CORPORATE SOCIAL RESPONSIBILITY OF PUBLIC FIRMS IN THAILAND: THE EFFECTS OF CSR ON EMPLOYEES

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Abstract

Although there are many Corporate Social Responsibility (CSR) studies emphasizing its impacts on consumers' behavior, few studies have shed lights on how CSR affects employees. The main purpose of this study is to investigate influential factors of employees' perception on their organizational CSR and whether the perception affects their organizational commitment and satisfaction. The study's final sample includes 600 survey respondents who are employed by public firms in Thailand. The results showed that the level of employee involvement in organizational CSR program and the type of CSR activities (i.e., environmental protection program) significantly affect employees' perception, which, in turn, affects employees' satisfaction and their organizational' commitment.

Keywords: corporate social responsibility, employee perception, public firms, Thailand

Introduction

The nature scope of corporate social responsibility has changed over time. The concept of Corporate Social Responsibility (CSR) as the economic, legal, ethical, and discretionary expectations that society has of organizational at a given at this point in time has been implemented as common business practice by companies around the world (Encyclopedia of Business, 2011). The companies with good corporate governance and social responsibility are perceived more positively by consumers, investors, and the society (Petersen and Vredenburg, 2009). For example, CSR can help firms build good reputation and goodwill between suppliers and customers. As a result, such positive image can yield financial gain for the companies (Sera and Beaudry, 2007). Since the implementation of CSR required the participation of their workers, the community involvement by CSR programs can also play a

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vital role in developing new skills set, encouraging participation, and sharing and team spirit in the workplace. In other words, CSR can benefits employees as well. The main purpose of this study is to investigate influential factors of employees' perception on their organizational CSR and whether the perception, in turn, affects their organizational commitment and satisfaction.

Literature Review
Corporate Social Responsibility (CSR)
The concept of CSR is for attending maximize profit in term of social and organizational, how to achieve their values and behavior respect to their employees, suppliers and customers. The most priority is commitment and good example of manager later they must develop the corresponding understanding of staff, enlighten in the same concept of virtue and ethic are ceded to public.

In summary, CSR is activities to continually create the organizational commitment and job satisfaction base on ethical and economical to improve the workforce as well as having well responds from their firm, the basic idea is the integration between business and society rather than distinct entities (Wood, 1991).

Demographics Relate to Corporate Social Responsibility
It has been reported that the older responded in value of CSR higher than younger people in term of age because they have more period of time work and more experiences on doing. (Maksimainen, Saariluoma, and Jokivuori, 2009). In term of skill, there is positive relationship between less and more employees' skills that have experience. Shortage employee's skill is more perception interested in CSR than more employees' skill labor, which CSR will be provided more in term of training skill of labor (Mcwilliams and Siegel, 2001). There are relationships between employees' gender and CSR toward organizational commitment that female is stronger than male who respond to be particularly important for the organizational. The last one is organizational position in which the higher organizational level, the higher potential to respond on CSR will be found (Stawiski, Deal, and Gentry, 2010). In addition, the effect of position in organizational value indicated that CSR was strong in the most significant correlation analysis (Maksimainen et al, 2009).

Voluntary and Employee Perception
Based on traditional framework of CSR, employees make different judgment regarding the social concern and action of their employing organizational, which is procedural CSR, distributive CSR and interaction CSR. The combination of these perceptions shape overall organizational level of responsibility and extent to which it supports of moral and ethical standards (Rupp, Ganapathi, Aguilera, and Williams, 2006).

As a concept of CSR, it is about what company should do for their local social with completely voluntary, not about government regulation or legislation. The Centre for Corporate Citizenship at Boston College (2004) found that more than 80 percent of American CEOs believed that good CSR performance is benefit to the bottom level within the organizational and majority of CEOs and want CSR to be as an employee voluntary (Sriramesh, Ng, Ting, and Wanyin, 2007). In general, people intend to do better when they are willing to do something and vice versa, hence the willingness of employees to conduct CSR directly causes the result of it. So, employee volunteering is a key contributor of the community as a part of the commitment to

being social responsible. It is also important that employees should participate in employee volunteering of their own willingness and personal choice.

Type of Corporate Social Responsibility Activities
The CSR activities are classified in order of how researchers have defined. It can be considered in several dimensions depending on the criteria of what researchers are looking for. For example, 3-type of CSR activities were classified into after-process, in-process and as-process, if the researchers are focusing on the processes. 2-type of CSR activities were classified based on the level of initiative which is fundamental activity-law abiding and progress level-volunteer activities (ThaiCSR, 2010) and (CSRi, 2011). Corporate social responsibility has many types of activity that the firm played. If it is not gaining participate from employees toward their organizational; it will not be occurring in good relationship with employees toward their company.

Employees' Perception of Corporate Social Responsibility
The employee's perception is managerial actions that recognize the communications influence employees' perception of organizational images. In term of influencing employees' organizational identification and behaviors, it will bring emotional, attitudinal and behavioral responded (Rupp et al, 2006). There are some evidence shown that employee perceptions of CSR have an effect on to the firm's attractive and the relationship individual positive outcomes such as job satisfaction, job performance and organizational commitment (Colquitt, Conlon, Wesson, Porter, and Ng, 2001). However, it doesn't mean that there is only on positive because the perception is more sensitive individual emotion and their perception might be got the negative effects on to individual-relevant outcome as anger (Rupp et al, 2006).

Employees' Perception and Satisfaction
In term of perception of CSR effects to the employees' job satisfaction, there is relationship linked together. When the company has CSR activity their will achieve the benefit reputation in term of profitable or non-profitable including improving their publicity image, rising of employees' morale and achieving participate from employees to their company (Sharma, Sharma, and Devi, 2009) depend on role of organizational.

Employees' Perception and Organizational Commitment
Organizational commitment in the field of organizational behavior is the general sense of employee's psychological attachment to the organizational. It is measured by using work of Meyer and Allen's model of commitment, which was developed to integrate numerous definitions of commitment that had several in the literature. The commitment of personal is grounded by organizational that if they have good feeling of obligation for profitable receiving and relating to the perception, it affected to job satisfaction (Collier and Esteban, 2007).

Hypotheses
Based on our literature review, we propose the following hypotheses.

Hypothesis 1: The demographics factor has significant effect on employee perception.
H1a: The positive of CSR perception on female is rated higher than male.
H1b: Age effect on employee perception.
H1c: The higher position level of employee has more positive effect on employee perception.
H1d: The higher of experience time effect on employees' perception.
Hypothesis 2: The higher level of employees' involvement in the CSR program will lead to the more positive perception of the CSR program.
Hypothesis 3: The types of CSR significantly affect the employees' perception of CSR program.
H3a: The more frequent participated on Environment Protection activity, the higher level of employees' positive perception.
H3b: The more frequent participated on Human Right activity, the higher level of employees' positive perception.
H3c: The more frequent participated on Community Development activity, the higher level of employees' positive perception.
H3d: The more frequent participated on Education and Job Development activity, the higher level of employees' positive perception.
Hypothesis 4: Employees' perception of CSR program will affect the level of employee satisfaction.
Hypothesis 5: Employees' perception of CSR program will affect the employees' organizational commitment.

Methodology

Instrument

A set of questions in each part of questionnaire were developed from several papers. The numbers of six statements in the part of organizational commitment were selected from Psychometric Properties of Allen and Meyer's Organizational Commitment Scale (Noor Harun, and Noor Hasrul, 2006). The seven statements in the job satisfaction part were selected from Minnesota Satisfaction Questionnaire (short-form) (University of Minnessota, 1977). The measurement of employee perception and level of involvement on CSR were referenced from an "Attitude and Perception toward CSR of KU" report (Phiphat). There is not right or wrong answer, the responders were asked to indicating the degree to which each of the questions applies to them using the five-point-Likert-scale. However, demographics information and definition of CSR were included in this set of survey in order to support the description of our study as well as employee understanding.

Data Collection

The samples used in this study we obtained from an employee who have been working in public company limited. Questionnaires were sent to companies, who have CSR's policy, listed in SET100 Index Constituents (updated on July 1-December 31, 2010) in various sector. Not all company listed in SET100 had participate in this study, they had indicating the reason of this disallowance that because of unavailable information disclosure. From the 1,406 questionnaires sent out, 950 were returned and after uncompleted surveys were excluded, 600 eligible cases were used for statistic calculation.

Measurement

Initially, the factorability of the 63 questionnaires was examined in pre-tested in order to reduce the dimension. This set of questionnaire was analyzed by using factor analysis based on principal component's extraction methods, varimax rotation and Kaiser Normalization.

As a common sense that human behavior is essentially noisy, it is not possible to examine the completely accurate predictions, however, regression analysis allow us to identify a possible set of predictor variables that have an influencing powers on the responder score. Therefore, the data set in this study were analyzed through SPSS for windows program to test the relationship within each model using enter method. The SPSS program was used for the benefit of much more convenient and less time -consuming than manual computing. In addition, the descriptive statistic was calculated to represents frequency result in some part as well.

Result and Discussion
Factor Analysis
There are four factors analysis. On the Table contains the rotated factor loadings, which are the correlations between the variable and the factor. All of the loadings that we used the option blank (.30). All result of four factors analysis was demonstrated on Table 1.

Table 1. Factor Loading and Alpha Coefficients of Constructs

Constructs	Factor Loading	Alpha Coefficients
Involvement	.589-.928	.891
Employee Perception	.588-.891	.636
Employee Satisfaction	.726-.853	.903
Organizational Commitment	.491-.907	.834

The first factor in procedures is involvement. The Kaiser-Meyer-Olkin measure result of sampling adequacy was .807, above the recommended value of .6 given these overall indicators. The reliability factor for this scale (α = .891) was acceptable.

The second factor is employee perception. The KMO measure result of sampling adequacy was .767. The chronbach's alpha reliability for this scale (α = .636) was acceptable (Shibly and Tadros, 2010). The result had shown two factors that were continuously defined by the same set of variables in site of positive and negative variables.

The third factor in procedures is employee satisfaction using principal component's extraction methods and varimax rotations (Macdonald and MacIntyre, 1997). This questionnaire is presented the development of a job satisfaction scale for indicating was selected from Minnesota Satisfaction Questionnaire (Minnessota et al, 1977). It has only one factor was consistently defined by the same set of variables then it is not rotation component matrix measurement. So we present the item means and stand deviations in Table 2. The KMO measurement was 0.848. The alpha coefficient for this scale (α = .903) was acceptable.

Table 2. Mean and Standard Deviation of Employee Satisfaction

Employee Satisfaction	Mean	Std Dev

	Mean	Std Dev
I am satisfied with the opportunity to do various CSR activities with others.	3.65	.722
I am satisfied for the additional burden of participation CSR.	3.17	.959
I am satisfied with the CSR policy that affects me.	3.35	.936
I am satisfied on my colleagues for the cooperation in CSR activities.	3.76	.797
I am satisfied with the environment of CSR activities such as location, colleagues or type of activities.	3.62	.792
When I worked well in CSR participation, I tend to get respect and compliments.	3.46	.779
I am satisfied with the success of CSR activities which I have joined.	3.70	.816

And the last factor analysis is organizational commitment using maximum likelihood extraction methods and varimax rotations as performance to determine whether the data collected on Allen and Mayer's organizational commitment scale would present on validity (Noor Harun et al, 2006). The KMO measure of sampling adequacy was .767.

Table 3 presents the item means and stand deviation of the organizational commitment. The Chronbach's alpha reliability for this scale (α = .834) was acceptable.

Table 3. Mean and Standard Deviation of Organizational Commitment

Organizational Commitment	**Mean**	**Std Dev**
I think I can also work with other organizational that have CSR as well.	3.48	.895
I do not feel as a family in the enterprise with has CSR.	2.78	1.337
After participating CSR, I feel more relate to the organizational.	3.44	.947
The organizational is part of the CSR is meaningful to me.	3.46	1.029
I feel proud to work in the organizational that has CSR.	3.59	1.072
I prefer to work with organizational that have CSR more than have not.	3.14	.965

Regression Analysis

Table 4. Summary of Regression Result of Positive Perception

Predictor Variables	Standardized Coefficients (β)
Gender	.024
Age	-.014
Experience Time	.014
Position	.007
Involvement within Organizational	.148***
Environment Protection	.013
Human Right Development	-.009
Community Involvement	.042**
Education Development	.009
R^2 = .079	
F = 5.616	

*p<.05, **p<.01, ***p<.001

Table 4 shows the result analysis summarization of the relationships between employee perception of CSR take in 3 main dimensions which are demographics (gender, age, length of working experiences, work positioning), level of employees involvement and type of CSR activities (environment protection, human rights development, community involvement, and education development). It is acceptable with the low level of determination coefficient (R^2 = .079) because in the real world it can tend to be over-estimated in term of the success of model hypothesis, in addition, there are another dimensions to be able to effect the level of employee perception. For example, employee attitude, understanding of CSR's concept and environmental climates. The result of demographic variables is contradicted with some previous finding of studies. For instance, (Maksimainen et al, 2009) and (Macdonald et al, 1997) have found that there are significant differences among each group, the older group with longer length of work experiences are responded higher. However, on average on this studies, each of classifieds' responder tend to rate the same. A possible reason is that the sample size is too small. Thus, H1, H1a, H1b, H1c, H1d are not supported. Moreover, the regression model shows the positive effect of employee participation within the organizational on their perception of CSR. Thus, H2 is supported with p-value less than .001 (β = .148). Testing the influence of type of CSR activities factor, the result reveal that only a community development activity is positively significant effect on employee perception of CSR at 0.01 level (β = .042) Community development activity leading a better living for developing country. Hence, only H3c is supported.

Table 5. Summary of Regression Analysis Result

Predictor Variables	Standardized Coefficient (β)

	Model 1	Model 2
Positive Perception	.421[***]	.447[***]
R^2	.177	.225
F	133.900	18.599

[*]$p<.05$, [**]$p<.01$, [***]$p<.001$

Employee satisfaction is a result of employee's perception of how well their job provides those things that they viewed as important (Tella, Ayeni, and Popoola, 2007). In addition, Locke and Lathan (1976) also give a comprehensive definition of employee satisfaction as enjoyable or positive emotional state resulting from the appraisal of one's job or job experience. Table 6 above represents the confirmation of employee satisfaction, defined by model 1, definition and its relationships with employee perception; there is a significant effect with .001 levels ($\beta=.421$). So, H4 is supported. The R square value is not quite strong because there are many other dimensions can affect employee satisfaction, i.e. environment culture, organizational climate.

The investigate result on Table 5 explains the positive significant relationships between organizational' members perception of CSR and organizational commitment at .001 level ($\beta=.447$), defined by Model 2. Therefore, H5 is supported. It is reliable with the previous studies that a company's reputation on social issues influences workers' attitudes, because employees assume that if their company is ethical, the company will also treat then in an ethical behavior as well (Peterson, 2004).

Conclusion

Several studies have examined the impact of Corporate Social Responsibility (CSR) with external audiences (customer) but fewer researchers have concentrate to link relationships between CSR and their organizational' members. This study is one of few studies showing the relationships of CSR and employees who work in public companies in Thailand. The results show that CSR campaign about community development activities can increase employee perception of CSR, and hence, the better satisfaction and organizational commitment. In commitment can improve work performance (Shore and Martin, 1989).

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