

Effect of corporate social responsibility on employee job performance: A case study of household products manufacturers in southern China

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Abstract

In order to study the relationship between employees perceived of CSR activities which hold by organizations influence employee job performance, this paper integrates Corporate Social Responsibility Theory (CSR Theory) and Social Identity Theory (SIT) in a new model. The proposed model employs organizational commitment as the mediator to study the relationship between employees perceived of CSR and employee job performance. The research employs quantitative research and distributes questionnaire to 281 respondents who are the staffs working in household products manufacturers in southern China. The data has been separated in five parts to analysis, they are demographic data of respondents, variable analysis of means, variable analysis of factor analysis, variable correlation and the result of hypothesis. The results of this study showed that employees perceived of CSR have positive influence on employee job performance.

Keywords: Corporate Social Responsibility (CSR), employee job performance, organizational commitment, Social Identity Theory (SIT), stakeholder

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1. Introduction

Corporate Social Responsibility (CSR) is a concept that attracts all over the world's attention and acquires a new resonance in the global economy [1]. Since last 60 years ago, CSR has been taking place for a long debate. From that time on the terminology was shifted from the social responsibility of business to CSR. Additionally, CSR contains a great spread of approaches, theories and terminologies [2].

CSR is an essential point of corporate to make our society prosperity and stability [3]. Corporates are faced of increasing pressure to proceed socially responsive behaviors from their stakeholders which including shareholders, investors, managers, employees, and consumers [4]. Therefore, an increasing number of corporates have realized the importance and benefits of practicing CSR. CSR enables the corporates to give back to their stakeholders and goes further their business interests [5].

Over the years, one of the most issues that corporates focusing is to improve employees' job performance [6]. Due to every corporate aim to achieve higher performance, it has received wide attention in literature and previous studies. Despite there are many researches and literatures gave contributions on how to improve employee job performance, there is little researches which reflected in the business environment that employee job performance is affected in term of perceived CSR. Furthermore, some previous studies on CSR practices inclined to focus on external stakeholders and

outcomes. However, the influence of CSR practices on internal stakeholders which include employee job performance through organizational commitment remains largely unfocused. Hence, this paper investigated the relationship among perceived CSR, employee organization commitment, and employee job performance.

Corporates always play a pivotal role to facilitate the economic development in developing countries. Therefore, the corporates, especially in household products manufacturer industry are constantly making contribute in the economy development for the society. A growing number of household products manufacturer business has focusing the environmental and social impact by participate in the CSR practice. The current paper conduct research of household product manufacturer in Southern China.

2. Research objectives

2.1 This study aims to understand the multifaceted influences of corporate social responsibility on employee job performance through organizational commitment, therefore, the research objectives are as follows:

1) To identify the impact of employee perceived corporate social responsibility on organizational commitment.

2) To study the impact of the employee perceived corporate social responsibility on employee job performance.

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Table 1 Carroll's corporate social responsibilities

Responsibility	Details
Economic Responsibility	The obligation to produce and sell goods and/or services with a reasonable price which can help the firm make profit and growth. It is the fundamental social responsibility of business.
Legal Responsibility	The obligation of firms to obey laws. Any organization or individual must ensure activities follow laws and compliance with legislation.
Ethical Responsibility	The behaviors and activities with are not required to be obey by laws, but it still need to perform expected of business by society's members.
Discretionary Responsibility	The decided discretion by the corporate itself because there is no law or the expectations guild the organization's activities.

Source: Corporate Social Responsibility: Evolution of a Definitional Construct [3].

3) To assess the influence of the organizational commitment on employee job performance.

2.2 CSR Theory

According to Carroll, the concept of CSR is composed of four parts which are economic, legal, ethical and discretionary [3].

2.3 Social Identity Theory on CSR

Social Identity Theory is a person's knowledge that this person belongs to a social category or group [7]. Every membership is a social identity in different social categories. Membership shows and categorizes one's own attributes as a member of the group. Individuals try their best to create a positive social identity in order to "establish psychological distinctiveness for one's own group or to achieve intergroup differentiation. Therefore, the prestige of a group can affect self-description of its members" [8].

Business organizations such as corporates can be also taken as a social categorization. Based on SIT concept, the corporate may become the specification of one's identity and affects employee self-description. Identification can be directly affected by the positive specialness, therefore, business organization such as corporate being a society's social responsible member can be reflecting of the positive specialness in the organizational values and practices [6]. The business organization is seen to reify characteristics perceived to be prototypical of its own members. SIT shows the way to enhance self-esteem through individual identifies with social categories partly. Positive intergroup comparisons and negative intergroup comparisons have been found to affect a member's self-esteem accordingly [9].

The senses of belongingness to the organization of employee can enhance their self-concepts, if the employee perceived this organization is a member of society's socially responsible. If an employee feels proud of being a member of some socially responsible organizations, then this employee's work attitudes towards job performance can be influenced positively. Therefore, an employee enhancing social identity will

affect his or her work attitudes which influence to the job performance [8].

CSR describes the relationship between business and the larger society. It is defined as the obligation of corporate to adopt its own resources to benefit our society by participating as a member of society. It considers to improve welfare of society at large from the direct gains of the organizations [10]. A common definition which accepted by public is that organization activities can be considered as CSR when it undertakes actions that bring some benefit or do some social good, which beyond the organization's interest and required by law [11].

Organizational commitment was described as the psychological identification that an individual feel toward his or her employing organization. Organizational commitment shows an employee relation and the implications for the decision of maintaining membership with an organization. Individuals come to the organization because they have some specific needs and expectations, or some skills to show out. People hope to work in an environment which fulfill their needs or use their ability. Therefore, the level of organizational commitment can be increased if an organization can provide the opportunities which mentioned above [8]. There are two broad categories of the impact of CSR on employee from previous studies. The first category analyzes about how CSR activities affect the prospective employees. CSR helps corporate builds a good business reputation and increases the attractive to its employee. CSR has the positive affect on perceived trustworthiness to the job seeker who never know this corporate before. However, this link is based on the model of SIT and CSR activities from job applicants which blueprint what it would be like to work in this corporate. The second category focuses more on the current employees [8]. Previous paper confirmed the link between employees perceived CSR and organizational commitment, thus, this paper proposes the following hypothesis:

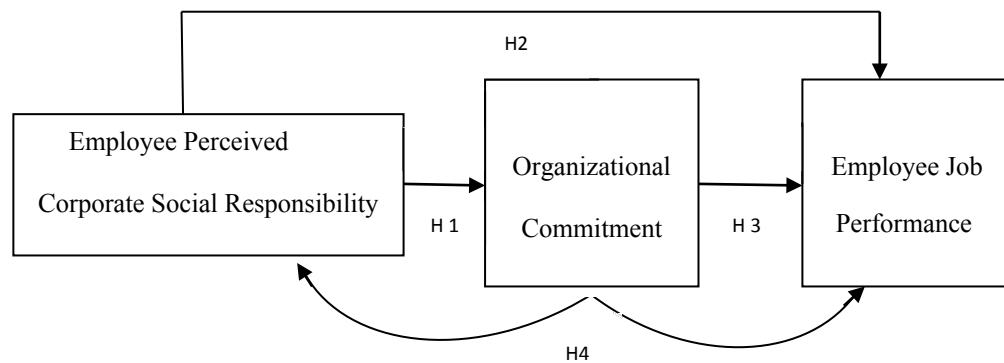


Figure 1 Conceptual framework

Hypothesis 1: Employees perceived of corporate social responsibility has positive impact on organizational commitment.

Job performance is concerned as a part of human resources management, it is concerned as work performance in terms of quantity and quality expected from each employee. Employee job performance is defined as whether a person performs a job well or not, it is as an individual level of variable, or something that a single person does. In this study, I took the employee part of stakeholder to study.

A stakeholder is anyone who with an interest in a business or an organization. Stakeholders can be individuals, groups or organizations which not only include shareholders and officers, but also customers, lenders, employees, creditors, suppliers and the community at large. The employees, which be known as a part of stakeholder, would like to work for and are more likely to be loyal to the organizations which have socially responsive activities [4]. Therefore, this paper proposes the following hypothesis:

Hypothesis 2: Employee perceived of corporate social responsibility has a positive influence on employee job performance.

Organizational commitment is measured in a variety of ways. It can be measured in terms of acceptance of division goals and values, and desire to stay with the organization. In this study, the organizational commitment is measured by acceptable of corporate social activities and the individual's desire to participate in the corporate activity [12].

According to some previous studies, the relationship between organizational commitment and employee job performance are positively correlated [13]. If corporates employ different management strategies well, it can increase the level of commitment of their employees. Once the employees are committed to their employer and management level, the employee will deliver higher levels of performance to corporates. The corporates could achieve more with the highly-committed employees than employees with average or low commitment.

Job performance has been defined as work performance in terms of quantity and quality expected from each employee. Commitment of employees can be an important instrument for improving the performance of the organizations. The higher level of communication in organization led to higher level of commitment and there by increased performance [13]. Although there were some difficulties appeared in the measurement of individual performance between attitudes and performance, the researchers continue pursuit of these relationships. Previous literature suggests that individuals who committed to the organization are highly involved in the organization and commitment to its goals, it seems likely to result in better job performance. Therefore, a positive relationship between organizational commitment and employee job performance is predicted [14]. Hence, this paper proposes the following hypothesis:

Hypothesis 3: Employee job performance is affected by organizational commitment.

The theoretical arguments of this study suggest that employee organizational commitment is affected by the level of perceived CSR activities, and also higher organizational commitment lead to the superior job performance. This implies that organizational commitment may be the mediator between employees perceived CSR and their job performance. Hence the paper puts forward the following hypothesis:

Hypothesis 4: Organizational commitment mediates the relationship between employee perceived of corporate social responsibility and employee job performance.

3. Materials and methods

3.1 Research design, participants and procedures

This study is conducted to analyse the influence of employee perceived CSR actions on employee job performance which mediated by organizational commitment. This is an exploratory research based on primary data. The current research employs quantitative research and distribute questionnaire to 924 employees who are the staffs working in four household products manufacturers in southern of China. The respondents

have to complete the questions in questionnaire. 281 respondents return the questionnaires (response rate of 30.41%). Female respondents were 57.65% (162 respondents). Most of the respondents (46.26 % of respondents) are in age range of 25-35 years.

In the survey, items of all constructs were developed by adapting existing measures to the research context. The questionnaire contains 2 sections: Demographic section and Main section. The demographic section was the brief information of the respondents, which include age, gender, income, job, education level, marital status and other aspects. The main section was about the details of how employees perceived CSR affects employee job performance on organizational in the household products manufacturer industry.

3.2 Operational measure

The survey was designed based on three dimensions: Perceived CSR, Organizational Commitment and CSR to Employee Job Performance. In which the Independent Variable was Employee Perceived Corporate Social Responsibility, the Dependent Variable was Employee Performance and the Mediated Variable was Organizational Commitment.

3.3 Perceived CSR – CSR to Stakeholders (Include employees)

It consisted of twelve items on the 5-point Likert-type scale with 1 representing strongly disagree and 5 representing strongly agree adapted from Turker [8]. Specifically, after participants read the questions showed on questionnaire, participants were asked to respond to the following statements: (1) “Our company participates the activities which aim to protect and improve the quality of the natural environment”, (2) “Our company makes investment to create a better life for the future generations”, (3) “Our company implements special programs to minimize its negative impact on the natural environment”, (4) “Our company targets a sustainable growth which considers to the future generations”, (5) “Our company supports the non-governmental organizations working in the problematic areas”, (6) “Our company contributes to the campaigns and projects that promote the well-being of the society”, (7) “Our company encourages its employees to participate to the voluntarily activities”, (8) “Our company policies encourage the employees to develop their skills and careers”, (9) “The management of our company primarily concerns with employees’ needs and wants”, (10) “Our company implements flexible policies to provide a good work and life balance for its employees”, (11) “The managerial decisions related with the employees are usually fair”, (12) “Our company supports employees who want to acquire additional education”.

3.4 Perceived CSR – CSR to Customers (Perceived by employees)

This part consisted of three items on the 5-point Likert-type scale with 1 representing strongly disagree and 5 representing strongly agree adapted from

Turker [8]. Specifically, after participants read the questions showed on questionnaire, participants were asked to respond to the following statements: (1) “Our company protects consumer rights beyond the legal requirements”, (2) “Our company provides full and accurate information about its products to its customers”, (3) “Customer satisfaction is highly important for our company”.

3.5 Perceived CSR – Importance of CSR to Company

This part consisted of five items on the 5-point Likert-type scale with 1 representing strongly disagree and 5 representing strongly agree adapted from Turker [8]. Specifically, after participants read the questions showed on questionnaire, participants were asked to respond to the following statements: (1) “Being socially responsible is the most important thing a firm can do”, (2) “Social responsibility of a firm is essential to its long-term profitability”, (3) “The overall effectiveness of a business can be determined to a great extent by the degree to which it is socially responsible”, (4) “Social responsibility is critical to the survival of a business enterprise”, (5) “Business has a social responsibility beyond making profit”.

3.6 Organizational Commitment

This part consisted of eight items on the 5-point Likert-type scale with 1 representing strongly disagree and 5 representing strongly agree adapted Turker [8]. Specifically, after participants read the questions showed on questionnaire, participants were asked to respond to the following statements: (1) “I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful”, (2) “I talk up this organization to my friends as a great organization to work for”, (3) “In order to work in this organization, I can accept all types of job which I am able to do”, (4) “I feel proud that I am part of this organization and I would like to tell others what I think”, (5) “Regarding in the way of job performance, I feel this organization excites me a lot”, (6) “Comparing with other organizations which I could able to work in, I am satisfy to join in this organization”, (7) “I believe in the fate of working in this organization”, (8) “This is the best organization for me to work for”.

3.7 Employee Job Performance – Perceived Management Support for CSR

This part consisted of three items on the 5-point Likert-type scale with 1 representing strongly disagree and 5 representing strongly agree adopted from Korschun, Bhattacharya, & Swain [15]. Specifically, after participants read the questions showed on questionnaire, participants were asked to respond to the following statements: (1) “For executives, company’s impact on society is a primary concern”, (2) “Management encourages employees to be involved in company’s social responsibility”, (3)

Table 2 Results of model

Model	Sig	Result
CSR to Organizational Commitment	0.00	Positive
Organizational Commitment to Employee Job Performance	0.00	Positive
CSR to Employee Job Performance	0.00	Positive

Table 3 Summary of hypotheses and outcomes

Summary of hypotheses and outcomes		
Hypothesis 1	Employees perceived of corporate social responsibility has positive impact on organizational commitment	Supported
Hypothesis 2	Employees perceived of corporate social responsibility has a positive influence on employee job performance	Supported
Hypothesis 3	Employees job performance is affected by organizational commitment	Supported
Hypothesis 4	Organizational commitment mediates the relationship between employee perceived of corporate social responsibility and employee job performance	Supported

“Managers at company fully embrace social responsibility”.

3.8 Employee Job Performance – CSR Importance to the Employee

This part consisted of three items on the 5-point Likert-type scale with 1 representing strongly disagree and 5 representing strongly agree adopted from Korschun, Bhattacharya, & Swain [15]. Specifically, after participants read the questions showed on questionnaire, participants were asked to respond to the following statements: (1) “It is important to me that companies help out the communities where they operate”, (2) “I’m the type of person who cares deeply about companies being socially responsible”, (3) “I feel that companies need to make the world a better place”.

4. Results and discussion

The study employed T-test and ANOVA method for making simultaneous comparisons between two or more means that can be tested to determine whether a significant relation exists between variables.

The study was to set out to examine how employee job performance was impacted by perceived CSR which employed organizational commitment as the mediator which based on CSR Theory and SIT. In general, the sample is adequate if $KMO > 0.5$ ($0 < KMO < 1$). According to the finding of this study, the KMO of perceived CSR to stakeholders is 0.940, the KMO of CSR to customer (perceived by employee) is 0.710, the KMO of Importance of CSR to Company is 0.895, the KMO of organizational commitment is 0.946, the KMO of management support for CSR is 0.733, the KMO of CSR Importance to Employee is 0.747. These results indicate the samples are adequate. Bartlett’s Test of Sphericity taking a 95% level of

significance, $\alpha = 0.05$. The p-value (Sig.) of perceived CSR to stakeholders, CSR to customer (perceived by employee), Importance of CSR to Company, organizational commitment, management support for CSR and CSR Importance to Employee are 0.00 which is less than 0.05, that means the factors analyzed is significant.

According to the findings of this research, the average mean value of CSR to Stakeholder (Include Employee) was 3.91, the average mean value of CSR to customer (Perceived by employee) was 4.18, the average of Importance of CSR to Company (Perceived by employee) mean value was 3.95, the average of organizational commitment scale (Perceived by employee) mean value was 3.66, the average mean value of management support for CSR (Perceived by employee) was 3.99, the average mean value of CSR Importance to employee (perceived by employee) was 3.86.

Therefore, the results and discussions are showed in the following chart. As the Sig of all the three models is 0.00, this result proves that employees perceived of CSR have positive influence on employee job performance. As the results are showed in Tables 2, the Sig of organizational commitment to CSR and employee job performance is 0.00 and has a positive result. This result proves that organizational commitment as the mediator has a positive relationship between CSR and employee job performance.

The study employed regression linear analysis to test the hypothesis.

The first objective was to identify the impact of employee perceived corporate social responsibility on organizational commitment, since Sig (p-value) was 0.00, less than 0.05, it means that there is significant relationship between “CSR” and “Organizational

Commitment”, and the impact is statistically significant at the level of 95%. Therefore, hypothesis 1 is supported.

The second objective was to study the impact of the employee perceived corporate social responsibility on employee job performance, since Sig (p-value) was 0.00, less than 0.05, it means that there is significant relationship between “CSR” and “Employee Job Performance”, and the impact is statistically significant at the level of 95%. Therefore, hypothesis 2 is supported.

The third objective was to assess the influence of the organizational commitment on employee job performance, since Sig (p-value) was 0.00, less than 0.05, it means that there is significant relationship between Organizational Commitment and “Employee Job Performance”, and the impact is statistically significant at the level of 95%. Therefore, hypothesis 3 is supported.

As the analysis of result, organizational commitment as the mediator has a positive relationship between CSR and employee job performance. Therefore, hypothesis 4 is supported.

The summary of hypotheses and outcomes are showed in the below chart.

Although this study makes some contributions and implications for the management in the corporate and future empirical investigations, several limitations should never be ignored and ideally resolved by future research. First, as this study only focused on household products manufacturer industry, the specific nature of similar companies background (e.g., company scale, industry, location) may cause the effects of CSR has specific factors constant. Second, the study did not specify details of the sub-dimensions of employee perceived CSR practice.

5. Conclusions

There were 4 hypotheses in this study, the study was done for perceived CSR on employee job performance had been mostly verified with primary data that had been collected using questionnaire. The findings from this study suggests that employee perceived CSR plays a pivotal role in affecting the employee job performance.

Hypothesis 1 is supported; employees perceived of corporate social responsibility and organizational commitment has positive relationship. Employee prefers to work in the organizations which can fulfill their needs and use their abilities [8]. Hypothesis 2 is supported, employee perceived of corporate social responsibility and employee job performance has a positive relationship. When employee perceived the CSR activities which held by organizations, and more likely to work in the organizations that have CSR practices and be loyal to the organization [4]. Hypothesis 3 is supported; employee job performance is affected by organizational commitment. The employees will deliver higher levels of performance to corporates

once they have committed to the employer [13]. Hypothesis 4 is supported; organizational commitment mediates the relationship between employee perceived of corporate social responsibility and employee job performance. The findings are consistent with prior research Shaw *et al.* [14] which suggested that commitment of employees is an important instrument for improving the performance of the organizations [14]. Employees would like to work for and are more likely to be loyal to the organizations which have higher socially responsive activities.

The study makes contribution in the following areas. Firstly, to understand the influence of employees perceived toward CSR impact on employee job performance which mediated by organizational commitment. Secondly, to raise concern and encourage management to implement CSR in employee aspect. Thirdly, to pitch in and support future empirical investigations and research in a small clue by clarifies the relationship of Corporate Social Responsibility Theory and Social Identity Theory.

The study shows that employee perceived CSR has impacted on employee job performance. Based on the research done for the study, the researcher wants to provide some recommendations that would help the companies for the management and future research. First, as the relationship between employees perceived CSR and employee job performance was positive, hence, corporates should have more social activities to adopt more benefit to society. Second, as employees perceived of corporate social responsibility has positive impact on organizational commitment, most respondents would like the company to have the support or encourage employees to develop their skills and careers. The manager should consider to the support improve employee skill and careers for employee. Third, most respondents perceived from customers that customer satisfaction is highly important for the company. Manager should consider to meet the satisfaction for customer, Forth, as employees job performance is affected by organizational commitment, most respondents thought social responsibility is critical to the survival of a business enterprise, so the manager should consider to do more CSR practice for company, and fifth, as organizational commitment mediates the relationship between employee perceived of corporate social responsibility and employee job performance, most respondents perceived that the managers in company fully embraced social responsibility and company need to make the world a better place. Therefore, managers should consider to organize social response practice among employees.

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