Corporate Social Responsibility, Organizational Justice and Job Satisfaction: How do They Interrelate, If at All?

Responsabilidad Social Corporativa, Justicia Organizacional y Satisfacción Laboral: ¿Como se Relacionan?

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Abstract. Although recent years have seen considerable theoretical attention devoted to corporate social responsibility (CSR), a multi-dimensional construct encompassing commitment to society, employees, customers, and the government, the relationship between CSR and employee attitudes has not been sufficiently studied. This study therefore examines the connections between the macro concept of CSR and micro research in the employee dimensions of organizational justice and job satisfaction. Questionnaires measuring CSR, organizational justice, and job satisfaction were completed by 101 employees. Results show that CSR is positively related to both organizational justice and job satisfaction. In addition, the relationship between CSR and job satisfaction was found to be mediated by organizational justice. The discussion stresses the value of CSR as a business strategy.
Keywords: corporate social responsibility, organizational justice, job satisfaction, structural equation modelling.

Resumen. Aunque en los últimos años ha habido un considerable esfuerzo dedicado a la responsabilidad social corporativa (RSC), un constructo multidimensional que incluye el compromiso con la sociedad, los empleados, los clientes y el gobierno, la relación entre la RSC y las actitudes de los empleados no ha sido suficientemente estudiada. Este estudio examina las conexiones entre el macro concepto de RSC y la micro investigación en las dimensiones de justicia organizacional y satisfacción laboral. La muestra estaba compuesta por 101 empleados que cubrieron cuestionarios que medían RSC, Justicia organizacional y satisfacción laboral. Los resultados muestran que la RSC se relaciona positivamente con la justicia organizacional y la satisfacción laboral. Además, se encontró que la relación entre la RSC y la satisfacción laboral está medida por la justicia organizacional. La discusión destaca el valor de la RSC en una estrategia de negocio.
Palabras clave: responsabilidad social corporativa, justicia organizacional, satisfacción laboral, modelos de ecuaciones estructurales.

Corporate social responsibility (CSR) is believed to have a variety of benefits for organizations, enhancing employee attitudes and ultimately profitability. Yet little is known about the way in which CSR impacts employees. The current study therefore presents a model depicting the manner in which CSR may affect work attitudes both directly and indirectly.

Corporate social responsibility

Recent years have seen the emergence of a new managerial approach that evaluates businesses not only by financial success, but also in view of the way in which they manage their businesses in terms of corporate social responsibility, that is, their commitment and responsibility toward the environment in which they operate (Bar-Zuri, 2008). CSR relates to the "economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979, p. 500), and has been defined as "corporate behaviors that aim to affect stakeholders positively and that go beyond its economic interest" (Turker, 2009a, p. 413). According to Turker (2009a), a company has four stakeholders or interest groups. The first consists of society at large, the environment, the next generations, and NGOs. The second comprises the employees, for whom CSR policy is manifested in fairness and transparency in respect to the decisions that directly affect them. The third are the customers, for whom CSR is measured by fairness and transparency with regard to pricing, product quality, etc. The final interest group is the government, for which CSR is manifested, for example, in paying taxes and obeying the law.

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Although implementing CSR policies involves heavy costs, it is generally believed to be profitable for organizations (McGuire, Sundgren, & Schneweis, 1998; Soloman & Hansen, 1985). The literature contains empirical evidence of positive relations between CSR and organizational measures such as reputation, customer loyalty, competitiveness, and sustainability (Porter & Kramer, 2002; 2004). However, only a limited number of investigations have examined how corporate social activities affect employees. The few studies that have been conducted (e.g., Greening & Turban, 2000) have found that CSR creates a good reputation for a business, thus increasing its attractiveness as an employer for prospective job applicants. A positive relationship has also been found between CSR policies and organizational commitment among current employees (Brammer, Millington & Rayton, 2007; Turker, 2009b), leading to a rise in employee performance, along with a drop in personnel turnover and employee burnout, both of which are costly for organizations (Aguilera, Rupp, Williams, & Ganapathi, 2007; Soloman & Hansen, 1985). Initial indications of employee satisfaction as a result of CSR have also been found, but this dimension requires further empirical study, especially in contexts outside the USA and Europe (Turker, 2009b).The current study therefore sought to expand our understanding of the affect of CSR on employee attitudes by examining the relationships between CSR, job satisfaction, and organizational justice.

Job satisfaction

Job satisfaction is defined as the pleasurable or positive emotional state resulting from the overall evaluation of one's job or job experiences (Locke, 1976), and is a factor of the extent to which individual needs are met in the work setting (Tziner, 2006). Consequently, it can be both intrinsic, deriving from internally mediated rewards such as the job itself, and extrinsic, resulting from externally mediated rewards such as satisfaction with pay (Porter & Kramer, 2004).

Moreover, increased job satisfaction has been shown to be related to organizational ethics (e.g., Deshpande, 1996) and a high level of perceived justice (Cohen-Charash & Spector, 2001).

The relationship between a business and its employees can be regarded as a precondition for CSR: if a company does not assume a high level of responsibility toward its own staff, it is unlikely to do so toward its customers or the social and natural environment in which it operates (Johnston, 2001). Nevertheless, little research attention has been devoted to the relationship between CSR and job satisfaction. In a qualitative study, Chong (2009) found positive correlations between direct involvement in CSR activities on the one hand, and identification with the organization's

values and satisfaction with the workplace on the other, among nine DHL workers. Lee and Chang (2008) found that external recognition of the organization is a vital factor in employee satisfaction because, according to the social identity theory, employees are proud to identify with organizations that have favorable reputations (Peterson, 2004).

Furthermore, Weiss, Dawis, England, and Lofquist (1967) claim that the organization's moral values are among the most influential parameters in determining employee satisfaction. More recently, it has been suggested that perceptions of a firm's ethics, values, and social responsiveness play a significant role in shaping the perceived attractiveness of an organization for potential employees (Greening & Turban, 2000).

Organizational justice

The construct of organizational justice is generally said to contain three components: distributive justice, procedural justice, and interactional justice (Colquitt, Noe, & Jackson, 2002). Distributive justice relates to the feeling that decisions are just and proper, and is based on the assumption that the method of exchange is grounded in the perceived fairness of the rewards people receive in exchange for their efforts (Adams, 1963). Thus, in the organizational framework, distributive justice refers to the perceived fairness of resource allocation in respect to the balance between employees' contributions and rewards (Lee, 2001), a perception derived from a comparison of the distribution of resources to comparable others and to oneself (Cropanzano, Rupp, Mohler, & Schminke, 2001). Procedural justice relates to the perceived fairness of the procedures through which decisions are reached and the employee's feelings about the process of organizational decision-making (Cropanzano et al., 2001). Interactional justice is divided into two main components: interpersonal justice, that is, the nature of the employee-organization relationship and the degree to which employees are treated properly and respectfully by the organization and its managers (Tyler & Bies, 1990); and informational justice, i.e., the nature of the information and explanations conveyed to employees.

CSR may be viewed as a natural extension of organizational ethics (Valentine & Fleischman, 2008). Indeed, according to Aguilera et al. (2007), a CSR policy meets employees' need for fairness and perceived organizational justice. Moreover, the response of employees to CSR activities has been found to directly affect their perception of the organization's justice and fairness (Collier & Esteban, 2007), and CSR activity has been shown to enhance the image of the organization's fairness in the eyes of employees, and CSR toward clients to enhanced employee satisfaction (Galbreath, 2010).Tyler (1987) argues that individuals have a psychological need for control, which leads to a

need to perceive the organization as just. CSR activities are seen as proof that the organization endorses the principle of fairness, and therefore heighten employees' perception of organizational justice.

Organizational justice and job satisfaction

The employee justice perception theory (Cropanzano et al., 2001) holds that employees rate organizational justice according to the degree of justice which the organization manifests. According to the social identity theory (Tajfel & Turner, 1986), the perception of a firm as a socially responsible member of society is likely to afford employees an enhanced self-image, as well as pride in the organization, feelings which may impact positively on work attitudes such as job satisfaction (Maignan & Ferrell, 2001; Peterson, 2004). Furthermore, employees who perceive their organization to be ethical are also likely to perceive it as being fair to them (Eici & Alpkan, 2009), and as being obligated to provide them with desirable employment as part of their non-formal occupational contract (Valentine & Fleischman, 2008). Indeed, the perception of a work environment as just has been shown to have a positive effect on the degree of employees' organizational commitment and job satisfaction (Chen, Zhang, Leung, & Zhou, 2010).

The current study

In view of the literature, the following hypotheses were formulated for the current study:

H1: Perceived corporate social responsibility will be positively related to employee job satisfaction, so that the higher the perception of corporate social responsibility the higher the level of job satisfaction.

H2: Perceived corporate social responsibility will be positively related to perceived organizational justice, so that the higher the perception of corporate social responsibility, the higher the employees' perception of the level of organizational justice.

H3: A positive relationship will be found between perceived organizational justice and job satisfaction, so that the higher the perception of organizational justice, the higher the level of employee job satisfaction.

Method

Participants

Questionnaires were distributed to 110 employees, 101 of whom returned them fully completed (response rate=91.8%). Of these, 52 were employed by Organization 1, which is engaged in insurance, and 49 by Organization 2, which is involved in the import of electronic equipment.

Fifty-nine percent of the respondents were women, and 76 percent had a full or incomplete university studies. The overwhelming majority were aged 30-49 (n=77; 76.2%).

Measures

Corporate Social Responsibility (CSR) was measured by the scale developed by Turker (2009a) which consists of 42 items divided into four factorial subscales: CSR to social and non-social stakeholders (CSR-1); CSR to employees (CSR-2); CSR to customers (CSR-3); and CSR to government (CSR-4). Respondents were asked to rate each of the statements on a six-point Likert-type scale ranging from 1 (*strongly disagree*) to 6 (*strongly agree*).

Job satisfaction was assessed by the Short-Form Minnesota Satisfaction Questionnaire (MSQ; Weiss et al., 1967) consisting of 20 items designed to measure intrinsic satisfaction related to job achievement opportunities (12 items), and extrinsic satisfaction related to company polices and the quality of working conditions (8 items). Respondents were asked to rate their degree of satisfaction with various components of their job on a six-point Likert-type scale ranging from 1 (*very dissatisfied*) to 6 (*very satisfied*).

Organizational justice was measured by a scale developed by Niehoff and Moorman (1993) consisting of 20 items tapping perceptions of three dimensions: distributive justice (DJ; 5 items); procedural justice (PJ; 6 items); and interactional justice (IJ; 9 items). Participants rated each statement on a six-point Likert-type scale ranging from 1 (*strongly disagree*) to 6 (*strongly agree*).

Results

In order to examine differences between the two organizations, *t*-tests for independent samples were conducted. No differences were found between Organization 1 (which practices planned CSR activity) and Organization 2 (which does not practice planned CSR activity) on CSR (*M*=4.36, *SD*=0.82; *M*=4.24, *SD*=0.71, respectively, $t(100)=.82$, *ns*); job satisfaction (*M*=4.31, *SD*=0.74; *M*=4.62, *SD*=0.83, respectively, $t(100)=-1.22$, *ns*); or organizational justice (*M*=4.44, *SD*=0.90; *M*=4.67, *SD*=0.83, respectively, $t(100)= -1.39$, *ns*). Consequently, statistical analyses were conducted for the whole sample.

Table 1 shows the means, standard deviations, Cronbach's alphas, and correlation coefficients among all the variables. As Table 1 reveals, the results con-

firmed all three hypotheses: positive correlations were found between perceived corporate social responsibility and employee job satisfaction, r=.58, *p*<.0001; between perceived corporate social responsibility and employee's perception of organizational justice, r=.62, *p*<.0001; and between perceived organizational justice and employee satisfaction, r=.85, *p*<.0001.

most likely because the number of respondents in this sample was relatively small (n=101).

Use was therefore made of two additional approximation measures that are less sensitive to the number of indicators on each latent variable or to the sample size, the Normed Fit Index (NFI), and the Comparative Fit Index (CFI), on both of which a degree of fit above 0.9

Table 1. Means, Standard Deviations, Cronbach's alpha indexes and Pearson zero-order correlations among corporate social responsibility, job satisfaction and organizational justice

Variable	M	SD	Alpha	2	3	4	5	6	7	8	9	10	11	12
1. CSR (total)	4.31	.77	.93	.82**	.71**	.69**	.65**	.58**	.56**	.55**	.62**	.57**	.61**	.58**
2. CSR-1 (society)	3.86	1.03	.91		.35**	.40**	.42**	.29**	.29**	.26**	.35**	.28**	.36**	.33**
3. CSR-2 (employees)	4.08	.98	.87			.56**	.48**	.70**	.68**	.67**	.66**	.66**	.63**	.60**
4. CSR-3 (customers)	4.86	.85	.88				.57**	.51**	.48**	.50**	.54**	.47**	.53**	.53**
5. CSR-4 (government)	5.20	.89	.86					.44**	.42**	.43**	.43**	.41**	.43**	.38**
6. Job satisfaction	4.47	.80	.95						.98**	.95**	.85**	.80**	.80**	.81**
7. Intrinsic satisfaction	4.46	.83	.92							.89**	.83**	.76**	.78**	.81**
8. Extrinsic satisfaction	4.48	.81	.92								.80**	.78**	.76**	.74**
9. Organizational justice	4.55	.87	.96									.91**	.96**	.97**
10. Distributive justice	4.34	.94	.86										.82**	.81**
11. Procedural justice	4.51	.89	.88											.92**
12. Interactional justice	4.73	.91	.95											

*= *p*<.01, **= *p*<.001; n= 101

In order to test the structural relationships between corporate social responsibility, organizational justice, and job satisfaction, a structural equation model was computed (see Figure 1).

is considered sufficient (Bentler, 1990; Bollen, 1989). The approximation measures found here were above 0.9, and therefore meet the approximation criterion (NFI=.939, CFI=0.968). In addition, lack-of-fit was

Figure 1. Structural equation model and standardized path estimates for corporate social responsibility, job satisfaction and organizational justice
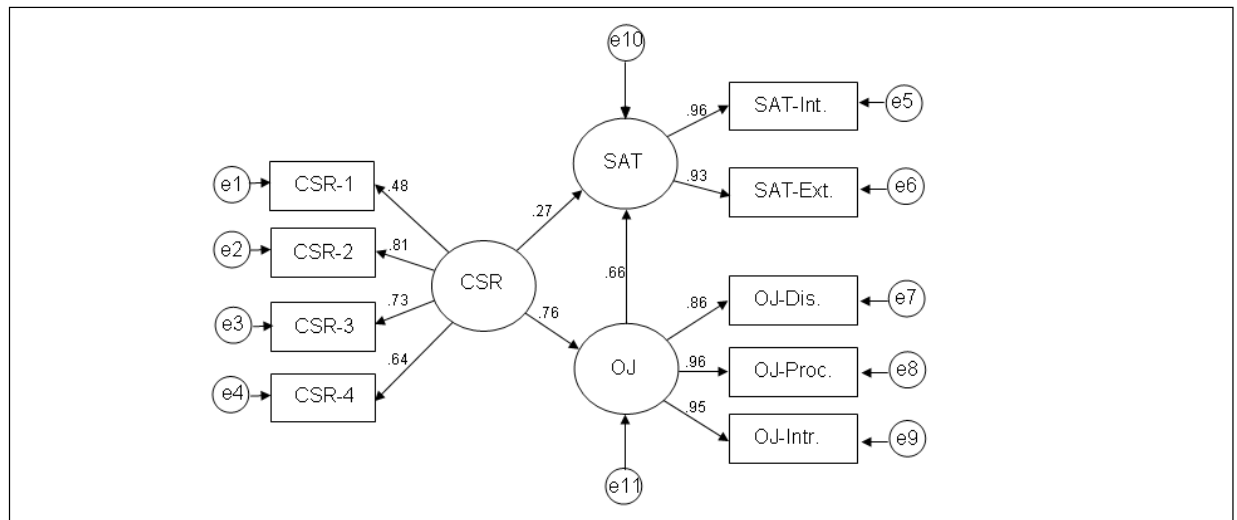
Since there is no single statistical test that best describes the strength of a model's predictions (Hair, Anderson, Tatham, & Black, 1992), several measures of approximation were employed. A Chi-Square test (χ^2) did not yield significant results, χ^2_{24}=48.36, *p*<.01,

measured by means of RMSEA (root mean square error of approximation), where the value of a suitable fit should be lower than 0.1 (Jöreskog & Sörbom, 1989). In the current study, the results for lack-of-fit were borderline (RMSEA=0.101). A test of significance showed

an indirect relationship between corporate social responsibility and job satisfaction (β=0.50).

Discussion

The findings of this study have thought-provoking implications for the way in which organizations are defined as displaying CSR. They suggest the importance of relating to several dimensions rather than merely offering a global definition. Indeed, the strongest associations emerged here between specific dimensions of CSR and specific aspects of work attitudes. Although there is debate among scholars as to which CSR dimensions are the most important (Rowley & Berman, 2000), our study shows that CSR toward employees is the most strongly associated with job satisfaction. This finding is also consistent with the results of previous studies (Galbreath, 2010; Turker, 2009b).

Another finding of interest relates to the level of significance found on all the dimensions of the variables examined here. In line with previous investigations (Brammer et al., 2007; McGuire et al., 1998; Turker, 2009b), significant positive relationships were found between CSR and job satisfaction and between CSR and perceived organizational justice. In addition, a significant positive relationship emerged between perceived organizational justice and job satisfaction. When the hypothesized relationships were tested using a structural equation model, high correlations and a borderline measure of lack-of-fit were found, as well as an indirect relationship between CSR and job satisfaction.

In respect to the question of how CSR affects employee attitudes, our findings support the suggestion that CSR signals that the organization tends to act in a just and fair manner, thereby leading to positive work attitudes. The strongest correlations were found here between CSR and procedural justice, which is considered a good predictor of employees' evaluation of the "character of the organization" (Sweeney & McFarlin, 1993, p. 37).This is in line with Aguilera et al. (2007), who found that CSR leads to lower turnover rates, as well as with Greenberg (1990b), who argues that organizational justice is a basic requirement for job satisfaction.

Several limitations of the current study should be noted. First, the sample size was relatively small. Secondly, only two organizations, both from the business sector, were studied. Thirdly, the measurement of CSR was based on the perception of employees, who may not be sufficiently knowledgeable about the CSR involvement of their organization, so that differences may exist between perceived CSR and the actual level of the company's involvement in such activities. Last, as all measures consisted of self-report data by the same individuals, the common-method bias has possibly contaminated the findings.

Despite the limitations, the current results have practical implications for organizations. CSR was found to have a significant effect on the level of job satisfaction both directly and indirectly, by mediating the effect on perceived organizational justice. Hence, we recommend that managers pay particular attention to fostering and implementing CSR policies as a business strategy likely to enhance the organization's long-term profitability.

Additional research is needed on the specific impact of various dimensions of CSR in different organizations. However, as previous studies have found a direct link between CSR toward employees and profitability (Bird, Hall, Momentè, & Reggiani, 2007; Raubenheimer, 2008), this dimension in particular merits further study. Our findings suggest that CSR indeed improves perceived organizational justice and job satisfaction, thereby providing evidence for the theoretical conception of CSR as a value-creating activity whose impact on firms goes beyond the direct financial benefits measured by traditional accounting-based methods (e.g., Aguilera et al., 2007).

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