

CSR and Competitive advantage: Thrust on green HRM

Swati N.Rahate

PhD.,B.E.(Electronics), MBA(Human Resource Management) Assistant Professor ,Jhulelal Institute of Technology , Nagpur.

Abstract: The effectiveness and productivity of an organization is always been of great concern to all business organizations. Many variables such as infrastructure, budgets and employee work attitudes in organizational structure encompasses in a wider aspect of organizational life. Organizations are exploring new areas for infrastructure development and better institutional climate for their employees to sustain their profits in strong competition. Corporate social responsibility (CSR) is an effective management tool to strengthen the organizations' performance through a better image in stakeholder's mind and also because of their responsible behavior toward society and environment. Although CSR has been more prevalent in those organizations that are more exposed to environment and are more prone toward creating contamination, the interest in using CSR as a strategy is increasing in every type of business. Nowadays the awareness is increased on the importance of quality management and business role toward society.

This study focuses mainly on the importance of CSR-related activities in an organization and the mechanism through which an organization is able to outperform its competitors by using its CSR-related activities for development of intangible resources.

The study is carried out in educational institutes in Maharashtra which are in regular practice of CSR activities. Data has been collected through the process of interviewing higher authorities and employees of the institutes and by conducting questionnaire survey for employees. Samples of employees for survey are selected randomly, whereas samples of higher authorities for interview are selected according to convenience. Collected data has been systematically pooled for further analysis. Hypothesis testing has been done with the help of ANNOVA test.

Keywords: Corporate social responsibility (CSR), competition, effective management, organizations' performance, quality management, business role

I. Introduction

The interdependence between a company and society takes two forms. First, a company impinges upon society through its operations in the normal course of business: These are inside-out linkages. Not only does corporate activity affect society, but external social conditions also influence corporations, for better and for worse. These are outside-in linkages.

Competitive context can be divided into four broad areas: first, the quantity and quality of available business inputs—human resources, transportation infrastructure, second, the rules and incentives that govern competition—such as policies that protect intellectual property, ensure transparency, safeguard against corruption, and encourage investment; third, the size and sophistication of local demand, influenced by such things as standards for product quality and safety, consumer rights, and fairness in government purchasing; fourth, the local availability of supporting industries, such as service providers and machinery producers. Any and all of these aspects of context can be opportunities for CSR initiatives.

1.1.Strategic CSR

For any company, strategy must go beyond best practices. It is about choosing a unique position doing things differently from competitors in a way that lowers costs or better serves a particular set of customer needs. These principles apply to a company's relationship to society as readily as to its relationship to its customers and rivals.

Strategic CSR moves beyond good corporate citizenship and mitigating harmful value chain impacts to mount a small number of initiatives whose social and business benefits are large and distinctive. Strategic CSR involves both inside-out and outside-in dimensions working in tandem. It is here that the opportunities for shared value truly lie.

Integrating inside-out and outside-in practices Many opportunities to pioneer innovations to benefit both society and a company's own competitiveness can arise in the product offering and the value chain.

Integrating Company Practice and ContextNestlé's approach to working with small farmers exemplifies the symbiotic relationship between social progress and competitive advantage.

Creating a social dimension to the value proposition. A set of needs a company can meet for its chosen customers that others cannot. The most strategic CSR occurs when a company adds a social dimension to its value proposition, making social impact integral to the overall strategy.

1.2. Organizing for CSR

It is about choosing which social issues to focus on. The short-term performance pressures companies face rule out indiscriminate investments in social value creation. CSR should be viewed like research and development, as a long-term investment in a company's future competitiveness

II. Literature Review

2.1 Corporate social responsibility

CSR can be defined as situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interest of the firm and that which is required by law. The term CSR was first coined in the 1950s and it gained peculiar attention in management studies in the 1970s.

Sharp and Zaidman studied CSR from a strategic perspective and concluded that incorporation of CSR into a firm's strategic management process can yield better outcomes for organizations.

The dominant paradigm about the proponents of CSR earliest starts from the work of Carroll, who has described the range of activities included in CSR from philanthropic activities till larger social benefits. According to Carroll, companies are expected to generate profits, obey the law, operate in line with social norms and do well in society beyond the society's expectations. According to Clarkson and Suroc et al, CSR is about meeting the needs of wider stakeholders in the society. Therefore, CSR discourse is becoming multidimensional, including social needs, stakeholder management and profit maximization, whereas certain researchers, such as Luetkenhorst, identify CSR from compliance and engagement to harm minimization and value creation.

According to Jamali and Mirshak, many businesses in developing countries are taking into account voluntary CSR practices as philanthropy, whereas on the management front the benefits of CSR in human capital issues management and workers' safety and satisfaction are increasing.

Garriga and Mele categorized CSR theory into instrumental, political, integrative and value theories, which, from all dimensions, lead to sustained development. The principle of social responsibility is leading companies to a concept of triple bottom line for decisions of social responsibility that include economic, social and climate care. Carroll has also defined the role of CSR as a strategic management issue, according to which CSR might be done to accomplish organizational strategic goals and to achieve long-term profit goals. Novak identifies a firm's extra legal social responsibilities, which would be of direct benefit to the business, such as communication to all stakeholders, establishing a sense of community respect and protecting moral ecology.

Jarzabkowski introduced a model of strategization of CSR that advocates that as CSR is goal-directed it can be strategic in nature, and CSR practices can be widely adopted throughout the organizational community because of the value creation feature of CSR.

In sum, the central thesis of CSR is predominantly oriented toward contribution to FP and also toward normative basis, which incorporates human values. Most of the research has focused on the relationship between CSR and economic performance or FP. This is probably to advocate the need of establishing a strong case of practice for all organizations proving CSR's benefits (as investment incurred may not have an immediate payoff).

Branco and Rodingues have described CSR as an important resource for organizations from a resource-based perspective. According to Barney, organizations can capitalize on their unique resources for sustainability, whereas the resources should meet the criteria of resource-based view (RBV), that is, should be valuable, inimitable, rare and immobile. CSR can help an organization build such unique resources, such as reputation, employee capabilities, and knowledge and network of relationships. Oliver also defined strategic use of CSR from an institutional and resource-based perspective to achieve sustainability in the organizations.

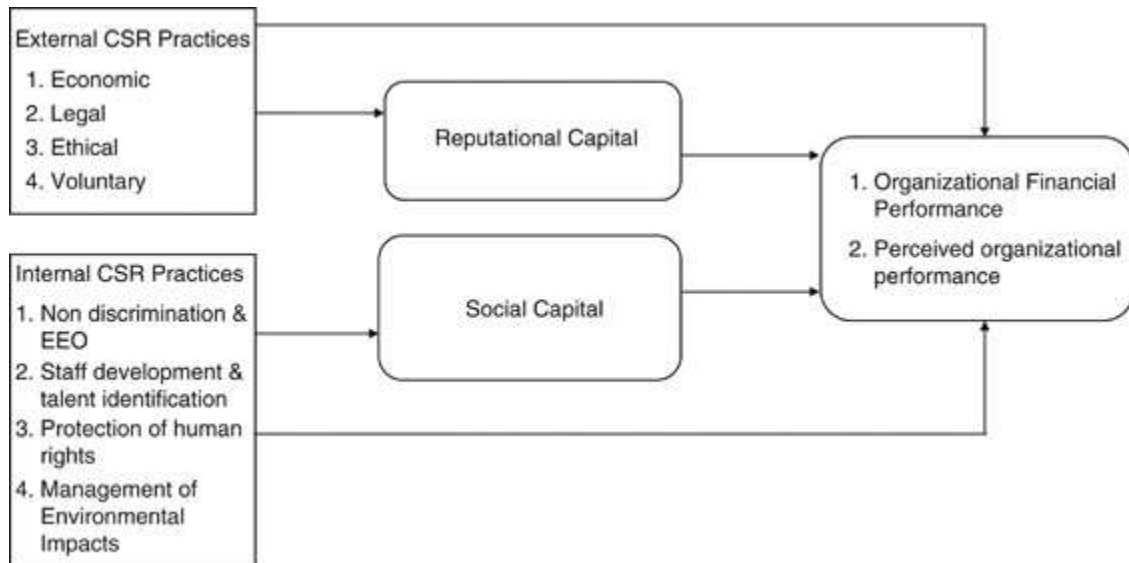
On the basis of previous literature, the research divides CSR into two dimensions: external CSR practices and internal CSR practices.

Generally, research in social responsibility has focused on only the external CSR, that is, community development and environmental protection, and literature is lacking in the internal dimension of CSR and the link between these two.

This study will focus on both dimensions of CSR to build an integrated model of CSR practices for strategic use of CSR as an important organizational resource.

III. Research Methodology

This study's major goal is to develop a model for the creation of intangible strategic resources for an organization through inclusion of social responsibility activities in the organization's business strategy, thereby increasing the firm's profitability and competitiveness.



CSR as a source of competitive advantage by creating intangible organizational resources.

3.1 Objectives

The aim of this research is to examine how CSR can contribute to building organizational-level social capital, which can serve as a useful resource to develop sustained competitive advantage for organizations. In addition, to help CSR managers attain strategic objectives of business, the concept paper attempts to develop a model that could provide managers with a mechanism by which they can integrate their CSR-related activities to gain strategic organizational outcomes.

- To study organizational-level social capital
- To study organizational-level reputational capital.
- To study relationship between CSR and organizational performance & financial performance

3.2 Research Hypothesis

- Null Hypothesis: perceived organizational performance in all 4 years under study is equally proportionate and Internal & external CSR activities are equally effective for improvement in social capital, reputational capital and financial performance of the organization.
- Alternative Hypothesis : perceived organizational performance in all 4 years under study is not equally proportionate and Internal & external CSR activities are not equally effective for improvement in social capital, reputational capital and financial performance of the organization.

IV. Evidences from the organization under study

Organizational reputation is an important intangible resource for the organization when the competition cannot match the value or prestige associated with a particular organization. Similarly, social capital creates a network of association, trust and reciprocity among the members of an organization, which can create an unbeatable workforce for it to sustain organizational performance.

Under the umbrella of social responsibility activities with internal and external stakeholders, different activities help an organization build certain intangible resources to the organization, such as social and reputational capital. Research identifies a strong link between strategic management of human resources to social capital creation, which is possible through manifestation of a responsible behavior to employees.

This study would contribute to the academic literature of strategic management by explaining how CSR activities can be helpful in developing intangible organizational resources, which subsequently results in better organizational outcomes.

Apart from theoretical and contextual contributions, the study is going to be equally important from an applied perspective. In today's highly dynamic business landscape, where managers are finding it hard to achieve and sustain a competitive advantageous position, the results of the study can certainly work as a major guiding force on their way to success in a world increasingly becoming complex, volatile and competitive with every other day. Findings of this research would add to the knowledge and understanding of the area of CSR and its linkage to building social capital and reputational capital by organization. Particularly, the study focuses on investigating the strategic role that CSR activities play in yielding better organizational performance/profitability through development of intangible organizational resources (social capital/reputational capital).

4.1 Social capital

Social capital is an asset that consists of network of relationships and their inherent resources and other network structures. This leads to ties among the members of a group, and these ties affect the individual's attitude, sense of support and attachment. Networking serves as social support to the people that effects satisfaction and ease at work through social support.

Another dimension in networking determines trust facilities, communication, information sharing and collaboration. Trustworthy members can provide social and emotional support, resulting in stronger emotional attachment and satisfaction. This dimension is associated with innovative behavior and employees' individual job-level outcomes.

A deeper facet of social capital extends to intellectual capital. This is determined by a set of shared norms and values, and mutual trust.

4.2 Reputational capital

Reputational capital signifies the value created by a firm's image in a stakeholder's mind because of their interaction with the organization .Strong corporate reputations help organizations to win the war of talent and foster employee retention.Corporate reputation unites all the stakeholders of the organization, as increased corporate reputation increases customer confidence in services. Good corporate reputations serve as a guarantee for high-performing workers. An organization's reputational capital can be an indicator of its ability to attract talented employees, and also reputable companies can attract investors more easily.

Reputations are outcomes of a competitive process in which firms signal their key characteristics to stakeholders to maximize their socioeconomic and moral status. Reputation is additional to the market value of a firm and that can be attributed for an organization to be a responsible citizen. It is generally believed that corporations' social responsibility activities can be used for image enhancement of an organization, which can build more legitimacy in the eyes of its stakeholders.

V. Analysis and interpretation

For questionnaire survey , sample of 84 employees were selected out of a pool of 100 (with margin error of 5% and confidence level of 95%).Samples are representatives of different departments. ANNOVA test has been used to analyze the collected data.

Analysis and interpretation: Table 1

Factors having impact of CSR activities	Year 2015	Year 2016	Year 2017	Year 2018	Total
Social capital	6	4	8	6	24
Reputational capital.	7	6	6	9	28
Financial performance	8	5	10	9	32
Total	21	15	24	24	84

i)Correction factor = $(84)^2/12 = 588$

ii) SST = Total sum of square – C

$$= \{(6)^2 + (7)^2 + (8)^2\} + \{(4)^2 + (6)^2 + (5)^2\} + \{(8)^2 + (6)^2 + (10)^2\} + \{(6)^2 + (9)^2 + (9)^2\} - 588$$

$$= 624 - 588$$

$$= 36$$

ii) SSC = Sum of square between Institutes – C

$$= [\frac{(21)^2}{3} + \frac{(15)^2}{3} + \frac{(24)^2}{3} + \frac{(24)^2}{3}]$$

$$= 609 - 588$$

$$= 18$$

iii) Sum of squares between factors affecting CSR – C

$$= [\frac{(24)^2}{4} + \frac{(28)^2}{4} + \frac{(32)^2}{4}] - 588$$

$$= 596 - 588$$

$$= 8$$

iv) Error sum of squares = 36 - 18 - 8
= 10

Table 2

Sources of variation	Degree of freedom	Sum of square	Mean SS= S.S DOF	F calculated	F(table)at 5%
Between years	3	18	MSC=18/3=6	MSC = 3.6 MSE	4.76
Between Factors having impact on CSR	2	8	MSR=8/2=4	MSR = 2.4 MSE	5.14
Error	6	10	MSC= 10/6=1.667		
Total	11				

VI. Result

Calculated Factor value is less than table value. So Null hypothesis is accepted. perceived organizational performance in all 4 years under study is equally proportionate and Internal & external CSR activities are equally effective for improvement in social capital, reputational capital and financial performance of the organization.

VII. Findings

The responsible behavior of an organization toward its internal stakeholders is categorized as ‘internal CSR practices’ and toward external stakeholders as ‘external CSR practices’. There exists a logical relationship between human resource development, social capital and organizational productivity in an emotional intelligence perspective.

Corporations’ social responsibility toward environmental management, economic growth and philanthropy are categorized as external CSR activities, and help in building reputations and goodwill of organizations.

CSR is in the form of incremental gains to the organization, and it provides long-term economic development and sustainability in the organization. CSR activities by providing a reputation insurance lead to greater confidence among stakeholders and investors in the firm, increasing the financial development of the company.

Organizational performance refers to working relationships, working attitudes, work family settlements and employees’ perception of organizational human resource and ethical values.

VIII. Conclusion

CSR can be defined as situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interest of the firm and that which is required by law.

The activities under the umbrella of CSR fall into three categories: economic growth, ecological balance and social progress.

Economic: The first of the dimensions to adopt CSR practices is economic value: entailing a good return on investment for the owners and shareholders, creating jobs and fair pay for employees, and making developments in business.

Legal: The second of the CSR dimensions is legal responsibility: to obey the rules of business and to govern the business according to government legislation.

Ethical: This portrays the dimension of business as being moral and doing just and fair things. Such responsibility is rooted in humanitarian grounds.

Voluntary: This is the dimension where a firm has a wide scope of discretionary behaviors by performing certain activities by which they are actually contributing to the welfare of society.

CSR investments reap better financial returns to organizations, both in marketing measures and in accounting measures. The philosophy of CSR encourages organizations not only to study economic outcomes, but also the social and environmental consequences that an organization shows to its stakeholders.

Reference

- [1]. John M. T. Balmer, J.M.T., Stuart, H., & Greyser, G. (2008). Corporate Identity and Corporate Brand Alignment
- [2]. Porter, M. E., & Kramer, M. R. (2002). The competitive advantage of corporate philanthropy
- [3]. Porter, M. E., & Kramer, M. R. (2006). Strategy and society