



SUSTAINABLE CSR INITIATIVES TO REDUCE TURNOVER RATIO OF EMPLOYEES: A CRITICAL REVIEW

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Abstract

This review explores the effect of Corporate Social Responsibility (CSR) on turnover intention within the firm. In India according to recent data, around 52 million people are employed in the private sector. The research seeks to ascertain the linkage between job satisfaction and corporate social responsibility (CSR). CSR can significantly enhance the contentment of employees. Studies in the past have illustrated there is a substantial positive relationship between CSR and employee turnover. Findings support the conceptual framework of Career Progression Model and Work Commitment Model and also leads to conclusion. Additional data revealed that most employers had the highest turnover ratio. Mainly it occurs due to inappropriate working environments, heavy workloads, job insecurity, less future scope, lack of career opportunities, no job satisfaction, less income, longer working hours etc. Currently the IT sector has the highest attrition rate as compared to other sectors in India with 22% in 2022-2023 according to Business Today report.

The research aims to illustrate that employees who perceive their employer as socially responsible are usually more dedicated and committed to their work hence leading to increased employee satisfaction and engagement.

Keywords: *Corporate Social Responsibility, Employee satisfaction, Turnover intention, CPM model, WCM model*

1.1 Introduction

Sustainability has not been a concern for corporations in recent decades that have focused on creating profits. Whereas sustainability refers to the process of ensuring the well-being of all aspects of human life. In current era of globalization, international and local firms must execute ethical activities in order to receive positive feedback from the public. The influence of NGO activities, increased media coverage and the effects of rapid globalisation have led to an increase in pressure on companies to practice sustainability in their operations. Furthermore, firms have recognized the value of conducting business operations ethically in order to draw in and retain staff and customers. As a result, it is necessary for businesses to perform optimally in such non-economic areas as human resource development, corporate governance, business ethics, environmentalism, human rights, and labour, in addition to profitability- this is what is known as Corporate Social Responsibility (CSR).

On the other hand, corporate social responsibility (CSR) has now become a critical aspect of the modern corporate business environment, and has over the past decade grown in popularity and importance in the business world and academia. The corporate landscape has altered due to a variety of global driving forces. In today's competitive market, businesses must innovate to stay ahead. According to Rahim, Jalaludin, and Tajuddin (2011), the strategy they use to make their business stand out from competitors is by being involved in CSR. Several studies have been done on CSR and job satisfaction, and employees are the most significant asset to an organization irrespective of the type or size of the organization. Thus, the company's CSR programs have a significant impact on the



workforce. Over time, it has been observed that CSR plays a role in changing the attitudes and behaviors of employees, which can help reduce employee turnover rates. Despite the fact that CSR has been studied significantly in various fields, only a small handful of academic research have so far studied CSR in combination with Employee turnover intention.

1.2 Literature Review

1.2.1 A Broader view of Corporate Social Responsibility (CSR)

Academics have argued the importance of corporate social responsibility (CSR) and the model that outlines the components of CSR for at least forty years (Carroll, 1999; Brown & Dacin, 1997; Clarkson, 1995; 1979; Bowen, 1953, among others). According to Van Marrewijk (2003), defining CSR is a difficult issue because it has different meanings for different people. Even though it can be challenging to define, several management disciplines have realized that CSR aligns with their goals. As a result, different communities use different definitions of corporate social responsibility (CSR) because their purposes and interests are specific. It is recommended that corporate social responsibility (CSR) will be useful for organizational behavior, human resources usage, and human resource management (Brammer, Millington & Rayton 2007). However, the investigation into these areas is called insufficient (e.g., Aguilera, Rupp, Williams & Ganapathi 2007; Rupp, Ganapathy, Aguilera & Williams 2006).

1.2.2 Connection between Employee and Corporate Social Responsibility (CSR)

According to reports, CSR initiatives can draw in and keep personnel in resource-based businesses (Young & Thyl, 2009). Thus, these corporate social responsibility actions involve providing fair employment conditions, ensuring healthy and safe working spaces, offering learning and development opportunities, giving equal access to development of skills and competencies, and encouraging employee's involvement in career planning. Internal stakeholders' discussion, however, receives much greater emphasis from organizational behavior and human resource management scholars, particularly employees (Aguinis & Glavas, 2013). Internal CSR practices are those that have a direct bearing on employees' physical and mental working environments (Turker, 2009). It is the idea of caring about workers' health and welfare, their education and involvement in the company, equitable opportunity, and work-family balance (Vives, 2006). The available data appears particularly encouraging for us to further investigate the use of internal CSR policies within the professional services sector as a means to reduce employee turnover rates and support the growth and sustainability of the firm.

1.2.3 Organizational Commitment and Job Satisfaction

Many academic papers prove that distinctive employee's attitudes and behaviors, such as job satisfaction and organizational commitment, have a significant impact on organizational behavior and human resource management. This study initiates at understanding the effect of corporate social responsibility (CSR) on employees and, therefore, it is important to consider aspects associated with employees' psychology and physiology like organizational commitment. A strong connection links organizational commitment to people's psychological ties to their businesses (O'Reilly & Chatman, 1986). Research has also demonstrated that an organization's corporate social responsibility (CSR) policies would significantly increase the organizational commitment of its staff (Brammer, Millington, & Rayton, 2007). Continuing with his idea of how "high commitment" HR practices impact organizational commitment, Whitener (2001) added more. Organizational commitment was originally described by Allen and Meyer (1996) as the psychological bond that exists between an employee and their organization and reduces the likelihood that the person will quit on their own volition. Employees that exhibit a high degree of affective commitment will therefore continue to work there due to their



deep emotional ties to the company. Another component of importance in organizational behaviour is job satisfaction. A pleasant or upbeat emotional state brought on by one's evaluation of their work is known as job satisfaction. Locke (1976) offers the most common definition of job satisfaction in studies as contentment or a good emotional state emerging from the worker's appraisal of his/her job or work experience. The positive effects of job satisfaction according to above statement include a boost in intrinsic motivation and organizational commitment.

The idea of turnover intention is the cognitive procedure of considering leaving, having plans to leave, and the wish to leave the job. It is suggested that turnover intention is the best single indicator of voluntary turnover (Mor Barak et al., 2001; Kiyak et al., 1997; Mobley et al., 1979). Usually, intention takes place before voluntary turnover. Most often, voluntary turnover is the most prevalent, expensive, and detrimental to an organization—yet it is also the most preventable (Price, 1977). Given this, it makes sense to include the topic of turnover intention in the current study looking into a sustainable CSR initiatives. (Shaikh et al., 2022) conducted a study on CSR which stresses on corporations to fulfill their social obligation in line with their financial goals. As a mediating model, job satisfaction, organizational identification, and commitment are examined in regard to the relationship between corporate social responsibility and turnover intentions.

Throughout this analysis, social responsibility that is corporate developed a function that is key reducing the intentions of leaving their employer.

After perusing a multitude of research papers, the researchers were able to pinpoint the most significant contributing factor that is most likely to decrease the employee turnover rate after the implementation of human sustainability initiatives, which include providing an equitable workplace, fostering employment opportunities, and promoting employee health and wellness.

1.3 A Conceptual Framework

For several decades, researchers have been interested in corporate social responsibility.. The term CSR is described by the World Business Council for Sustainable Development in 2001 as “the commitment of business to sustainable economic development through working with employees, their families, local community and the entire society to improve their quality of life in multiple ways that benefit the business and economic growth” (Jamali, 2006). Fostering to shareholders’ concerns on responsible and irresponsible behavior regarding environmental, social, and ethical matters that benefit the business is another definition for CSR (Vaaland et al., 2008). The above lines reflects the essence of the present study that how sustainable CSR initiatives can influence employee motivation & satisfaction and thereby reduce employee turnover intention. Through a proper conceptual framework and a better work-life model the study can be portrayed in the following way:

1.3.1 Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) functions as a business strategy that extends further than making profits. Rather, it reflects a company’s dedication to conducting business in a manner that benefits society and nature as opposed to causing harm. This involves several undertakings, covering environmental friendliness to the promotion of local communities and adhering to ethical standards. (Young and Thyl, 2009) in their study stated that CSR practices include providing safe and competitive working conditions, promoting employee advancement and training, creating equal opportunities for skill development, and fostering employee involvement in career planning. These projects could significantly improve a corporation's image, making it more appealing to consumers,



investors, and workers alike. A strong CSR foundation can help mitigate the impact of crises and improve crisis response. Demonstrating a commitment to social and environmental responsibility can foster trust and loyalty among stakeholders. CSR can set a company apart from competitors, giving it a unique selling proposition. Consumers are increasingly conscious of ethical and sustainable products and services this develop the customer's loyalty. Therefore, CSR can enhance a company's long-term financial performance by mitigating risks and building trust.

1.3.2 Turnover intention

Turnover intention is a measure of an employee's reported willingness to leave their current organization within a specific timeframe. It is a predictive indicator of actual employee turnover, meaning that employees who express high turnover intention are more likely to quit their jobs. There are many reasons behind turnover intention like Job dissatisfaction, Lack of career opportunities, Work-life balance issues, Personal reasons, Lack of recognition and rewards, Poor leadership and so on. Allen and Meyer (1996) suggest that by improving organizational commitment, a psychological connection is made between the employee and the employer, which reduces the chances of the employee leaving voluntarily.

1.3.3 Human Sustainable Initiatives

Human sustainably initiatives are not only about preservation of the environment, but also creating a sustainable and satisfying work environment. Below are some of the ways that organizations can utilize in order to improve the level of employee retention:

A. Work-Life Balance Initiatives

1. **Flexible Work Arrangements:** One option is providing opportunities like work from home, a variety of hours, or shorter work weeks.
2. **Parental Leave Policies:** Provide generous parental leave benefits to support employees during family transitions.
3. **Wellness Programs:** Offer programs like on-site fitness centers, meditation classes, or wellness workshops to promote employee health and well-being.

B. Career Development and Growth

1. **Training and Development:** This involves investing in employee training and supporting their growth in their professions.
2. **Mentorship Programs:** In place of your employees, provide guidance, support, and career advice.

C. Recognition and Rewards

1. **Performance Recognition:** Acknowledge and reward employees for their contributions and achievements.
2. **Employee of the Month/Year Programs:** Recognize outstanding employees and celebrate their successes.
3. **Employee Perks and Benefits:** Offer competitive benefits packages that include health insurance, retirement plans, and other perks.

D. Inclusive and Diverse Workplace



1. **Diversity and Inclusion Training:** Educate employees on the importance of diversity and inclusion, and provide training to address biases and discrimination.
2. **Employee resource groups:** Engage with employee resource groups to promote an environment of inclusivity and support.
3. **Inclusive Policies:** Ensure the integration of all kinds of policies such as fair pay and recruitment.

E. Ethical and Sustainable Practices

1. **Corporate Social Responsibility:** Engage in corporate social responsibility activities that correspond to your employees' values.
2. **Ethical Business Practices:** Ensure that the organization operates ethically and sustainably.
3. **Transparent Communication:** Be transparent and communicative with employees about the organization's goals, values, and processes.

1.3.4 Interconnection between CSR and Employee Turnover

Corporate Social Responsibility (CSR) is associated with employee turnover intentions in any organization. Studies show that an enterprise that practices CSR has low rates of employee turnover (Low et al., 2017). Low et al. (2017) states that CSR monitors the organization's workforce attitudes, behavior, and turnover intentions. The findings show that internal CSR practices can help lower employees' propensity to leave the professional services sector. The outcomes reveal that the interior company obligations could minimize the propensity for staff members to leave the IT services sector. When employees see their company making a positive impact on society, it can boost their job satisfaction and morale. Companies that prioritize CSR often have a more ethical and inclusive work environment, which can lead to higher employee satisfaction and retention.

1.3.5 Work-Life Balance Model

A. Work Commitment Model

Figure 1 illustrates the Work Commitment Model for WLB which was attached by Azeem and Akhtar in 2014. It implies that work-life balance and job satisfaction play a vital role in flourishing organizational commitment in healthcare professionals. Work-life balance positively impacts job satisfaction. Work-life balance increases attachment of employees to the organization. O'Reilly and Chatman (1986) defined organizational commitment as the psychological connection of the employees towards the organization. According to research, CSR behaviors of an organization have a significantly positive effect on organizational commitment of the employees (Brammer, Millington, & Rayton, 2007).

Healthcare personnel, including doctors, nurses, and other staff, have tough and demanding jobs and play a crucial role in hospital image. Implementing work-life balance initiatives for healthcare professionals requires management support and dedication. According to The Work Commitment Model, achieving work-life balance leads to increased job satisfaction and long-term organizational commitment.

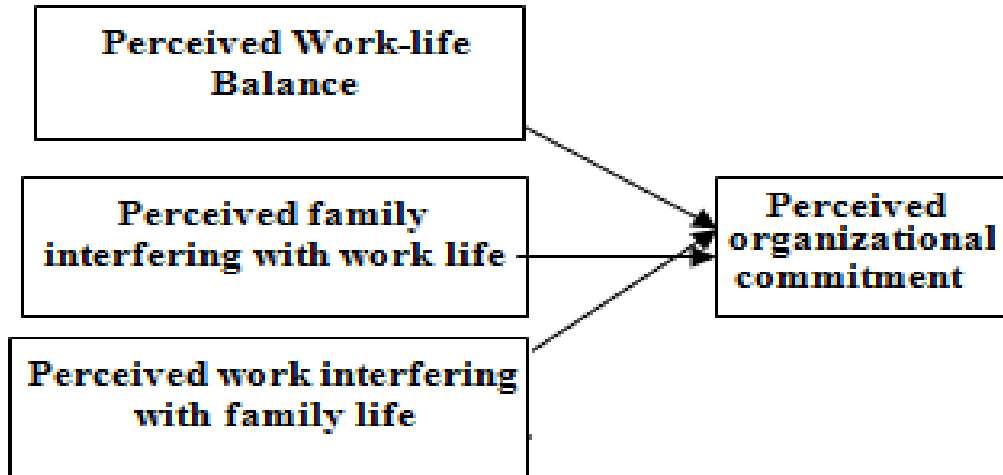


Figure 1: Work Commitment Model proposed by Azeem and Akhtar (2014)

B. Career Progression Model (CPM)

Asiedu-Appiah et al. (2014) delivered the Work Life Balance Career Progression Model in figure 2. Mitigating work-life conflict may foster a more engaged and productive workforce while establishing the company as an employer of choice.. The model suggests that firms with a higher proportion of female employees should intentionally adopt Work-Life Balance policies. According to this concept, female professors' professional growth may be hindered by family responsibilities. Work-life Balance (WLB) policies enable female lecturers to embark on further studies, conduct research, and improve their careers, leading to higher job satisfaction, retention, and career development. WLB practices boost morale and retention while decreasing absenteeism. Female academics are more likely to advance in their careers when they have children. The Work-Life conflict minimization may spark a more dedicated and engaged working team while also positioning the agency as an employer of preference.

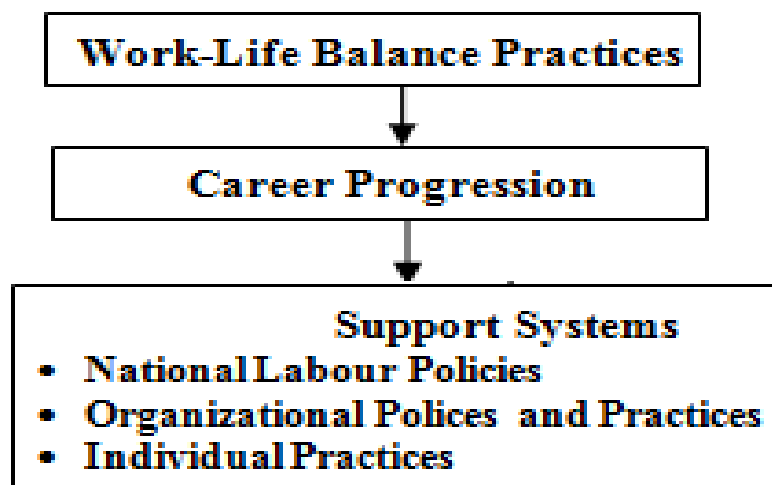


Figure 2: Career Progression Model proposed by Asiedu-Appiah, et.al. (2014)

The Career Progression Model suggests implementing Work-life Balance rules to enhance performance and increase the well-being of female employees.



C. Conceptual Proposed Model

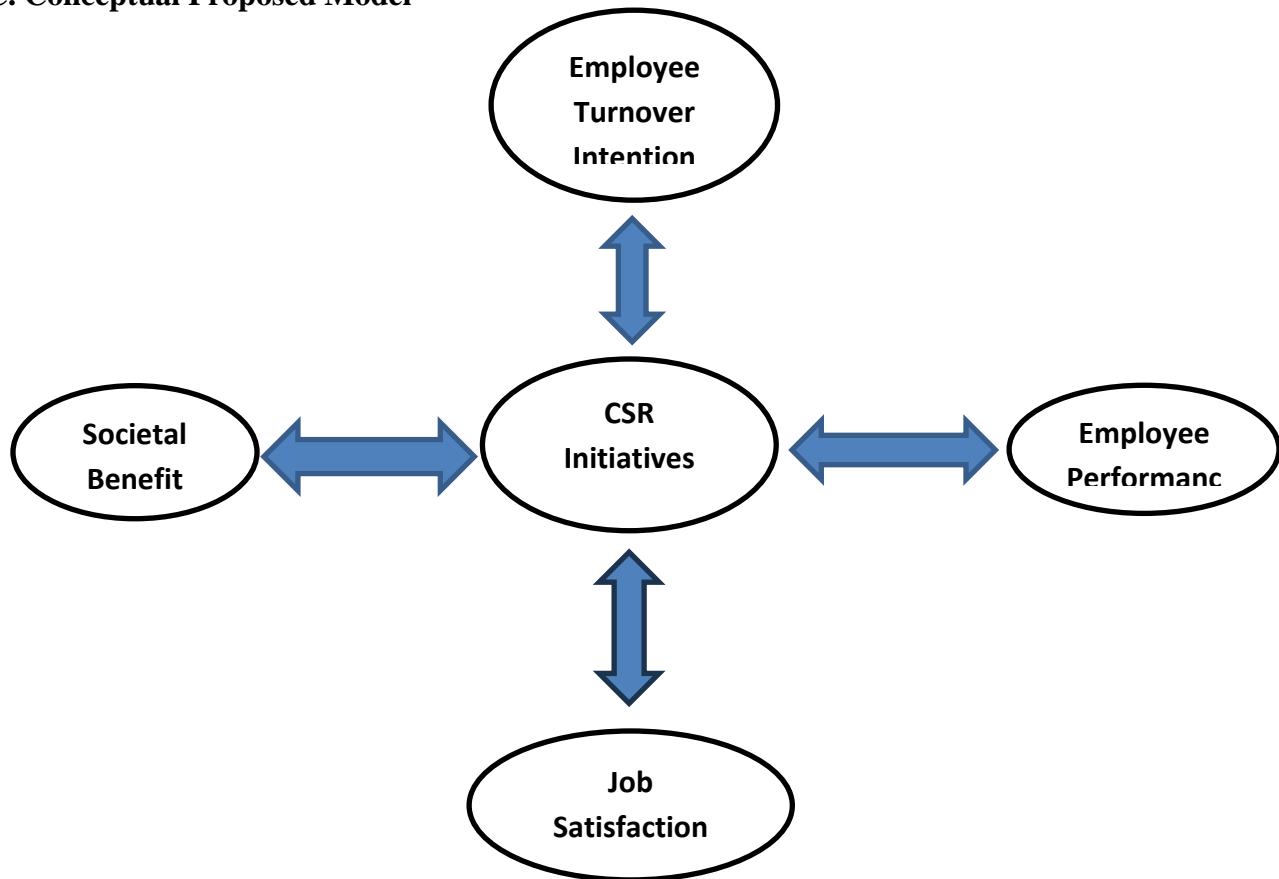


Figure 3: Components of Corporate Social Responsibility

1.4 Discussion

The proposed model in figure 3 suggests that as companies take sustainable CSR initiatives the employees are more motivated and inclined to work more for the company. The commitment for the organization strengthens up and thereby maximizes their job satisfaction. In the words of Locke (1976), job satisfaction is "job or job experience resulting from an enjoyable or favorable mental state of employees." Job satisfaction also relates to employees' expectations about their workplace and attitudes toward their jobs. As a result, better employee expectations mean higher job happiness, and higher job satisfaction means greater involvement in CSR initiatives. Job satisfaction is also influenced by coworkers, managers, organizational characteristics, and the work environment (Coomber and Barriball, 2007). As a result, corporate social responsibility is critical to employee job satisfaction (Mozes et al. 2011).

The greater the brand of the company, the more an employee interacts with it. The greater the business identity, the stronger the company identity. This happens only when an employee has a close relationship with his company. Higher organizational commitment and job satisfaction are therefore associated with better employee performance. According to Edwards and Kudret (2017) and Almeida and Coelho (2019), organizational commitment influences the association between employee performance and CSR perception. The paper identifies a citing CSR initiative to improve the turnover retention known as Human Sustainability initiatives which focuses more on overall wellbeing of the employees and thereby reducing the employee turnover intention. Thus ultimately, the CSR initiatives exercised by management play this role for a sustainable work environment.



1.5 Conclusion

Therefore, in the end, management's CSR efforts contribute to a sustainable workplace. This study emphasizes how important Corporate Social Responsibility (CSR) is in determining an organization's intention to retain employees, particularly in the private sector of India. It supports frameworks like the Career Progression Model and Work Commitment Model by confirming a favorable correlation between CSR actions and employee job satisfaction. High employee turnover was linked to various factors, including poor working conditions, job insecurity, and lack of career opportunities, with the IT sector experiencing the highest attrition rate in 2022-2023. The findings suggest that with a better human-sustainable initiatives, employees who perceive their company as socially responsible are more likely to demonstrate loyalty, commitment, and overall job satisfaction.

1.6 Future Research Scope

Future research could explore the following areas to expand on the current findings:

1. Measuring Human Sustainability Impact

1. **Development of new metrics:** Create innovative metrics to assess the social and environmental impact of human sustainability initiatives.
2. **Comparison of different measurement frameworks:** Evaluate the effectiveness and limitations of existing frameworks.
3. **Integration of human sustainability metrics into financial reporting:** Explore ways to incorporate human sustainability metrics into corporate financial reporting.

2. Human Sustainability and Supply Chain Management

1. **Ethical sourcing and labor practices:** Investigate strategies for ensuring ethical sourcing and labor practices throughout the supply chain.
2. **Human rights due diligence:** Create mechanisms for human rights due diligence throughout global supplier networks.
3. **Circular economy and human sustainability:** Discover how the circular economy promotes human sustainability.

3. Human Sustainability and Employee Engagement

1. **Impact of human sustainability initiatives on employee satisfaction and retention:** Study the relationship between human sustainability practices and employee engagement.
2. **Employee-driven human sustainability initiatives:** Investigate how employees can be empowered to drive human sustainability initiatives within their organizations.
3. **Measuring the return on investment (ROI) of human sustainability initiatives:** Evaluate the financial benefits of investing in human sustainability programs.

4. Human Sustainability and Community Development

1. **Partnerships with local communities:** Learn effective techniques for addressing social and environmental concerns.
2. **Community-based human sustainability initiatives:** Evaluate the success of community-based programs for human sustainability.
3. **Measuring the impact of human sustainability initiatives on local communities:** Create tools for evaluating the positive and negative effects of human sustainability programs on local communities.



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