

Research Article

A Study on Evaluating Impact of CSR on Employee Performance in Mumbai Region

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Received: 20/06/2025;

Revision: 26/06/2025;

Accepted: 08/07/2025;

Published: 12/07/2025

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Abstract: The positive effects of corporate social responsibility (CSR) have been widely recognized. Employee performance is a key driver of organizational growth. This paper aims to evaluate the impact of CSR on employee performance in the Mumbai region. Structural Equation Modeling (SEM) using SMART PLS was employed to analyze the data. The findings of this study indicate that there is a significant productive relationship between CSR on employee performance. Further studies can be conducted using mediating construct and building a higher order model.

Keywords: Structural equation mode, #CSR #Employee performance.

INTRODUCTION

In today's rapidly evolving landscape, business extends beyond mere transactions. Modernization and digitalization have reshaped the business world, shifting the focus from purely operational concerns. The growing recognition of the importance of community and environmental stewardship alongside business operations led to the rise of Corporate Social Responsibility (CSR). The concept gained traction in the late 1960s and early 1970s, following the recognition of 'stakeholders' – those affected by organizational activities – by multinational corporations. The stakeholders are those who are to benefit from the organization, and the firms must conduct their businesses in a socially, environmentally and economically responsible manner so that they can be sustainable for a longer period. Corporate social responsibility is a business management concept wherein organizations take up ecological and community-based concerns in their business pursuits and interaction with their stakeholders. In simple terms, it is a balance of social, environmental and economic imperatives a company achieves while understanding the expectations of shareholders and stakeholders. CSR aims to provide for those in severe need of funds and resources. It is a way for the company's image and reputation to achieve heights and gain success. Various types of CSR activities are undertaken in India, such as the promotion of education and gender equality, eradication of poverty, hunger and malnutrition, upliftment of the environment, protection of the national heritage, art and culture, various beneficial programs for war veterans, war widows and their families, also many times towards the Prime Ministers National Relief Fund that is set for the welfare of the backward class, minorities, scheduled case and tribes in times of dire needs. Also, several activities are taken up under the CSR for the development of the rural and slum areas where there are no proper sanitation and drinking water facilities available.



Source:

<https://www.thegivingmachine.co.uk/blog/posts/corporate-social-responsibility-a-simple-guide/>

Employee performance can be defined as whether an individual accomplishes their job duties and responsibilities in a manner that is at par with their work organisation. Several companies assess their employee's performance on a quarterly or annual basis, where their work done and targets achieved are considered and also point out the areas that need improvement. Employee performance is a critical factor for any organisation's success. This research aims to evaluate the impact of CSR on employee performance in the Mumbai region and to provide appropriate suggestive measures for the same.

REVIEW OF LITERATURE

1. **Bashir, R. et al. (2012).** The author examined the impact of CSR activities on the organization's employees. The author conducted an exploratory study to identify the repercussions of CSR on employees. It also explored the performance, reshaping their motivation and intention to remain in the same

- company longer. The findings of this paper indicated that there is a notable effect on the performance of employees towards the indulgence of the corporate sector the CSR activities. It was also seen that the employees feel belonging to an organization, improving job satisfaction and productivity.
2. **Chaudhary, R. (2020).** The paper studied the Indian business executives towards CSR and employee performance to understand them in-role and extra-role behaviours. The paper further examines the prior conditions of the CSR impact on employee achievement. The association linking CSR understanding and employee fulfilment was seen to be bigger for the workers who give value to the CSR activities of an institution. The study's findings indicated that the hierarchical regression analysis was significantly associated with CSR perceptions of organizational citizenship behaviour and job performance.
 3. **Laskar, N., & Maji, S. G. (2016).** The paper researched corporate social responsibility disclosure and organization performance from companies of Indian origin. The author believes there is a lot of scope for research on CSR activities in the past decade. The study utilizes various techniques and frameworks to determine the results of this study. The study's results indicated a significant pragmatic association between the effect of csr on an organizations performance.
 4. **Manimegalai, S., & Baral, R. (2018).** The author examined the mediating role of institutional confidence in the association linking CSR activities and work consequences. The focus of this research is to scrutinize the association connecting anticipated csr and employees' work consequences, such as organizational citizenship behaviour (OCB) and work engagement in selected manufacturing firms from India. The study's findings indicated a significant pragmatic relationship linking CSR activities towards customers, employees and the surroundings and the follow-up variables, i.e. OCB and work engagement. The paper concludes that organizational confidence is the fundamental instrument by which organizations' collaboration in CSR activities unquestionably influences job consequence.
 5. **Santhosh, M., & Baral, R. (2015).** The research explores the effect of an organization that lies in the positive attitudes of the employees through CSR. Four stakeholders impacted by it are employees, customers, the community and the environment. As the manufacturers utilize many resources from society, it is obligated to return to them through CSR. These CSR activities have a positive image and connect the evidence of its positivity to the stakeholders. The challenge for the management is to be able to communicate regarding this social activity.
 6. **Shabnam, S., & Sarker, A. R. (2012).** This paper aims to identify the effect of CSR performance and internal marketing on employees' job satisfaction and commitment. Both employees and employers have interviewed data from 322 personals. It has been found that CSR impacts workers' job satisfaction and organizational commitment. It also affects the integral element of internal marketing, which in turn influences employee confidence and competence in the external market.
 7. **Sharma, E., & Tewari, R. (2018).** The research explores the role of HR in regulating CSR and connecting the perception of employees and HR. India has contributed fast towards nation-building by making companies contribute to CSR activities. They mainly focused on public health, education, livelihood, water conservation and natural resource management. It has been seen that the needed speed for progress is yet to come as HR and CSR policies are not aligned. If the employees are properly educated on its importance and effectiveness, it will lead to better enhancement.
 8. **Yadav, S., & Singh, A. V. (2020).** The author conducted a study on CSR and its impact on employee engagement. The author believes employee engagement is vital in ensuring high employee productivity. The study also discussed that the involvement of CSR activities in training programs leads to excellent work culture and ensures higher employee engagement. A series of questions were asked of the respondents. The findings of the study indicated that 70% of the employees felt that those employees who are involved in CSR activities work better, 20% of the respondents believed that the CSR practices would not last long in the country, and 10% responded that CSR activities have no impact on employee's performance.

OBJECTIVE OF THE STUDY

To evaluate impact of impact of CSR on Employee performance in Mumbai region

HYPOTHESIS

H0: There is no significant impact of CSR on employee performance in Mumbai region

H1: There is significant impact of CSR on employee performance in Mumbai region

RESEARCH METHODOLOGY

Data has been collected from 215 employees of organization involved in CSR activities using structured questionnaire. (At 0.3 effect size, statistical power 0.9, number of latent variables=2, number of observed variables=12 and probability level=0.05 the minimum required sample size=200). Non probability purposive sampling has been used for the current study. Both primary and secondary data collection techniques have been used for the current study. The technique used for the current study is structural equation model and the tool used for the analysis is SMART PLS.

Anticipated effect size:

0.3

?

Desired statistical power level:

0.9

?

Number of latent variables:

2

?

Number of observed variables:

12

?

Probability level:

0.05

?

Calculate!

Minimum sample size to detect effect:

119

Minimum sample size for model structure:

200

Recommended minimum sample size:

200

Figure No: 1 Reliability analysis

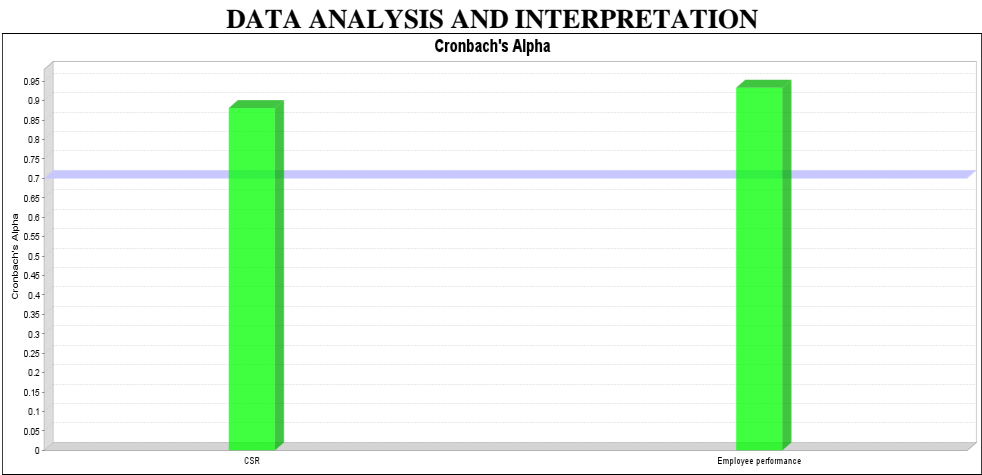


Table No: 1 Reliability and validity

Path	Cronbach's alpha	rho_A	Composite reliability	AVE
CSR	0.881	0.899	0.871	0.543
Employee performance	0.933	0.951	0.924	0.679

As all the values of Cronbach's alpha >0.7 indicating reliability of responses and it is also seen that composite reliability >0.7 and AVE >0.5 indicating convergent validity.

Table No: 2 Discriminant validity

Path	CSR	Employee performance
CSR	0.737	
Employee performance	0.177	0.824

Square root of AVE > correlation (r) thus it can be concluded that their exist an adequate discriminant validity.

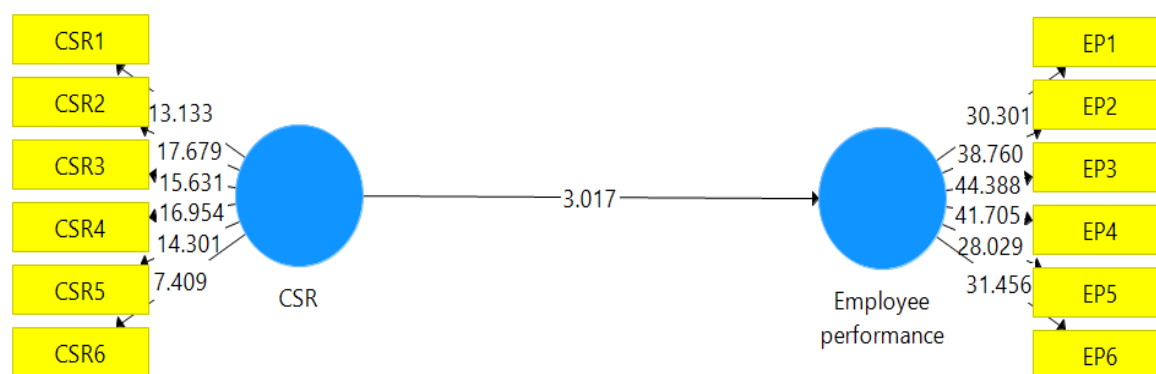


Figure No: 2 SEM model

Table No: 3 Hypothesis testing

Path	Beta coefficient	T value	P value
CSR → Employee performance	0.163	3.017	0.003

P (value) < level of significance 5% thus Ho is rejected and H1 is accepted in all the cases indicating significance impact of CSR on employee performance.

CONCLUSION

Employee performance can be defined as the way an employee accomplishes the required task assigned and their job duties. It is the quality, efficiency and effectiveness of their output. An employee is an important pillar in any organisation, and a satisfied employee is a stronger pillar. This study's findings indicated a significant pragmatic impact of CSR on employee performance, which clearly states that organisations that take up CSR activities have better employees than those that don't indulge in CSR activities. The company's reputation and brand image increase with strong CSR activities, which results in employees feeling proud of being part of the organisation and feeling that their company is empathetic towards social causes that will uplift the community.

This research will help various companies understand that taking CSR activities has several benefits, not just brand building and increase in reputation, it also is seen in the performance of the employees and the organisation's overall performance.

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