CAN CSR INFLUENCE EMPLOYEES SATISFACTION?

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Abstract: The study shows how CSR for employees may represent a special opportunity to influence: employees' general impression of the company and expectations about how the organization treats its employees. Companies have very important role to affect change in their communities and the environment by adopting CSR initiatives. Though short-term benefits might be few, it is likely that the importance of CSR will increase in years to come as people become more interested in the social and environmental effects of companies There's a debate over whether CSR initiatives, that are socially responsible or environmentally friendly improves employees' perceptions of the company. When a company has CSR initiatives, employees are more proud of and committed to the organization. This is because the personal identities are partly tied up in the companies that person works for. If a company is saving the world, reflects positively on employees and makes them feel good about the work they do for the company. The role CSR plays in enhancing a company's reputation among its own employees, subsequently boosting their motivation and engagement, is perhaps underrated, which is particularly problematic for companies that are inconsistent in their approach to implementing CSR initiatives. Studies involving CSR have not fully explored how organizational social performance impacts individual employee behaviors nor examined the attributes of individuals comprising stakeholder groups such as employees. The objectives of this study are to analyze the implementation of CSR programs and its impact on employees. The main underlying proposition is that organization can influence its employee through his or her own ethical and responsible behavior. The work culture built upon this sense of organization's voluntary contribution toward a wide number of stakeholders could invite and encourage employee to adopt the same voluntary attitude and behavior to their own fellow employees. The role of CSR on employees is becoming more present in the business world, one of the reasons being that successful companies should attract and retain the best work force. By creating a good working environment and developing the internal CSR strategies, companies can stimulate productivity and satisfaction among employees. The research shows a model that clearly indicates that committing to CSR boosts the morale and commitment of workers in a positive way. This framework explains how employees' perceptions of CSR trigger attitudes and behavior in the workplace, which affect organizational, social and environmental performance.

1. Introduction

Generally companies start to engage in CSR activities in order to respond to a demand of the external stakeholders. They also consider the positive effects of CSR on reputation (Gazzola, 2014a). Often they do not realize, right away, that their CSR activities have an

impact on current employees commitment (Turker, 2008) and on the attractiveness of an employer in the mind of prospective employees (Greening and Turban, 2000).

The key question is: are employees an asset or a cost? Costs need to be minimized and controlled. Assets are expected to produce a return over the long term and are worth investing in. During the eighties and early nineties, employees were very often seen simply as a cost. Now it appears the pendulum has started to swing the other way.

The employees have sufficient power, legitimacy, and urgency to become salient stakeholders to management (Mitchell, Agle and Wood, 1997), therefore they are considered to be a relevant group of stakeholders for each organization.

The role of CSR on employees is becoming more present in the business world, one of the reasons being that successful companies should attract, retain the best work force (Gazzola, 2014b). By creating a good working environment and developing the internal marketing strategies, companies can stimulate productivity and satisfaction among employees (Stancu, Grigore and Rosca, 2011). If employees are satisfied and attach the company, they will recommend to friends and family as a good employer (Bhattacharya, Korschun and Sen, 2008).

If the companies accept that employees are the greatest asset, they have to decide what are the priorities in human resource management and what tools are available to achieve the best results. With CSR the companies can address the efforts to enhance employee morale, motivation, commitment and performance (Tuffrey, 2003).

2. Methodology

This study is focused on the CSR and it's influence on employees. The authors describe and synthesize, with the use of one model, the dynamics and the evolution of employee motivation.

This study has two research objectives:
– To identify the motivations which lie behind the development of CSR initiatives for employees;
– To examine the impact of the CSR practices adopted by companies, on employee companies' engagement.

The paper is organized as follows: first it introduces the CSR concept and review previous research on CSR influence on employees. Then, it presents the role of the employees in the company. The third part presents the link between CSR and employees satisfaction. Finally, it discuss the potential of the role of CSR for future research and clarify its managerial implication.

It's a conceptual paper primarily based on theoretical considerations, theories, frameworks and models. The research design predominantly employs the qualitative methods for building a conceptual model. Modelling is an essential part of scientific activity. The conceptual model are used in the scientific paper with the aims to make some concepts easier to understand, define, visualize by referencing it to existing and usually commonly accepted knowledge. This kind of research aims to expand the interpretation beyond existing qualitative studies from the same discipline (Paterson et al., 2009).

The paper shows a construct in which each concept plays an integral role. According to Huberman and Miles (1994), a conceptual framework "lays out the key factors, constructs, or variables, and presumes relationships among them" (p. 440).

The model built in the paper allows the firm to value and appreciate the complex relationship between CSR and employees. Such appreciation may enable the firm to identify and exploit new opportunities (Carroll and Shabana, 2010). The approach used in this study focused on getting close of CSR programs and its impact on the expectations and involvement of employees.

The main contribution of this line of research is to explain the important relation between the CSR and employees engagement.

3. Literature review

In 1985 Tajfel and Turner presented a framework which explained individuals' need to classify oneself and others into social groups. They reveal that the relationship between CSR and employee engagement could be explained through the Social Identity Theory. According to this theory, individuals derive part of the identity from the group(s) to which they belong (Tajfel and Turner 1985).

In the research we use the definition of employees by Leana and Van Buren III (1999): "any individual actually employed by an organization or whose work directly affects and relates to core economic functions of the firm". Rupp, Ganapathi, Aguilera and Williams (2006) further defines employees as the "non-management workforce", as this group of individuals are less likely to have fully internalized the corporate culture and be defensive of it (compared to the top management), and more likely to evaluate and react to the organization's acts of CSR.

The relationships between companies and stakeholders and the conditions under which this relationship can evolve are studied by Collier and Esteban (2007). They stated that unless companies manage to gain employees' willingness to collaborate towards a social responsible business profile, they will be unable to achieve their goals.

According to Greenwood (2007) the companies to achieve their goals require the development and maintenance of stable relationships between the company and the employees via the routes of communication, identification, dialogue and exchange processes, or even a combination of them.

Donaldson and Preston (1995) and Freeman (1984) consider that CSR relates to employees, one of a corporation's main stakeholder groups, helps to motivate the employees themselves.

As Lindgreen and Swaen (2010) stated, when companies invest strong relationships with their stakeholders, both parties are more likely to work towards the achievement of common goals. The theory also proposes that a membership can describe employee behaviors, perceptions or even thoughts and feelings. An employee may feel attached to the organizational membership and experience organizational success or failure as part of their personal achievement.

Bryman and Bell, 2007 define the relationship between CSR and employee engagement like a set of techniques which takes people's experiences and their verbal expression seriously, while checking their value, meaningfulness and applicability. Hence, qualitative research focuses on individuals' perceptions regarding social phenomena.

According to Buckingham and Coffman (1999) and Gibbons (2006) companies increase relying on employee engagement as a means of competitive success.

Greenwood (2007) and Jamali (2008) underline the employee engagement imperative and they also recognize the strategic value of relationships with external stakeholders, such as local nonprofit community organizations, as a means of securing competitive success. CSR initiatives, cross-sector alliances in particular, may provide an innovate approach for supporting business success as they can be used to simultaneously address employee engagement challenges as well as address the collective voice of varied external stakeholders.

The stakeholder engagement between managerial action and communication is analyzed in Gazzola and Colombo (2013) where the dialogue and the communication with stakeholder become the key tool for strategic change and the opportunities for an economic development and growth that respects society (Gazzola and Colombo, 2014)

The question of whether CSR driven attitudes and behaviors can affect employees' organizational performance, and ultimately corporate financial performance (Gazzola and Mella, 2006), has never been investigated, either theoretically or empirically. Some

researchers are investigating the role of stakeholders' behavior as a mediating variable between CSR and financial performance (Barnett, 2007; Rowley and Berman, 2000; Wood and Jones, 1995), yet attention has mainly focused on consumers (Brown and Dacin, 1997; Luo and Bhattacharya, 2006; Schuler and Cording, 2006; Sen and Bhattacharya, 2001). Other researches show that employees who are satisfied with the organization's commitment to social and environmental responsibilities demonstrate more commitment, engagement and productivity In fact, when employees are positive about their employer's commitment to CSR, engagement across the company rises (Sirota Survey Intelligence, 2007; Murray 2008). An important contribution of this research is that it presents the strong relation between CSR and employees satisfaction that systematically explains how employees' attitudes and behavior affect this relationship.

4. Employees: Cost or Assets?

At the beginning of the spread of businesses — and still today in many newly formed businesses — employees was viewed as a factor for production and the acquisition and use of it as a source of expenses; therefore the companies they merely assign employees with precise functions and duties and were limited to investing to improve efficiency and productivity, while neglecting investment in experience, learning and expertise (Senge, 1980), generation of knowledge (Argyris, 1993; Nonaka, 1994), motivation and social welfare.

Now the situation is changing and employers that see their employees as an asset, as a very precious intellectual capital, tend to treat them well. Some treat them so well that these companies are recognized by their employees as best places to work and, in some cases, to live. In this change CSR has an important role.

CSR activities related to the core subjects labor practices can lead to an improvement in the quality of work of current employees. A more participative organizational governance, trainings and volunteerism programs create various learning opportunities for employees and induce a process of developing employees` competencies, skills and knowledge (Nurn and Tan, 2010, Exter, Cunha and Turner, 2011; European Commission, 2008).

The CSR activities improve in the commitment of employees and learning processes that raise the skill level and effectiveness of employees. CSR causes a stronger organizational commitment of employees, whereas organizational commitment is defined as "The relative strength of an individual's identification with and involvement in a particular organization" (Mowday, Porter and Steers, 1982, p. 27). Along with the organizational commitment, the employees' motivation increases, employees are more likely to act in a responsible manner, show organizational citizenship behavior and altruistically contribute to the firm's activities, while employers can gain a higher level of trust towards their employees (Nurn and Tan, 2010; Balakrishnan, Sprinkle and Williamson, 2011).

The Ipsos Mori Loyalty Report (2008) has shown that 75% of employees who consider their organization to be paying enough attention to environmental protection and sustainable development exhibit high levels of commitment. The Global Workforce Study found that an organization's reputation for social responsibility ranks third among the top drivers for employee engagement (Towers, 2005). Employees' higher organizational commitment and learning opportunities help companies to retain their employees for prolonged periods of time. This is reflected in reduced employee turnover rates after implementing new labor practices and adhering to human rights (Smith, 2005).

At the same time, CSR makes a company more attractive as employer and therefore attracts a larger number of higher qualified applicants, even at equal pay. This increases the average skill level of employees. Thanks also to higher work effectiveness of employees, the overall operational effectiveness increases when CSR is implemented.

When employees perceive that the organization is supporting them, they believe the organization is being fair and therefore respond positively, for example, through increased

employees satisfaction and organizational commitment (Rhoades and Eisenberger, 2002). In another research, Colquitt and colleagues (2001) also found that perceived fairness in an organization is related to employees satisfaction. Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades (2001) found that when organizations supported employees, they felt obligation to reciprocate, and thus increased affective commitment. CSR could contribute to an employee's sense of meaningfulness and purpose at work as well which in turn influences employees satisfaction and organizational commitment. Besides improving current employees' satisfaction and creating organizational commitment, CSR helps to retain employees and contributes to attracting better applicants. (figure 1).
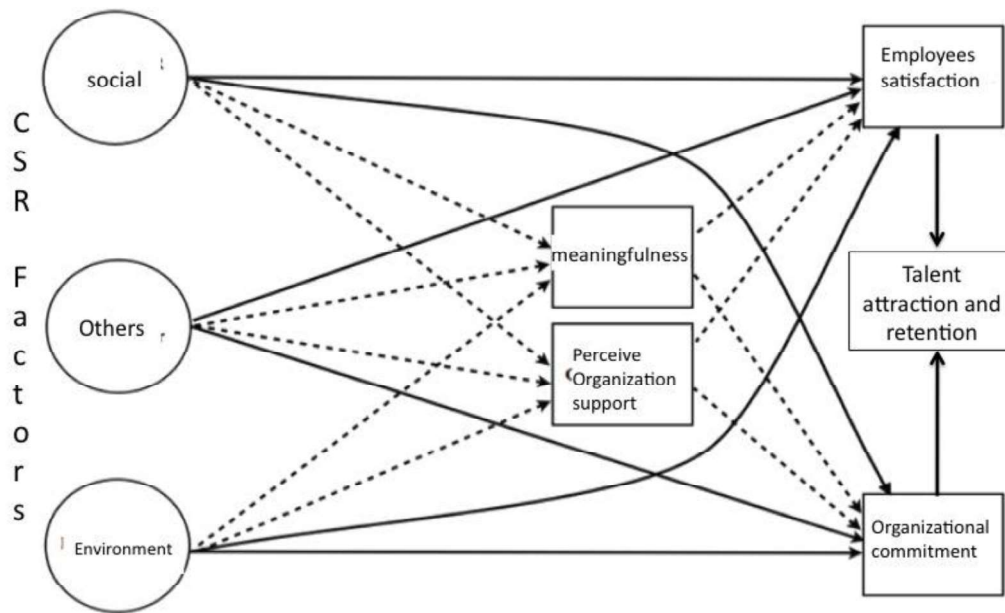
Figure 1: The link between CSR and positive employees influence
Source: Glavas and Kelley, 2014, with changes

More potential job applicants are aware of socially responsible companies as promising employers with good labor practices, human rights and environment performance (European Commission, 2008). Community development, as one of the CSR core subjects, contributes to improving the locally available talent pool and makes the location of the company more attractive to potential outside applicants.

These positive direct internal effects in turn result in fundamental cost savings (costs of recruitment, worker turnover, penalty payments for non-compliance labor laws, labor disputes, accidents, supervision). Thanks to a higher level of operational effectiveness, organizational commitment of employees and learning, the productivity of a company can be increased, errors reduced and quality improved, while adherence to environmental standards enhances product safety (Edele, 2012).

Reputation and publicity play a crucial role. Many applicants show a preference for working with a socially responsible company and are willing to receive lower compensation in order to work for an employer with high moral values. Therefore responsible organizations receive more applications while spending less on recruitment (Nurn and Tan, 2010; Smith, 2005).

5. Conclusion

If employees are satisfied with the work they are positive and positive employees outperform negative employees in terms of productivity, sales, energy levels, turnover rates and healthcare costs. According to Achor (2011) optimistic employees outperform their pessimistic counterparts and the same patterns emerge for businesses that have adopted the happiness principles. Great places to work are also companies that are extremely successful and creative. Companies who understand the importance of social responsibility in the outside world, are often industry leaders, they embrace it in the context of employee relations – i.e., creating work environments that maximize human potential and happiness.

Having the best employees can provide a competitive advantage, and thus, retention and attraction of top talent are important especially in situations where quality is the only differentiating factor between competitors (Vinerean, Cetina and Dumitrescu, 2013). Nurturing a strong corporate culture, which emphasizes CSR values and competencies, is required to achieve the synergistic benefits. The employees of an organization occupy a central place in developing such a culture, which underlines CSR values and competencies.

It also suggests Human Resource Management to take a leading role in encouraging CSR activities at all levels. The combined impact of CSR and human resource activities, which reinforce desirable behavior, can make a major contribution in creating long term success in organizations (Sharma, Sharma and Devi, 2009).

Future researches could extend the analysis considering the CSR towards employees, in order to find some samples; this, though, would affect the reliability of the application of the model.

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