

# Impact of Individualistic CSR Values on Productivity – A “Gear man” Role in a Firm’s Sustainable Development



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*Indian corporates are evolving different diplomatic approaches to impart Corporate Social Responsibility values among their employees. One business model of creating CSR values among employees is establishing a Charitable trust and engage the employees through trust. The CSR time schedules are converted into mono-chronic styles from poly-chronic style and separate departmental functions are established by the promotor (the “Gear man”) of the charitable trust. This research empirically tested the relationship between the CSR values imparted by the promotor through the charitable trust and the productivity of the firm. This research portrays a method to quantify the CSR values of an individual employee and his social cohesion values. This model can be used by the public enterprises to measure the CSR values.*

**Keywords:** Corporate Social Responsibility (CSR), QFDM

## 1. Introduction

The impact of global recession made structural organizational changes in multi-national corporations. The strategic competence of the management changed from intellectual to social competence. Trust among the workers are developed based on the inter-personal contact among the society and employees. As CSR practices are mandated by the statutory regulators, the companies decided to impart the CSR values among the employees with the aim of reducing the conflicts among public and corporates. Different business models are evolved by different corporates to impart the CSR values. Number of companies began to think about their impacts on society at large, primarily because consumers became more aware of corporate activities around the world. To make the workers more responsible to different stake holders during the time of recession, corporations are trying to create social responsibility values among the workers. Most of organizations engage themselves in organizing different CSR programmes. This not only creates ethical value but also increase the brand values of the firm. (Jill, 2005). It is necessary for the companies to incorporate CSR into their business models. Multinational companies such as Mother care Inc, is involving in CSR programmes in offshore also. It opened its CSR center in Tirupur in India. A new business model is evolved by the Shanthi Gears Public limited company, which is located in Coimbatore, South India. Shanti Gears established the registered charitable trust under the banner “Shanthi Social services”. The promotor of the Shanthi gears is the “Gear man” of the “Shanthi social Services”. The employees of Shanti Gears Public limited are the members of the trust. Shanti Gears is the stake holder of Shanti Social services. The CSR activities are being carried out by the Shanthi social services. The initial capital expenditure for the Shanthi Social services are infused by the Shanthi Gears Ltd. The employees of the Shanti Gears are involved in Shanti Social services on a job rotation basis. The CSR time schedules are converted into mono-chronic styles from poly-chronic style and separate departmental functions are established. This model has been branded by the regional public as “Individualistic Gear-man model” of CSR. In this context, this research is motivated to discover the effect of individualistic effect of introducing the CSR Programmes with the firm’s productivity.

## 2. Review of Literature

Jean (1988) analyzed the relationships between perceptions of firms’ corporate social responsibility and measures their financial performance. Results showed that a firm’s prior performance, assessed by both stock-market returns and accounting-based measures, is more closely related to corporate social responsibility. Donna (1995) uses a stakeholder framework to review the empirical literature on corporate social performance (CSP), focusing particularly on studies attempting to correlate social with financial performance. Results showed that the empirical CSP literature mismatches variables in terms of which stakeholders are relevant to which kind of measure. Abigail (2000) reported a positive, negative, and neutral impact of corporate social responsibility (CSR) on financial performance. The result showed that the CSR has a neutral impact on financial performance. Lee Burke (1996) research examined social responsibility programmes which create strategic benefits for firms. George (1998) investigated the relationship between corporate social responsibility (CSR) and the economic performance of corporations. The results supported the conclusion that (past, concurrent and subsequent) economic performance is related to both CSR performance and disclosure. However, the relationships were weak and lacked an overall consistency. The current research examines the significant relationship between the corporate social responsibility values that was created by the individualistic gear-man model and labor productivity based on target achievement method.

### 3. Objective of the Study

The primary objective of this paper is to study the effect of CSR values created by individualistic gear-man model in labor productivity. The facilitating objective of the research is to find the answers for the following queries.

- What are the individualistic CSR Values?
- How to quantify the individualistic CSR values?
- What is the relationship between individualistic CSR values and productivity?

This research portrays the method to quantify the CSR values of an individual employees and their social cohesion values. This model can be used by the public enterprises to measure the CSR values.

### 4. The Modus Operandi of the Sample – Shanthi Gears Limited

In today's business environment, companies and individuals must act responsibly to gain a competitive advantage. Community programs make more sensitive towards customers, co-workers and public. It gives a broader perspective on life and shows an alternate means to deal with daily constraints. It also gives an outlet to showcase the spirit and talent in a different world and to a different set of people altogether. Businesses that recognize the importance of social responsibility often have employees who tend to be more satisfied with their jobs, adopt similar values, and become more committed to achieving success within the industry. Companies that enhance their reputations through CSR can perform better, and generate greater employee loyalty from workers. There are only a handful of private companies involving in CSR Programmes ethically.

As Shanthi Gears Public limited company in Coimbatore, is doing CSR activities based on the individualistic approach apart from the corporate level, we conducted the research among the employees of this company. Shanthi Gears (SGL), is a gear manufacturing company was promoted by Mr. Subramanian, an entrepreneurial engineer in 1969 as a partnership concern. In July 1972, the partnership firm was converted into a private limited company and later in March 1986 it became a public limited company. The Company is licensed to manufacture 96,000 gear wheels and 3,000 gear boxes. The growth rate of incoming orders is growing at the rate of 20%. In 1996, Shanthi social services charitable trust was established by the promotor with the aim of doing CSR activities. The employees of the Shanthi Gears are the members of the trust. The Company signed its maiden Wage Settlement Agreement with the Union through amicable negotiations brining in measures for improving the productivity in the long run. There are 562 permanent employees working in the Company. In 2012, the promotor sold his stake in Shanthi Gears to Tube Investments of India Ltd, Chennai and pooled the fund to the charitable trust. However, the employees of the Shanti Gears, taken the responsibility of CSR activities of the Shanthi Social Services and continuing their services as an individualistic pattern. Its motto is – "Service to Humanity is Service to God" and their value proposition statement is - "The trust does not solicit, request or accept any Donation." It has the following divisions

- **Project Division** - Education aid & support to Government schools, Child care development programs.
- **Medical Centre** - Consultation & primary medical care.
- **Pharmacy** - Branded medicines at highly discounted prices with 24-hour service.
- **Diagnostic Centre** - Quality services of medical testing with NABL accreditation.
- **Radiology Services** - State of the art CT, MRI, Full Field Digital Mammogram, Ultrasound 4D, X-ray, OPG, & BMD (Dexa Scan).
- **Dialysis Services** - World class ultra-modern Hemodialysis services.
- **Blood Bank** - High tech blood bank with latest equipment's for testing & issue of blood & its related components with 24-hour service.
- **Opticare Division** - Provides Quality & Affordable Eye care services.
- **Canteen** - Hygienic & healthy food at highly subsidized rates.
- **LPG Crematorium** - For the cremation of the dead bodies with Ambulance & Freezer facilities.
- **Petrol Bunk** -Supply of Right Quality & Quantity of Fuel with 24 hour service.

The promotor of the firm has been benchmarked as the "Gear man" of Coimbatore (Narayanan, 2013)

### 5. Methodology

The research has been conducted in a firm where the promotor is playing the 'Gear man' role to impart CSR values among their employees from a subsidiary entity. All the 218 employees working in Shanti Gears Ltd for continuous three years are selected for the study. Their participation in CSR activities are validated with their time sheet.

To measure the labor productivity, the **target-achievement rating (TAR)** method is used. Since the workers are from diversified departments, cost value method of measuring the productivity was not used. The labor production per day is measured in scaling technique. If a worker, exceed the target on a particular day, 2 points were given. If a worker completes the target, one point was given and zero point was given if he is unable to complete the standards fixed on that day. 320 working days in a year were studied. The labor productivity (based on achievement of standards) was measured by the following equation.

$$\text{Labour Productivity} = \left[ \frac{\sum S_n}{2n} \right] \times 100 \quad \dots\dots (1)$$

Whereas, - ' $S_n$ ' is the score of the worker on 'n'th day and 'n' is the number of effective days worked by the worker in a year. Hence maximum score for a worker will not exceed 100. To measure the CSR values among the workers, quality function deployment matrix was developed. The research failed to incorporate the observed behavioral regularities of the employees

Table 1 IPO Chart

Stages	Purpose	Input	Process	Output
<b>Stage I - Measuring CSR Values</b>				
1.1	To identify the social admiration values created by worker's participation in CSR activities	Primary data through interview schedule from 218 employees	Cluster analysis	24% of the workers were actively involving in CSR activities without stigma
1.2	To measure the values of rapport created by employees with public	Primary data	Cluster analysis	20% of the workers can create good rapport with society
1.3	To evaluate the ethical value created by the employees among public	Primary data	Cluster analysis	21% of the workers are engaging in CSR with ethical values
1.4	Creating rating skills based on CSR values	Output of stages 1.1, 1.2 and 1.3	QFDM	Mean average of CSR value - 61%
<b>Stage II - Comparing CSR values and productivity</b>				
2.1	To test the null hypothesis – "there is no variation among the CSR values and mean productivity of workers"	CSR values and labor productivity index	ANOVA	Null hypothesis rejected
2.2	To evaluate the managerial implications	Results of previous stages	Mean plot	There exists a leaner trend between CSR values and labor productivity

## 6. Imparting CSR Values

### 6.1 Social Admiration as CSR Value

Cluster analysis is used for classifying the workers attitude towards engaging in CSR. The respondents were clustered on the basis of satisfaction level sought from the five different attitudes. The variables' satisfaction levels are measured through five point summated rating scale i.e., strongly dissatisfied, dissatisfied, neutral, satisfied and strongly satisfied. The ratings are made as 1,2,3,4 and 5 respectively for each point. Social admiration in participating in CSR is measured with the variables 'non-frustration', 'commitment', 'individual esteem', 'friendliness' and 'unbiased engagement'. The measure of similarity is measured by euclidean distance model. The reliability and validity of cluster analysis was done by making multiple runs using different order of cases. Based on the cluster group centroids of each workers are labeled as 'definitely involve' (>4), 'probably involve' (3.0 to 4.0), 'neutral involvement;' (3.0 to 2.0), 'probably not involve' (2.0 to 1.0) and 'drained involvement' (<1).The results are displayed in Exhibit-1.

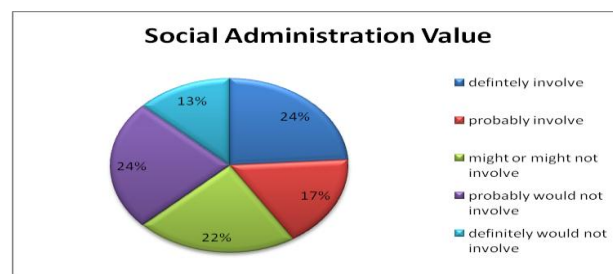


Exhibit 1 Social Admiration Values

The results clearly indicate that 24% of the workers are having definite involvement in CSR programmes of the organization. 37% of the workers are not ready to involve because of their social stigma.

### 6.2 Social Affinity

Cluster analysis is used for classifying the workers attitude towards creating rapport with the society with different CSR programmes. The respondents were clustered on the basis of satisfaction level sought from the five different attitudes. The variables' satisfaction levels are measured through five point summated rating scale i.e., strongly dissatisfied, dissatisfied, neutral, satisfied and strongly satisfied. The ratings are made as 1,2,3,4 and 5 respectively for each point. Social affinity in participating in CSR is measured with the variables 'sense of ecstasy', 'scheduling CSR' 'potential commitment', 'execution of CSR' and 'socializing CSR'. The measure of similarity is measured by euclidean distance model. The reliability and validity of cluster analysis was done by making multiple runs using different order of cases. Based on the cluster group centroids of each workers are labeled as 'definitely create rapport' (>4), 'probably create rapport' (3.0 to 4.0), 'neutral in creating rapport;' (3.0 to 2.0), 'probably would not create rapport' (2.0 to 1.0) and 'definitely would not create rapport' (<1).The results are displayed in Exhibit 2

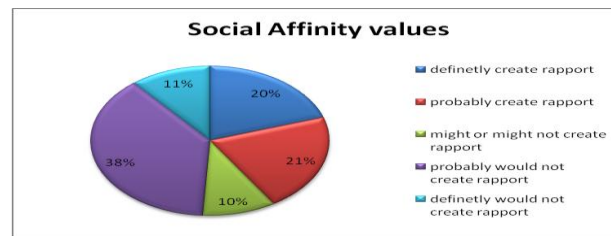


Exhibit 2 Social Affinity Values

The result indicates that the only 20% of the workers are succeeding in creating rapport among the public. 38% of the workers are unable to create rapport with public during CSR Programmes.

### 6.3 Creating Ethical Values in CSR

Cluster analysis is used for classifying the workers attitude towards creating ethical value with society with different CSR programmes. The respondents were clustered on the basis of satisfaction level sought from the five different attitudes. The variables' satisfaction levels are measured through five points summated rating scale i.e., strongly dissatisfied, dissatisfied, neutral, satisfied and strongly satisfied. The ratings are made as 1,2,3,4 and 5 respectively for each point. Ethical values in participating in CSR is measured with the variables 'social well-being', 'involvement in welfare programmes', 'environmental awareness programmes', 'equality' and 'stamp out social evils'. The measure of similarity is measured by euclidean distance model. The reliability and validity of cluster analysis was done by making multiple runs using different order of cases. Based on the cluster group centroids of each workers are labeled as 'definitely create ethical value' (>4), 'probably create ethical value' (3.0 to 4.0), 'neutral in creating ethical value;' (3.0 to 2.0), 'probably would not create ethical value' (2.0 to 1.0) and would not create Ethical value 'in creating ethical values' (<1). The results are displayed in Exhibit-3.

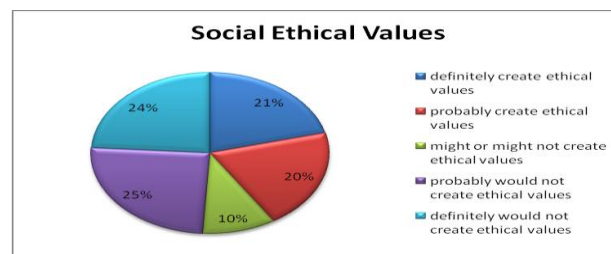


Exhibit 3 Social Ethical Values

The result indicates that one-fifth of the workers can provide ethical values to public during CSR programmes. One fourth of the workers are unable to create ethical values during CSR programmes. Even though all the workers are involving in CSR Programmes only 21% can create social admiration and 20% can achieve the goal of CSR values organized by the industrial unit.

### 6.4 Creating CSR Values For Individual Workers

In the next stage of the research, CSR values for an individual worker have been created based on the social admiration, social affinity and ethical values created by them. The scores are generated based upon the cluster centroids created for the three CSR values. The skills inculcated in the CSR department by way of mono-chronic schedule were measured in five-point rating scale for all CSR values. The weights for CSR values are 30%, 30% and 40% for social admiration, social affinity, and ethical values respectively. For each worker CSR value is calculated based on the quality deployment matrix, as shown in Exhibit -4.

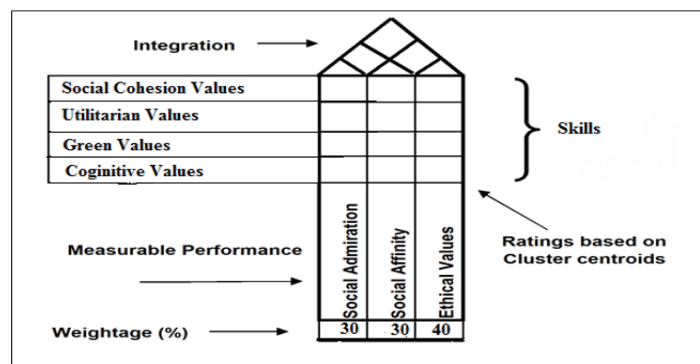


Exhibit 4 Quality Function Deployment Matrix

The mean score of the worker is 61. To find out the impact of CSR programmes with the productivity; the hypotheses are established as follows:

$H_0$  = There is no significant variation among the CSR values and labour productivity.

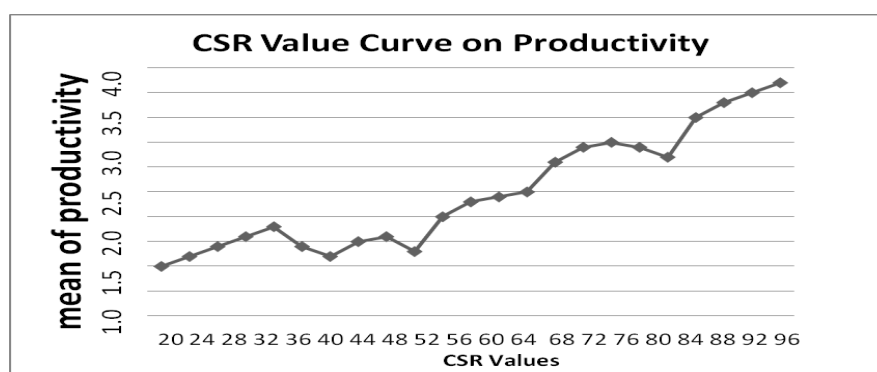
$H_1$  = There is significance variation among the CSR values and labour productivity.

Analysis of variance is used for examining the variations among the mean value of the productivity and the CSR values. Table-3 shows the one-way ANOVA analysis between productivity and CSR values.

**Table 3 Productivity Vs CSR Values**

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	63.845	18	3.547	4.226	.000
Within Groups	167.040	199	.839		
Total	230.885	217			

The calculated value of F is greater than the critical value of 'F' with 18 and 199 degrees of freedom, resulting in a probability of 0.00 at 95% confidence level. Hence the null hypothesis is rejected. The relative magnitudes of the means of these variables indicate that CSR values are having a significant effect on the productivity. The linear relationship between CSR values and labor productivity are revealed in the exhibit -5. The productivity values are converted to five-point scaling to enable the preparation of graph. The CSR values are also arranged in ascending order of the values.



**Exhibit 5 CSR Value Curve on Productivity**

The mean plots revealed that the productivity is high with regard high CSR values. It can be concluded that the CSR programmes will lead to increase the productivity of the employees significantly. However, the monetary benefits are not considered in this study.

## 7. Findings and Conclusion

The productivity on an individual depends on the CSR values. The change factor is created by the "Gear man" of the CSR Programmes. The employees' engagement in the CSR values created by individualistic gear man model boost up the social cohesion values. Even though the firms value and Social services are coming under different entity in this model, the work environment created by this model increase the productivity. One fifth of the workers are able to achieve the CSR objectives in the company selected as the sample. The workers who are achieving good results in CSR Programmes are able to increase their productivity also. The relationship is linear. Hence the motivation to the employees can be given based upon the CSR Programmes. Since the workers were mingling with society, they are able to recognize the organization climate of the host organization. The workers begun to identify their self-values with corporate values. Thus, the "gear-man" is able to impart self-efficacy among the employees, create positive impact on human performance and create the competitive advantage through people for the organization. The philanthropic values created by the promoter of the firm and active participating by the employees of the firm are creating a synergy to have pre-dominant values in making a society good. We conclude that individualistic gear man model of CSR lead to a 'collegial' way of improving productivity and increase the morale among the employees.

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