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Contributions of CSR perception to employees commitment and job satisfaction: Does personal income matter?

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Abstract

Although prior research found that employees tended to develop work attitudes when they perceived that their organizations engage actively in corporate social responsibility (CSR), little is known about the socioeconomic factors that could influence this relationship. This research explored the role of income level that might moderate the relationship between employees' perception of CSR implemented by their company and their work attitudes in the aspects of employee commitment and job satisfaction. Data were collected from 389 bank employees in Thailand. Results from partial least squares regression found that CSR perception of employees positively associated with employee commitment and job satisfaction. In the same way, the moderating effect analysis also found that the positive relationship between CSR perception and job commitment was significantly stronger in employee with higher income than in employees with lower income.

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Introduction

Nowadays, the idea of corporate social responsibility (CSR) is showing a major influence on the business operations, missions and management (Fenwick & Bierema, 2008). Since, communities around the world experience numerous social problems, there is demand from the external stakeholders that companies implement CSR programs regardless of their shape, size, and origin to help solve these issues (Vahdati, Mousavi, & Tajik, 2015). CSR activities implemented by the organization not only creates good image in the perception of external stakeholders (Lee & Park, 2009), but can also result in positive attitude of employees who are considered a key internal stakeholder of the organization (Lee, Park, & Lee, 2013).

While the role of CSR perception has been conducted in prior research (Roeck, Marique, Stinglhamber, & Swaen, 2014),

some research gaps still remain unaddressed. Prior research only considered direct link between CSR perception and work attitudes of employees without considering their socioeconomic factors; and were conducted in developed economies, where average income of people is higher than the world average (Glavas & Kelley, 2014). However, it is unclear whether people in developing economies with below average income might develop positive work attitude when they understand about the CSR of their organization. Hence, this study targets bank employees in Thailand as it is a middle-income country where average income of people is still significantly lower than people in developed countries (The World Bank, 2011).

To address this research question, the main objective of this study is to explore whether the relationship between CSR perception and work attitudes of employees might be moderated by the level of income of employees. For the theoretical framework, social identification theory (Ashforth & Mael, 1989) will be used to explain why employees who perceive that their company actively supports CSR tend to develop positive work attitudes, whereas, Maslow's hierarchy of needs (Maslow, 1943) will be used to explain the moderating effect of income.

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Literature Review

CSR can be defined as the assurance of business to contribute towards sustainable development by working with employees and local community in order to develop the quality of life, in ways that is good for both businesses as well as for development of the society (Chung, Yu, Choi, & Shin, 2015). Despite different conceptualizations of CSR, this research is based on the conceptualization of CSR developed by (Carroll, 1979) that comprised of four aspects of CSR activities including economic, ethical, legal, and discretionary. A socially responsible organization makes profit, follows rules and regulations, is concerned with ethical norms and gives something back to the society (Carroll, 1979; Rego, Leal, Cunha, Faria, & Pinho, 2010).

Role of CSR Perception to Work Attitude

In this research, employees CSR perception about their organization's CSR activities is associated with two positive work attitudes including employee commitment and job satisfaction. Employee commitment is described as the degree to which an employee appreciates an organization and sees his/her future with that organization (Maignan & Ferrell, 2001). Similarly, job satisfaction can be described as a set of emotions and feelings, either favorable or unfavorable, with respect to how an employee views his/her work (Newstrom & Davis, 2001).

Social identification theory is used to explain why employees who perceived their organization actively engaged in CSR activities tend to develop positive work attitudes (Ashforth & Mael, 1989). This theory suggests that employees tend to get a feeling of pride by identifying themselves with organizations that have positive image (Ashforth & Mael, 1989). Since, CSR can represent a good image of the organization, it is likely for employees to identify strongly and feel proud working in the organization having such positive social values (Brammer, Millington, & Rayton, 2007). Prior research also supported the linkage between CSR perception and positive work attitudes (Du, Bhattacharya, & Sen, 2015; Turker, 2009; You et al., 2013). Given all the theoretical and prior supports, the following hypotheses are proposed:

Hypothesis 1: The perception of employee about CSR implemented by their organization will have a positive relationship with employee commitments.

Hypothesis 2: The perception of employee about CSR implemented by their organization will have a positive relationship with job satisfaction.

Moderating Effect of Income

Maslow (1943)'s hierarchy of needs theory is used to explain the moderating role of employees' income which can affect the degree to which CSR perception of employees can link to positive work attitude. The gist of this theory that is classified into five needs level including psychological, safety, social, esteem, and self-actualization needs is that before individuals aim to achieve a higher level of needs, the lower level of needs must be satisfied first (Kian, Yusoff, & Rajah, 2014). The happiness of being associated with an organization that works for social welfare can be considered as a higher level

of need because such organizations are in a position of willingly contributing towards the welfare of the society (Tuzzolino & Armandi, 1981). Taking this theoretical perspective, the following hypotheses are presented:

Hypothesis 3: The relationship between CSR perception and employee commitments will be positively moderated by the level of employee income.

Hypothesis 4: The relationship between CSR perception and employee job satisfaction will be positively moderated by the level of employee income.

Methodology

Sample Selection and Data Collection Procedure

The sampling frame included employees from seven commercial banks located in Bangkok, Thailand and listed in the Stock Exchange of Thailand. Seven commercial banks were selected for data collection as seven banks were listed in the Stock Exchange of Thailand at the time of data collection. Also, each of these banks conducts CSR activities. Self-administered questionnaire survey was used as a data collection technique. Questionnaires were distributed to employees at the bank by a team of well-trained research assistants. The respondents were informed that it was a voluntary and anonymous participation. A total of 480 questionnaires were distributed and 389 usable questionnaires were returned, which account for 84.57 percent response rate. Work-related and demographic information of the respondents are presented in Table 1 and Table 2.

Table 1 Descriptive statistics of respondents

Characteristics	Frequency	Percentage (%)
Gender		
Male	123	31.6
Female	266	68.4
Level of Education		
Bachelor's	310	79.7
Master's	71	18.3
Above Master's	8	2.1
Job Position		
Upper Middle Level	17	4.4
Middle Level	147	37.8
Lower Middle Level	106	27.2
Junior Level	119	30.6
Monthly Income (in Thai Baht)		
0–15,000	30	7.7
15,000–30,000	226	58.1
30,000–45,000	76	19.5
45,000–60,000	42	10.8
60,000–75,000	10	2.6
75,000–90,000	5	1.3

Table 2 Other descriptive statistics of respondents

Characteristics	Mean	Standard Deviation
Age (in years)	31.946	7.455
Work experience (in years)	6.332	5.767

Measures

CSR perception of the employees was measured with the scale developed by Maignan and Ferrell (2001). The scale encompasses four aspects of CSR including economic CSR (four items), legal CSR (seven items), ethical CSR (seven items), and discretionary CSR (eight items). Given the high correlation among all four CSR aspects that potentially caused multicollinearity, the latent variable score of each CSR aspect were then used as the indicators to construct a second-order latent variable of this construct. The operationalization of CSR perception as a second-order latent variable is also consistent with prior research (Lee et al., 2013). Employee commitment was measured by the scale developed by Jaworski and Kohli (1993). The scale consists of seven items. Job satisfaction was measured with a scale developed by Cammann, Fichman, Jenkins, and Klesh (1983). It was measured using three items.

All items were measured using a five-point Likert Scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Some factors that could be associated with employee commitment and job satisfaction were included as control variables. These factors include gender, level of education, organizational tenure, and job position. Organizational tenure and age were measured in years. Gender was measured as a dummy variable (male was coded as 1; female was coded as 0). Level of education was measured as ordinal variable.

Data Analysis

The study used partial least squares (PLS) regression for data analysis. PLS is a covariance based structural equation modeling (SEM) technique that is more flexible than other SEM techniques because it provides less bias when data are not normally distributed (Chin & Newsted, 1999). Before choosing PLS as the statistical method, the Jarque-Bera test and robust modification of Jarque-Bera test were performed to test for the normality of the data. The results indicated that all main variables presented in the hypotheses did not follow a normal distribution pattern, thereby making PLS became appropriate for this research. PLS analysis was performed using WarpPLS 5.0.

Results

Before estimating a structural model, it is essential to confirm that all latent variables have a suitable level of validity and reliability. First, convergent validity test was evaluated to determine whether the measures of a construct are more correlated with each other or not, as compared to other constructs' measures. Hair, Ringle, and Sarstedt (2011) suggested that the value of 0.5 and above indicates a satisfactory degree of convergent validity. The analysis showed that all factor loading was above 0.5 which supported satisfactory convergent validity. Then, discriminant validity tests were evaluated to ensure that a construct can be differentiated from the measures of other constructs. Fornell and Larcker (1981) recommended that the average variance extracted (AVE) of each latent variable ought to be higher when compared to the latent construct's greatest squared correlation with other latent variables. The analysis showed that most AVEs were satisfactory, except for the AVE of employee commitment, which was slightly lower than the correlations between employee commitment and job satisfaction. However, given that employee commitment and job satisfaction are separate dependent variables in the model, this issue is not a problem for the analysis. Correlations among all variables and square root of AVEs are presented in Table 2. Finally, construct reliability was assessed by Cronbach's alpha coefficient and composite reliability coefficient. Nunnally (1978) recommended that these two coefficients should be higher than 0.7. As shown in Table 2, all constructs have coefficients that meet the minimum requirement.

The test of multicollinearity was conducted by using full Variance Inflation Factor (VIF) statistics. Full VIF indicators should be less than 3.3 (Petter, Straub, & Rai, 2007). The results showed that full VIF indicators were lower than 3.3 for all variables, thereby lessening the concern about multicollinearity problem. Lastly, the possible presence of common method bias (CMB) was evaluated by using the Harman one-factor test suggested by Podsakoff, MacKenzie, Lee, and Podsakoff (2003). The results suggest that the model fit indices become poorer than the original model, thereby providing some clue that CMB may not be a serious issue in the analysis.

Results from hypotheses testing were reported in Table 3. Hypothesis 1 was supported and the finding showed that there is a positive relationship between CSR perception and employee commitment ($\beta = 0.69$; $p < .001$).

Table 3 Correlation among variables and square root of average variance extracted

Variables	Cronbach's Alpha coefficient	Composite Reliability coefficient	CSR	SAT	COM	GEN	EDU	JT	POS	INC
CSR	0.869	0.911	(.849)	.561**	.694**	.014	.132**	-.016	.082	.094
SAT	0.788	0.877		(.839)	.786**	.031	.112*	-.042	.043	.071
COM	0.87	0.9			(.751)	.054	.101*	-.004	.072	.096
GEN	n/a	n/a				(1)	.137**	.129*	.075	.115*
EDU	n/a	n/a					(1)	.204**	.408**	.459**
JT	n/a	n/a						(1)	.502**	.649**
POS	n/a	n/a							(1)	.63**
INC	n/a	n/a								(1)

Notes: ** $p < .01$, * $p < .05$

Square roots of average variance extracted of latent variables are shown in parentheses; CSR=CSR perception, SAT=job satisfaction, COM=employee commitment, GEN=gender, EDU=education, JT=job tenure, POS=job position, INC=income

Table 4 PLS Results

	Dependent variables			
	Employee commitment (H1)	Job satisfaction (H2)	Employee commitment (H3)	Job satisfaction (H4)
<i>Main effect</i>				
CSR perception	.69***	.551***	.69***	.551***
<i>Moderating effect</i>				
CSR perception × Income	n/a	n/a	.096*	.062
<i>Control variables</i>				
Income	.05	.062	.039	.055
Gender (male=1; female=0)	.044	.023	.049	.026
Education	-.013	.03	-.02	.025
Job tenure	-.028	-.073	-.015	-.065
Job position	.001	-.018	.001	-.018
R-square	.484	.32	.494	.324

Notes * $p < .05$, *** $p < .001$; Standardized coefficients are reported.

Hypothesis 2 was supported and the finding showed that there is a positive relationship between CSR perception and job satisfaction ($\beta = 0.551$; $p < .001$).

To test the moderating effect, the interaction term between CSR perception and employee income was included in the PLS estimation. The result showed that the interaction between CSR perception and employee income was positive in the model in which employee commitment was a dependent variable ($\beta = 0.096$; $p = .03$); it was also positive in the model in which job satisfaction was a dependent variable ($\beta = 0.062$; $p = .111$). The findings showed that the positive relationship between CSR perception and these work attitudes tended to be stronger for employees who earned higher level of income than employees who earned lower level of income. However, only the interaction term in the employee commitment model was statistically significant. Therefore, hypothesis 3 was supported, whereas hypothesis 4 was not supported.

The moderating effect of income was illustrated in Figure 1. Employees were classified as higher and lower income group based on the mean of the standardized income. The figure shows that, although, the regression lines between CSR

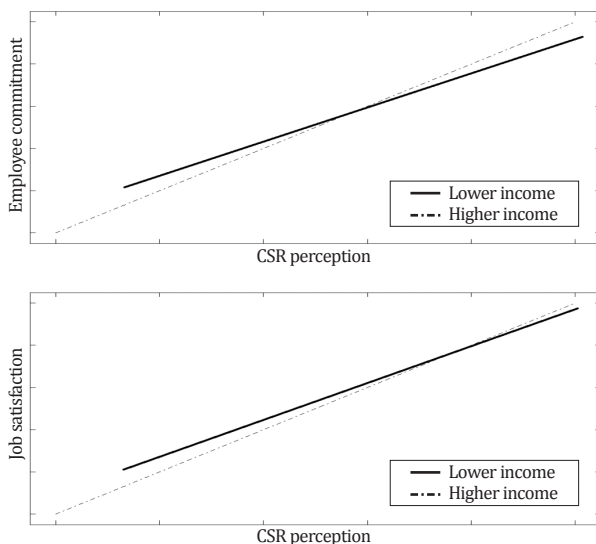
perception and the two aspects of work attitudes had positive slope, the regression line of employees classified as higher income group is more positive than the regression line of employees classified as lower income group.

Discussion and Conclusion

The results supported the positive connection that CSR perception had with work attitudes. These findings support the social identification theory which suggests that employees tend to develop strong identification to the organizations that have positive social image (Ashforth & Mael, 1989). This research also extended prior research by considering the role of socioeconomic variable in terms of personal income, which was found as a factor that moderated the relationship between CSR perception and employee commitment. Although employees who perceived their organization actively supported CSR tended to demonstrate high commitment, this association seemed to be more significant for employees who earned higher income.

In particular, the finding about the moderating effect of income level is consistent with Maslow (1943)'s hierarchy of needs theory which suggests that individuals cannot fully aim to satisfy a higher level of need when their basic needs are not satisfied. Given that income tends to be a factor that determines the basic needs of employees (Diener, Sandvik, Seidlitz, & Diener, 1993), it is possible that some employees who had low income may not be able to develop strong identification with the organization because they might be concerned about their financial condition. On the other hand, employees who earned higher income may be satisfied with their basic needs and feel less concerned about their financial condition; thus, can move to satisfy higher level needs such as pride to be part of an organization that works for society's betterment. This is consistent with prior research which showed that income could be a factor in explaining the willingness of individuals to support prosocial behaviors (Çarkoğlu & Kentmen-Çin, 2015).

The results supporting the effect of income that moderated the positive relationship between CSR perception and employee commitment also provides research contribution to prior studies. This research suggests that future studies will have to consider other socioeconomic factors, organizational

**Figure 1** Interaction

and workplace factors and other employee characteristics that might moderate the degree to which employee CSR perception will result in positive work attitudes.

Despite the significant findings, there are a few limitations in this study that need to be taken into consideration. The basic needs are not measured or used directly in the empirical model, and income is instead treated as a proxy of ability to meet basic needs.

Managerial Implications

This research also provides some recommendation for organizations that aim to use CSR as a policy to motivate employees to develop positive work attitudes. Although it was clear from this study and prior research that employee who perceived that their organization actively supports CSR tended to demonstrate positive work attitudes, it is important for an organization to realize that these positive outcomes associated with CSR perception could be potentially more applicable to employees who have higher level of income. This is because, when employees are already satisfied with their income, they don't need to worry much about their financial wellbeing. As a result, the employees would be more motivated to have additional concern for the wellbeing of society, which could make them highly appreciate the CSR activities of their organization and be willing to make commitment to support their organization.

Conflict of Interest

There is no conflict of interest.

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