

Journal of Social and Development Sciences

Vol. 2, No. 2, pp. 66-72, Aug 2011 (ISSN 2221-1152)

Impact of CSR, Quality of Work Life and Organizational Structure on Employee's Performance in Pakistan

*Adeel Razaq, Muhammad Yameen, M. Suleman Sabir, Jam Javed Iqbal, Syed Kamran Ali Shah,
Muhammad Asif Khan
Iqra University, Islamabad, Pakistan
*adeel_razaq@hotmail.com

Abstract: The trends of organizations are changing and demanding satisfied employees rather than dissatisfied employees. This paper provides factors through which employee's performance can be increased to achieve organizational goals and objectives. To attract the motivated employees and building relations, CSR can perform for society which will change the thoughts of stakeholders. Quality of work life has impact on organization's effectiveness which is essential for firms to be healthy and productive. Firms should adopt employee oriented policies which satisfies them to achieve organizational objectives. This study also indicates that effective organizational structure is necessary for improving the performance of employees and the organization. The structure is a source of success or failure because it empowers the employee which will increase the sense of responsibility. For the improvement in the organization and removing stress of the employees management must consider the hygiene factors to motivate the employees. The conceptualized work is conducted which is proved through evidence. For further study statistical analysis can be done for confirmation of the hypothesis.

Keywords: *Corporate social responsibility, quality of work life, organization structure, employee performance, organization performance.*

1. Introduction

Organizations are formulated by the composition of the people who have common goals and objectives. These people have a major source of success or failure of the organizations because they are involved in making the strategies and policies of organization (Pfeffer, 1994). Now a day's employees are efficient and educated, their mobility is a problem because they are demanding high reward, job security, individual power and social support. Human resource plays a very important role in any organization, HR is considered as an intellectual capital of the organization (Batt, 2002; Collins and Smith, 2006). Due to fierce competition in the banking sector it is becoming difficult for organizations to differentiate themselves from other organizations (Homburg, 2002).

Performance of organization depends upon the relationship with the host community. CSR is a tool which companies use to integrate social and environmental concerns in their business operations. CSR does not mean achieving only legal prospect. It is also going ahead of acquiescence and investing more into human capital, the atmosphere and the relationship with those who influence the organization (Friedman, 1970). CSR is a process to build positive impact on society by their operations. CSR is concerned how companies handle the business processes to construct an overall positive impact on society (Rodrigo & Arenas, 2007). Now concepts of organizations are changing and organizations are trying to work for the community so that they can retain their worth in the market. In the inception of corporate social responsibility organization considered CSR as expense because such activities reduce the profit of the owners. Now organizations have realized that it is not expense although it is an investment which has long term advantages for business (Ali *et al.*, 2010).

Quality of work life includes different factors which have multi-dimensional construct and these factors are interrelated. Quality of work life is associated with job satisfaction, job involvement, motivation, productivity, health safety. Quality of work life is important for performance. The suitable workplace can enhance the performance and personality, psychological well being, happiness and satisfaction of employees. Mirvis and Lowler (1984) describe different dimensions of quality of work life which can be achieved through

satisfaction with wages, working hour, working condition. Employees work in the organization not in the vacuum so they need such environment which supports the employees. Employees have direct relationship with structure. Organization structure means division of authorities and responsibilities to make decisions (Huffman, 1988). The first step in designing organizational structure involves explaining the role of each and every employee. Employees will not be able to deliver their best, unless they are completely aware of their work and expectations.

The major contribution of this paper is to fill the gap in conceptual perspective about CSR, quality of work life, organization structure and employee's performance in Pakistan because huge gap exists in developing country like Pakistan. CSR has an impact on consumer retention and organization effectiveness (Ali *et al.*, 2010). According to Malik, Ghafour & Naseer (2011) motivational factors affect organization effectiveness. All the employees whether professional skilled or unskilled employees are individually motivated by delivering the quality of services. Growth for the employees which possess the capabilities of quality service in Pakistan is increasing (Khan, Farooq and Ullah, 2010). Bothe & Meier (2001) describe that organization structure plays important role in the performance of public organizations. Hackman and Oldman (1976) discuss the relationship between organization structure and employee reaction. According to Ajila and Abiola (2004) worker's performance is influenced by the intrinsic factors. But the purpose of this article is to develop a sound relationship by joining CSR, quality of work life and organization structure to investigate the affect on employee's performance. Ali *et al.* (2010) concluded that different other variables can be used to analyze the affect on employee's commitment and performance.

Due to resource constraint, the participation of domestic organizations in such activities is limited in Pakistan. But now local organizations and banks also voluntarily are involving in such activities in Pakistan and Azad Kashmir so that they could compete with large and multinational companies. The banks have involved in activities which are designed to promote community, work for sustainable society and developing good organization structure. Leading organizations in Pakistan are becoming partners with UNICEF and other organizations to bring the positive change. Most of the service sector in Pakistan is adopting this strategy for sustainability. These activities have long term impact on improving the productivity of organization as well as goodwill of the organization.

2. Literature Review

The people are hired in organizations to provide services on a regular basis on exchange for compensation and who does not provide these services as a part of an independent business. Cappelli, (2000) this is an age of competition which requires retention of high performance employees in the organization and it is only possible if employees are satisfied from their organization. Employee performance depends on many factors like satisfaction, motivation, training and development and intrinsic factors (Malik *et al.*, 2011). Remuneration plays important role in enhancing the performance (Sriyan, 1998).

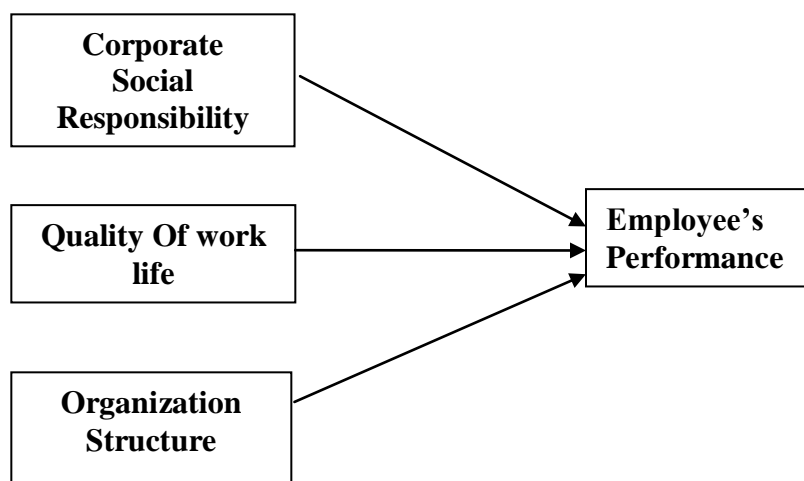
Different organizations defined corporate social responsibility in different ways. World business Council defines CSR as it is the enduring dedication by business to perform ethically and contribute to economic development. CSR is avoiding from those activities which are harmful for society and involves in those activities which are beneficial for the society (Gelso & Mohr, 2001). According to Phillipines culture CSR is like giving business to the society. Corporate social responsibility has becoming more important for organization due to different corporate scandals in the beginning of this century. The concept of CSR began in 1950. This concept requires that business scan the ethical or moral beliefs which reduces the problem in the society and sponsor those activities which are good for the public. There is another view in the literature about the inception of that concept. According to this view corporate social responsibility starts in 1953 when court orders to standard Oil Company donate to University for their action (Scherer & Elligring, 2007). The owner consider that it reduce the wealth. Organization should do work for welfare and benefit of the society because they earn from the community. So instead of weakens the environment and other sources of the community, organization should work for the sustainability so that people benefit from the organization (Locke, 1991). Corporations should pay back something to the society because it is a two way process: give to the society, to gain from the society (Pace, 2002). Employees are more motivated and attracted from those firms which participate in the social activities (Peterson, 2004; freeman, 1984). According to the Scott (2004)

CSR creates good image of the organization in the public. It also increases reputation of the organization. Intentional approach to CSR demands three social issues: common social issue, value chain social impact and competitive issue (Porter & Lyman, 1963).

Quality of work life is a degree of satisfaction. It is the degree to which employees want to increase and fulfill their personal needs. Quality of work life has different construct which provide interaction between working environment and personal needs (Hackman and Oldman, 1976). Breukelen, Vlist & Steensma (2004) identify that employee has freedom in doing his job function so that they meet their personal needs and interests. According to Rao and Drazin (2002) quality of work life is emerged as a discipline in 1972 in US as a result of two movements. First one is political movement in the Western Europe which is also called industrial Democracy and other is humanizing the workforce which is emerged in US of a number of social science theories. Connolly & Viswesvaran, (2000) Quality of work life was conceptualized in term of need satisfaction stemming from interaction of workers needs and those organization resources relevant for meeting them. Sirin (2009) provides some suggestions which are important factors in improving the quality of work life which includes on the basis of job requirement. Employees feel satisfaction if working condition is supportive and supervisory behavior is good. Assessment of quality of work life is made than it is found that individual behavior is most important to respond for the job consequences for the personal happiness and stability of the society (Kwon, Bae and Lawler, 2010).

Organizational structure has many forms like matrix, functional and divisional which have reporting process and influence the performance. According to Randall (1987) organization structure builds good relationship and coordinates different employees which are helpful for achieving the organization's objectives. Structure of the organization demonstrates the system of task and empowering relationship that control the employees in the use of resources for attaining the organizational goals (Shah and Aslam, 2009). Organization structure affects the behavior of its members. All the organizations contain a structure which has basic two functions: to affect the individual behavior and organization performance. The confirmation generally indicates that work specialization contributes to higher employee productivity (Stephen & Robbins, 2005). Structure of organization is necessary to make possible effective performance of key activities and to support the effort of staff (Griffin & Mahon, 1997). The structure of an organization affects not only the productivity and the efficiency of the economy but also the morale and job satisfaction of the workforce which displays organization performance. Therefore the Structure should be designed in such a way to encourage the willing participation of members of the organization and effective organizational performance. According to Ali et al (2010) CSR has impact on organization commitment which has different aspects like external CSR and internal CSR because both have employee perception and procedural justice in the organization. Leading organizations in Pakistan have good structure which supports the performance.

Theoretical Framework



Hypotheses

H1: Employee's performance is positively influenced by the level of CSR actions.

H2: Quality of work life increases the performance of employees.

H3: Organization structure positively affect to the employee's performance.

3. Methodology

Conceptual work is conducted to investigate the research problem. The nature of the study is conceptualized and on the basis of literature we develop a theoretical framework and hypothesis. The above literature shows the influence of CSR, Quality of work life and organization structure on employee performance.

4. Findings

On the basis of literature this study shows that all variables are positively correlated to the employee's performance. It is also supported that employees in the organizations come with some expectations. This study is also persuaded and supported by various past studied. H1 is that CSR affect the performance of employees. Literature also indicates that CSR has positive impact on the performance. According to Ali et al (2010) employees do not want to work in organization if they find that their organization is indulged in the unethical corporate practices so their performance is affected from such practice. Rettab, Brik and Mellahi (2009) claims that the organization performance, financial performance and commitment of employees have great impact on developing countries. Peterson (2004) concluded that CSR attract the motivated employees because such employees have greater performance. The policies and strategies are related to CSR effects the attitudes and behavior of the employees in terms whether those policies link with the business or used for window dressing only (Collier and Esteban, 2007). The above literature indicates that a hypothesis 1 is proved.

Quality of work life is infavorable working environment which maintain and sponsor satisfaction by providing employees with rewards, job security and greater opportunity in their career (Lau & Pavett, 1980). Quality of work life has impact on the both foreign and local employees because they contribute in growth, supplies and skill development of the country (Tabassum, Rahman and Jahan, 2011). According to Serey (2006) quality of work life is that which meet the existing working environment. Quality of work life include different aspects for increasing the performance like wages, working condition, timing and tangible and intangible benefits for employees (Islam and Siengthai, 2009). H2 Quality of work life increases the performance of employees is proved.

Organizational internal structure is complex and when it is well then performance is high (Huffman, 1988). Organization structure supports the performance of employees (Bothe *et al.*, 2001). Pierce (1979) concluded that firm's structure affect the performance of employees. The four organization factors used in research for determining the job performance and organizations have positive affect on the performance (Kalyani, 2006). Organization structure displays the performance of employees (Spector, 2007). Organization structure is helpful in improving the performance because it affects the job characteristics (Romme, 2003). H3 Organization structure positively affects to the employee's performance is proved.

Those Organizations which have friendly environment and doing activities for the interest of employees and community, which have competitive edge and the performance of those organization's employees is high. All these studies confirm that there is a strong relationship between CSR, quality of work life, organization structure and employee's performance. Thus hypothesis H1, H2 and H3 are supported by the different studies and literature.

5. Conclusion & Recommendations

This study is helpful to investigate the influence of CSR, quality of work life and organization structure on employee's performance. It also provides how performance of employees influences by certain factors. This study found significantly positive relationship between these variables. These finding are very helpful for

decision maker and other concern people because they make policies for their employees and have a major role in achieving organizations goals and objectives. Organization can increase their employee's performance through participating in social activities by identifying the needs of people and community. It is only possible by providing good working condition and doing welfare for community. Service sector provides proper attention to the staff, regarding employee's performance and motivation because happier employees are more important than unhappy employees. Organization should formulate their setting according to their employees so they work well. In Pakistan the organizations do not give proper feedback to the employees if forward feedback is given then the performance of the employee as well as organization increases. The employees should be given importance and they know that they are representative of the organization. Organization should operate business in such manner which fulfils the ethical, lawful, business and community expectations that society has about the business.

Managerial Implication: This research provides appraisal of CSR and quality of work life which affect the performance of employees which leads to organization performance. This study is helpful for decision makers because it provide information to the top management which can be used for making policies and strategies. Organization should secure the well-being of people, irrespective of religion, gender or ethnicity. Such policies are helpful in uplifting the moral of employees which increases the motivation level of employees and employees become loyal and committed to the organization and organization performance increases. All these activities are significantly and positively increase the performance of employees. In Pakistan managers plays an important role in maintaining the better environment, which increases the trust on organization so the employees will give proper feedback which will enhance the performance of the organization. Management should understand the background of employees at the time of recruiting that employees demand high quality of work or lower quality of work so that organization can prevent from future issues. Investing in the community is an important part of business sustainability strategy they will benefit from contributing to the development and sustainability of the communities we operate in.

Future research and Limitation: This research provides a literature for the further research. Mediating role can be investigated among these variables. In future, this research can be done in manufacturing sector. This research can also be used for future understanding that internal CSR practices affect the behavior of top management. For the conformation of findings the hypothesis can be statistically analyzed.

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