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The influence of corporate social responsibility on employee satisfaction
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The influence of corporate social responsibility on employee satisfaction

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Abstract

Purpose – The purpose of this paper is to examine the association between corporate social responsibility (CSR) and employee satisfaction. The study proposes and empirically tests two hypotheses: that CSR is positively associated with employee satisfaction, and that organizational image mediates the relationship between CSR and employee satisfaction.

Design/methodology/approach – The hypotheses were tested through regression analyses, using data from 85,167 questionnaires completed by employees at 381 Brazilian companies, as well as data pertaining to the “breadth” of CSR engagement of those same companies.

Findings – The results of this study provide evidence that CSR-oriented actions undertaken by companies will lead to a better organizational image, and this, in turn, will lead to greater employee satisfaction.

Practical implications – Because employee behaviour influences organizational outcomes and higher job satisfaction may lead to greater employee commitment to organizational goals and values, understanding the impact of CSR on employee satisfaction is relevant to corporate performance.

Originality/value – The study contributes to the body of empirical research on CSR by investigating the underlying mechanisms linking CSR with employee behaviour. Scholars in the area of CSR regularly explore the outcomes and impacts of CSR actions on internal and external stakeholders. However, the impacts of CSR for a critical group of stakeholders – namely, employees – and its underlying mechanisms are understudied in the CSR literature.

Keywords Corporate social responsibility, Employee satisfaction, Organizational image

Paper type Research paper

Introduction

Scholars in the area of corporate social responsibility (CSR) regularly explore the outcomes and impacts of CSR actions on internal and external stakeholders (Peloza and Shang, 2011). However, a knowledge gap continues to exist in the underlying mechanisms linking CSR with its outcomes (Arendt and Brettel, 2010; Aguinis and Glavas, 2012). The impacts of CSR for a critical group of stakeholders – namely,
employees – and its underlying mechanisms are understudied in the CSR literature (Onkila, 2015; Skouloudis et al., 2015).

According to Bauman and Skitka (2012), the presence of CSR can lead to positive employee responses. In other words, they believe that the enactment of CSR can promote employee satisfaction. Onkila (2015) agrees, asserting that companies with CSR practices are more likely to evoke positive emotions, including pride, higher identification with the company, and agreement with the company’s values. Employees who hold positive attitudes towards their companies will be more willing to direct their behaviour towards activities that are in line with the goals and values of their organization (Lamm et al., 2013; Temminck et al., 2015).

Companies that proactively engage in CSR activities and take into consideration the interests of all stakeholders may gain support and trust from primary stakeholders such as employees (Bhattacharya et al., 2009; Chang, 2015). Thus, because employee behaviour influences organizational outcomes (DeVaro, 2006; Jiang et al., 2012) and higher job satisfaction may lead to greater employee commitment to organizational goals and values (Kehoe and Wright, 2013; Zhu et al., 2014), understanding the impact of CSR on employee satisfaction is relevant to corporate performance.

Despite these important connections, there has been a dearth of research testing the relationship between CSR and employee satisfaction (Tziner et al., 2011; Bauman and Skitka, 2012) – even within the human resource management literature, which usually focuses on the impact of human resource practices on employee behaviour (Jiang et al., 2012). Exceptions can be found in the work of Valentine and Fleischman (2008), who verified that CSR mediates the relationships between ethics codes/training and job satisfaction, and Zhu et al. (2014), who tested the relationship between CSR and employee loyalty.

The current study aims to contribute to this discussion by testing whether there is the relationship between CSR and employee satisfaction, and whether organizational image works as a mediator in this relationship. To test these relationships, we analysed data from 85,167 employee questionnaires that contained items regarding employee satisfaction and organizational image. These employees were employed at 381 Brazilian companies, and we leveraged information on these companies’ CSR. Such information relates to the “breadth” of CSR engagement, i.e., it covers a set of CSR-related practices and policies that may be adopted by the companies, or not. The questionnaire data had been collected in 2013 by the Studies in Human Resource Management Program (Programa de Estudos em Gestão de Pessoas (PROGEP)) of the Institute of Administration Foundation (Fundação Instituto de Administração (FIA)). Significantly, as most empirical research in the CSR field originates in the USA or Europe (Skouloudis et al., 2015; Surroca et al., 2010), it is important to understand the outcomes of CSR in other contexts, particularly in developing countries (Alniacik et al., 2011).

This paper is organized as follows. First we discuss the concept of CSR and the research approaches taken with respect to it; we also describe the development based on the literature of the two hypotheses that relate to the aims of this study. We then describe our research methods and present the results. Finally, we offer discussion and relevant conclusions, including the practical and theoretical implications of the study, the study’s limitations, and future research suggestions.

CSR
The development of the CSR literature is ongoing (Aguinis and Glavas, 2012; Lockett et al., 2006). The CSR field is highly fragmented, and covers debates from many perspectives, disciplines, and ideological positions; this brings to the literature a variety
of theoretical perspectives, conceptual approaches, and empirical traditions, but also a lack of consensus on critical concepts (De Bakker et al., 2005; Lockett et al., 2006). Nonetheless, they do inspire further reflection and debate.

The initial definition of CSR can be credited to Bowen (1953, p. 6), who stated that the term “refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. Since then, many definitions for CSR have emerged. Carroll (1999) and Dahlsrud (2008) provide an extensive review of these definitions, showing a variety of assumptions about what CSR should cover. Whereas Friedman (1970, p. 173) famously claimed that “the social responsibility of business is to increase its profits”, Davis (1973, p. 312) argues that CSR refers to a “consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm”.

A commonly accepted conceptual approach to CSR is proposed by Carroll (1979), who uses a pyramid-shaped model that covers four CSR dimensions: economic, legal, ethical, and discretionary. The economic dimension is the basis for the others and reflects a firm’s need to maintain its financial health, to ensure its survival and growth. The second level – namely, legal responsibility – corresponds to the adequacy of a firm’s actions with respect to current legislation. The ethical level refers to “appropriate behaviour” – in other words, behaviour that accords with society’s expectations. Finally, the fourth level – discretionary responsibility – refers to a firm’s voluntary initiatives vis-à-vis solutions to social problems. In this dimension, the initiative is neither required nor expected, but it is desired by society.

There are two basic views of CSR, which can be classified as ethical or instrumental (Rahbek Pedersen and Neergaard, 2009). The ethical view derives from prevailing social norms and values; it considers that companies should adopt socially responsible behaviour, even when doing so can incur non-productive expenses. On the other hand, the instrumental view considers that there is a positive relationship between socially responsible behaviour and financial performance, because proactive CSR initiatives promote opportunities – such as the possibility of anticipating restrictive government regulations, and of differentiating the company from competitors who are less socially responsible (Barnett, 2007; Jones, 1996).

This study uses the definition of CSR provided by Jones (1996), in which CSR includes the notion that companies have obligations to other groups in society, in addition to shareholders, and that such obligations go beyond those required by law and contracts. According to this definition, CSR exists only if adopted voluntarily by the company and extends to groups such as consumers, employees, suppliers, and local communities.

**CSR and employee satisfaction**

The most frequently used definition of “job satisfaction” in the scientific research is that provided by Locke (1976, p. 1304), who defines it as “a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences”. When defined as an attitude, job satisfaction can be considered “a positive (or negative) evaluative judgment one makes about one’s job or job situation” (Weiss, 2002, p. 175). Emotions are inextricably linked to such evaluations, and so job satisfaction involves both emotion and one’s attitude towards evaluations of his or her job (Saari and Judge, 2004).

Job satisfaction can be influenced by a company’s actions, including those that relate to CSR (Bauman and Skitka, 2012). Company actions to the benefit of stakeholders can
lead to positive emotions among employees, such as pride, enthusiasm, gratification, and fulfilment. Conversely, actions that have a negative impact on stakeholders can lead to adverse emotions among employees, including embarrassment, anger, and fear (Riordan et al., 1997; El Akremi et al., 2015; Onkila, 2015).

A company’s commitment to CSR issues may indicate that for being “responsible”, a company is also more likely to be considered a “good employer” (Turban and Greening, 1997). For instance, Backhaus et al. (2002) conclude that job-seekers consider factors such as environmental concern, relationship with the community, and diversity in choosing the companies for which they wish to work. Greening and Turban (2000) and Alniacik et al. (2011) found in their experimental studies that people are more likely to seek employment with a company for which there is positive CSR information, and Barrena-Martínez et al. (2015) found that college graduates are more attracted to companies that take ethical and responsible approaches to their CSR practices.

Responsible companies may be considered more attractive because people may be proud of being affiliated with companies committed to CSR, they may perceive that their values fit with the organization’s values, and they may expect that organizations will treat them fairly (Jones et al., 2014). Additionally, companies committed to the implementation of CSR are more likely to have a good organizational climate (Branco and Rodrigues, 2006) and retain top talent (Bhattacharya et al., 2009). Thus, companies with high CSR levels are more likely to attract highly skilled employees, avoid high turnover rates, and promote employee commitment and motivation. Therefore, we expect that companies that are more committed to CSR issues are more likely to evoke positive employee assessments of their own job or job situation. Similarly, a negligent attitude towards CSR may create negative employee assessments. These arguments inform the following hypothesis:

H1. CSR is positively associated with employee satisfaction.

Mediation effect of organizational image

Research findings suggest that employees prefer to work for organizations whose primary values align with their own (Cable and Judge, 1994); those findings also suggest that there is a relationship among employee concerns, company activities, and attitudinal and behavioural outcomes (Bauman and Skitka, 2012). There is evidence that even the perception of aligned values between employees and their organizations can create a more favourable identification with all organizational initiatives (Brunton et al., 2015).

Perceptions of justice and fairness in the workplace may affect employee well-being (Aguilera et al., 2007). For instance, perceptions of justice and fairness concerning the attitudes of top management, both in general and in CSR terms, will affect employee motivation and commitment. Such perceptions will affect employees’ personal identification with the organizational image (Collier and Esteban, 2007).

Organizational image refers to a body of experiences, impressions, beliefs, feelings, and knowledge that one has about an organization (Arendt and Brettel, 2010), and it is often used by stakeholders as a basis for decision-making vis-à-vis their interactions with the company (Fombrun and Gardberg, 2000). Employees use corporate image to evaluate their identification with the company and assess how external groups are judging them and their employing organization (Dutton and Dukerich, 1991). Organizational image comprises a wide range of impressions of company activities; thus, employees may also consider companies’ CSR activities when developing...
organizational images of them (Fombrun and Gardberg, 2000). Firms that engage in CSR activities will promote a positive effect on justice perception, and this in turn can lead to greater employee satisfaction (Tziner et al., 2011). Employees tend to perceive of CSR initiatives directed towards external stakeholders – such as environmental protection, investment in local communities, and philanthropy – as special aspects of organizational justice, and so such activities can influence their attitude and behaviour with respect to the firm (Aguilera et al., 2007; Glavas and Piderit, 2009).

In view of the arguments concerning the effects of CSR on a company’s image and, consequently, employee satisfaction, we formulate the following hypothesis:

\[ H2. \text{Organizational image mediates the relationship between CSR and employee satisfaction}. \]

**Methods**
To empirically test the hypotheses, we used data from a PROGEP survey administered in 2013. We used two indexes from the database: the Quality of Work Environment Index (QWEI), which seeks to capture how employees perceive their job, and the Quality Management People Index (QMPI), which derives from data on policies and practices undertaken by companies. The QWEI is obtained through questionnaires executed by company employees, and the QMPI is obtained through information provided by companies about their policies and practices, via an electronic form.

**Sample**
The sample of the study consists of 381 companies that voluntarily participated in the 2013 survey; the database contains 85,167 valid employee questionnaires. The employees were encouraged to participate in the survey, but their participation was voluntary. Additionally, no requests were made for employee names or positions, in order to guarantee trust in the validity of the answers. To ensure anonymity, the 381 companies participating in the survey were coded with numbers; through such coding, we were able to access information on the “breadth” of companies’ CSR policies and practices.

**Measurement of variables**

**CSR.** To measure the “breadth” of CSR engagement of each company, we used data on those variables that pertain to company policies and practices within the QMPI that were voluntarily adopted (Jones, 1996). There are 60 items[1] regarding CSR, divided into five themes: integration of sustainability into a company’s strategy; development, dissemination, and monitoring of a code of ethics and conduct; diversity-oriented programmes; actions towards environmental protection; and social responsibility initiatives. Table I lists the supporting literature that pertains to such themes in measuring the CSR construct.

We assigned 1 point for each policy or practice adopted by the company, and 0 for each policy or practice not adopted. The sum of points under each theme was used as that company’s total CSR score. Using a sum of points is both possible and adequate, as the 60 items were applicable to all companies in the sample, regardless of sector and other company characteristics.

**Employee satisfaction and organizational image.** To measure employee satisfaction and organizational image, we used some of the data derived from the QMPI questions.
We applied seven items (see Table II) to measure employee satisfaction ($\alpha = 0.898$; factorial analysis = 1 factor; total of variance explained = 62.4 per cent; KMO = 0.917) and eight items (see Table III) to measure organizational image perception ($\alpha = 0.919$; factorial analysis = 1 factor; total of variance explained = 61.0 per cent; KMO = 0.951). The items were designed in a claims format; this offered the possibility of agreement on a five-point Likert scale, where five always signalled the greatest satisfaction or the best organizational image.

### Themes for CSR construct in QMPI

<table>
<thead>
<tr>
<th>Themes for CSR construct</th>
<th>Supporting literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Development, dissemination and monitoring of code of ethics and conduct</td>
<td>Carroll (1979) and Jones (1996)</td>
</tr>
<tr>
<td>(3) Diversity-oriented programmes</td>
<td>Pirsch et al. (2007) and Snider et al. (2003)</td>
</tr>
<tr>
<td>(4) Actions towards environmental protection</td>
<td>Carroll (1999) and Dahlsrud (2008)</td>
</tr>
<tr>
<td>(5) Social responsibility initiatives</td>
<td>Carroll (1979) and Lii and Lee (2012)</td>
</tr>
</tbody>
</table>

### Items for employee satisfaction construct

<table>
<thead>
<tr>
<th>Items for employee satisfaction construct</th>
<th>Supporting literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would recommend this company to my family and friends as a great place to work</td>
<td>Zhu et al. (2014)</td>
</tr>
<tr>
<td>I like the work I currently do in this company</td>
<td>Ellickson and Logsdon (2002)</td>
</tr>
<tr>
<td>I am encouraged to contribute to improving the way my job is done</td>
<td>Harter et al. (2002)</td>
</tr>
<tr>
<td>I know what I must do to grow professionally in this company</td>
<td>Harter et al. (2002) and Zhu et al. (2014)</td>
</tr>
<tr>
<td>I believe working in this company will bring me opportunity to improve my career and grow</td>
<td>Harter et al. (2002)</td>
</tr>
<tr>
<td>I feel that my work is important for this company to succeed</td>
<td>Harter et al. (2002)</td>
</tr>
<tr>
<td>I think that working in this company makes my life better</td>
<td>Judge and Watanabe (1993)</td>
</tr>
</tbody>
</table>

### Items for organizational image construct

<table>
<thead>
<tr>
<th>Items for organizational image construct</th>
<th>Supporting literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe that this company cares about the quality of life of its employees</td>
<td>Turban and Greening (1997)</td>
</tr>
<tr>
<td>This company contributes to improving the community and the environment</td>
<td>Aguilera et al. (2007), Glavas and Piderit (2009) and Backhaus et al. (2002), Dutton and Dukerich (1991)</td>
</tr>
<tr>
<td>I am proud to tell my relatives and friends that I work in this company</td>
<td></td>
</tr>
<tr>
<td>I believe that this company serves the needs of suppliers, employees and shareholders in a balanced way</td>
<td>Aguilera et al. (2007)</td>
</tr>
<tr>
<td>This company delivers to its customers what it promises with high quality</td>
<td>Paulin et al. (2006)</td>
</tr>
<tr>
<td>People of any age, race, colour and sexual orientation are treated with the same fairness and respect in this company</td>
<td>Aguilera et al. (2007) and Backhaus et al. (2002)</td>
</tr>
<tr>
<td>Working in this company gives security and peace of mind for me and my family</td>
<td>Dutton and Dukerich (1991)</td>
</tr>
<tr>
<td>I am aware of and I agree with the company’s objectives</td>
<td>Collier and Esteban (2007)</td>
</tr>
</tbody>
</table>
Job satisfaction can be interpreted in various ways, and there is no agreement on which job aspects should be taken into account when measuring job satisfaction. In this study, we selected those items from the QWEI survey that relate to overall job satisfaction evaluations, based on previous studies that have measured such a construct (Table II). To measure organizational image, we selected those items from the QWEI survey that relate to such constructs, based on the supporting literature (Table III).

Controls. We added two control variables to the models: company size and company sector. The variable company size is important, as its variability can influence explanations for the other variables. This was measured in terms of the number of company employees. For the variable company sector, the companies in the database were divided into three sectors – commerce, industry, and services.

Although adding variables to a model can make it less parsimonious and also reduce the analytical significance of the variables, the main problem with regression analysis is the omission of a relevant variable that can otherwise interfere with the results (Hair et al., 2009). Therefore, we opted to add these two variables to the models and test whether they should remain.

Data analysis
In this study, we aim to verify the relationship between CSR and employee satisfaction. For this purpose, we undertook regression analyses to determine the coefficients of the variables and their magnitude.

Model for H1. Since we tested two hypotheses, regressions were performed, both with the use of SPSS software (SPSS Inc., Chicago, IL, USA). In a two-tailed distribution, with an \( \alpha \) error probability of 0.01 and a power of 0.95, it is necessary for least 268 companies in the model to detect small effects and to consider it generable, calculated in G*Power software (Faul et al., 2009). Since there are 381 companies in the database, the sample size was adequate for our needs. The tested model was:

\[
y_1 = b_0 + b_1 x_1 + b_2 x_2 + b_3 x_3 + \epsilon
\]

where \( y_1 \) the dependent variable related to employee satisfaction, \( b_0 \) the estimate of the \( y \)-intercept, \( b_1, b_2, b_3 \) the estimated coefficients of each predictor or control variable, \( x_1 \) the predictor variable related to CSR, \( x_2 \) the control variable related to the sector, \( x_3 \) the control variable related to company size (i.e. number of employees).

The variable \( x_2 \), related to the sector (industry, services, and commerce), was used in dummy form, where Dummy1 represents the industry sector and Dummy2 the service sector. As mentioned, the size of the company was measured in terms of the number of employees in the company.

Models for H2. The convenience of using mediation analysis stems from understanding the relationships among variables, rather than from a mere description of the functions therein (Preacher and Hayes, 2004). To investigate whether organizational image acts as a mediator between CSR and employee satisfaction, four regressions were analysed, using SPSS macro (Hayes, 2013). The SPSS procedures produce regressions or path coefficients in unstandardized form. We opted to use the proposed model number 4 of Hayes (2013), which shows a direct effect and an indirect effect (i.e. through a mediator); four paths are determined, meaning that four regressions would be required. The programme first calculates the direct effect that
CSR has on employee satisfaction; we then test for the mediation effect between CSR and employee satisfaction by way of organizational image. The tested models were:

Path a = CSR(x₁) affecting organizational image(y₂)
Path b = Organizational image(x₄) affecting employee satisfaction(y₃)
Path c = CSR(x₁) affecting employee satisfaction(y₃)

Path c’ = CSR(x₁) affecting employee satisfaction(y₃) through organizational image(x₄)

Model equation:
Path a  \[ y_2 = b_{0a} + b_{1a}x_1 + e_a \]
Path b  \[ y_3 = b_{0b} + b_{1b}x_4 + e_b \]
Path c  \[ y_3 = b_{0c} + b_{1c}x_1 + e_c \]
Path c’  \[ y_3 = b_{0c'} + b_{1c'}x_1 + b_{4c'}x_4 + e_{c'} \]

Then, the programme bootstraps the sampling distribution of “a” and “b” paths and provides a confidence interval with the empirically derived bootstrapped sampling distribution. (For more information, see Preacher and Hayes, 2004.)

**Analysis of reliability and validity**

Linear regressions require the following assumptions: a linear relationship, independent errors, heteroscedasticity, little to no multicollinearity, and normally distributed errors. Table IV shows the tests used for each assumption, and their results.

Since the presence of heteroscedasticity was not supported, we decided to exclude five outliers that could influence the regression; this decision was based on the results of Cook’s test. The unit sample upper 0.02 distance score was removed from the future data. Then, the $\chi^2_{\text{Breusch}}$ became 8.552 ($p = 0.073$), and $\chi^2_{\text{Koenker}}$ changed to 11.730 ($p = 0.019$). After making such adjustments, we reanalysed the data while guaranteeing all the aforementioned assumptions required by linear regression analysis. The final sample comprised 376 companies.

<table>
<thead>
<tr>
<th>Assumption</th>
<th>How we tested</th>
<th>Results</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linear relationship errors</td>
<td>Scatterplot from regression studentized residuals and regression standardized predict value</td>
<td>The residuals approached zero and were well distributed in −3 to +3, showing to be linear</td>
<td>Accepted</td>
</tr>
<tr>
<td>Heteroscedasticity</td>
<td>Breusch-pagan and Koenker test ($H_0 = \text{homoscedasticity}$)</td>
<td>$\chi^2_{\text{Breusch}} = 7.367 \ p = 0.117$</td>
<td>Rejected</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$\chi^2_{\text{Koenker}} = 9.089 \ p = 0.058$</td>
<td></td>
</tr>
<tr>
<td>Multicollinearity</td>
<td>Bivariate correlation analyses with predictor variables (size, sector, CSR). Variance inflation factor (VIF) and tolerance</td>
<td>The highest correlation was between size and CSR with 0.332 (low)</td>
<td>Accepted</td>
</tr>
<tr>
<td>between predictor variables and control</td>
<td></td>
<td>Highest VIF 3.44, highest tolerance 0.980</td>
<td></td>
</tr>
<tr>
<td>Normally distributed errors</td>
<td>Evaluate the distribution of the residuals by histogram</td>
<td>Mean = 0.00 SD = 0.996 $n = 381$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

*Table IV.* Reliability and validity analysis.
Results

Association between employee satisfaction and CSR

The first model tested the association between employee satisfaction (dependent variable) and CSR (predictor variable). The variables company size and company sector that could intervene in this relationship were used to control for possible errors. Our linear regression, an enter method, was found to be significant ($F(376, 4) = 16.468; p \leq 0.001$). The sum square was 3.465. The model estimation results indicated an association between CSR and employee satisfaction ($t = 6.610; p < 0.001$). The standardized coefficient was 0.332 for CSR, meaning that when there is a higher CSR, the satisfaction with working in that company increases. The two dummies from the sectors used in the model (Dummy1 related to the industry sector, and Dummy2 to the service sector) were also statistically significant. In other words, the sector also impacts employee satisfaction, as expected ($t_{\text{Dummy1}} = -2.644, p = 0.009; t_{\text{Dummy2}} = -4.083, p = 0.000$). Company size, on the other hand, was not found to be significant ($t = -0.759; p > 0.10$). Table V shows the analytical results.

The $R^2$ was 0.151. (Note that the goal of this study is not to explain variance in satisfaction, but to verify whether this construct has a relationship to CSR.)

Given the results, it is possible to accept the alternative $H1$ that CSR has a positive association with employee satisfaction.

Organizational image as a mediation

To illustrate the mediation of image in the CSR–employee satisfaction relationship, we offer in Figure 1 a path diagram and $\beta$ weights.

Table V. CSR and employee satisfaction regression with controls

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$B$</td>
<td>SE</td>
</tr>
<tr>
<td>Constant</td>
<td>4.177</td>
<td>0.046</td>
</tr>
<tr>
<td>CSR</td>
<td>0.007</td>
<td>0.001</td>
</tr>
<tr>
<td>SETDUM1</td>
<td>-0.122</td>
<td>0.046</td>
</tr>
<tr>
<td>SETDUM2</td>
<td>-0.185</td>
<td>0.045</td>
</tr>
<tr>
<td>Company_size</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Note: Dependent variable: satisfaction

![Figure 1. Organizational image mediation analysis: CSR and employee satisfaction](image-url)
The regression coefficient between CSR and organizational image was found to be statistically significant ($F(381, 1) = 66.55; p < 0.001; R^2 = 0.148$), as was the regression coefficient between organizational image and satisfaction ($F(381, 2) = 1242.95; p < 0.001; R^2 = 0.867$). The direct effect model was also significant ($F(381, 1) = 47.12; p < 0.001; R^2 = 0.110$). To ensure that the path $c$ is significant, we tested the significance of this indirect effect through bootstrapping. Indirect effects were calculated for 10,000 bootstrapped samples, and the 95 per cent confidence interval was calculated by determining the indirect effects at the 2.5th and 97.5th percentiles. The result of the Sobel test $c − c’$ was different from zero ($Z = 8.03; p \leq 0.001; \kappa^2 = 0.54$), and the interval from the Preacher and Kelley test did not include zero (BootLLCI = 0.465; BootULCI = 0.609). Therefore, the indirect effect was found to be statistically significant, and we can conclude that image is a mediator in the model overall. In other words, when the employee image of a company is more favourable, CSR has a greater impact on employee satisfaction with working in that company.

In order to be consistent with the first model tested, we ran the mediation analysis adding the two control variables: company size and company sector. Analysing the $c’$ path with Hayes (2013) mediation with the moderator, we observed The organizational image and control variables being statistically significant (all of them had $p < 0.005$), and the CSR was not significant ($p > 0.05$). The result of the Sobel test shows that $c − c’$ is different from zero ($Z = 7.91; p \leq 0.001$), and the interval from the indirect effect did not include zero (BootLLCI = 0.006; BootULCI = 0.010). These results confirm, once again, that the organization’s image is a mediator of CSR and employee satisfaction, supporting $H2$.

**Discussion and conclusions**

In this study, we aimed to deepen the understanding of the relationship between CSR and employee satisfaction; we did so by undertaking research that leveraged data captured through a survey of employees at Brazilian companies, as well as from information regarding the ‘breadth’ of CSR engagement in those companies.

CSR helps improve relationships between companies and their relevant stakeholders, as it builds trust, reduces transactional costs, and mitigates risk (Barnett, 2007). Since employees comprise a critical stakeholder group and they contribute to a firm’s value-creation process (Brunton et al., 2015; Greening and Turban, 2000; Griffin et al., 2015), we sought to analyse the unexplored relationship between CSR and employee satisfaction (Bauman and Skitka, 2012; Onkila, 2015; Skouloudis et al., 2015; Tziner et al., 2011).

We extended the CSR literature by empirically testing two hypotheses: that a company’s CSR correlates positively with satisfaction amongst its employees, and that organizational image is a mediating factor in that relationship. Our study results show that the overall completeness of a company’s CSR is found to be positively related to job satisfaction, as well as how organizational image is a mediator in this relationship, supporting both $H1$ and $H2$. Thus, the results of this study provide evidence that CSR-oriented actions undertaken by companies will lead to a better organizational image, and this, in turn, will lead to greater employee satisfaction.

Overall, our findings serve as evidence of the effects of CSR in organizational outcomes, by suggesting that “breadth” of CSR engagement affects employee satisfaction. Such findings contribute to both theory and practice. A literature review indicates that human capital is crucial to the achievement of organizational goals and may improve firm performance (DeVaro, 2006; Jiang et al., 2012). As our findings suggest that “breadth” of CSR engagement contributes to the development of human
capital by enhancing employee satisfaction, this approach suggests the existence of a win-win situation, where both stakeholders and the company can benefit from CSR activities. Such an approach can be considered a reconciliation of the ethical and the instrumental views of CSR (Barnett, 2007; Jones, 1996; Rahbek Pedersen and Neergaard, 2009), as companies can adopt socially responsible behaviour and concurrently benefit from it. Thus, companies that invest their resources in proactive CSR rather than just meet regulations can obtain competitive advantages (Chang, 2015). With regards to practice, managers can use CSR to promote a good organizational image and generate greater employee satisfaction, thus positively affecting organizational outcomes (Jiang et al., 2012; Wright et al., 2005).

Our study contributes to the literature by investigating and speaking to data from Brazil, an emerging economy that has not been studied as in-depth as developed economies. Additionally, our study provides evidence of the impact of corporate actions on a critical group of stakeholders – namely, employees. Nonetheless, this study does have some limitations. First, our hypotheses were tested within the context of Brazilian companies, and these circumstances can limit the external validity of the results. To derive generalizable results, it is necessary to broaden this research to other countries and economies. Second, the available data allowed us to measure the completeness of the policies and practices adopted by companies, and not the “depth” of the engagement in different CSR-related practices and policies. This represents both a limitation and a contribution, as linking CSR completeness with job satisfaction is novel. Third, the companies and employees within the sample data voluntarily participated in the study, and so while we used a relevant sample of employees from each company and also a significant number of companies in the sample, the data collected will not generate probabilistic results. Finally, including other control variables that may potentially intervene in both CSR and employee satisfaction, such as profitability, could enhance the tested model.

Future research on CSR can broaden investigations of the impact of CSR on human capital. While this study examined image perception as a mediator of the relationship between CSR and employee satisfaction, other mediators can be explored and tested. Given the scarcity of empirical work on this particular relationship, future research could assess the impact of CSR on other dimensions of human capital, such as leadership, motivation, and cooperation capacity. Additionally, this study may inspire researchers not only in the field of human capital, but those in other business-related fields. Finally, as CSR fosters the creation of intangible capital (Surroca et al., 2010), future research could analyse the relationship between CSR and other intangible assets, such as innovation and culture.

Note
1. CSR scale is available on request.

References


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