

# **CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RESOURCE PERFORMANCE: EVIDENCE FROM A SELECTED MEDIUM MANUFACTURING ORGANISATION IN SOUTH AFRICA**

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## **Abstract**

Over the years, the concept of Corporate Social Responsibility (CSR) has gained popularity as a management philosophy whereby companies integrate social and environmental concerns in their operations and interactions with stakeholders. It aims to contribute to societal goals of a philanthropic, or charitable nature by engaging in activities or supporting volunteering or ethically-oriented practices. This practice has mostly been associated with large organisations. However, small and medium enterprises (SMEs) have been recognized for their contributions in social and economic development of any country. Hence, this study examines the influence of CSR on human resource performance in the selected manufacturing SMEs in South Africa. This study was quantitative in design and examined production and related experiences of the manufacturing SME organisation that had adopted CSR strategy for human resource improvement. The Ordinary Least Squares (OLS) model, using Statistical Package for Social Sciences (SPSS), was used to analyse data. The selected company operates in the eThekweni District Municipality in KwaZulu-Natal. The study was achieved by collecting pre- and post-quarterly data for employee turnover and labour absenteeism. The results indicate that both employee turnover and labour absenteeism have no relationship with human resource performance post- CSR implementation. However, CSR has a relationship with human resource performance. Any increase in CSR activities results in an increase in human resource performance. Formal CSR programmes can boost employee morale and lead to greater productivity in the workforce.

**Keywords:** corporate social responsibility, employee turnover, human resource, labour absenteeism, manufacturing SME, South Africa

## **INTRODUCTION**

In today's competitive environment the human resources department is working tirelessly to retain employees by enacting rules that benefit employees and encourage them to stay with the company for a longer length of time. This is an important component of an organisation's strategy for attracting, retaining, and engaging high-potential people (Iqbal, Guohao and Akhtar, 2017; Shaikh, 2021). According to Dila and Priyanto (2021), the aim of human resource management (HRM) is to improve corporate performance by providing fair remuneration that is based on excellent values and to foster a positive, productive, and accountable work environment. When this is done correctly, a company may develop, improve,

and become successful (Para-González & Mascaraque-Ramírez, 2020; Al Masud, Hossain & Biswas, 2021).

For a business to be successful, the HRM department must implement strategies to retain employees, such as fair wage and benefit rules, as well as evaluate training and development needs and motivate employees (Chandani et al., 2016; Shaikh, 2021). Employee motivation and training and development initiatives are typically incorporated in a business's Corporate Social Responsibility (CSR) programmes since their ultimate objective is to improve company performance. It is worth noting that, even though social responsibility may not always result in monetary gains in the near term, it has shown to be a new HRM method for improving institutional reputation (Sobhani, Haque & Rahman, 2021). As a result, companies should focus on long-term benefits that contribute to corporate growth and long-term development. Hence, this study evaluates the influence of CSR on human resource performance in the selected manufacturing SME organisation in South Africa. It is guided by the following research questions (RQs):

- RQ1: Is there a significant influence of CSR on employee turnover in the manufacturing SME organisation in South Africa?
- RQ2: Does CSR influence labour absenteeism in the manufacturing SME organisation in South Africa?

Employee satisfaction and happiness may be viewed as drivers of their commitment to the business since happy employees are more dedicated, leading to lower absenteeism rates. Meyer et al. (2002) differentiated three forms of CSR commitment: affective, continuous, and normative. They view employees' "emotional attachment" to their organisation as an emotional commitment; the perceived costs of leaving the organisation drive continuation commitment, which is viewed as an economic attachment; normative commitment, on the other hand, represents an employee's responsibility to remain connected or loyal since it is the right thing to do. Employees must experience these forms of commitment for the company to experience low absenteeism rate, high productivity and low employee turnover.

The rest of the paper discusses the literature that was reviewed, the methodology used, study results as well as the discussion of results. It deliberates on the implications of results for policy and practice, study limitations, the conclusion, as well as future research required.

## **LITERATURE REVIEW**

This section presents the management of internal business stakeholder relations through CSR activities, commitment as a driver of employee performance, CSR and labour productivity, as well as CSR and employee turnover.

### **Management of internal business stakeholder relations through CSR activities**

The use of social responsibility as a business brand strategy has implications for all stakeholders, particularly employees (Carlini & Grace, 2021; Isaksson & Kiessling, 2021). It honours ethics while signalling the company's commitment to employee care and support. As

a result, employees are more likely to support the business brand that aligns their views and behaviours with the expectations of management and the public. Glavas and Godwin (2013), however, argue that the majority of CSR research has been on the impact of CSR on the company's external stakeholders. Even CSR programmes in which corporations participate are typically aimed at external stakeholders, leaving employees neglected because most of these programmes are employed as publicity gimmicks. For example, many companies in developing countries face charges of abusive treatment of their employees such as child labour, bad working conditions, low salaries, and human rights abuses (Manurung et al., 2021). This implies a disregard for employees, who are meant to be a company's most valuable asset.

Undeniably, employees face the majority of the repercussions of CSR and are accountable for putting CSR strategy into action; as a result, employees must be active in all elements of CSR to improve their performance and competitiveness and companies must also become more involved in CSR if they are to keep staff (Masum, Aziz & Hassan, 2020; Luu, 2021). CSR activities may help a company develop its competitive advantage in terms of recruiting human resources and boosting consumer happiness, therefore increasing its profitability (Ye, Wang & Lu, 2021). This means that employee behaviour and customer happiness function as a buffer between profit and loss. In agreement are Freeman and Dmytriyev (2017), who argue that employees are the most important stakeholder group as they may also be shareholders, consumers, or members of organisations having an interest in the corporation's activities. As such, managers have a social obligation to provide a pleasant work environment for the employees (Al Masud, Hossain & Biswas, 2021). Since employees are more likely to fall into a category of stakeholder, they should be treated better than any other stakeholder. To do this, CSR initiatives should give guarantees and retain highly skilled employees through practices like professional growth, balancing professional and family life, equal compensation for men and women, non-discrimination in recruiting minorities and elderly workers, among others (Bartolović & Vučemilović, 2019). These incentives attract well-qualified employees and they are more likely to stay with the company for longer periods of time.

Kim and Kim (2021) are of the view that CSR strategies may provide important programmes that employees value, and this is likely to influence favourable attitudes among employees, such as their loyalty to the business. When employees are deeply devoted to the company they may see and believe the organisation's goals, beliefs, and interests to be their own. As a result, they are more likely to make genuine attempts to meet the organisation's expectations by working harder. Manurung et al. (2021), argue that a fair and favourable treatment of employees, decent working conditions, and non-discriminatory hiring practices are just a few of the numerous social responsibility initiatives that businesses may engage in to attract talent and keep them satisfied. When employee satisfaction improves as a result of fair treatment and good working conditions, they are more likely to be dedicated to the work they do, and subsequently improve their performance and that of the organisation as a whole. Notably, improved worker treatment in businesses connected to human rights has a favourable influence on profitability among CSR activities related to profitability (Jeon, Kim & Youn, 2019). This suggests that treating employees well satisfies their need for belonging and improves business profitability. Likewise, employees like to work for socially responsible organisations, and

suppliers want to establish relationships with socially responsible companies, all of which produce appealing advantages (Khuong, Truong an & Thanh Hang, 2021).

Bizri, Wahbi and Al Jardali (2021) assert that working for a socially responsible business also gives employees a feeling of purpose and belonging, and they are driven to reciprocate by giving back to the organisation through improved job performance. So, job performance improves employee productivity rate and decreases absenteeism as well as employee turnover rate. Notably, internal CSR seeks to enhance employee quality of life (Lau, Lee & Jung, 2018). Moreover, when employees learn about other companies' CSR efforts, it raises awareness of CSR in their organisations (Paruzel, Klug & Maier, 2021). They will be eager to know about their companies' involvement in CSR because it gives them a sense of identification and fulfilment. This indicates that CSR activities, even those directed at external stakeholders, can impact the dynamics of social interaction within organisations and boost self-esteem and signify a positive workplace atmosphere (Murshed et al., 2021). Undoubtedly, the influence of CSR on internal stakeholders is a largely unknown topic that requires further research. Kim and Kim (2021) acknowledge that as the employee is the primary agent responsible for implementing CSR policies, more research is required to investigate the effects of employee engagement in CSR on corporate performance.

Chaudhary (2020) studied how workers perceive their employer's CSR and how it affects both in-role and extra-role activities. The results of a hierarchical regression study show that CSR perceptions have a substantial effect on job performance and organisational citizenship behaviour. The study, however, ruled out any significant impact of employee priority placed on an employer's CSR efforts on the strength of the relationship between CSR and employee performance.

A study conducted by Oanh, Cuc and Anh (2021) focussed on the performance of SMEs in Vietnam's growing economy, investigating the effects of CSR practices on social welfare, human rights, and a healthy physical environment. It showed that the successful application of CSR practices in the field of human rights enhances their performance. It is worth noting that when a company is renowned for its social responsibility, it is simpler to attract and keep competent employees, which can have an impact on its commercial success. Whilst most literatures revealed the influence of internal CSR activities on company performance, this study assesses the influence of CSR activities on human resource performance in the manufacturing SMEs.

### **Commitment as a driver of employee performance**

Employee commitment may be created by igniting an employee's excitement for work and channelling it towards the success of the business while an engaged employee delivers results (Chandani et al., 2016). It appears that employee engagement minimises the chances of leaving the company. Employees who engage with their responsibilities at work go above and beyond their roles to achieve their objectives. When an employee has poor impressions of his work (for example, if he feels under-engaged or overburdened), he is more prone to engage in unproductive work behaviour. Consequently, employee perceptions of CSR are significant

because they entail the process through which employees understand and develop judgements about the CSR of their business, which influences their work attitudes and behaviours (De Roeck & Maon, 2018). Their opinion and attitude towards the firm is influenced by their level of happiness with the company, which in turn influences their commitment to the organisation.

It may also be claimed that an employee's emotional connection to the company leads to lower absenteeism as a result of employee attachment to the company (Deng et al., 2020). Furthermore, employee commitment to continued employment reduces the likelihood of employees leaving the firm; as a consequence, a company might gain financially from lower employee turnover. The latter, which is normative commitment, may rely on a person's morality to remain loyal regardless of changes or lack thereof. When a company engages in CSR, workers are more likely to respond with emotional and long-term engagement. According to Murshed et al. (2021) this shows that employees who value CSR will benefit from knowing that their company is meeting its social and environmental obligations. As a result, they will have a strong social affiliation with the company. Murshed and his associates claim that a lack of CSR influence on work satisfaction may obscure employees' job happiness. This may ultimately increase the absenteeism rate, which successively affects the overall labour productivity of a company.

Papacharalampous and Papadimitriou's (2021) findings of their study conducted in Greece discovered how workers' perceptions of their companies' CSR affect their emotional commitment. It indicates a significant and satisfactory relationship between workers' perceptions of CSR and emotional commitment. This implies that employees become committed to working for a socially responsible company. It can be argued that such employees are reliable assets for the organisation. As previously stated, employee emotional and continued commitment leads to lower absenteeism and a desire to stay longer in the business as a result of employee satisfaction and motivation. The following sections address the impact of CSR on employee turnover, absenteeism, and labour productivity.

### **CSR and labour productivity**

It has been recognised that, historically, the production levels and desire of employees to quit is recognised as a predictor of an organisation's performance (Rashid, Gul & Khalid 2018). The success of a business lies in its ability to keep its personnel and enhance production owing to the lower expenses of continuously hiring new staff. However, Deng et al. (2020) maintain that employees choose to trade their labour for spiritual and material rewards for a company that is behaving in a socially responsible manner. Working for a responsible company helps employees attain and improve their self-esteem and productivity. When employees are confident, productivity is likely to improve (Fourati & Dammak, 2021). There will be fewer errors and costs of production will be regulated. In other words, CSR encourages employees to give a business a high reputation, which improves their social identity and boosts job satisfaction and organisational loyalty as well as productivity.

In addition, Al Masud, Hossain and Biswas (2021), contend that the key to sustaining a profitable business or a healthy economy is through the workforce's productivity, which may

be increased through improved human resource procedures. As a result, corporate entities use a variety of practices with common goals such as reducing waste, boosting resource efficiency, empowering employees, improving quality, and increasing productivity (Javed & Husain, 2021). These practices increase corporate productivity since cost-cutting strategies suggest that a company will save money and therefore enhance productivity. Hence, dedicating time to CSR projects leads to positive possibilities of improved employee retention and loyalty, efficiency gains due to alternative production methods, and economic and environmental sustainability (Newman et al., 2020; Shahzad et al., 2020).

A number of management studies have investigated the relationship between CSR and employee work satisfaction, loyalty to the firm, and, ultimately, productivity (Glavas & Godwin, 2013; Vlachos, Panagopoulos & Rapp, 2013; Iqbal, Guohao & Akhtar, 2017; Carlini & Grace, 2021; Dobrosavljević & Urošević, 2021; Kim & Kim, 2021; Murshed et al., 2021). Bhattacharya, Sen and Korschun (2008) indicate that CSR activities show a company's beliefs and they are a valid and persuasive approach to recruit and retain good personnel, boost job happiness, and eventually improve productivity. Newman et al. (2020) investigated the organisational impacts of CSR using a representative sample of over 5000 Vietnamese companies. They discovered a favourable connection between CSR project uptake and company productivity. The aggregate effect is driven by community-focused CSR efforts at the local level.

In addition, Yang, Bento and Akbar (2019) establish that a supportive attitude towards employees allows firms to recruit, retain, and motivate valued human resources, resulting in lower turnover and increased production. Hence, Amini and Dal Bianco (2017) postulate that CSR can definitely improve business reputation, which improves labour productivity as a result of a business retaining highly skilled employees.

### **CSR and employee turnover**

Employee turnover is regarded as one of the sensitive factors that might have ramifications for a business (Carlini & Grace, 2021). It must be noted that internal employee turnover refers to a change in position of an employee inside a company, whereas external turnover refers to a full departure from the business (Dobrosavljević & Urošević, 2021). In these uncertain economic times, retaining and engaging employees becomes a difficult challenge (Chandani et al., 2016). Employee retention is the most significant issue that many business CEOs confront (Carlini & Grace, 2021). Most organisations face poor employee retention rates due to a scarcity of qualified employees, economic development, and staff turnover. Companies utilise many methods to retain staff, such as CSR engagement (Iqbal, Guohao & Akhtar, 2017). Hence, Rashid, Gul and Khalid (2018) reveal that CSR has a favourable influence on employee retention.

According to the human capital theory, if employees with specialised expertise depart, this may result in costs to the employer's knowledge base (Carlini & Grace, 2021). Employee turnover may increase extra overhead expenses due to the loss of human and social capital as well as employee investment (Lau, Lee & Jung, 2018). This is the reason why businesses want to

maintain staff turnover to as low a level as possible to benefit from this cost-cutting approach. Dobrosavljević and Urošević (2021) maintain that employee turnover reflects employee unhappiness with the organisation's work relationships, organizational culture and environment, monetary remuneration, and other aspects of employee satisfaction. Thus, companies have to ensure employee job satisfaction since it is the primary factor that determines whether an organisation's employees stay or leave (Iqbal, Guohao & Akhtar, 2017).

Moreover, Shafiq et al. (2014) maintain that skills development, directly and indirectly, influences employee productivity and motivation. As such, the development of employees shows that the business cares for them; subsequently, employees are not likely to leave the business. As a result, the business will experience high-level work practices and productivity. According to CSR and HRM experts, the major benefit of active CSR practices is that it helps in attracting, inspiring, and retaining employees (Rózsa et al., 2021). Iqbal, Guohao and Akhtar (2017) maintain that companies should strive to keep employee turnover to a minimum because the cost of losing talented, experienced, and competent employees is far more than the expense of employing new ones. The application of CSR indicates a significant impact on staff retention and turnover reduction (Podgorodnichenko, Edgar & Akmal, 2021). Hence, businesses should minimise employee turnover by undertaking employee-related CSR activities that benefit employees by providing a safe and supportive working environment, fair compensation, and appropriate work hours (Feng, Wang & Kreuze, 2017). This may help a company not just recruit and retain people, but also create value via personnel.

According to Carlini and Grace (2021), some of the employee-related CSR activities that a business undertakes may be related to the physical environment (for instance, nap rooms, childcare facilities, gymnasiums, lactation rooms, healthcare, etc.), flexible work hours, telecommuting options, job assignment flexibility and worklife balance. These include non-salary monetary activities (for example, coupons, prizes, discounts, free or subsidised parking, meals, etc) and psychosomatic need fulfilment (such as social events, awards, employee community programs, etc.). Importantly, companies that cater to a wide range of employee requirements have a positive acquisition in the job market and, as a result, workers' desire to work for such an organisation.

As previously alluded, businesses with a high reputation attract employees, resulting in a larger labour supply bargaining for work, which boosts productivity by allowing the company to save money on labour (Newman et al., 2020). This cuts down the advertising costs for recruiting, and employees who are willing to accept lower compensation in exchange for good reputation are willing to work for a better-known firm (Stuebs & Sun, 2010). On the contrary, Ghazzawi and Palladini (2014) believe that a high reputation can also lead to higher labour costs, because high-profile companies may choose to pay their staff more. Remuneration may represent their calibre. Ghazzawi and Palladini (2014) contend that employees are very strategic when deciding on the business to work for and mostly prefer to work for one that advocates for employee respect and fairness in remuneration.

In addition, Sánchez and Benito-Hernández (2015) contend that companies with a strong reputation are more likely to recruit and keep top personnel; as a result, labour expenses may

rise and outpace productivity gains, resulting in a reduction in labour efficiency. However, the high labour expenses in such instances have a short-term impact; in the long run, the company will benefit from utilising experienced and highly skilled personnel, and productivity will rise as a result. Furthermore, research that was conducted by Bartolović and Vučemilović (2019) investigating CSR and human resources management in the Republic of Croatia, revealed that employees' opinions of CSR were centred on regular pay, work hours, and paid extra training. According to this research, implementing CSR improves employee well-being and increases a company's competitive edge.

Bikefe et al. (2020) presented numerous advantages that organisations gain from participating in CSR. It has the capacity to improve employee morale. New employees are likely to be attracted to a business that is operating in a socially responsible manner. As a result, managers in organisations must use CSR activities as a successful business approach to increase employee morale (Štreimikienė & Ahmed, 2021). Increased morale eventually leads to increased production. Consequently, this study investigates whether CSR has the ability to improve human research performance in the manufacturing SME automotive sector in South Africa. It explores the suitability of CSR as an appropriate strategy for human resources improvement.

## Hypothesis

The study is based on the following assumption:

**H1:** The implementation of CSR leads to human resources improvement in the manufacturing SME organisation in South Africa.

**H1o:** The implementation of CSR does not lead to human resources improvement in the manufacturing SME organisation in South Africa.

The following are sub-hypotheses:

**H2:** An increase in employee turnover increases human resource performance in the manufacturing SME organisation.

**H2o:** An increase in employee turnover decreases human resource performance in the manufacturing SME organisation.

**H3:** An increase in labour absenteeism increases human resource performance in the manufacturing SME organisation.

**H3o:** An increase in labour absenteeism decreases human resource performance in the manufacturing SME organisation

## METHODOLOGY

The method for this research will be discussed under the following headings, namely: research design and approach, company that participated in the study, data collection, as well as the measurement and data analysis.



## Research Design and Approach

This study was quantitative in nature. It examines the relationship of human resource performance as a dependent variable to employee turnover and labour absenteeism. Bryman and Bell (2007) explain that the quantitative approach involves the use of statistical procedures to analyse the data collected. Consequently, after the measurements of the relevant variables, the scores were transformed using statistical methods. In addition, the study adopted a panel data analysis. According to Curwin and Slater (2002), panel data analysis is the statistical analysis of data sets consisting of multiple observations on each sampling unit. It contains more degrees of freedom and less multicollinearity than cross-sectional data, thus improving the efficiency of econometric estimates (Bryman & Bell, 2007). For this study, the pre- and post-CSR data that were collected over time from an automotive assembly organisation were analysed using the regression model. The study was also conclusive in design. Conclusive studies are meant to provide information that is useful in decision-making (Yin, 2008).

## Company that Participated in the Study

A convenience sample from a small-size manufacturing organisation situated within the eThekweni District Municipality in the province of KwaZulu-Natal in South Africa was used. The company that started its operations in 1996, commenced CSR activities in 2016. It has 50 full-time employees. Whilst the focus of the study is on small and medium enterprises, the following Table 1 illustrates the schedule of size standards in South Africa.

**Table 1: schedule of size standards of SMEs in South Africa**

Type of Firm	Number of employees
Small	1-50
Medium	51-200

Source: Olawale and Garwe (2010).

Four years prior to the implementation of CSR, the selected company experienced a significant decrease in its financial performance. The quarter-to-quarter financial ratio ranged from 1.1% to 25.4% at an average of 17.5%. In addition, its production costs ranged from 15% to 25% at an average of 20%. This affected the entire business performance. The company operates a three-shift system.

## Data Collection

The collection of data from the company that participated in the study was carried out in two phases, that is, the collection of pre- and post-CSR results by a Human Resource Manager from the operational records. The data for employee turnover and labour absenteeism were kept in a Microsoft Excel folder. The collection of such data over time provided a greater capacity for capturing the complexity of human resource changes than using the one group post-test design that involves the collection of only the post-data after the changes have been implemented, resulting in threats to internal validity (Bryman & Bell, 2007). The validation of data from the excel folder was done by the researcher. This was achieved by comparing data for accuracy

from the folder with the documented data kept on files. The pre-CSR results were quarterly data reflecting the company's performance over the three-year period prior to CSR implementation. This includes data from the first quarter of 2013 to the final quarter of 2015. The post-CSR data reflect the company's performance also for the three-and-a quarter years after CSR was implemented. This includes data from the first quarter of 2017 to the first quarter of 2020.

### Measurement and Data Analysis

The company's quarterly time series data on employee turnover and labour absenteeism were used. The measurements were based on a total of 52 observations. According to Westland (2010), there is no rule regarding the minimum number of observations for a balanced data panel. However, 50 observations are acceptable but more than 100 is recommended (Bryman & Bell, 2007). The regression model used was of the Ordinary Least Square (OLS) variety. The choice was influenced by data constraints. However, the model provided the statistical method that enabled the researcher to examine the relationship between the variables effectively.

A dummy variable which assumed the value of 0 and 1 to represent the pre- and post-CSR, respectively, was introduced into the ordinary least squares (OLS) model. The aim was to isolate the pre- and post-human resource effects. Consequently, if CSR proved to be a useful strategy in raising human resource performance levels, this would result in a statistically significant coefficient on the dummy variable.

The OLS model used was as follows: Human Resource Performance =  $B_0 + B_1$  Employee turnover +  $B_2$  Labour absenteeism +  $B_3$  Pre/Post-Dummy

Where  $B_0$  is the constant

$B$ =coefficient of the independent variables

The above model identifies human resource performance as a function of employee turnover and labour absenteeism. Data were analysed using the statistical package for social sciences (SPSS) version 25. It enabled the CSR data that was obtained, quarterly, over the multiple period time from the same company, to be appropriately analysed. Hence, the results provided unbiased estimations (Yin, 2008). Furthermore, the OLS was based on the fixed effects model. The fixed effects is a statistical model in which the model parameters are fixed (that is, non-random quantities) (Curwin & Slater, 2002). Consequently, the variables were collected, quarterly, from the first quarter of 2013 to the first quarter of 2020 from the same company.

For this study to achieve its objectives, the normality test was conducted using Kolmogorov-Smirnov and Shapiro-Wilk for the overall score of the constructs. Table 2 presents results for normality tests for employee turnover as well as labour absenteeism.

**Table 2: normality tests for employee turnover and labour absenteeism**

	Kolmogorov-Smirnov <sup>a</sup>				Shapiro-Wilk		
	Group	Statistic	df	Sig.	Statistic	df	Sig.
Employee turnover	0	0.480	13	0.000	0.450	13	0.000
	1	0.457	13	0.000	0.367	13	0.000
Labour absenteeism	0	0.205	13	0.173	0.825	13	0.018
	1	0.225	13	0.173	0.825	13	0.018

a. Lilliefors Significance Correction

Statistical tests in Table 2 showed that the data were normally distributed ( $p > 0.05$ ). Hence, the study was analysed using parametric tests, that is, the t-tests.

**STUDY RESULTS**

This section analyses the results for pre- and post-CSR means comparison, as well as Human Resource Performance.

**Pre- and Post-CSR Means Comparison**

Table 3 compares the means (in percentages) for sales and customer retention.

**Table 3: pre- and post-CSR percentage means comparison**

No.	Variable	Pre-CSR period (%)	Post-CSR period (%)	% mean difference (post – pre)
1.	Employee turnover	2.23	0.30	-1.93
2.	Labour absenteeism	11.00	2.84	-8.16

Source: Author’s own work.

Results in Table 3 indicate that the percentage mean data for pre-CSR on employee turnover and labour absenteeism are 2.23% and 11%, respectively. In addition, the percentage mean data for post-CSR on the employee turnover and labour absenteeism are 0.30% and 2.84%, respectively. Table 3 shows a decrease in mean values for both employee turnover and labour absenteeism when post-CSR is compared with the pre-CSR periods. This indicates the effect of CSR in the organisation that participated in the study. Consequently, the next section assesses Human Resource results as a consequence of CSR implementation.

**Human Resource Performance Results**

Table 4 presents the results for human resource performance as a dependent variable to employee turnover and labour absenteeism.

**Table 4: human resource performance results on employee turnover and labour absenteeism**

Regression	Coefficient	t-statistic	Probability
Constant (B <sub>0</sub> )	0.570	3.416	0.003
Employee turnover	0.001	0.232	0.820
Labour absenteeism	-0.004	-0.920	0.370
Human resource dummy	0.009	2.046	0.053
R-squared	0.972	F-statistics	97.014
Adjusted R <sup>2</sup>	0.962	Sum of Squares	5.830
Standard error of regression	0.100	Durbin-Watson statistics	1.133

Source: author's own work

Note: Regression data: 2013–2019 for 52 observations. The following OLS estimation is based on the equation: Human Resource Performance = B<sub>0</sub> + B<sub>1</sub> Employee turnover + B<sub>2</sub> Labour absenteeism + B<sub>3</sub> Pre/Post-Dummy.

- **Human Resource Performance as a Dependent Variable to Employee Turnover**

Results as illustrated in Table 4 show that employee turnover has no relationship with human resource performance in the organisation that participated in the study. This is determined by its t-value of 0.232 as well as the p-value of 0.820. The t-value is below the critical value of 2.000 at the 5% level of significance and the p-value is above the 0.05 level. The null hypothesis of no relationship between these two variables is acceptable.

- **Human Resource Performance as a Dependent Variable to Labour Absenteeism**

Results as illustrated in Table 4 show that labour absenteeism has no relationship with human resource performance in the organisation that participated in the study. This is determined by its t-value of -0.920 as well as the p-value of 0.370. The t-value is below the critical value of 2.000 at the 5% level of significance and the p-value is above the 0.05 level. The null hypothesis of no relationship between these two variables is acceptable.

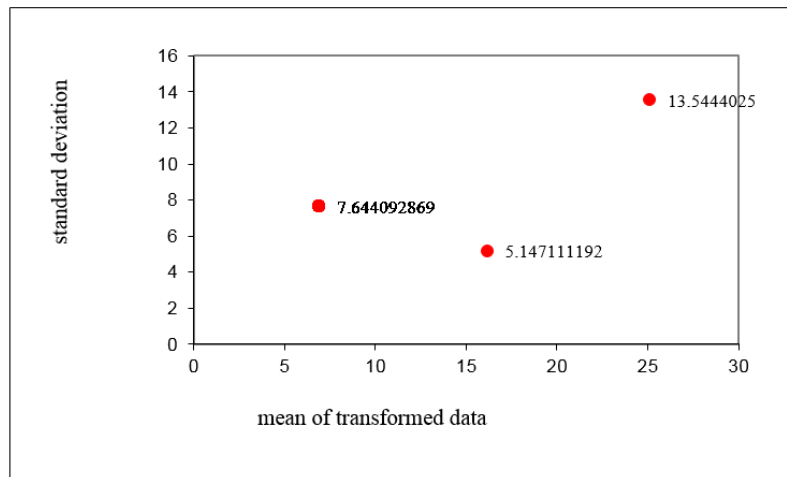
- **Human Resource Performance as a Dependent Variable to CSR**

The results in Table 4 show that CSR has a relationship and is statistically significant with human resource performance as shown by its t-value of 2.046 and the p-value of 0.053. The t-value is above the critical value of 2.000 at the 5% level of significance (Curwin & Slater, 2002) and the p-value equals 0.05. The positive sign indicates that any increase in CSR activities results in an increase in human resource performance. It has the adjusted R<sup>2</sup> of 0.962, which implies that CSR accounts for approximately 96% of the variance in human resource performance. Furthermore, the serial correlation is also low at 1.133 compared to the standard value of 1.760 at the 5% level of significance (Curwin & Slater, 2002).

**SUMMARY OF RESULTS: Statistical tests and box plots**

This section analyses data using factorial designs. It incorporates box plots to determine whether the factorial ANOVA assumptions of normality and homogeneity of variances have been met. Porkess (2005) explains that the populations represented should be normally distributed (that is, the normality), making the mean an appropriate measure of central tendency. However, the homogeneity of variance indicates that the population from which the data are sampled should have the same variance.

The Bartlett’s test was used to verify whether the variances were equal for all the samples (Curwin & Slater, 2002). The following Figure 1 presents a summary of the results from the Bartlett’s test for homogeneity of variances.



**Figure 1: Bartlett's test for homogeneity of variances**

In addition, Table 5 presents detailed results of Bartlett’s test for homogeneity of variances for employee turnover and labour absenteeism.

**Table 5: Bartlett’s test for homogeneity of variances**

Variables	means of transformed data	standard deviations of transformed data	P-Value
Employee turnover	16,1667	5,147	0.010
Labour absenteeism	6,921	7,644	

The p-value in the Bartlett’s test (at  $p < 0.05$ ) shows that the homogeneity of variances has occurred, thus rejecting the null hypothesis. The p-value at 0.010 is low as compared with the significant level of 0.05. We can conclude that there are distribution changes between the two parts of time series. This is confirmed by Levene’s test of equality shown in Table 6.

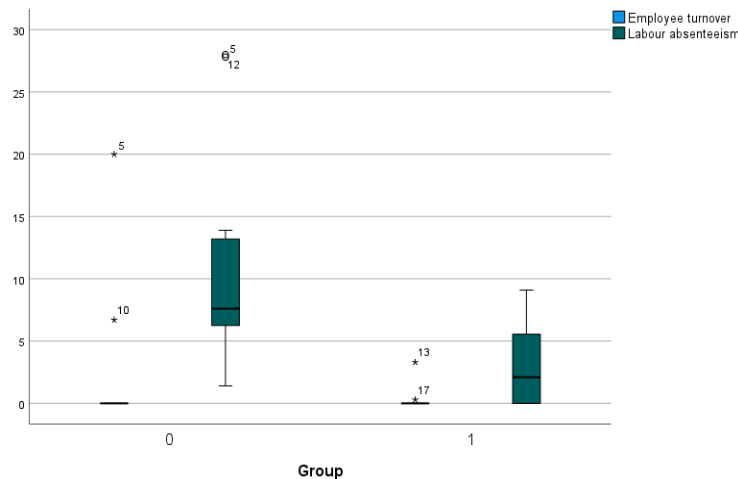
**Table 6: Levene’s test of equality**

F	T	Sig.
5.988	-9.463	0.000

Source: Author’s own work.

Note: Fisher-Snedecor (F); t-statistics for equality of means (T); significant (sig)

Porkess (2005) defines Levene’s test of equality as an inferential statistic used to assess the equality of variance on different samples. In Levene’s test of equality, the statistical procedure assumes that variances of the populations from which different samples are drawn are equal. As a result, the findings in Table 6 show that the obtained similarities between the variances in the samples for pre- and post-data at p-value 0.000 have occurred. They are below the statistical significant level of 0.05. The results are confirmed by box plots in Figure 2.



**Figure 2: Box plots determining the normality and homogeneity of variance**

Figure 2 shows that the mode of change from pre-to post-CSR period is homogeneous. Box plots indicate a similar spread of CSR results. Statistical tests suggest that the conditions for homogeneity of variances between the pre- and post-CSR have been met.

## DISCUSSION

This study investigates the influence of CSR on human resource improvement in the selected manufacturing SME organisation in South Africa. It examined the production and related experience of the manufacturing SME organisation that had adopted a CSR strategy. Quarterly time series data on employee turnover and labour absenteeism were used to analyse data. The results indicate that both employee turnover and labour absenteeism have no relationship with human resource performance post- CSR implementation. However, CSR has a relationship with human resource performance. Any increase in CSR activities results in an increases in human resource performance.

According to Kim and Kim (2021), CSR strategies provide important programmes that employees value, and this is likely to influence favourable attitudes among employees, such as their loyalty to the business. When employees are deeply devoted to the company they may see and believe the organisation's goals, beliefs, and interests to be their own. As a result, they are more likely to make genuine attempts to meet the organisation's expectations by working harder.

### **Implications of Results for Policy and Practice**

Organisations in South Africa should revise their performance systems and implement CSR strategies and practices that help to achieve new human resource goals and support organisational change (Smith, 2007). This must be based on an understanding of the economic factors affecting CSR and the significance of improving human resource performance in the manufacturing SME sector. Besides the achievement of study objectives, the following conclusions can be made on the CSR philosophy:

- 1) CSR gives employees a feeling of purpose and belonging, who are driven to reciprocate by giving back to the organisation through improved job performance (Bizri, Wahbi & Al Jardali, 2021).
- 2) CSR activities can impact the dynamics of social interaction within organisations and boost self-esteem and positive workplace atmosphere (Murshed et al., 2021).
- 3) In order to maximise performance, a comprehensive performance policy must be developed, which aligns the CSR strategies to human resource performance (Al Masud et al., 2021).

### **Study Limitations**

The study was limited to a manufacturing SME organisation within the eThekweni District Municipality. The investigation was conducted in a single SME organisation that has adopted CSR strategy. As there are 85 891 formal SME organisations in South Africa (SBI, 2020), the results cannot be extrapolated to other companies within the sector. Secondly, it did not examine the process followed during the CSR execution including (amongst others) the individuals who participated in the implementation process. It only used quarterly time series data to determine the pre-and post-human resource effects resulting from CSR strategy. Lastly, the econometrics model used was of the OLS variety, solely due to data constraints. Future studies ought to use the more advanced Johansen VAR methodology, which relies on large datasets.

### **CONCLUSION**

CSR practices help in attracting, inspiring, and retaining employees (Rózsa et al. 2021). Businesses with a high reputation attract employees, resulting in a larger labour supply bargaining for work, which boosts productivity by allowing the company to save money on labour (Newman et al., 2020). This cuts down the advertising costs for recruiting, and employees who are willing to accept lower compensation in exchange for a good reputation

are willing to work for a better-known firm (Stuebs & Sun, 2010). Hence, CSR has a relationship with human resource performance. Any increase in CSR activities results in an increase in human resource performance. However, there is no direct relation to both employee turnover and labour absenteeism with human resource performance post- CSR implementation. CSR is not a solution to inherent human resource problems. It is an approach that takes advantage of a focused organisational strategy to human resources practices (Podgorodnichenko et al., 2021; Feng et al., 2021; Sánchez & Benito-Hernández, 2015).

### Future Research Required

During the course of this study, issues relating to the long-term survival of CSR strategy after implementation were not covered. This includes the applicability of CSR to a wider sector of the economic activity, including the public sector. The nature of this research did not allow these areas to be covered in depth. It is recommended that future research should examine the following issues in greater depth:

- when to use and when not to use CSR strategy;
- the applicability of a CSR approach to other industrial sectors;
- the process followed during the implementation of CSR strategy; and
- a more comprehensive investigation should be carried out using a randomised sample of the registered manufacturing SMEs that use a CSR strategy to see if the results can be generalised.

The study investigated the influence of CSR on the human resource performance in the selected manufacturing SME organisation in South Africa. The pre- and post-CSR quarterly data from company records were collected. It established that neither employee turnover nor labour absenteeism have a relationship with human resource performance post- CSR implementation. However, CSR has a relationship with human resource performance. Any increase in CSR activities results in an increase in human resource performance.

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