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Effectiveness of Corporate Social Responsibility and Information Communication Technology in Organizational Change Management

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Abstract- **This paper explains the concept of corporate social responsibility and examines the use of corporate social responsibility in organizational change management. The concept of CSR is well researched but implementation of CSR is not well researched. Here we examine the role of ICT and how it affects CSR. In this paper we see how ICT and CSR facilitate the implementation of change in organization along with the issues which an organization faces in the processes of managing change.**

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I. Introduction

In today's changing world, the concept of Corporate Social Responsibility is a growing area of interest for academics, practitioners and entrepreneurs in terms of theory and practice. As the name implies "corporate Social Responsibility is a process in which organizations take responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all phases of operations. As the world is shrinking due to globalization CSR has acquired high degree of relevance and scope in large number of sectors. Organizations are continuously improving their social, environmental and economic performance because corporations' growing expectations and increasing demand for transparency. [1]

There are compelling reasons why companies should engage in corporate social responsibility aimed primarily at social welfare. Proponents of CSR have used four arguments to make their case:

- Moral obligation means that stakeholders are satisfied only if companies operate their businesses with socially responsible practices.
- Sustainability involves meeting the needs of present by investing in solutions that are socially environmentally and financially sustainable.
- Moreover, the very license to operate and crucial contacts themselves, with governments and other entities, might be conditional upon such obligation.
- Finally, CSR initiatives may be supported due to reputation impact because it will improve the company's image and even raise the value of the stock [2]

Corporate Social Responsibility plays important role in change management. Change management refers to managing the people and structures of the organization in order to fulfill the needs of the customers. For successful change management, corporations should have effective CSR policies so that employees should have positive image of the company. Effective CSR policies are very crucial as employees have different values and beliefs when change management occurs so CSR policies can help the employees to understand the organization culture.

II. Literature Review

The concept of CSR has witnessed an astounding ascendency and revival in recent years. It has been considered as essential for successful business operations and creating opportunities to look beyond narrow economic returns (Jackson and Nelson, 2004; Rudolph, 2005). Businesses have eagerly adopted the jargon of "embedding" CSR in the core of their operations, making it "part of the corporate DNA" so that it influences decisions across the company. With a few interesting exceptions, the rhetoric falls well short of the reality' (The Economist 2008).

Haniffa & Cook (2005) examined the relationship between Corporate Social Responsibility and culture and corporate governance. They used content analysis method to measure the degree and level of CSR. Culture was measured by directors and shareholders whereas corporate governance measured by non-executive directors in the board chairman with multiple directorships and fraction of foreign shareholders. Their 'results show a significant relationship between corporate social disclosure and directors.The number of empirical studies is available on

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CSR practices in Bangladesh. Belal (1997) conducted research on green reporting practices in Bangladesh. He observed that out of 50 companies only 3 companies made environmental disclosures. A later study by Belal (2000) showed that 27 companies (90%) companies out of 30 studied made environmental disclosures, the percentage will come to 20 only if disclosure related to expenditure on energy usage is excluded. This shows an increasing trend but none of these studies explored why number of disclosers increased.

Ina Freeman and Amir Hasnoui (2010) examined that CSR does not have a universal and comprehensive definition. CSR is well researched but literature lacks information related to its implementations. ICT can be the tool to implement CSR. ICT is now being developed in developing countries as well. ICT disseminates information related CSR to the public. ICT gives global recognition to CSR. Implementation of CSR varies from culture to culture. Further research is required to quantify the usage of ICT for CSR implementation.

III. Change Management

Change management is defined as the practice of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of internal and external customers' (Moran and Brightman, 2001). [3] In order to remain competitive in market place change is very important aspect for the survival and growth of any organization. Organizations are required to respond rapidly to the local, national and global uprising of new technology and competition in order to subsist in the market. For a successful organization, change is to be implemented at three levels, i.e. individual, group and organization. Change cannot be successfully implemented without active participation of management.

a) Change as a Process

Lewis (1947) conceptualizes change as a process which consists of three phases: (1) unfreezing—it is phase in which company realizes that there is need for change and to prepare to leave the current state of comfort for future benefits; (2) moving—At this stage they move forward to adopt new change setup and reluctant to change as they have to leave their comfort zone; (3) refreezing—At last, change is accepted as a new norm and change is now a part of the organization.[4]

b) Leadership in Change Management

Every living creature is hesitant to change whether it is a planned change or accidental change. However, change management is a complex process and thus requires a good management. Leadership plays important role in managing change because leader has an authority to control a group of people get it organized to achieve a particular goal. Leaders should be more skillful and motivational so that he can motivate their followers and guide them. According to researcher Ajayi (2002), the change leader needs following capabilities

- Heroic determination to make the change happen,
- Persistence,
- Stamina,
- A sufficient mandate that stems from personal change; and
- First-class intelligence [4]

IV. Issues of Change Management

One of the most important parts of organizational development is to manage change with the help of technology. Changing market and changing needs lead to a more competitive market, with so many brands under one roof. [5] A study by Harvard Business Review found that 66% of change initiatives fail to achieve their desired business outcomes. . The five most common obstacles to change are depicted in the graph below. The three circled obstacles can be influenced by leaders. [6]

Obstacles Experienced During Major Organizational Changes

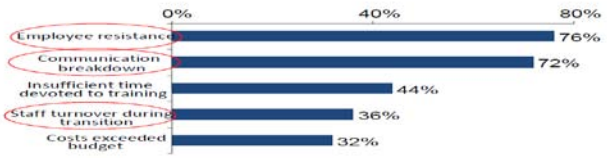


Figure 1 : [8]

a) Degree of Resistance

Major organizational changes for innovation can anticipate resistance, especially if the proposed changes alter values and visions related to the existing order. It is not possible to satisfy every group, programs that satisfy one group often reduce the satisfaction of other groups, because the survival of one set of values and visions may be at the expense of the other when we bring change it does not only come in processes but they are the people who bring in change. For successful change everyone must share the same objectives and initiative. In addition, creativity brings in innovation and hierarchical organizations are less flexible to change and they.

b) Poor Project Plans

McKinsey & Co, Shaffer & Thomson, and Corporate Leadership Council site studied a number of companies that implemented significant change programs. Their research indicates that 60% -70% of significant and complex change management faced failure to produce the desired results. The research

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supported the fact that failure isn't always necessarily due to poor technical solutions but it was a result of poor change implementation. Proper planning should be done if change programs are initiated into companies. [8]

c) Lack of Employee Involvement

It is natural that people are afraid of change. In most strategic organizational change, some employees will be asked to assume different responsibilities or focus on different aspects of their knowledge or skill. There will be fear of change because a person is negatively inclined of change. More important, however, there will be fear of failure in the new role. Employees should be involved at a higher rate as soon as possible in the change effort. The more they know about change process the more change will come. As employees understand the reasons for the change they more readily accept the change. [9]

d) Flawed Communication Strategies

Significant organizational change must have some ideal communication strategies which must attend:

- To the message,
- The method of delivery,
- The timing,
- The importance of information shared with.

What is more important that people understand the purpose of change but more importantly, how the change is likely to affect them. A big announcement from the CEO does not help people in understanding and accepting change. Employees need to know about every aspect that leads to change. Engaging employees and allowing them to manage the communication process is the key to a successful change communication plan, this will help to initiate and make change plan successful. [10]

V. CSR Role in Change Management

A socially responsible company views each and every problem in another way as these companies are aware of the fact that people such as employees, managers, local community, suppliers, customers ,society as a whole and even future generations would be effected by the decisions taken. A socially responsible company differs in a way that they see problems and things not for short term return instead they focus on the consistency of its policies and actions, engagement of stakeholders for developing trust among stakeholder and the organization. Moreover they will not go for those solutions that are immoral and unethical. This is what that makes a socially responsible company different from the others. When these companies implement change, stakeholders that might be affected by the organizational change and activities have the climate of trust so they accept the change as they know that company would not adopt any immoral approach. [11] Moreover organizations that have implemented CSR have better reputation and better organizational climate where dealing between managers, employees and customers is conducted on ethical basis. This helps in creating a culture of openness and trust ultimately helping managers to handle change in more appropriate manner. They have enhanced and better ability to deal with change. Thus companies who have implemented CSR are in better position to anticipate and respond to the economic, social, environmental and regulatory changes that occur. [11]

VI. Corporate Social Responsibility and Information Communication Technology

CSR is also considered in management terms as in communication management and relationship management. CSR does not have a global and comprehensive definition and its implementation is not well researched. [12]Information Communication Technology is the broader term that includes the concept of Information technology in it. Though use of I.T is limited to industry, ICT involves the education sector as well. ICT participates in creation of knowledge due to the increasing use of communication technology. [13] After explaining the concepts of corporate social responsibility, change management and information and communication technology, we will test the hypothesis and give the recommendations and conclusions on the basis of results.

H1: ICT helps in communicating and implementing CSR.

H2: CSR enhances employees' commitment level to the organization.

H3: CSR and ICT play a significant role in communicating Change Management

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a) Trends in ICT

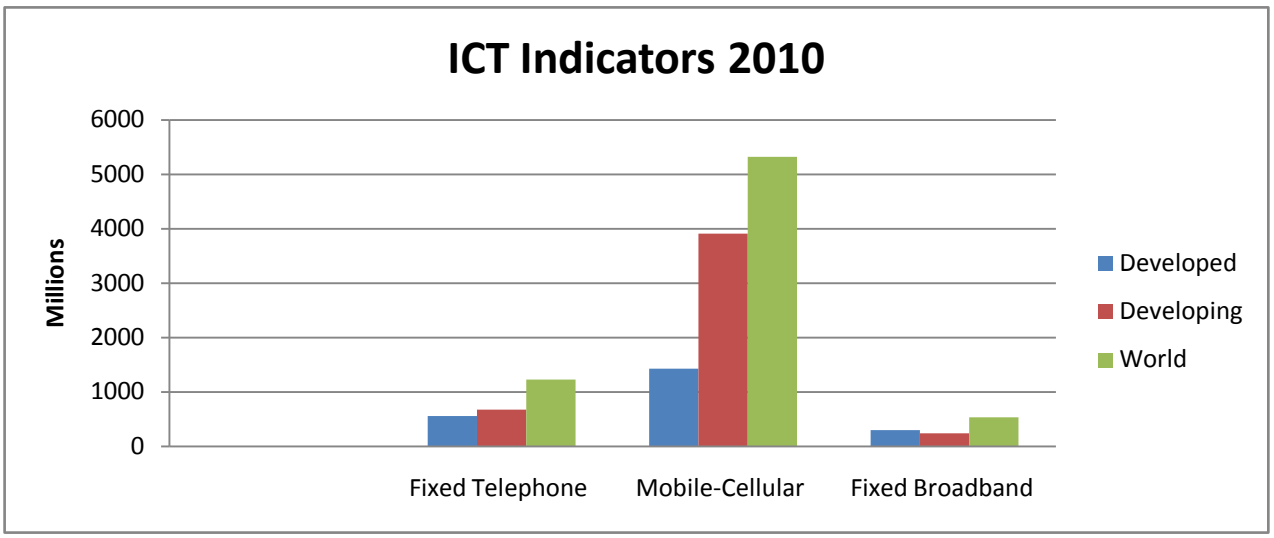


Figure 2

Source: International Telecommunication Key Indicator 2005-2013 [14]

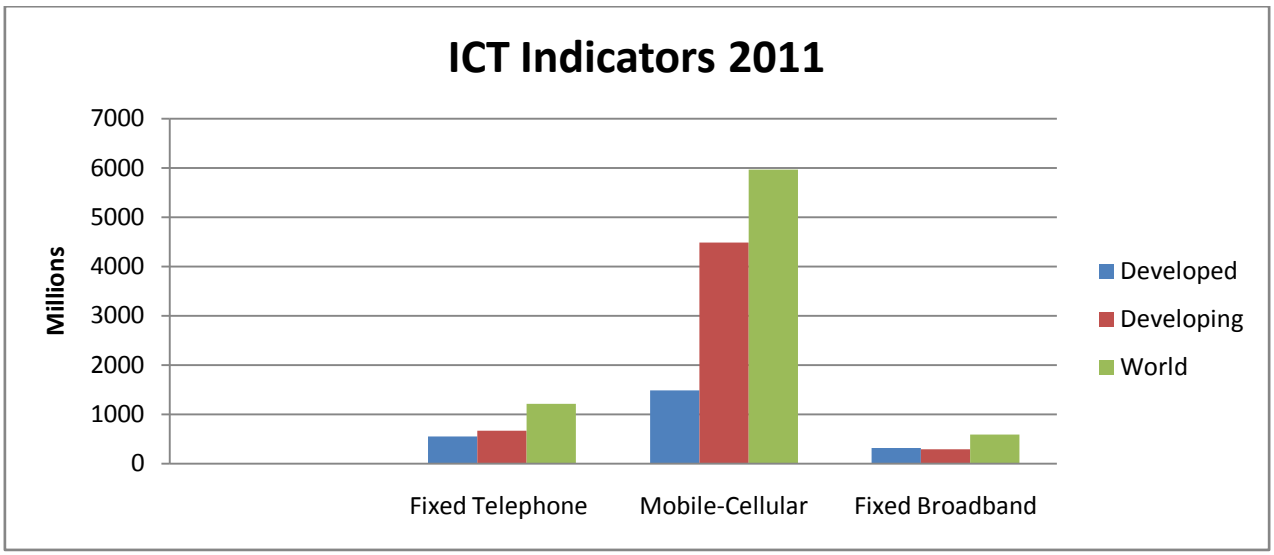


Figure 3

Source: International Telecommunication Key Indicator 2005-2013 [14]

The graphs are showing an increased trend in Mobile-Cellular Subscription and fixed-broadband subscription in year 2011 as compared to 2010.

b) Benefits of ICT

ICT can provide a wide variety of benefits to different firms. ICT helps in cost reduction, enhanced productivity and growth opportunities. Implementation of ICT by firms helps in business cooperation, business relationships, and quality of knowledge. [15] ICT helps in merging the economies globally with the use of technologies that are provided by developed countries, improving production and growth. [16] The concept of doing good provides firm with competitive edge and positively adds to the reputation and performance of the organization. [17]

c) Global Reach Of ICT and CSR Implementation

ICT is a global concept and it is well implemented in organizations. It is used to communicate information worldwide in an effective way. In most of the cases, ICT is limited to larger organizations. Infrastructure to implement ICT requires substantial investment which somehow limits the use of ICT for larger organizations. Along with the hardware, specific leadership skills are required to make the best use of ICT. ICT does have its limitations in terms of need of substantial investment, skilled leadership, scope etc.

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The benefits of ICT must out weight the cost factor and it does when implemented with required proficiency.

ICT reaches globally and requires substantial recourses; this limits its use for developed and emerging economies. The global factor of ICT is missing in CSR. [18] Research indicates that CSR can produce undesirable results. [19] Total Factor Production of ICT is an important concept that should be considered while implementing ICT network.

Global reach is the missing factor in the implementation of CSR that is contributed by the ICT network.This tests first hypothesis.

d) ICT and Change Management

Change management includes that entire phenomenon which brings significant change in the organization. Implementing change is never easier due to a lot of hurdles mainly resistance shown by the people who will get affected by that change. Change affects the stakeholders and employees are the major stakeholders of the organization. Resistance towards change arises due to a lot of reason but these hurdles can be minimized with the help of some tools one of these is effective communication. Management fails to communicate change at a lot of levels. Employee involvement in the integration process is critical. Involve employees as early as possible in decision making. From the start of transition, providing employees with opportunity to ask questions related to change reduces their concerns.

e) Key Skill in Change Management

The two key skills that managers must use are communication skills and trust-building skills. Resistance arises with the fear of losing jobs. Employers require trust building. Trust building can be done with the help of celebrating mistakes and encouraging disagreements. Communication is necessary to communicate the vision behind proposed change. Communication is necessary in building and managing teams within organizations. [20] Communication does not mean by email or telephone. Effective communication is two way communications. Employees should be encouraged to ask the questions related to change and how this change will affect them. For this a change model can be used to show the how that changes will be implemented and what would be the benefits of that change. Pilot study can be conducted for this purpose. Sharing information with concerned employees, who will be influenced by the change in real-time, facilitates the change management. This explains our third hypothesis.

VII. Recommendation and Limitations

ICT takes substantial amount of resources of the organization, which limits its use for the big organizations and developed countries. Use of ICT is expensive but organizations are constantly increasing their budgets for the effective use of ICT. This points the importance of ICT in changing world. The role of ICT in CSR implementation lacks the quantitative analysis due to unavailability of the required data, which is required to establish the strong relationship between them.

VIII. Conclusion

The concept of Corporate Social Responsibility has increasingly gained foothold within most businesses. CSR is not only drawing the corporate tycoons into its circumference, but is also luring educationists, social activists, reformists, from all over the world to delve deeper into it. The changing market trends, globalization and ethical consumerism all are adding heat to the CSR concept. Moreover, CSR also plays important role in change management. When organizational change occurs management hires employees with a different background, values and beliefs therefore CSR helps them to understand the organizational culture. Change management would be effective in those companies which have effective CSR policies because CSR improves employees' perceptions of the company and they will be motivated to adopt those policies. When a company has CSR initiatives, employees are more proud of and committed to the organization. CSR does make a unique contribution to organizational commitment. ICT communicates CSR and implements it due to its global reach. CSR engaging employees with social activities and activities working for the welfare of employees and their families enhances their level of commitment. It has been seen that employees prefer working for the organizations that are engaged in social activities benefiting both society and environment. Implementation of CSR as top-down strategy limits its enactment. This reduces awareness of CSR. Global reach of ICT makes it advisable to escalate the concept of CSR through its network. This limits the communication of CSR to the ICT-enabled organizations. Implementing CSR with the ICT needs quantitative analysis for better understanding.

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