Legal Issues And Corporate Citizenship In India

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ABSTRACT

Corporate citizenship (CC) and organizational citizenship behavior (OCB) are examined in this study with a focus on a few Indian banks. The study relied on 430 managers from public and private sector banks for its sample of multi-cross-sectional descriptive empirical data. A CC scale produced by Meagan and Ferrell in 2000 and an OCB scale developed by Lee and Allen in 2002 are used in the instruments. The correlation between CC and OCB was found to be statistically significant. CC's ethical and discretionary dimensions are also important predictors of employee OCB, according to the findings. The data in the article is used to examine how CC and OCB are affected by demography. Employees' perceptions of CC and OCB are found to be influenced by the demographic variable of age in the organizations. An important take away from this research is that it shows how important it is for managers to effectively communicate the company's citizenship practices to employees in order to help them cultivate healthy work attitudes.

KEYWORDS: Corporate, economic, legal, ethical, discretionary, organizational behavior, regression

INTRODUCTION

It is widely accepted that the demands imposed on corporations have changed as a result of globalization. Regaining public trust, managing various risks, and meeting increasing stakeholder expectations are all top priorities for businesses as they strive to remain successful in an increasingly globalised environment. Consequently, the topic of corporate citizenship (CC) has come to the fore. It's a new way of thinking about the relationship between business and society. It's no longer just about complying with the law and doing good deeds; it's about corporate governance, strategy, risk management, and reputation building in top firms. Corporate image, brand building, marketing strategy, sales turnover and financial

success all benefit from effective CC practices, as has been demonstrated time and time again. This adds credence to the idea that an organization's workforce will be more inclined to see it favorably if it embraces good citizenship activities. Researchers have looked into the impact of CC on employees as a potential source of information. Studies on the impact of CC on employee behavior are few and few between, especially in the Indian context. The current research investigates the possibility that the use of CC by one stakeholder group, namely employees, has an effect on their behavior. There are a number of outcomes that are linked to positive employee behavior, such as increased worker productivity, reduced absenteeism, and lower turnover rates, which a business will find relevant. A primary focus of this essay is on organizational citizenship behavior (OCB).

What Is Corporate Citizenship

To be a good corporate citizen, a company must fulfill its social responsibilities while also adhering to the rules of law, ethics, and economics that its shareholders have created .Individual and institutional investors are increasingly looking for companies with socially responsible attitudes, such as their environmental, social, and governance (ESG) practices, which emphasize corporate citizenship. As a business, you have a responsibility to the community.

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LITERATURE REVIEW

Niteesh Kumar Upadhyay (2021) the interaction between corporations and society is known as "Corporate Social Responsibility" (CSR). Even beyond their CSR budgets, firms have stepped up to help in light of the current pandemic emergency that has affected all nations. Companies have also taken a variety of creative steps, such as altering their logos, taglines, and other advertising materials, in order to raise awareness about the need for virus prevention measures. During this critical time of epidemic, this paper will explain in detail what corporate social responsibility is, its history, the laws that govern corporate social responsibility, and how firms have stepped up to the plate during this difficult period.

Tim Stobierski (2021) However, until recently most huge corporations were driven by a single goal: profit. Everything we did was centered on making money as much as possible. Increasingly, corporate leaders have come to understand that they have a duty to do more than just maximize profits for their own benefit and that of the company's shareholders and executives. To put it another way, they have a

social obligation to do what is best for everyone, not just their businesses. As a result of this realization, there has been an increase in the number of socially responsible businesses. B Corporations (B Corps), SPCs, and low-profit limited liability companies are only a few examples of organizations that have received special designations or seals (L3Cs). It is important to understand the various definitions of corporate social responsibility (CSR).

Sneha Sengupta, (2021)corporate social responsibility (CSR) has grown in legal and societal relevance in India in recent years. CSR initiatives in India and abroad have yielded a number of long-term benefits. Despite this, many people see it as a need and a barrier to progress. Many have argued that CSR has no effect on small enterprises, despite the fact that demands from businesses and corporations have gone beyond profit margins. From a constitutional and judicial perspective, Sneha Sengupta presents a nuanced argument on corporate social responsibility (CSR). The utilitarian concept is used by Sneha to explain why rules on corporate social responsibility may be unpopular with corporations, yet they are still necessary.

Archana Koli, Rutvi Mehta (2020) Research shows that CSR is now viewed as an integrated corporate strategy that is driven by performance and stakeholder demands. CSR has shifted from a pre-determined framework to activities relating to the battle against the novel corona virus disease (COVID-19), which would reap indirect benefits from the operating segment in which the enterprises operate.. It's become clear that the emphasis has been skewed toward business methods, motivations, and outcomes, rather than both. (2020) Companies that fall under CSR's purview must abide by the guidelines laid out in this research. If you're looking to learn more about how to deal with pandemics, this paper is a good place to start.

Mauricio Andrés Latapí Agudelo (2019) From profit generating to a wide range of other duties, the concept of corporate responsibility has developed over time, according to the research. Company Social Responsibility (CSR) has evolved along with social expectations of corporate behavior, according to the study's findings. As a result of the data, the authors provide a likely future for CSR that takes into account CSR's historical evolution, which suggests that CSR will continue to be significant in academic literature and in the business lexicon at least in the short term. For future research, this work provides an opportunity to examine how CSR might help satisfy the latest social expectations of generating shared value as a primary company purpose, which in turn may have practical consequences if CSR is done with this in mind.

UNDERSTANDING CORPORATE CITIZENSHIP

As a business, you have a responsibility to the community. Higher living standards and a better quality of life for local residents are a priority, as is ensuring a healthy profit margin for investors.

Corporate social responsibility is becoming increasingly important to investors, customers, and employees alike, who are taking action against companies that don't share their ethical principles.

Even though every business has basic ethical and legal responsibilities, the most successful ones establish a strong foundation of corporate citizenship, showing an enduring commitment to ethical behavior by finding a way to balance shareholder interests with concerns for their immediate environment. Consumers and businesses alike benefit from these practices.

Standards developed by the International Organization for Standardization (ISO) to aid organizations in implementing CSR were released in 2010.

Developing corporate citizenship is a process that companies go through in stages. In order to reach the highest levels of corporate citizenship, companies must be able to support community activities, have a clear understanding of the community's needs, and be committed to incorporating citizenship into their company's culture and structure.

THE DEVELOPMENT OF CORPORATE CITIZENSHIP

The five stages of corporate citizenship are defined as:

Elementary

Engaged

Innovative

Integrated

Transforming

A company's citizenship activities are rudimentary and unclear in the elementary stage due to a lack of corporate awareness and participation from top management. A lot of small firms stay in this stage for a long time. Although they are able to meet standard health, safety and environmental regulations, they lack the time and money to actively engage in the community.

Employees and managers are often encouraged to participate in activities beyond the simple compliance with basic laws during this stage of participation. Innovative corporate citizenship policies require additional meetings and conversations with

shareholders, as well as active engagement in forums and other venues that help spread the word about these kinds of new ideas for corporate social responsibility.

At this point, the company's regular operations are seamlessly interwoven with the company's citizenship efforts. Community involvement is closely monitored and incorporated into daily operations.

At this point, businesses realize that corporate citizenship plays a critical role in driving sales growth and expansion into new markets. Every day in this stage, a company's economic and social involvement is routine.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Depending on the organization and industry, corporate social responsibility (CSR) can take a variety of forms. It is possible for businesses to do well in the world while also enhancing their own reputations through CSR initiatives, charity, and volunteerism.

In the same way that CSR is vital to the community, it is also crucial to a business. Employees and organizations can form a closer link through CSR initiatives, which can improve morale and help both parties connect with the world around them.

To be socially responsible, a firm must first take care of its own interests and those of its stockholders. Companies that implement CSR initiatives frequently have reached a financial position where they are able to give back to the community. Thus, corporate social responsibility (CSR) is largely a corporate strategy. In addition, the more a company's visibility and success, the greater its obligation to set an example of ethical conduct for its colleagues, competitors, and the industry at large.

METHODOLOGY

Sample and Data Source

In order to perform this research, a survey of managers from public and private banks in India was done. Data was obtained from 450 officers at various management levels using purposive convenience sampling, and 430 responses were used in the study (203 from public and 227 from private sector banks). All items and constructs were assessed using questionnaires that employed five-point Liker scales. As a result of meeting face-to-face with the respondents, they provided a far higher response rate.

ANALYSIS

Descriptive Statistics

Table 1 provides an overview of the respondents' demographics. Gender, education, management class, and age are all broken down into four distinct categories. Males

comprise 62% of the sample, while females comprise 38%. Over a third of those polled (approximately 33 percent) are under the age of 30 years old. The majority of those who took the survey are at or near the middle level of their organization's administrative hierarchy, as indicated by their answers.

Testing of Differences between Groups

Sector and demographic disparities in the means of several variables are explored here. It was determined that there was a significant difference between the averages of two and more than two groups by utilizing the Independent t-test and F-test, respectively. Results were analyzed for gender, age, and managerial class to determine the average difference in CC and OCB.

Testing of Differences due to Gender

The independent sample t-test is used to determine whether there is a statistically significant difference between male and female respondents' perceptions of various CC and OCB levels (see Table 3).

Gender differences in the average values of CC and OCB are shown in Table 2 using a t-test. The average differences between males and females in the perception of CC1, CC2, CC3, CC4, and levels of OCB1 and OCB2 are not significant ($p > 0.05$). Consequently, the null hypothesis that there is no difference in the dimensions of CC and OCB between genders is accepted.

Testing of Differences due to Age

One-way ANOVA was performed to examine the differences in means among more than two groups. To examine the mean differences between CC and OCB among age groups and managerial levels, ANOVA was utilized. Comparing CC and OCB between different age groups is done using an F-test technique. According to this data, there is a substantial difference in how different age groups view CC and OCB. According to the results, different age groups had significantly different perceptions of CC1 and CC2 (significant at 5 percent level), whereas the significance of CC3 and CC4 was extremely high (p 0.01; see Table A1). OCB perception was also found to be considerably diverse among the various age groups studied. CC averages for the age groups 31–40 and 41–50 were greater than the averages for the age groups less than 30 and more than 50, respectively. Employees in the 41–50 age brackets have greater OCB1 and OCB2 levels than their younger counterparts in the 31–40 age bracket.

People in the middle of their professional careers tend to have a better understanding of the CC than those who are just starting out or nearing the end of their professional careers, according to this research. When employees are in their mid-career years and have already established themselves professionally, they demonstrate a higher level of OCB compared to their peers. For example, the 5 per

cent significance threshold for OCBC1 and 1 per cent for OCBC2 were found to be significant in this study. These findings suggest that the level of OCB differs greatly by age group.

Association between CC and OCB

The Pearson coefficient of correlation was calculated to better understand the connection between CC and OCB. For the latent variables in this investigation, the correlation matrix is shown in Table 3. Individual OCB and organizational OCB are found to be positively associated across all CC parameters in the correlation matrix. Furthermore, we conclude that all correlations are statistically significant at the 1% level after testing for no connection. Coefficients for the correlation analysis show that economic citizenship ($r = 0.150$) and legal citizenship ($r = 0.214$), as well as ethical citizenship ($r = 0.266$) and discretionary citizenship ($r = 0.250$) have a moderately positive relationship with the organization's corporate social responsibility (OCB). Ethical citizenship ($r = 0.303$, p 0.01) and discretionary citizenship ($r = 0.310$) had larger positive associations with individual OCB than other dimensions of citizenship. The results show that the correlations between OCB and the different dimensions of CC are significant, based on the data.

CONCLUSIONS

Based on these findings, it can be concluded that CC effects workers' OCB. Findings from a recent study show an association between good opinions of CC and greater levels of OCB. The findings also support and convince the hypothesis that CC and OCB have a different relationship depending on age and managerial degree. All four CC measures exhibit a positive correlation with both dimensions of the OCB, according to the research. Ethical and discretionary measures are the strongest statistical predictors of organizational OCB, but only individual OCB is affected by discretionary citizenship. Employees who believe their employer is ethical are more likely to align their personal values with those of the firm. Thus, they are motivated to express organizational OCB, such as "showing pride in the organization," by their positive feelings of reciprocity towards the organization. Employees who believe their companies have a good image are more likely to be engaged and perform better than those who believe their companies have a good financial performance reputation, according to Carmeli, Gilat, and Waldman (2007). According to Peterson (2004), the ethical measure of CC was a greater predictor of organizational commitment than economic, legal, and discretionary variables. The results of this study support Peterson's findings.

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