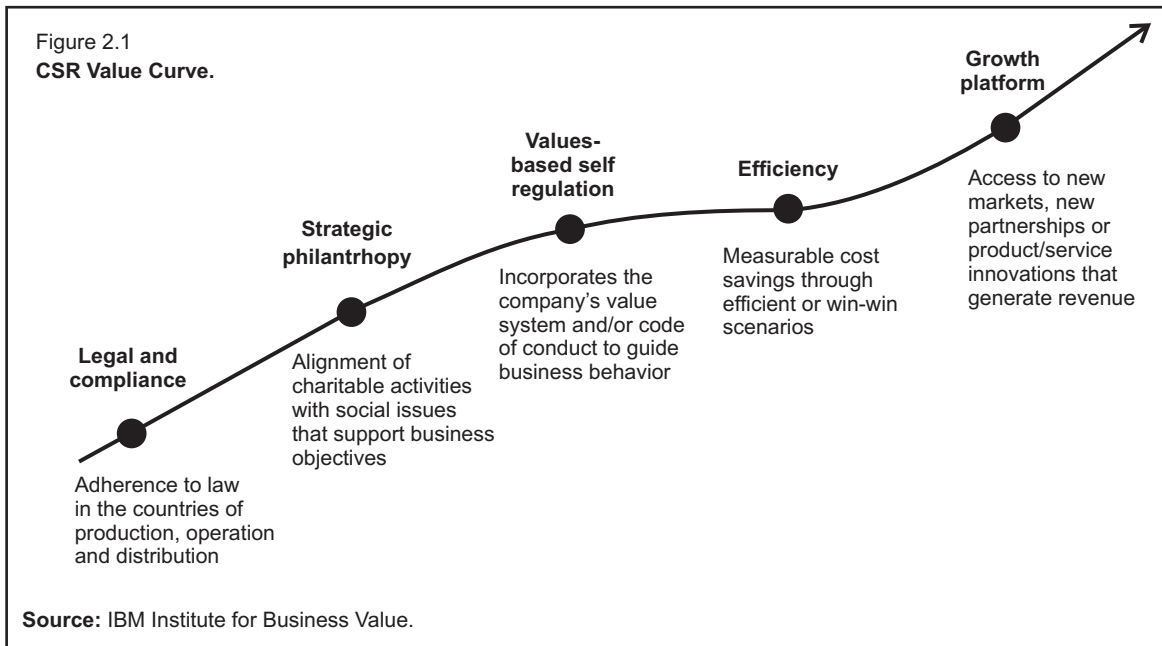


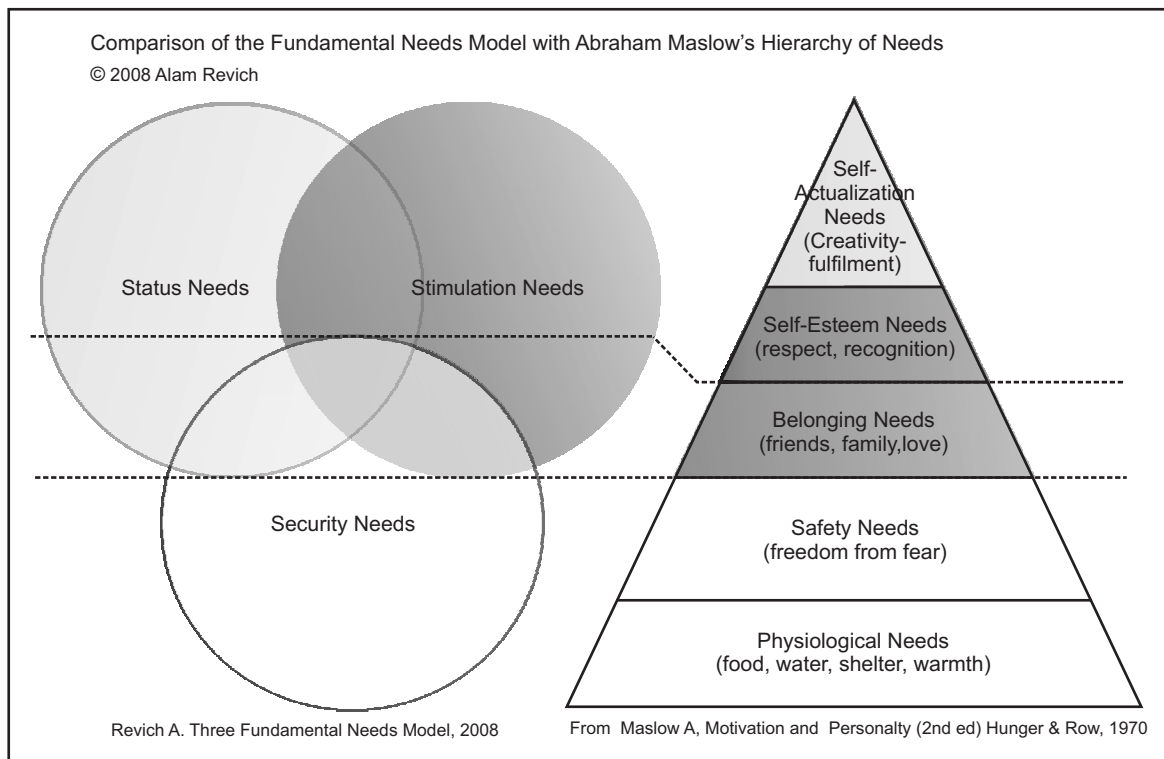
Figure 2.1: Shows the CSR Value Curve

#### Rationale behind Corporate Social Responsibility(CSR) in an enterprise :

1. **Reputation** : Companies have to work doggedly to safeguard and harness the reputation and goodwill that has been built over the years and have to go the extra mile to keep it intact and further the cause of the betterment of the environment in which they do business.
2. **Eyeballed** : There is a constant pressure on the companies to better their rankings and ratings and have to publish their quarterly and annual financial and non financial results and these become objects of scrutiny by the stakeholders and general public.

3. **Go green initiatives :** The green awakening is making companies to make a conscious effort to conserve and protect the environment.
4. **Expectations of venture capitalists :** Investors are showing keen interest in Corporates with increased CSR activities. For example, \$1 out of every \$9 under professional management in America now involves an element of “socially responsible investment”, according to Geoffrey Heal of Columbia Business School.
5. **Demand from the workforce :** Corporates are also facing strong demand for CSR from their employees. The business rationale in large companies is that CSR helps to motivate, attract and retain staff. “People want to work at a company where they share the values and the ethos,” says Mike Kelly, head of CSR at the European arm of KPMG, an accounting firm.

### 3.2. CSR and Employee Motivation



**Figure 2.2**

Traditionally, an employee was satisfied in his or her job if it was secure, compensated well, and had benefits in terms of medical, retirement and other associated extrinsic rewards. Other key factors at the subsequent rungs of the ladder of satisfaction were based on job content, relationship with boss and team, freedom and independence on the job, sense of belongingness, esteem and self-actualization and the parameters were more or less akin to Maslow's need hierarchy model. It is interesting however to stress on the term “sense of belongingness” and seamlessly fitting into this sub domain is the culture of the company, which will undeniably have a strong influence on the satisfaction of the employees and in turn affect their performance

and productivity. Over the years, the outlook has undergone a sea change and one of the vital parameters or key factors influencing job satisfaction is the values and beliefs that the organization beholds, attitude and responsibility that it has towards the society and the nation at large. This has become an important yardstick for measuring the reputation of the company which in turn brings with it pride and motivation for the employees, who are indeed affected by the ethos of the company.

Embedded deep within is the relationship that a worker has with such a responsible company and the positive reinforcements it may have on the motivational aspect. The repercussions and reverberations of a sound, earnest and unfeigned CSR policy is intense and profound. It becomes a driving force to outshine and outperform oneself and there is a more meaningful and positive realignment of the attitude, perception and behaviour of the individual which will undoubtedly have a major impact in reducing attrition, attenuation, turnover or mass exodus.

A Survey by Harvard Business School which includes 50 CSR managers, who attended an executive education program in 2011 has the following highlights:

They reported 168 significant CSR initiatives at their respective companies roughly divided 40 percent in Theatre 1, 40 percent in Theatre 2, and 20 percent in Theatre 3. A theatre is a descriptive framework from which strategic implications will be drawn. Evaluating and classifying CSR practice within these three theatres accommodates the wide range of activities business leaders describe as CSR and provides a framework to devise a comprehensive CSR strategy that integrate all of these efforts.

**Table 2.1**  
**Different Motivations and Benefits**

<i>Theatre 1 Motivation/Benefit to the Company</i>					
Generates new business opportunities	Improves company's social standing	Improves company's brand reputation	Increases employee motivation	Supports company's philanthropic priorities/initiatives	Reflects preferences of operating managers
23%	60%	60%	49%	56%	34%
<i>Theatre 2 Motivation/Benefit to the Company</i>					
Creates new business opportunities	Reduces operating costs	Improves supply chain performance	Improves company's environmental impact	Protects resources on which the company depends	Markets to socially responsible consumers
36%	21%	19%	40%	33%	36%
<i>Theatre 3 Motivation/Benefit to the Company</i>					
Promises significant and new business/market opportunities	Promises significant new operations or supply chain or manufacturing efficiency	Promises long-term gains by significantly changing its business environment	Creates an important solution to a social or environmental problem	Fulfills senior management or chief executive's social mission	
59%	48%	96%	78%	67%	

As might be expected, the motivation for the program and the expected benefits that their companies hoped to derive were very different in the three CSR theatres. **See Table 2.1.**

According to Mark Horoszowski, employees now demand that their company do more than simply not be bad. They need to do good, too. According to Forbes:

1. 32% of employees would seriously consider leaving their job if their company gave no / little money to charity;
2. 65% would seriously consider leaving their job if their company harmed the environment;
3. 83% would seriously consider leaving their job if their employer used child labor in sweatshop factories.

Interesting statistics there that reveals the humane side of the human resource. A landmark international Corporate Social Responsibility (CSR) study of human resource practitioners conducted by the Society for Human Resource Management (SHRM), reveals that CSR practices are seen as important to employee morale (50%), loyalty (41%), retention (29%), recruitment of top employees (25%) and productivity (12%).

Studies also reveal that average consumer will drive an extra 11 minutes to buy a product that supported a cause. According to the same article by Forbes:

1. More than 88% of consumers think companies should try to achieve their business goals while improving society and the environment;
2. 83% of consumers think companies should support charities and nonprofits with financial donations.

Consumers appreciate when corporations support a cause and donate with their profits and revenues and not charge the customers for this donation. In fact, 35% of the surveyed consumers dislike being asked to donate money at the checkout counter. Let us consider some examples from the industry that highlights the relationship between a CSR activity and its employee:

1. **Union National Bank :** This United Arab Emirates bank has been in the forefront of a genuine CSR initiative with prime focus on three key areas that support its vision which are giving the best customer service, employees' development, and being innovative with financial solidity and taking care of shareholder value. It has helped in the progress and development of the local communities with strong CSR initiatives and projects like education, Emiratisation, community causes, special needs, climate change and environment. The bank has lived up to its motto of the three Rs – Reduce, Reuse and Recycle by enforcing this maxim to all its employees thereby striving towards conservation of environmental resources and reduce waste. It has earnestly followed the “Earth Hour” practices and driven home this point to its committed workforce to switch off unnecessary lights and appliances at home and work.
2. **Employees don't stay with a company because of benefits :** It is the long-term relationship-building that attracts people to stay.”- Jeff Swartz, CEO of Timberland. It is stimulating to bring to attention the results of a recent survey at Cognizant India, an American IT services company with 200,000 employees in India. Indeed very compelling to read that more than half of their employees backed by CSR initiatives have showed remarkably improved workplace performance. The employees take pride in belonging to a company that has strong fundamental values and ethics and which actively participates in CSR which results in a positive attitude backed by high motivation levels and productivity.



3. **Figure 2.3: Indicates the Corporate Social Responsibility : Motivating Today's Employees Beyond the Paycheck.**

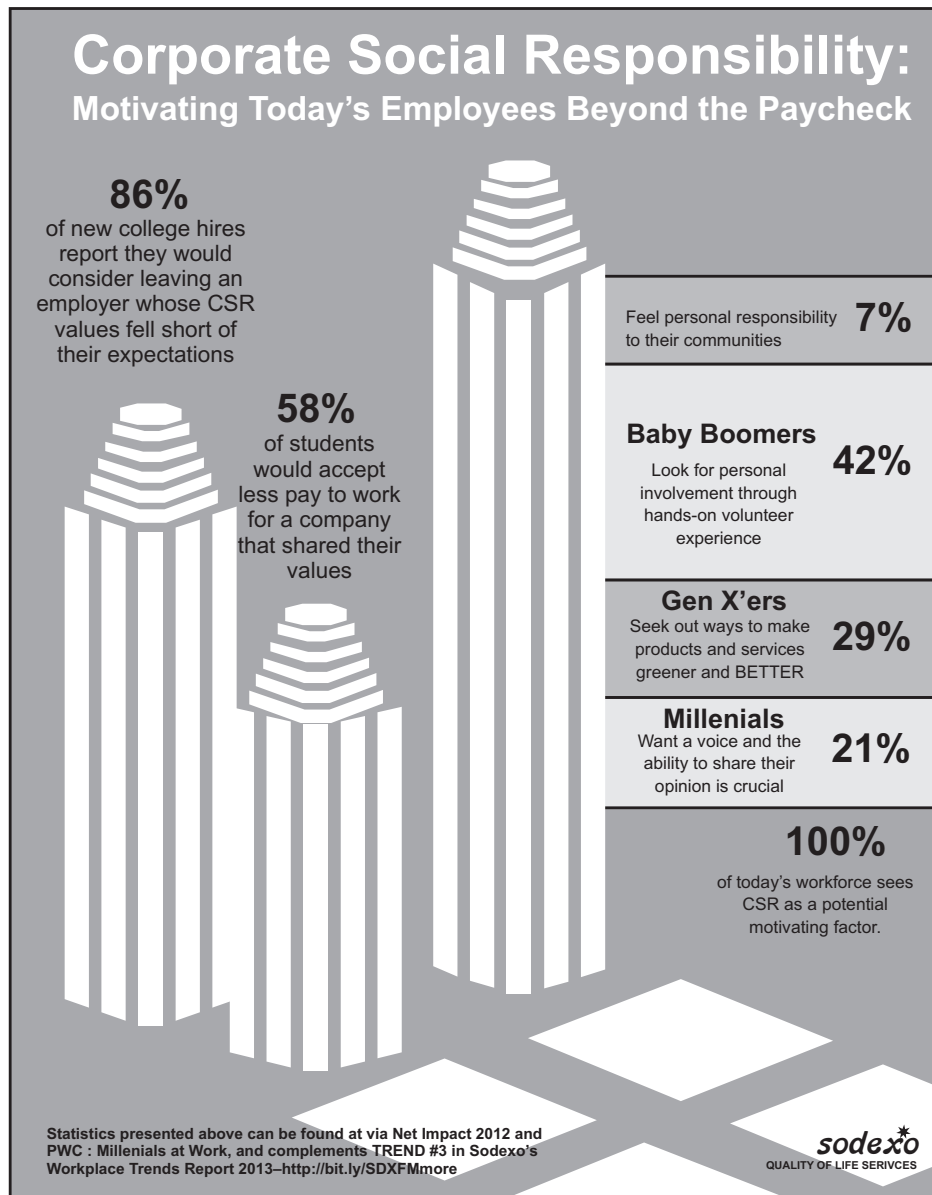


Figure 2.3

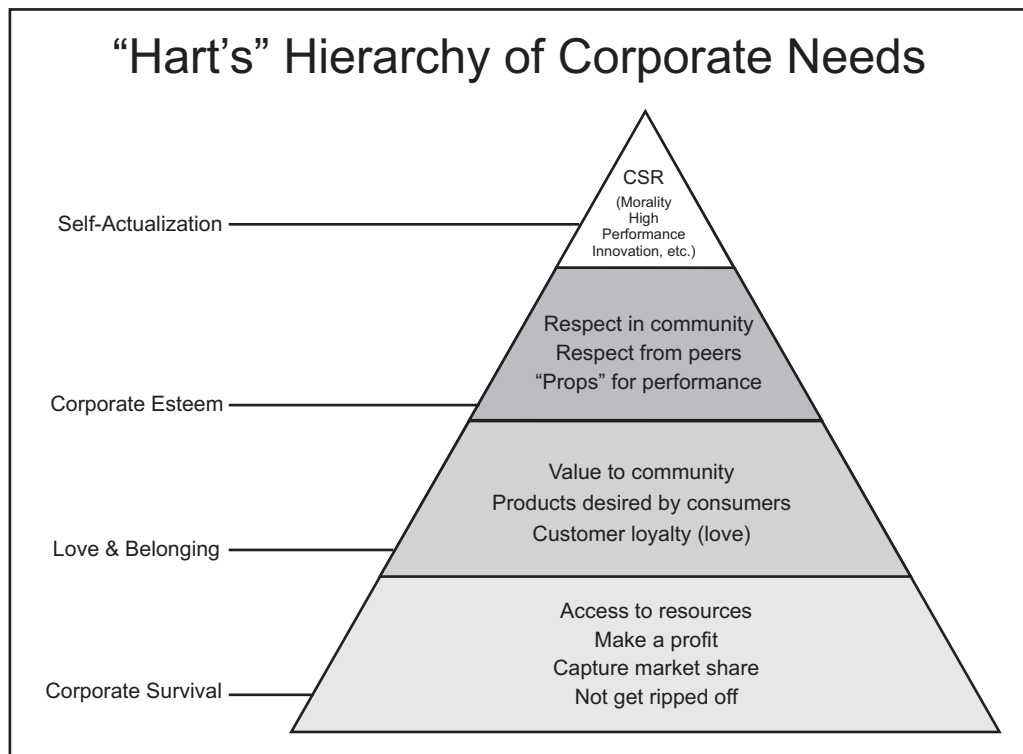
**Source :** Net Impact 2012 and PWC: Millennials at Work, and compliments Trends #3 in Sodexo's workplace Trends Report 2013

This percolates to the intrinsic rewards that an employee reaps which are intangible but eventually drives the individual from within to be immensely motivated and give the full potential. The vital ingredient or the cornerstone is therefore intrinsic motivation that powers the individual to achieve and affiliate and this cuts across the cross section of the company ranging from the top level managers to the grass root level officers and workers.

Thus, organizations have been paid off by applying CSR programmes and initiatives and they have become indispensable for organizations and have to give back to the society to get something in return. Therefore, the quid pro quo policy has helped to provide a value for stakeholders by achieving increased productivity. The obligatory and compulsory CSR plans bring with it more trust and brand image to the external factors and stand to gain internally by attracting more potential talents and intrinsic motivation of existing employees.

#### 4. DISCUSSIONS

The part played by a company in working towards giving back to the society is multidimensional; it has to be a genuine and committed effort, has to take along the employees to be part of the initiatives and get them involved in these causes, make them feel empowered by the outcomes and the utilization of their knowledge, skills and expertise. It has to be at the core of businesses and not adorn as a mere ornament for the sake of keeping up with the trend. It should therefore have a comprehensive vision encompassing goals of unselfish concern and magnanimity, apart from profit maximization.



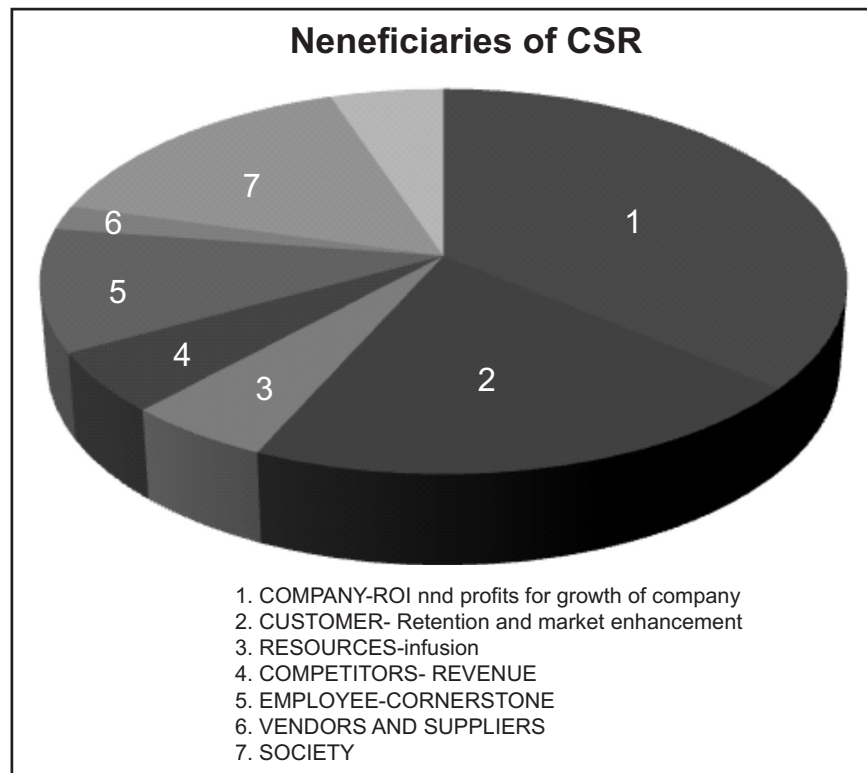
**Figure 2.4**

The scale and intensity of the initiatives in CSR can range from the ordinary simple tasks to drives towards charity and largesse offered to various establishments depending on the size of the company and its revenues. Community improvement initiatives in the field of education, health and nutrition are normally in the forefront of any business as we have seen them amply in the Indian perspective. Setting up schools, providing better infrastructure and facilities for existing ones, taking up issues concerning the girl child, establishing sports academies, providing relief during natural disasters such as floods, earthquakes, drought

etc., are some of the established and time tested measures adopted by an organization to give back to the society. Even though in all the above mentioned initiatives, an employee may be benefitted indirectly, the level of impact is a bare minimum. However, even small steps in the right direction within the organization would also bolster the morale of the work force and act like a bulwark to facilitate the engagement of the workers and other stakeholders.

A successful and triumphant CSR programme could envisage a gamut of activities such as providing crèches for its women staff, providing working lunch to their staff, free transport facility for commuting to and from office and maybe provide bicycles to express solidarity for a green and clean environment, free education for the children of their employees, health and medical insurance, flexible working hours, distribution of profit and so many more.

At the heart of a genuine CSR strategy is the employee and the foundation for any viable and successful programme lies in sensibly implementing tasks cut out suiting the workers and the company, with the prime focus on integrating the individual with the company or simply put as ‘fusing the two’ together.



**Figure 2.5**

A brand therefore, irrespective of its size and popularity, is recollected more for having a value addition, an identity that promotes welfare and above all as one that truly takes care of its employees. Living up to the ideals of practicing good governance and to be concerned with all the major and minor stakeholders is reflective of the contemporary world that one does business in. A poorly executed plan of action will undoubtedly raise its ugly head, not necessarily in the form of wrath and discontentment from customers, but from within, in the form of a disgruntled and dissatisfied work force. The feeling of not having a sense

of belongingness refuses to reward the worker despite probably high pay packets and other perks and the acceptance will automatically come if the company believes in goodness of something for him. The built in and constitutionally reward system ingrained in human psychology owes a lot to the existence of a ‘feel good’ factor and that the company takes care of you well. Enjoying the activity from within oneself and not be forced to or pushed down one’s throat can be immensely rewarding and the outcomes are not awaited as the action is an outcome in itself!

**Impact of CSR activity on employee :**

- The single biggest consequence of a sound CSR policy on the employee is the sense of pride about the company they work for. New job seekers as well as existing employees push for CSR as an important criteria for entry and sustenance of their jobs. It bolsters self esteem in these individuals.
- The engagement and involvement of a company’s employees in CSR activities inculcates a feeling of contributing to the society which in turn brings a sense of belongingness in the Corporate Culture and empathy towards society. This enhances the productivity and performance of employees.
- A corporate practicing CSR indirectly conveys to potential employees about the stability of the organization and communicates a message of wellness which is not directly related to profiteering in business. This effectively translates into mutual trust for job seekers as well as for existing employees.

The stimulation that one experiences when one is driven to perform not by pressure but by purpose makes a huge impact on the behavior, attitude and perception of the individual towards the job, the co-workers, the family and the society at large and hence has profound implications. This specially comes to the fore when one can relate to the social conscience act undertaken by the company. For example, if Mr. X is an animal lover and his company supports the cause of ethical treatment towards animals or sponsors the programme on adopting a pet, then he is intrinsically motivated to be part of this company as he can align himself to the ideology and the good thoughts. The feeling of relatedness and of being one among them does matter and a satisfied employee will indeed strives harder and stronger. While monetary compensation is a compelling factor to owe allegiance to one’s employer, intrinsic rewards and motivation have gained lot of impetus in modern day business, resulting in an engaging work culture and environment. Added to this, the nature of today’s work also demands more creativity and innovation and this requires keen sense of participation and a very dedicated effort to accomplish tasks.

This brings us to the core of engagement which is utilization of one’s competence; more often than not, the skills of an individual are grossly underutilized due to lack of interest or meaning and purpose. Rewards such as freedom to take decisions, act on them realistically and eventually record the performance on the basis of different parameters will find value for the end result. As a result, the intrinsic motivation reenergizes a worker and helps him or her to manage self and not deviate from the path and allows staying more focused.

**Table 2.2**  
**CSR framework for Employee Motivation**

<i>Steps</i>	<i>Points to be considered</i>	<i>Participation</i>
Identifying the CSR activities and its relevance to society	Depending on the organizational strategy and financial stability	Top Management
Choosing the best CSR activity	After Discussion with Top CSR heads. Selection based on its relevance to business and after considering the Vision-Moral -Image gaps	Top Management and CSR Heads
CSR Design	To identify the right person with right skill and right task for the CSR activity. Implementation and time frame to complete the activity	CSR Heads and employees
CSR Report	To report the relevance to society	CSR Heads in consultation with Top Management
CSR Feedback	Getting a feedback from society on the benefits and employees.	CSR Heads, Society and Employees
CSR Reviewing	Reviewing the CSR activity based on the feedback and analyzing the employee participation with motivational levels and organizational gain.	CSR Heads in consultation with Top Management

## 5. CONCLUSION

Irrespective of the size and scale of operations of organizations, responsible business practices have come to stay and there is a ***strong bonding*** between this and intrinsic motivation of the work force. These corporate social responsibilities enable companies to have ***better work conditions*** which are safe and secure especially in the high risk environs where one finds the maximum employees at the base of the pyramid. A potential benefit of a CSR initiative is that it ***aids the training skills*** and makes the lower rung employees ***more responsible and engaging***. This results in a ***reciprocal benefit*** in the form of ***valuable commercial gain***. This merits attention in the global arena and catapults the company to the elite group. CSR policy percolates to each and every employee who feels ***responsible and empowered***,

***Belongingness, progress and purpose*** in the minds of the employee is a natural outcome of such an initiative. However, some more innovative practices in implementing CSR activities and assisting the workforce to identify the right skill and to do the right task with freedom need to be followed. This includes reviewing and feedback that can undoubtedly enhance intrinsic motivation of employees and can further contribute towards organizational growth and societal development with more and relevant CSR activities by Corporates.

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