CONGRUENCE IN CORPORATE AND EMPLOYEE SOCIAL RESPONSIBILITY IN MANUFACTURING INDUSTRY: CONNECTING THE IDENTITY AND BEHAVIOR OF EMPLOYERS AND EMPLOYEES

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Abstract: Corporate Social Responsibility (CSR) has become a trend that appeals to change the business orientation from short-term to long-term goals, from maximum to optimum profit and become the essential part as the standard operating procedure for a company. Nowadays, only implementing CSR is not sufficient to sustain the business competitiveness. There are six key responsibilities for companies to manage within CSR which are customers, employees, business partners, the environment, communities and investors. Therefore, it is expected that employees who appreciate CSR activities will satisfy their own demands such as no lay-off policies, strict equity policies or pleasant work aesthetics. Specific managerial practices representative of CSR towards employees are likely to lead to employee commitment. Thus, in Small and Medium Enterprises (SMEs) or Multi-National Companies (MNC) started to take an active role in promoting their CSR programs and encourage employee social responsibility (ESR) which it was viewed as more favourable than those that do not have highly visible programs because they believe that having goals and vision that go beyond products and profits definitely provides a warmer image for the business that consumers and employees will be more eager to engage with. In this study, we explore how the CSR practices used by the manufacturing business, how employees form socially responsible through CSR programs and how it perceived by the employees. It is also important to understand the influence of corporate and employee social responsible identity and behaviour influence on CSR engagement pattern. The need to disseminate, increase ESR knowledge and acceptance on CSR among the employee will also be determined. The study also differentiate the social responsibility identity and behaviour among three groups of determinants which are no ESR-CSR congruence, single dimensional and full dimension by adopting the ESR-CSR Congruence Model. Stratified ransom sampling is use in this study. Qualitative and quantitative research will be used in this study to provide valuable information for the player who involve in manufacturing industry on the way forward to consider implementing CSR in their business. For qualitative research, the sample size taken is 30 employees from the executive level and top management from the

selected 5 manufacturing industry. On the other hand, 500 non-managerial employees will be interview using self-administrative questionnaire for quantitative research in order to achieve the aim of this study.

Introduction

Nowadays, Corporate Social Responsibility (CSR) and Employee Social Responsibility (ESR) has become an important tool for business environment to sustain their business competitiveness in both Small and Medium Enterprises (SMEs) and Multi-National Companies (MNC) industries. The definition of social responsibility was first introduce in 1953 and it had already known considerable interest in the 1960s and 70s, spawning a broad range of scholarly contributions and an authentic industry of social auditors and consultants. Corporate social responsibility is not a mandated practice in all organization but it is something extra that companies do to improve their local and global communities. CSR can help to bring a systematic approach into the management of socially responsible activities, identify the organization future risks and opportunities, contribute to the increasing of competitiveness of business and maintain the possibility for long-term business venture. CSR reports are a voluntary comprehensive reports which include not only economic data but also tell about the company policy in relationship with the environment, sustainability, ethical, human rights and social field.

Corporate Social Responsibility (CSR) has attained a great outline in the theoretical domain (Lockett, 2006). As well, many consider it an absolute necessity that organizations define their roles in society and apply social, ethical, legal, and responsible standards to their businesses (Luo and Bhattacharya, 2006). CSR has achieved business prominence due to the activities of pressure groups and also the emergence of the "market for virtues" such as Socially Responsible Investment (Brammer, Millington and Rayon, 2007) that create further pressures to adopt CSR initiatives. Moreover, CSR has spread geographically from its original US setting to become a global concept (Scherer and Palazzo, 2007), becoming particularly well established in Europe. Until 2016, many companies already started examining exactly how effective their branding is and how they are perceived by their customers and the general public. For example, the Solo Cup Company created the Sustainability Action Network to activate employees in community service focused on the company's CSR priorities.

From a CSR perspective, organizations seen as key drivers in the process of constructing a better world and are therefore under increasing pressure to demonstrate good and accountable corporate responsibility (Friedman and Miles, 2002). In addition to the prime requirement to deliver profits to shareholders, organizations are frequently subject to wider stakeholder interests and the need to demonstrate a balanced perspective. As a result, organizations are developing and updating their programs and policies, and attempting to measure their social and environmental performance, whilst at the same time engaging in consultations with stakeholders and, during this process, communicating their values to employees, environmental groups, local communities, and governments. For example, global leaders such as Johnson & Johnson, HP, and Shell have publicly acknowledged their social and environmental responsibilities and have developed processes to inform stakeholders using tools including

sustainability reports, responsible products, active engagement with NGOs, and positive participation in networks to share best practice in the field of CSR (Engardio et. al., 2007).

Moreover, Corporate Social Responsibility (CSR) deemed beneficial to business in areas like human resource management and employee retention, business branding and operational efficiency. CSR believed to be the new business strategy due to the commitment provided by the business on the welfare of the society. In terms of human resource management, employees will be attracted to companies that put value to CSR as they felt that they be taken care of. From business branding perspective, CSR activities give positive image and "feel good" feelings on the company. As a result, customers will favour brands that promote CSR over their competitors. In addition, implementing CSR encourages the employees to creatively constructing ways or methods to improve the business operations. Employee engagement include commitment to and belief in the organization and its values and a willingness and ability to contribute 'discretionary effort' to help the organization succeed. Nowadays businesses have become more conscious towards their contribution to the society and the environment in which they operate.

Literature Review

Most firm's aim to achieve growth, profitability and sustainability for the business venture and CSR strategies seems to be the viable option in the 21st century. In order to incorporate CSR strategy into firm's objective, the proposed CSR initiatives need to be clear, compelling, align with internal process such as marketing, manufacturing sales and so forth, and in conjunction with the firm's overall goal and core competencies. In addition, the initiative to create a CSR strategy must be well communicated to the all the employees to ensure full engagement, commitment and support from staff. In general, a firm may need to go through four steps or processes when developing CSR strategy which are determine business objectives and develop CSR strategy, align CSR strategy with the firm's core competencies, integrate CSR into the culture, governance, strategy formulation effort of the company, management and performance system and develop clear key performance indicator to measure the impact of CSR strategies.

Smart business leaders believe that an active corporate social responsibility program is an asset when it comes to attracting top talent. However, many leaders fail to understand that simply instituting a CSR program is not enough to retain the top talent. Today's conscious employees demand corporate social responsibility programs that give them the opportunity to become personally engaged in making a difference at work which is almost known as employee social responsibility (ESR). Research conducted by Cone Millennial Cause group found that 80% of a sample of 1,800 18-25 year olds wanted to work for a company that cares about how it impacts and contributes to society. More than half said they would refuse to work for an irresponsible corporation. According to Meister (2012), by the non-profit Net Impact, 53% of the workers state that "a job where I can make an impact" was important to their happiness and 72% of students about to enter the workforce agreed. Most of the respondents would even take a pay cut to achieve that goal. Thirty five percent of the respondents would love to work for a company that committed to CSR activities, 45% would like to work for a job that makes a social or environmental impact and 58% willing to work for an organization with values like their own. According to Phuah and Umi (2018), employee individual development on CSR and employee growth due to CSR activities significantly influence the competitiveness of SMEs. The industry firms started realizing that Corporate Social Responsibility (CSR) able to improve

the company cost-effectiveness and take care of all those interrelated with their endurance in the culture directly or indirectly for the success of the organization (Kumar, 2017).

Despite the valuable insights provided by existing literature and theories, academics have yet to pay sufficient attention to multi-level antecedents of employee engagement and companies especially those in the area of HRM and social or organizational psychology (Morgeson et. al., 2013). Questions that remain to be explored include how organizations can stimulate employee engagement in CSR, which interventions might lead to certain consequences for companies and employee and how the employee perceived about the CSR activities. How the employee attitude (ESR) will influence their participation in CSR activities. Currently there is a little knowledge about the typical characteristics, attitudes and preferences of employees who engage in CSR. Therefore, it is important to know the potential barrier which stimuli for employee engagement in CSR and how particular employee profiles might align with the CSR profiles of their employers. Furthermore, more information is needed with regard to factors that can increase or decrease the likelihood of employees to engage in CSR activities. Organizational interventions for stimulating employee engagement need to be focus where CSR initiatives can be designed in order to achieve goals related to HRM. Although recent reviews on CSR have demonstrated the accumulation of evidence regarding the consequences of CSR at the institutional and corporate levels (Aguinis and Glayas, 2012), but the scholars have yet to succeed in integrating theories of organizational behaviour and organizational psychology, particularly within the context of CSR. There is also research shows that only 4% of all studies focused on employee level, and very few have adopted a multi-level approach to CSR.

Therefore, the objectives of this research are:
1. To understand the influence of corporate social responsible identity and behavior influence on CSR engagement pattern.
2. To understand the influence of employee social responsible identity and behavior impact on the ESR engagement pattern.
3. To differentiate the social responsibility identity and behavior among three groups of determinants which are no ESR-CSR congruence, single dimensional and full dimension ESR-CSR congruence.
4. To determine whether ESR or CSR are more important in creating employee engagement.
5. To understand how employee perceived the CSR activities emphasize by the corporate.
6. To identify the organizations challenges in implementing CSR activities.

Material and Methods

Conceptual Framework

ESR-CSR Congruence Model is chose to use in this study. ESR-CSR Congruence Model offers a foundation for understanding congruence in terms of social responsibility in the workplace as well as its potential outcomes. The model summarizes the way in which combinations of socially responsible identity and socially responsible behaviour produce specific patterns of social responsibility which are also influenced by the three groups of determinants which are no ESR-CSR congruence, single dimensional and full dimension ESR-CSR congruence. According to Veage et al., (2014), congruence between life and work-related values was related to wellbeing and perceived accomplishment at work.

Single dimensional ESR-CSR congruence mean employers and employees share either the same level of identity or the same level of behaviour but not both. When employees and employers both share high levels of socially responsible identity, positive outcomes may emerge due to shared values such as organizational identification (Kim, et. al., 2010). When both employees and employer share high socially responsible behaviour, employee will be more participate in CSR and related positive outcomes with risk of lack of trust and lack of value congruence (Hansen, et. al., 2011). No ESR-CSR congruence mean either companies or employees sharing neither socially responsible identity nor socially responsible behaviour. No ESR-CSR congruence is likely to result in one of three employee responses to the company such as indifference, resentment and disengagement. Because they are uninterested in or unaware of the CSR positioning of their employers such employees are also likely to be indifferent to the lack of congruence on social responsibility (Rodrigo and Arenas, 2008). Full dimensional ESR-CSR congruence appear when both employer and employee share a high level of social responsibility behaviour. When full congruence occur, employee are attract to their job, pay full commitment and have high engagement.
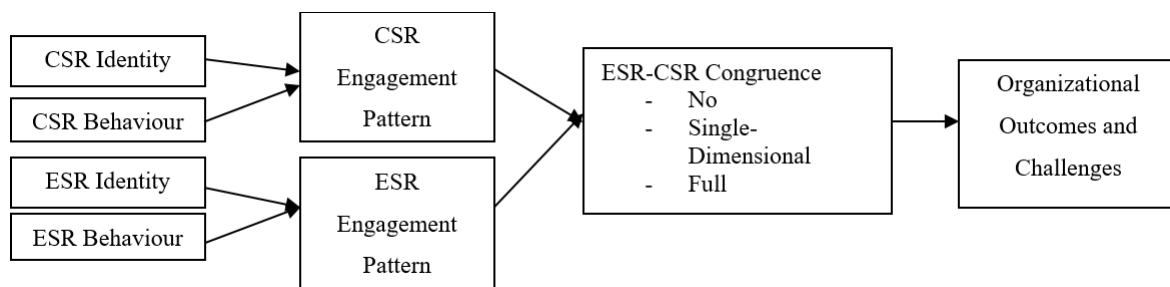

Figure 3: The ESR-CSR Congruence Model
Source: Adapted from Roza, L. (2016)

Method of Analysis

The study was conducted at Negeri Sembilan city where 5 selected manufacturing industries such as 3M Malaysia Seremban Sdn.Bhd, On Semiconductor (M) Sdn. Bhd., NXP (M) Sdn. Bhd., Xyratex (M) Sdn. Bhd. and Samsung SDI (M) Sdn. Bhd were located. Stratified random sampling is chosen to be used in this study where the manufacturing company will be divided into different subgroups according to the management level such as non-managerial employee, first line manager, middle manager and top manager, then randomly selects the employee proportionally from the different subgroups.

In order to address the objectives of this study, qualitative research such as questionnaires will be designed for an in-depth interviewing the first line manager, middle manager and top manager to understand the organization social responsibility identity and behaviour. Total of 30 managers where two managers from each management level of each organization will be randomly choose to be interview. Phenomenological study was chosen as one of the qualitative method to achieve the objective of this study. A combination methods such as conducting interviews and focus group to understand the meaning participants place on CSR and ESR. It will be rely on the participants' own perspectives to provide insight into their behaviours. In a phenomenological study, a few in-depth interview and focus group will be conducted on the 3 groups of managers which had mention above to build a sufficient dataset to look for corporate and employee social responsibility behaviour and to use other participants to validate the

findings. For example: there's been an explosion in the last 5 years in corporate social responsibility and employee social responsibility. But how do employer and employee engage with these activities? While we will examine time spent, behaviour and even assess employee achievement vis-a-vis in-person social responsibility activities by evaluating in 3 different congruence (none, single dimension and full) to examine which social responsibility is more important for manufacturing industry. The phenomenological study would aim to better understand the employer and employee identity and behaviour and how that may impact the business performance. Open ended questions will be used to further understand the CSR and ESR engagement pattern of both organization and employee.

Moreover, quantitative research will be conducted and the questions addressing the employees will comprise of socio-economic characteristics of company profiles, along with their perceived about the socially responsible activities, organizational interventions and how the CSR practices used by the manufacturing business. The sample size taken will be 500 employee from which represent a crude yardstick to achieve the aim of this study. In this study, reliability analysis will be used to determine the extent to which the items in the questionnaire related to each other. Cronbach alpha is use in this study to estimate the proportion of variance that is systematic or consistent in a set of test scores. Descriptive analysis is use to summarize the quantitative data into a simpler summary to make it easier to understand and measure. It was use to describe the population in this study. Frequency distribution are used to show clearly how the data values such as demographic which include management level, age, income, education level, race and etc can affect the variables in this research. Distributions were also displayed by using percentage. Exploratory Factor Analysis (EFA) will be used to refine and validate the obtained data. In second stage, Structural Equation Method (SEM) will be utilized to validate each construct to find explore the employer and employee identity and behaviour. SEM will provide a clearer conceptualization of the theory under study as it pictorially modelled the relationships among multiple variables (Byrne, 1998).

Expected Results

Full ESR-CSR congruence can generate several positive outcomes in the workplace. For example, employees are more likely to remain within the organization and to report higher levels of job satisfaction and organizational commitment. On the other hand, full congruence on Behavior-based Social Responsibility might produce positive outcomes, as employees participate in the CSR efforts of their employers. It is believe that employees who are actively involved in CSR programs are more likely to remain in their organizations and to exhibit higher levels of Organizational citizenship behavior and role performance.

Full ESR-CSR congruence on Identity-based Social Responsibility can produce high levels of value congruence leading to specific potentially positive outcomes, such as attraction, retention and commitment. For example, employees with strong social values identify more strongly with CSR oriented organizations, and in turn, show high levels of organizational identification (Kim, et al., 2010). Employees whose self-concept is based on social responsibility tend to have positive attitudes toward the CSR practices of their employers. In the case of full congruence in the pattern of Low Social Responsibility, one of the outcomes could be disengaged employees (Rodrigo and Arenas, 2008).

Conclusion

As with other research, this study will subject to some limitations. The major limitation of this survey is to access the manufacturing company top management team as they have a very busy schedule. Furthermore, the study is related to the company information and the acquired data depended on the top management honesty and cooperation in giving accurate information.

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