How Employees Response to Corporate Social Responsibility: A Review and Future Research Agenda

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Abstract. This paper reviews the employee perception of corporate social responsibility (CSR) literature based on 25 articles. I conclude the current researches in this area into four perspectives, including leadership style, organizational identification, underlying psychological mechanisms and values and firms’ CSR behaviors. Definitions are discussed in the paper. Future research directions, which I encourage to borrow theories and constructs from justice literatures, underlying mechanisms and organizational identification are also mentioned in the last part to fill in the research gaps mentioned in the paper. The paper ends with a conclusion.

Introduction

Corporate social responsibility (CSR) is not a new construct in the research area (e.g. Berle, 1931; Bowen, 1953; Davis, 1960). In recent thirty years, corporate social responsibility (CSR) has become more popular both in the marketing and management fields (Kim et al., 2016; Wagner et al., 2009; Wang et al., 2016). However, the majority of researches that study CSR only focus on the institutional level and organizational level. Surprisingly, there are scant researches focusing on the effect of CSR at individual level. In recent several years, scholars began to pay attention to the effect of CSR in the workplace (e.g. Rupp et al., 2006; Aguilera et al., 2007). Although academic filed has recognized a little about the effect of CSR at individual level, this field still needs more researches to investigate several research gaps. The purpose of this review paper is to provide a picture about what we know and where we are in this area. This review paper identifies some research gaps in the field of individual response to corporate social responsibility. In addition, we provide clear and specific directions for future research as well as suggestions.

This paper included a review of 25 articles in the individual level of CSR. In the rest of the paper, I first review the various definitions used in employee perception of CSR studies. Then, I review the current work on employee perceived CSR and conclude them into four perspectives, including leadership style, organizational identification, underlying mechanisms and firms’ CSR behaviors. In the last part of this paper, I encourage the researches to integrate the justice framework and provide three directions for future research.

Definition of CSR at Individual Level Analysis

The concept of CSR is still vague. Among these definitions, Carroll’s (1999) four-part model is a widely acceptable model because it argues that firstly, firms should have the responsibility to make a profit. Secondly, firms should abide by the law. Thirdly, firms should take the ethical responsibility to ensure justice and fairness. Lastly, firms should have the philanthropic responsibility to serve society and the community. Another similar construct that is often used to represent firms’ social responsible activities is corporate citizenship. Maignan and Ferrell (2000) define corporate citizenship as perceived corporate citizenship is an individual's interpretation of the degree to which his or her employer is fulfilling economic, legal, ethical, and discretionary responsibilities imposed on the firm by its stakeholders. In spite of the study on the general CSR, some researches try to study the specific aspect of corporate social responsible activities. For
example, Tuffrey (1997) and Jones (2010) studied the impact of firms’ volunteering programs. The different definitions in this research area create some troubles to generalize the results of the study.

What Do We Know About Employee Response to CSR

As mentioned earlier, CSR has received scant attention at individual level analysis. Especially we do not know much about the effect of perceived corporate social responsibility in the workplace. For example, what factors will affect employees’ perception of CSR? What are the underlying mechanisms that affect CSR initiatives and employee outcomes? What are the outcomes for both organization and employees when the firms are doing business in a social responsible way? However, we can at least get some ideas about what we know and where we are about CSR at individual level analysis by reviewing a few studies. In this part, I conclude the researches on employees’ perception of CSR into four perspectives.

**Leadership style**

Leadership style can have a significant effect on employees’ perceptions of CSR. Drawing on the social learning theory (Bandura, 1977), Groves and Larocca (2011) argued that transformational leaders affect their followers to appreciate the value of driving socially responsible changes in their work units through learning and role modeling mechanisms. Based on self-concept and leadership theory (Lord and Brown, 2001; Shamir et al., 1993), they also argued that transformational leaders could affect followers’ values and perceptions through developing a collective vision that inspired them to look beyond themselves and consider the interest of community and various stakeholders. De Luque and co-authors (2008) proposed the similar idea and extend the research by demonstrating that CEO’s stakeholder values could affect employees’ perceptions of visionary leadership. Pavlos et al (2013) indicated that leader’s charisma leadership could influence employee’s attributions of CSR motivation, thereby further influence job satisfaction.

**Organizational identification**

Drawing on the social identity theory, Turban and Greening (1997) hypothesized that firms with higher performance on CSR could be perceived as more attractive employers. Several studies extend their research and explain how employees perceived CSR can affect employees’ behaviors. Carmeli and co-authors (2007) proposed that when a firm’s performance was perceived highly in terms of CSR, the self-concepts of followers would become linked to firms’ values and norms, resulting in value internalization and identification with firm’s vision and values. This will lead to higher degree of organizational identification. Jones (2010) tested the mediation effect of organizational identification on the relationship between volunteer-program attitudes and employees’ intent to stay, in-role performance and OCB. In addition, Fu et al (2014) found that CSR affected employee’s organizational citizenship behavior through the mediating effects of organizational identity and commitment by the sample of Chinese hotel industry. Based on the above review, organizational identity and identification are key mechanisms between employee perceived CSR and several outcomes. Future research should pay more attention to the identification process on how employee perceived CSR can affect employee organizational identification.

**Psychological needs and mechanism**

In order to understand the underlying mechanism that how employee perceived CSR affects their behaviors and attitudes, Aguilera and co-authors (2007) borrowed needs model from justice framework. They pointed out that employees have three psychological needs that can drive the firm to engage in social responsible activities. Firstly, Instrumental motives (Tyler, 1987) posited that people were motivated to seek control because control could serve to maximize the favorability of people’s outcomes. Employees may view a socially engaged firm as one that is concerned about all people. So, firm’s CSR activities can satisfy employees’ needs for control. Secondly, Relational motives (Tyler & Lind, 1992) showed that justice conveyed information about the quality of employees’ relationships with management and that these relationships could strongly affect
employees’ sense of identity and self-worth. When employees feel that they are being treated fairly by their firms, they are more likely to trust the organization, support it, and be able to perceive high-quality social exchange relationships with the organization/management (Rupp & Cropanzano, 2002). Thirdly, morality-based motives come from the psychological need for meaningful existence. Cropanzano and co-authors (2003) pointed out that what the meaning for CSR was that employees would seek to work for, remain in, and get attached to firms whose organizational strategies were consistent with the employees’ moral or ethical frameworks. In addition, Aguilera and co-authors (2007) also argued that the three basic psychological needs might have different relative importance in explaining the reasons why employees drove firm to engage in CSR activities. Rupp and co-authors (2006) proposed that employees perceived CSR could affect organizational attractiveness, job satisfaction, organizational commitment, OCB, anger and job performance through three psychological needs. The above two researches are the only studies discussing the underlying mechanisms of CSR from psychological needs perspective. There is no empirical research on the mediation role of three psychological needs, and thus, the mediation role of three psychological needs is still not clear in explaining the effect of employee perceived CSR.

**Firm CSR behaviors and culture**

Organizational culture is a key predictor of employee perceived CSR. Maignan and co-authors (1999) found that market orientation and humanistic orientation directly affected employee perceived corporate citizenship. They believe that if a firm has culture of market orientation, it will be more likely to make every attempt to integrate economic, legal, ethical, and discretionary responsibilities into their activities. Humanistic orientation refers to the dimension of an organization’s culture that is concerned with the importance attributed to collaboration and harmony among workers. The authors argued that in humanistic cultures, values and policies promoting caring and harmony were likely to apply not only to employees but also to other stakeholder groups, which could encourage firms to arise their demands in the corporate citizenship behavior. Firm’s CSR related behavior is another resource for perceived CSR. For example, Valentine and Fleischman (2008a) found that firm’s ethical program could affect employee job satisfaction through the mediation role of perceived CSR.

**Directions for Future Research**

**Borrowing some ideas from justice literatures**

As I have mentioned in the previous part of this paper, employee perceived CSR has received scant attention in management field. On the other hand, organizational justice has been widely studied in this area. Some scholars argued that researchers could borrow some ideas from justice framework because they believe employee perceived CSR is the perception of third-party justice. The linkage between organizational justice and perceived CSR can be explained by fairness heuristic theory. Fairness heuristic theory (Lind, 1995; Van den Bos, Lind & Wilke, 2001) argued that people would use information that available to them to derive a general impression of how fairly they were being treated.

Based on fairness heuristic theory, organizational justice literatures argue that different types of justice influence employees’ perception of overall fairness. For example, Jones and Martens (2009) argued that overall fairness perceptions mediated the effects of four types of justice perception on outcomes such as satisfaction and commitment. Rupp (2011) argued that CSR was external focus of third-party justice. In other words, CSR involves the actions carried out by the organization that are not only beyond the core function of the firm, but is directed outward toward external groups, communities, and ecological environments. He pointed out that CSR perception might be used as proxy for organizational justice, in that the employees might infer the likelihood of being treated fairly by the organization based on how fairly the organization treated other stakeholders. Thus, future research can test the several antecedents and consequences in the justice literatures in CSR filed. There are some potential areas for the future research.
Underlying mechanisms of perceived CSR

Two conceptual papers discussed the effect of psychological needs in explaining the effect of perceived CSR (Rupp et al., 2006; Aguilera et al., 2007). The authors borrowed this idea from justice literature. The mediation effect of the three psychological needs have been studied and supported in the justice literature. However, no empirical study follows their work to test this proposition. Although we assumed that employee perceived CSR was a third-party justice, the underlying mechanism of how perceived CSR affect various job outcomes were still unclear. Future research should pay more attention to the empirical level analysis to investigate the mediation role of the three psychological needs. In addition, Aguilera and co-authors (2007) also mentioned that three psychological needs might not have equal impact. Future research should compare their relative importance in explaining the effect of perceived CSR on various job outcomes. Cropanzano and co-authors’ (2001) needs model is one of the various needs models in psychological fields. Future research should consider and investigate other psychological construct that can be used to explain the effect of perceived CSR.

Organizational identity and identification

Social identity theory is the most widely used theory in individual level analysis of CSR. I have mentioned several studies in the previous part of this paper, which provide us some ideas about the role of organizational identity and identification in the employee perception of CSR, but the process and underlying mechanisms of identity and identification are still unclear. For example, why employees perceived CSR can affect their organizational identity? Whether employees perceived CSR can influence both of their in-role and extra-role performance? Future research may pay more attention to this issue. One possible way to investigate this issue is to draw on the group engagement model. The group engagement model expands the insights of the group-value model of procedural justice and the relational model of authority into an explanation for why procedural justice shapes cooperation in groups, organizations, and societies (Tyler & Blader, 2003). It has been tested and supported in justice literatures. With reference to justice literatures, researches can better understand the mediation role of organization identity. Future research can integrate fairness heuristic theory and group engagement model and argue that employee perceived CSR can affect organizational identity through pride and respect. Future research should conduct empirical studies on this issue.

Conclusion

I believe this is the first paper to review the current research of employee perception of CSR. In recent several years, scholar began to focus on the effect of CSR at individual level. This paper comes at a time when interest in CSR is accelerating rapidly. By reviewing the current research on this area, this paper tells the scholars what we know and where we are in the research of employee perceived CSR. This paper also provides some guidance for the future research. I hope this paper can make some contributions to this field and encourage more research on employees’ perceptions of CSR.

Reference


