

**An employee perspective:  
The impact of CSR perception on  
job satisfaction and organizational identification**

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Submitted by

Christina Kappel

S1752278

[c.m.kappel@student.utwente.nl](mailto:c.m.kappel@student.utwente.nl)

Advisor: Menno de Jong

Co-Advisor: Suzanne Janssen

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## **Abstract**

Earlier studies have shown that perceived external prestige (PEP) and communication climate are positively related to job satisfaction and organizational identification. In this study, another underresearched factor is added to this theorem: the perception of corporate social responsibility (CSR). To fill the knowledge gap about employees' CSR perception and to contribute to existing literature, this paper aims to understand the relation of CSR perception and investigates, if it adds explanatory value on top of PEP and communication climate on job satisfaction and organizational identification.

This study targeted at employees of different organizations in Germany. Consequently, 112 employees filled out an online questionnaire about employee outcomes (job satisfaction and organizational identification), PEP, communication climate (horizontal and vertical), and (extrinsic and intrinsic) CSR perception.

Findings of this study show that CSR perception is positively related to job satisfaction, organizational identification, PEP, and communication climate. Moreover, an additional value of CSR perception on top of PEP and communication climate on employee outcomes is also ascertained for extrinsic CSR perception on job satisfaction and organizational identification, and for intrinsic CSR perception on job satisfaction, but not on organizational identification. Positively influencing and improving employee outcomes amongst employees can be achieved, by paying particular attention to CSR activities, especially in combination with a positive PEP and a well-functioning communication climate. Acknowledging the relation may prove to be useful information for management in developing engaged employees and sustaining successful organizations. Future research regarding the relation will provide insight about other variables that might be effected by CSR perception.

## Keywords

- Corporate social responsibility
- Perceived external prestige
- Organizational identification
- Job satisfaction
- Communication climate

## 1. Introduction

Corporate social responsibility (CSR) is a major topic in today's economic system and the attention of sustainability is continuously growing. The CSR status evolved from being optional to virtually mandatory for many companies. More and more companies increase their socially responsible behavior in order to establish a positive reputation, brand image and relationship with customers and suppliers.

Many existing studies already dealt with the topic of CSR. For example, Porter and Kramer (2002) have explored the effects of CSR on various aspect of organizations (public relations and advertising, competitive contexts). Relationships of CSR and external stakeholders and financial performance (Brammer & Millington, 2008) have been researched before. According to Freeman, Harrison, and Wicks (2007), a firm interacts through socially responsible activities to promote satisfaction of consumers and investors, who are essential to the operation of the business.

Up to now, only a few studies focused on the impact of CSR on the most crucial internal component to the operation of a business: employees. Regarding employees' perspective, earlier studies mainly focused on the influence of perceived external prestige (PEP) and communication climate on job satisfaction and organizational identification. Many of these studies concluded a positive relationship between employees' perception of their organizations'

external prestige and communication climate, organizational identification and job satisfaction (Song, Lee, Lee & Song, 2015). In his thesis “Organizational identification and communication: Employees’ evaluations of internal communication and its effect on identification at different organizational levels” Bartels (2006) identified the relevant impact of perceived external prestige and communication climate on multiple organizational identification levels. In the third article of his thesis, Bartels examined the impact of perceived external prestige and communication climate and the fifth article comprised horizontal and vertical communication as determinants of professional and organizational identification.

This study is built upon the study of Bartels and hence investigates the relationships of employees’ perception of perceived external prestige and communication climate (horizontal and vertical). Moreover, this study goes a step further as it examines an additional variable: CSR perception. Even though CSR is said to have a positive impact on employees’ outcomes (Amarsaikhan, 2014), the underlying effect of employees’ perception of CSR and to what extent it is related to employees’ job satisfaction and organizational identification, is underresearched and neglected so far.

The aim of this study is to investigate how employees’ CSR perception is related to PEP and communication climate. Additionally, this study also examines if employees’ CSR perception offers explanatory value on top of PEP and communication climate on explaining job satisfaction and organizational identification. The results of this research will provide further information and an understanding of these relationships and preferences on the one hand and guidance and support for business leaders in sustaining organizational effectiveness on the other.

The upcoming sections will provide detailed insights into the chosen topics conducive to the line of reasoning of this study.

## **1.1 The importance of corporate social responsibility**

CSR is a way for organizations to become socially accountable and it is generally comprised of actions aimed at stakeholders. The major output of CSR is satisfying the interests of stakeholders, which include consumers, government, shareholders and also employees (Kim, Moonkyu, Hyung-Tark & Kim, 2010). Shaped by interpretations, CSR is depending on the processor's perception of appropriateness and value of the organizations' social activities (Carroll, 1979).

Being socially responsible implies various benefits for organizations regarding competitive advantages. Organizations become even more active in terms of CSR as its significance in corporate communication is increasing (De Jong & Van der Meer, 2017). Branco and Rodrigues (2006) claimed that successfully applied CSR increases the position of organizations in terms of finances and improves the corporate reputation. Amarsaikhan (2014) stated that organizations are under an increasing pressure to behave socially responsible towards shareholders, employees, investors and consumers. Organizations are more and more deploying socially responsible behavior to gather competitive advantage and achieve long-term success (Du, Bhattacharya & Sen, 2010), because it can impact buying decisions of customers who set great store by ethical values. Regarding these developments, companies are challenged to operate socially responsible and to manage their firm's obligations to their various stakeholders. An organization's CSR activities range from philanthropy, cause-related marketing, employee programs, community outreach, to eco-friendly or sustainable business practices (McWilliams & Siegel, 2000). Socially responsible activities can be of poor brand practices, which means the intentions are insincere, or it can positively contribute to the environment and society, which means organizations genuinely behave sustainably (Sierra, Iglesias, Markovic & Singh, 2017). In 2018, Markovic, Iglesias, Singh, and Sierra stated that

organizations have placed social responsibility in their business strategies to position themselves as true and honest brands.

## **1.2 The external effect of corporate social responsibility**

Most studies about CSR focus on the relationship between CSR activities and external customers (Kotler & Lee, 2005). CSR has become a valuable strategic asset for many organizations, as having a socially responsible image is well perceived by the majority of the population (Carroll, 1999; Chen, Lin, Chang, 2014). A positive image through CSR is said to enhance stakeholder relationships by means of greater stakeholder satisfaction and loyalty (Kim et al., 2010).

In 1991, Carroll developed a stakeholder-based framework in form of a pyramid, which prioritizes the responsibilities of a firm to its relevant stakeholder scan. The pyramid is used to get a better understanding of the complex issue of CSR. In his framework, Carroll used other CSR responsibilities including “the responsibility of management (1) to comply with regulatory and legal requirements; (2) to act in accordance with the societies’ ethics; and (3) to be a good corporate citizen by contributing to the community’s quality of life“ (Munilla & Miles, 2005, p. 375).

Many more external theories, e.g. by Donaldson and Preston (1995), Freeman (1984), and Jones (1995) stressed out the importance that managers should tailor their policies to satisfy customers, suppliers, and community organizations. Moreover, companies involved in repeated transactions with stakeholders, on the basis of trust and cooperation, have an incentive to be honest and ethical, since such behavior is beneficial to the firm (McWilliams & Siegel, 2000). Balmer (2001) and Rindell, Svensson, Mysen, Billström, and Wilén, (2011) confirmed that organizations can portray their social responsibility sincerely when interacting with customers. According to Pour, Nazari, and Emami (2014), socially responsible brands are open to listening



to and understanding the needs and challenges of their stakeholders, as well as to seeking relevant solutions for them.

Several authors have shown that CSR can help organizations to influence customer outcome variables. According to Luo and Bhattacharya (2009), Sen and Bhattacharya (2001) and Sierra et al. (2017) CSR has an impact in corporate evaluation, firm market value, financial performance, brand equity, and customer perceived service quality. Organizations engage in socially responsible in order to generate social benefits on the one hand, and to avoid activities that might harm society and the environment on the other (Vitell, 2015). Carrigan and Attalla (2001) stated that the growing importance of influencing customers by CSR activities, can connect organizations and customers emotionally, and therefore generate greater customer loyalty (Iglesias, Markovic, Bagherzadeh, & Singh, 2018).

### **1.3 CSR and its effect on employees**

In general, socially responsible behavior does not only involve business ethics but also employees' satisfaction. CSR can be a useful strategy for efficiently retaining diligent employees by improving organizational identification and job satisfaction (Chiang, 2010). According to research by Meyer and Allen (1997), employees are affectively committed when they are involved in, identified with, and emotionally attached to the organization, and these types of employees stay with the organization by their own desire. Brammer, Millington, and Rayton (2007) stated that more companies are aiming to create employee attractiveness of their business and additionally more committed workforce through CSR activities.

Based on the social exchange theory (social behavior as the result of an exchange process) and the social identity theory (a person's sense of who they are based on their group membership), previous studies explained the relationship between CSR and employees' attitudes and behavior. An empirical research by Cropanzano, Byrne, Bobocel, and Rupp

(2001) showed that attitudes and behaviors of employees are largely influenced by how they perceive their organization's socially responsible activities.

Benefits of CSR for employees have been related to a broad range of aspects, including recruitment, morale, productivity and retention (Berger, Cunningham, & Drumwright, 2007). In order to contribute positively to retention, a firm can achieve a sustainable competitive advantage when they are able to keep dedicated and highly skilled employees (Wright, Ferris, Hiller, & Kroll, 1995). Research by Tuzzolino and Armandi (1981) indicated that organizations can create more positive attitudes toward work and encourage greater productivity as well as customer interactions by satisfying employees' expectations of CSR activities. For example, Welford (2004) figured that non-discrimination policies in the workplace, in-house education, and vocational training are of great importance and affirmatively received by employees as well. Additionally, studies by Larson, Flaherty, Zablah, Brown, and Wiene (2008) revealed that CSR activities enhance the performance of sales staff, employees' satisfaction, and their identification with the organization.

#### **1.4 Statement of the problem**

There is only latter perspective which little is known about yet, whether and how CSR perception affects employees as internal customers (Chiang, 2010). In 1974, Churchill described CSR as a moving target and Lockett, Moon, and Visser (2006) added that it is unstable to explore, as perceptions of CSR are continuously evolving. But only a few studies explored the psychological mechanisms underlying the positive relation of CSR perception on employee outcomes, which leads to a limited understanding of employee reactions to CSR (Aguilera, Rupp, Williams, & Ganapathi, 2007; Du et al., 2010).

Therefore, the aim of this study is to investigate how employees' CSR perception relates to the findings of Bartels, in specific if CSR perception offers explanatory value on top of PEP

and communication climate on explaining job satisfaction and organizational identification (employee outcomes). Beyond that, this study also strikes to examine how CSR perception is related to PEP and communication climate. Hence, the research questions (RQ) of this study read as follows:

*RQ1: “How does employees’ CSR perception relate to job satisfaction and organizational identification, and perceived external prestige and communication climate?”*

*RQ2: “Does CSR perception add additional value on top of perceived external prestige and communication climate on explaining job satisfaction and organizational identification?”*

### **1.5 Significance of the study**

This research will investigate the relationships between employees’ perception of CSR, PEP, and communication climate. An understanding of these relationships provides further suggestions regarding the effect of CSR perception on job satisfaction, organizational and identification. Identified factors can contribute to employee outcomes to help organizations to develop and sustain engaged employees by creating job satisfaction.

This study contributes to existing literature and expands upon the results documented by Bartels (2006). Existing studies have methodological limitations as, for example, large companies are overrepresented, some key control variables are missing and nearly all studies are unable to determine whether CSR perception improves internal and external relations (Margolis & Walsh, 2003). Therefore, this study takes a new angle by focusing on small and midsize businesses.

Taking the importance of contented and dedicated employees as a valuable asset to every organization and in order to answer the above-mentioned research question, this study

offers an important contribution for organizations to implement managing styles and strategies which can help to fulfill employee demands. The inevitable requirements for organizations to fulfill the employee needs justifies the necessity for more effective internal managing approaches. By developing an understanding about the effect of CSR perception and by determining the impact of employees' perception of CSR activities, organizations are able to effect the desired employee outcomes. Organizations may reduce the associated costs on recruiting and training the workforce if they efficiently utilized CSR activities to enhance employee engagement (Glavas & Piderit, 2009), which may encourage positive work attitudes that will result in greater work performance (quality and quantity).

## **2. Literature review**

The following literature review contains perspectives about job satisfaction and organizational identification as the dependent variables of this study on the one hand and PEP, communication climate, and CSR perception as the independent variables, determinants for job satisfaction and organizational identification, on the other.

### **2.1 The importance of job satisfaction**

Mak and Sockel (2001) defined job satisfaction as a positive emotional state of reflecting affective attitude towards a working situation. Employee engagement and their job satisfaction is defined as a pleasurable emotional state resulting from the positive evaluation of one's job experiences (Locke, 1976). Job satisfaction is contingent on aspects of needs that all employee must fulfill to be happy with and at work (Maslow, 1998).

Job satisfaction is related to many important organizational factors and is usually a major concentration of previous studies (Valentine & Fleischman, 2008). Organizations can create positive attitudes of their employees regarding their work (Tuzzolino & Armandi, 1981). This result is also in line with findings of Bauman and Skitka (2012), Ellemers, Kingma, van de Burgt, and Barreto (2011), Janssen and Van Yperen (2004), Locke (1997), Tziner, Oren, Bar, and Kadosh (2011), Valentine and Fleischman (2008), and Zhu, Yin, Liu, and Lai (2014). There is a need to work toward establishing a trustful environment for employees as well as recognizing the effort of everyone in order to establish job satisfaction (Garlick, 2010). In 1992, Berry and Parasuraman defined internal arrangements to create job satisfaction as attracting, developing, motivating, and retaining qualified employees by satisfying their needs with the help of job-products. Research by Du, Bhattacharya, and Sen (2015) also revealed that employees' job needs are often multi-faceted which means that employees desire a specific amount of meaningfulness of their work or career development opportunities to cater a diverse range of their needs. They additionally stated, that differences in individual personality, gender, and cultural values (e.g., humane orientation, institutional collectivism) correlated with different employee expectations of organizational obligations. Job characteristics, such as salary or job security, do contribute to job satisfaction and are constructed with engagement statements (Robinson, Perryman, & Hayday, 2004).

According to the social exchange theory, psychological contract refers to an employee's perception of the unwritten promises and obligations, implicitly in the relationship employees with the employing organization (Thompson & Bunderson, 2003). The fulfillment of psychological contract increases job satisfaction. In conformity with Thompson and Bunderson, employees' psychological contracts are typically multi-dimensional, including economic, developmental, and ideological facets. Consequently, employee professional development has become a critical part of employee job satisfaction. An important dimension in terms of

psychological contract which Maurer, Pierce, and Shore (2002) stated the ideological facet, which mainly refers to organizational responsibility to advance social satisfaction and provide opportunities for employees to engage in the organization's societal citizenship behavior.

Regarding job satisfaction, this study focuses on the core divisions of job characteristics: autonomy, meaningfulness of work, salary, job security and career development opportunities. According to research by Janssen and Van Yperen (2004) these divisions are the core variables of job characteristics and therefore have the strongest impact on employee job satisfaction. Therefore, when talking about job satisfaction, the core variables of the mentioned job characteristics are meant in particular. Job characteristics are aspects of employees' needs and desires that help to identify, to understand and to influence job satisfaction.

## **2.2 The importance of organizational identification**

Organizational identification explains the relationship between individuals and the company they work for. In 1992, Mael and Ashforth defined organizational identification as the perception of the unity to an organization, where the individual defines him or herself in terms of the organization(s) in which he or she works for. Employees who can identify themselves to the organization also describe themselves in terms of the characteristics of the organization (Bartels, 2006).

Previous studies have revealed that employees who identify strongly with their organization showed a positive attitude and behavior towards the organization, which also confirms findings by Bartels (2006), Bartels, Peters, De Jong, Pruyn, and van der Molen (2010), Bartels, Pruyn, De Jong, Joustra (2006), Mael and Ashforth (1992), Smidts, Pruyn, and Riel (2001), Thompson and Bunderson (2003), and Van Knippenberg, Van Knippenberg, Monden, and De Lima (2002). Corporate values that fail to consider employee ethical values and norms as part of corporate identity management can damage employee well-being. Ali, Rehman, Ali,

Yousaf, and Zia (2010) stated that CSR activities by organizations could improve employee engagement and increase the feeling of belonging to the organization. Trust that employees have in the organization has a significant effect on job satisfaction on the one hand and organizational identification on the other (Cho & Park, 2011).

According to the social identity theory individuals strive to achieve or maintain a positive social identity. Tyler and Blader (2003) claimed that employees use the status or social standing of their organization to evaluate their self-worth. According to their findings, organizational identification derives from the image and perceived prestige of the organization. Organizational identification is recognized as a key in efforts to understand changes in company strategies, internal and external communication, and decision-making processes (Ravasi & Phillips, 2011). Moreover, organizational identification is about showing “who are we?” and “who do we want to be?” and therefore an entity’s attempt to define itself (Corley et al., 2006). Additionally, Ashforth and Mael (1989) said that employees who identify more strongly with the organization, are likely to become more positive their beliefs about the organization. Organizational identification has been linked to work attitudes, behaviors and outcomes which support the organization.

As organizational identification is proven to be a significant factor in organizational life and due to the fact that this study is built upon the research of Bartels (2006), it functions as the second employee outcomes.

### **2.3 The relation of perceived external prestige and employee outcomes**

The first independent variable this study focuses on is PEP. PEP deals with the perception of employees of how the outside views their organization. Smidts et al. (2001) stated, that if employees think external stakeholders think positively about their organization, employees feel proud to be part of this organization. An organization’s reputation or prestige is defined as the

overall assessment of a companies' current assets and position and future behavior (Teece, Pisano, & Shuen, 1997).

Research by Bartels (2006) and Bartels et al. (2006) discovered that PEP as an external factor appears to have a greater influence on overall organizational identification than internal factors. Employees who perceive their organization as more respected or prestigious are more likely to develop organizational identification, because PEP could increase someone's self-esteem (Bartels et al., 2006). An external positive image leads to a greater sense of identification of employees with the organization (Smidts et al., 2001). Due to Dutton, Dukerich, and Harquail (1994) and Bhattacharya, Rao, and Glynn (1995) employees see their organization as more respected or prestigious by outsiders, organizational identification is more likely to appear, because it could enhance someone's self-esteem. Based on previous the aforementioned research by Bartels et al. (2006) and Smidts et al. (2001) it is assumed that the more prestigious employees perceive their organizations the greater the potential boost to self-esteem through organizational identification. PEP enhances the image of a favorable organization to work for and makes employees feel proud to be part of it. According to Carroll (1979) feeling proud increases employees' self-worth and self-esteem.

In 2006, research by Bartels confirmed the influence of PEP on identification. Studies by Cahill, McNamara, Pitt-Catsouphes, and Valcour (2015), Cho and Park (2011), Dutton et al. (2010) and Locke (1997) have proven that the relationship of PEP and organizational identification is also positive. As studies mainly focus on the effect of PEP on job satisfaction and organizational identification, the first hypothesis is set up:

*H1: PEP is positively related to job satisfaction and organizational identification.*



## **2.4 The relation of communication climate and employee outcomes**

Communication climate refers to the network of personal relationships within organizations, specifically to its social tone of a relationship and how people interact with each other within their relationships (Bartels et al., 2006). Horizontal communication is one level of communication climate and refers to people of the same hierarchy and is mostly informal and task-related, which means it concerns the exchanging of task information. Informal contact also includes conversations between employees about more private matters (Postmes, Tanis, & De Wit, 2001; Bartels et al., 2006, 2010). The other level of communication climate is vertical communication and it helps to understand what organizations are representing (Dutton et al., 1994). It refers to information regarding internal matters and therefore gives employees a great idea about the organization on the one hand and about the employees' role within the organization on the other. Bartels et al. (2006) described vertical communication travelling top-down and bottom-up in the hierarchy of a company.

In order to create an effective organization, communication climate is an essential component (Bartels, 2006). In 1998, Argenti did research on changes in organizations that had influenced the workplace on the one hand and employees' internal behavior on the other. Up to now, most studies dealt with the impact of internal communication that has been dominated by its relationship to job satisfaction and productivity, as they concentrated on how employees feel towards the organization they work for. Bartels et al. (2010) and Postmes et al. (2001) addressed the influence of horizontal and vertical communication on organizational identification and found that the assessment of both types of communication were positively linked to the outcome variable. As only a few studies differentiated between horizontal and vertical communication, this study will divide communication climate into these two divisions. Horizontal communication is said to have a positive impact on employees as it generates a strong identification to other colleagues, suggest that horizontal communication has a positive

influence on organizational identification. Ashforth and Mael (1989) stated that horizontal communication also has an impact in organizational identification as it includes sharing information about the profession and therefore employees' sense of belonging to a social group. Being well informed about the mission, organizational goals and accomplishments allows the employee to recognize the specific characteristics of the organization (Dutton et al., 1994). Vertical communication also allows the organization to inform its employees how it distinguishes itself from other organizations (Ashforth & Mael, 1989; Cheney, 1983; Postmes, 2003). Vertical communication is thus a condition in communicating the distinguishing characteristics of an organization (Smidts et al., 2001). Both, horizontal as well as vertical communication can reduce uncertainty about the organization and help employees to understand what it stands for (Postmes et al., 2001).

According to Bartels' study (2006), communication climate showed a strong influence on organizational identification, which is also in line with the study of Smidts et al. (2001). Like Bartels (2006), this study also investigates communication climate on a horizontal (communication between colleagues at the same level of the organization) and vertical (communication up and down the organizations hierarchy) level. Results of their research showed that dimensions of vertical communication are significant predictors of organizational identification and dimensions of horizontal communication are predictors of professional identification.

It is assumed, that a well-working communication climate, in this study horizontal and vertical communication, is positively related to employee outcomes. Consequently, the second hypothesis read as follows:

*H2: Communication climate is positively related to job satisfaction and organizational identification.*

## **2.5 The relation of CSR perception and employee outcomes**

The reason why CSR perception is related to employees' job satisfaction and therefore engagement is generally seen in its capability to decrease the inconsistency between what employees actually receive and what they need or want to receive from work (Bauman & Skitka, 2012). For example, CSR perception can positively affect job satisfaction and therefore employee engagement because it addresses people's need for a meaningful existence and tender them with a feeling of belonging to a larger social entity that has a positive identity (Rupp, Ganapathi, Aguilera, & Williams, 2006). Locke (1997) described employee motivation as an energy that stimulates and generates work performance. McWilliams and Siegel (2001) have confirmed that employees are a major group of stakeholders requiring CSR. Moreover, several studies have shown that CSR is positively related to employee satisfaction (Ellemers et al., 2011; Tziner et al., 2011; Valentine & Fleischman, 2008; Zhu et al., 2014). Socially responsible organizations are related to employees' work engagement and retention (Jones, 2010), organizational identification (Mueller, Hattrup, Spiess, & Lin-Hi, 2012), in-role performance (Vlachos, Panagopoulos, & Rapp, 2014) and improved employee relations (Agle, Mitchell, & Sonnenfeld, 1999).

The proven positive effect of PEP and communication climate on employee outcomes leads to an additional benefit of CSR perception supplementary to PEP and communication climate. Hence, the following hypothesis is formed:

*H3: CSR perception is positively related to job satisfaction and organizational identification.*

## **2.6 The relation of CSR perception and perceived external prestige**

Like PEP, CSR perception refers to a broad range of activities of an organization to enhance long-term (social and environmental) well-being (McWilliams & Siegel, 2000). As CSR is

defined as the ethical expectations that society has of organizations at a given point in time (Carroll, 1979), a positive attitude of employees towards the organization is assumed. Employees feel proud to associate with the responsible organization, which enforces their self-worth and self-esteem on the one hand and can influence their identification with their organization on the other. Employees become more and more willing to take part, and also in different corporate aspects as participation in CSR programs, knowing CSR initiatives are welcomed by outsiders (Smidts et al., 2001). Organizations tactically use socially responsible activities to influence their stakeholders and therefore to improve their reputation and image.

Both, PEP and CSR perception are positively related to employee outcomes, specifically as Bartels (2006) stated a strong relationship of PEP and organizational identification and Chiang (2010) a pragmatic correlation of CSR and job satisfaction. Because it is assumed that CSR activities enhance the image of a favorable organization to work for, and considering that social behavior influences PEP, a significant relation between CSR perception and PEP is assumed. Hence, the next hypothesis is as follows:

*H4: CSR perception is positively related to PEP.*

## **2.7 The relation of CSR perception and communication climate**

It is presupposed that both, CSR perception and communication climate, meet the expectations regarding job satisfaction organizational identification. Bartels et al. (2006) identified that communication climate refers to the network of relationships within an organization and that it is positively linked to organizational identification. Employees are affectively committed when they are involved in the organization (Meyer & Allen, 1997). Consequently, a significant positive influence on employees can be obtained by implementing organizational CSR activities that involve employees (Brammer et al., 2007). Sharing information within an

organization requires a well-functioning communication climate on the one hand and employees' sense of belonging to a social group on the other.

Like vertical communication, CSR also comes from management, thus a close relation of both variables is expected. This study assumes a general link between CSR perception and communication climate (horizontal and vertical) as findings of previous studies are already in line about the respective influence of the particular variable on job satisfaction and organizational identification. Hence, the fifth hypothesis is set up:

*H5: CSR perception is positively related to communication climate.*

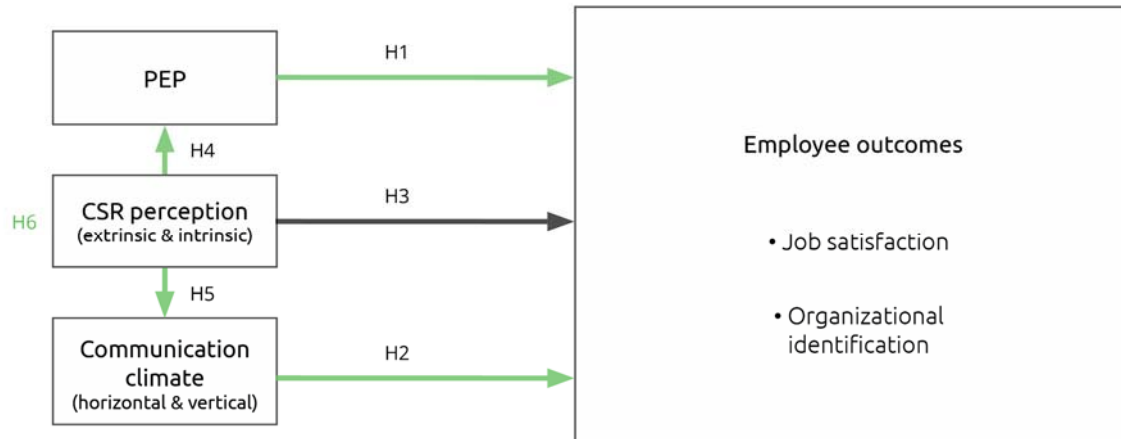
## **2.8 CSR perception and its additional value**

As a positive relation of CSR perception and PEP on the one hand, and communication climate on the other, is assumed, this study also investigates, if CSR perception adds explanatory value on top of PEP and communication climate on explaining job satisfaction and organizational identification. Specifically, this study assumes the positive relation of PEP and communication climate on employee outcomes (job satisfaction and organizational identification), when appending CSR perception as an additional factor. Hence, the final hypothesis is set up as follows:

*H6: CSR perception adds additional explanatory value on top of PEP and communication climate on explaining job satisfaction and organizational identification.*

## **2.9 The proposed research models**

In order to verify the above-mentioned hypotheses, the following conceptual frameworks are set up:



*Figure 1.* Proposed model: Relationship between PEP, communication climate, CSR perception, and job satisfaction and organizational identification.

According to the model, and as reviews of the literature suggest, PEP (H1) and communication climate, horizontal and vertical (H2), act as predictors for employee outcomes (Dutton et al., 1994; Mael & Ashforth, 1992; Smidts et al., 2001). This study also investigates the relation of CSR perception on employee outcomes (H3). As it is shown, three components define the concept of employee outcomes: job satisfaction and organizational identification. In the model, CSR perception is assumed to have a positive relation with PEP (H4) and communication climate (H5). Moreover, CSR perception functions as an additional independent variable to investigate, if it adds explanatory value on top of PEP and communication climate on explaining employee outcomes (H6).

As only little research on the relationships between CSR perception, PEP, and communication climate exist, this study focuses on the specific relationships among these aspects to prove the significance of CSR perception regarding employee outcomes.

### **3. Research methodology**

As this study also focuses on the specific relationships among CSR perception and PEP and communication climate, a quantitative, correlational research was used to determine the relationships. In order to test the above-mentioned hypotheses an online questionnaire study was carried out.

Again, the main purpose of this study is to investigate the relation of employees' perception of corporate social behavior with PEP and communication climate and the effect on job satisfaction and organizational identification. Besides, the additional value of perceived intrinsic and extrinsic CSR on top of PEP and communication climate (horizontal and vertical) is explored in the next chapters.

#### **3.1 Respondents**

Of the total 1280 emails sent, 112 useful questionnaires (see Appendix A) were eventually returned. 131 addressed managing directors and/or person of charge responded to the request by stating that a participation is not wanted or cannot be implemented at the given time. 1037 addressed potential participants did not participate in the questionnaire by neither responding to the email inquiry nor the reminder. Even though Keeter and Miller (2000) claimed evidence that a response rate of 20-40% should be accurate to be representative, the amount responses were rather disappointing, even though the email-database was checked for topicality and correctness on the one hand and enough time to participate in the questionnaire (in total eight weeks) was offered on the other.

This study was accomplished using a sample comprised of several departments from different organizations and also deploying several methods of measurement. 112 participants with various organizational background filled in the questionnaire as they differentiate in organizational positions, branches, size of organizations and duration of employment. 61% of

the participants are employees, followed by 21% general managers and 12% department managers (see Appendix B.1). The service sector was represented the best (27%), then the IT sector (18%) followed by 14% in healthcare (see Appendix B.2). 60 participants work in organizations with 10 to 49 employees, 2 with more than 100 employees and 23 participants work within organization with a size of 50 to 100 employees. The majority of respondents work in small companies, which is also the target audience as this study does not follow previous studies that have only focused on large companies (see Table 1). Table 1 shows that 38 of the participants have been working for their organization up to 4 years, 29 have been working more than 15 years, 23 for 10 to 15 years and 22 participants have been working for 5 to 9 years in their organization. Besides, the demographical part of the questionnaire an age range comprising participants between 15 and 66 was revealed. Table 1 indicates that compared to female participants (47%) slightly more male participants filled in the questionnaire (52%). Regarding the educational qualification 81% participants stated to have a higher education and advanced education. 14% participants stated to have a secondary school certificate, 1% of the participants have a secondary modern school qualification and 3% did not specified in that question.

Table 1

*Overview of sample characteristics (N=112)*

	N	%
<b>Size of organization (number of employees)</b>		
10-49	60	53
50-100	23	21
>100	29	26
<b>Duration of organizational collaboration</b>		
0-4 years	38	34
5-9 years	22	20



10-15 years	23	21
>15 years	29	25
<b>Organizational position</b>		
Managing director	23	20
Area manager	3	3
Head of department	13	12
Employee	68	61
Other	5	4
<b>Organizational sector</b>		
Constructions & crafts	6	5
Chemicals & pharmaceuticals	1	1
Computer & electronics	20	18
Service	30	27
Financial services	11	10
Gastronomy	1	1
Health & social work	15	14
Trade	5	5
Media	4	4
Public administration	6	5
Other	13	12

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### 3.2 Procedure and data collection

For the purpose of this study an online questionnaire was distributed by email, in which questions about demographics, job satisfaction, organizational identification, PEP, communication climate, and CSR perception were asked. The online questionnaire was sent to various organizations in Germany. In total, 1280 requests were sent out in July and August 2017. The request included a link to the questionnaire which was addressed to either the managing directors or the common email address of randomly chosen German organizations. The request was introducing the general topic of employee satisfaction on the one hand and asking to forward the questionnaire to all employees of any department in order to participate

on the other. Eventually, employees then received an email from their immediate superior with the link to the questionnaire, in which a short description of the study and the request itself was stated again. Naturally, anonymity was emphasized and guaranteed in the introduction as well. In the request, respondents had no time restrictions in which to reply, but were kindly asked to fill in the questionnaire as soon as may be. The questionnaire required about 15 to 20 minutes for completion, which was also mentioned in the introduction part of the request. To increase the number of responses, a reminder was sent out three weeks after the first request. In this reminder, the respondents were asked again to participate in the online questionnaire and to forward it within the organization. Consequently, an additional time of three weeks to complete the online questionnaire was given at that point. After a total of six weeks, the questionnaires received to date were taken as the general basis for this study.

### **3.3 Measurement instrument**

Additional to demographic questions such as gender, age, and educational level that were asked at the end of the query, the online questionnaire also comprised parts about job satisfaction and organizational identification on the one hand and perceived external prestige, horizontal and vertical communication and most important extrinsic and intrinsic CSR perception on the other. All the items of the questionnaire could be answered on the basis of 5-point Likert scales, specifying on the level of agreement or disagreement, ranging from “Strongly disagree”, “Disagree”, “Neither agree nor disagree“, ”Agree” and “Strongly agree”. In order to avoid distortion and too much simplicity of the questionnaire, the answers of the questions have been mixed up, which means that low as well as high scores were assigned to be agreed on or disagreed on either a positive or negative statement.

The structure of the online questionnaire and its ground was specified as follows: Job satisfaction is a key employee outcome (e.g., Janssen & Van Yperen, 2004) and is measured

with 2 scales with example items like, 'I am satisfied with my present job', 'I like my interesting and demanding job', 'My work gives me a sense of accomplishment', and 'My job is exciting'. The scales were self-combined and measured with a 13-item scale based on Du et al. (2015) and Robinson et al. (2004). These items were sub-divided into general, autonomic, meaningful, salaried, secure, and opportunity-oriented items.

Organizational identification was measured with a 12-item scale also self-combined by scales based on Bartels et al. (2006), Mael and Ashforth (1992), Smidts et al. (2001), and Van Knippenberg et al. (2002). Example items were: 'When someone criticizes my organization, it feels like a personal insult', 'When someone praises my organization, it feels like a personal compliment', and 'My organizations' successes are my successes'.

Perceived external prestige was measured with a 7-item scale based and self-combined on Mael and Ashforth (1992) and Smidts et al. (2001). Scale items were: 'My organization has a good reputation', 'My organization is regarded as pleasant to work for', and 'When talking with family and friends about my organization they often display a positive attitude towards it'.

Communication climate was measured with two scales based on Dennis (1974) and Smidts et al. (2001) with a total of 15 items. Like job characteristics, communication climate was also sub-divided: (1) horizontal communication and (2) vertical communication. Example items were: 'Generally speaking, everyone at my organization is honest with one another', 'If I talk with colleagues at my organization, I feel I am being taken seriously', and 'Colleagues at my organization genuinely listen to me when I say something'.

CSR perception was measured with two 14-item scales, a 17-item scale and an 8-item scale based on Du et al. (2015), Story and Neves (2014), Turker (2009) and Ellen, Webb, and Mohr, (2006). Again, these items were sub-divided into extrinsic and intrinsic CSR. Example items were: 'My organization has put in substantial resources to various social initiatives', 'In

my opinion, it is very important for an organization to engage in social initiatives’, and ‘To what extent have you participated in your organization’s social initiatives?’.

## **4. Results**

This study was established to determine the relationships among CSR perception, PEP, communication climate, and employee outcomes. The results of this research deploy the degree to which there is a relationship among mentioned variables in various organizations in Germany. The survey responses were used to investigate the stated hypotheses that (H1) PEP, (H2) communication climate (horizontal and vertical), and (H3) CSR perception (extrinsic and intrinsic) are positively related to job satisfaction and organizational identification (employee outcomes). Additionally, the positive relation of CSR perception to PEP (H4) and communication climate (H5) were investigated. Finally, the supplementary explanatory value of CSR perception on top of PEP and communication climate on the mentioned employee outcomes was also investigated.

### **4.1 Scale construction**

Exploratory factor analyses for the constructs were conducted. Several items of the constructs had to be removed because they were not relevant to measure employee outcomes and did not have the highest mean scores for each dependent variable. The remaining items could be categorized into the following factors for each construct (see Table 2):

Factor analysis showed that items for variables of job satisfaction load together pretty well, a composite final set of 5 items was chosen to assess job satisfaction (and characteristics). The reliability of the scale was high ( $\alpha = .87$ ).

A final set of 4 items was chosen to assess organizational identification. The reliability of the scales was high ( $\alpha = .76$ ).

For perceived external prestige a final set of 4 items was chosen. The reliability of the scale was high ( $\alpha = .81$ ).

For horizontal communication the final set of 4 items was chosen. The reliability of the horizontal communication scale was high ( $\alpha = .87$ ). A final set of 10 items was chosen to assess vertical communication. The reliability of the vertical communication scale was also high ( $\alpha = .88$ ).

With a final set of 5 items, the reliability of the scale of extrinsic CSR perception was very high ( $\alpha = .90$ ). For intrinsic CSR perception a final set of 7 items was chosen. The reliability of the scale of intrinsic CSR perception was high as well ( $\alpha = .88$ ).

Summarized, a final data set was used, resulting in a sample size  $N = 33$  with 5 questions on job satisfaction, 4 on organizational identification, 4 on PEP, and 8 on communication climate (4 questions for horizontal and 4 questions for vertical communication). Additionally, 12 questions in total on CSR perception (5 questions for extrinsic and 7 questions for intrinsic CSR perception) were incorporated in the online questionnaire.

## **4.2 Descriptive results**

Table 2 provides the means and standard deviations for all variables (job satisfaction, organizational identification, PEP, horizontal and vertical communication, and extrinsic and intrinsic CSR perception). Job satisfaction ( $m=3.76$ ,  $SD=0.90$ ) and horizontal communication ( $m=3.75$ ,  $SD=0.89$ ) scored highest, followed by vertical communication ( $m=3.72$ ,  $SD =0.93$ ),

PEP ( $m=3.52$ ,  $SD =0.73$ ), intrinsic CSR perception ( $m=3.41$ ,  $SD =0.89$ ), organizational identification ( $m=3.23$ ,  $SD =0.87$ ), and extrinsic CSR perception ( $m=3.13$ ,  $SD =0.83$ ).

Table 2

*Descriptive statistics of final constructs - means and standard deviations (N=112)*

	Mean	SD	N	$\alpha$
Job satisfaction	3.76	0.90	5	8.74
Organizational identification	3.23	0.87	4	7.60
PEP	3.52	0.73	4	8.05
Horizontal communication	3.75	0.89	4	8.65
Vertical communication	3.72	0.93	4	8.79
Extrinsic CSR perception	3.13	0.83	5	8.91
Intrinsic CSR perception	3.41	0.89	7	8.84

*Note.* 5-point Likert scales were used for all measures.

### 4.3 Correlations

In order to present the regression models in the next step, correlations between the variables were analyzed. Specifically, correlational analyses investigated the relation of PEP, horizontal and vertical communication, and extrinsic and intrinsic CSR perception on employee outcomes (H1: PEP is positively related to employee, H2: horizontal and vertical communication climate is positively related to employee outcomes, and H3: extrinsic and intrinsic CSR perception are positively related to employee outcomes).

Table 3 shows that there were no variables that have excessive correlations between them, as determinants should have no substantial correlations to avoid multicollinearity in the sample (Field, 2009). The table also provides the correlations for all independent and dependent variables (job satisfaction, organizational identification, PEP, horizontal and vertical

communication, and extrinsic and intrinsic CSR perception). The analysis of the correlations was done for all the proposed relationships.

Regarding employee outcomes, job satisfaction as the first dependent variable appeared to correlate the strongest with vertical communication and extrinsic CSR perception, and lesser so with intrinsic CSR perception. The correlation results for organizational identification as the second dependent variable appeared the strongest with vertical communication and PEP, and the weakest with intrinsic CSR perception.

From the viewpoint of the independent variables, PEP, horizontal and vertical communication, and extrinsic and intrinsic CSR perception appeared to have the strongest relationship with jobs satisfaction compared to the correlation with organizational identification. Taking a close look at the CSR variables, a strong relationship of extrinsic CSR perception emerged not only with job satisfaction but also with PEP. In equal measure, intrinsic CSR perception also appeared to have a strong correlation with PEP.

Table 3

*Correlations between employee outcomes, PEP, and extrinsic and intrinsic CSR perception (N=112)*

	1	2	3	4	5	6	7
Job satisfaction							
Organizational identification	.50**						
PEP	.50**	.41**					
Horizontal communication	.45**	.36**	.31**				
Vertical communication	.64**	.54**	.49**	.53**			
Extrinsic CSR perception	.54**	.28**	.54**	.31**	.48**		
Intrinsic CSR perception	.32**	.03	.36**	.09	.22*	.58**	

\*\*Correlation is significant at the 0.01 level (2-tailed). \*Correlation is significant at the 0.05 level (2-tailed).

5-point Likert scales were used for all measures.

In general, the relation of the independent variables appeared to be the strongest between extrinsic and intrinsic CSR perception on the one hand, and between extrinsic CSR perception and PEP on the other. The strongest correlation between one dependent and independent variable was between job satisfaction and vertical communication.

#### **4.4 Testing the determinants for employee outcome**

Exploratory multiple linear regression analyses were conducted to investigate hypothesis 6, if extrinsic and intrinsic CSR perception add explanatory value on top of PEP and communication climate on the mentioned employee outcomes. The results of this research established the degree to which extrinsic and intrinsic CSR perception adds additional value on top of PEP and horizontal and vertical communication on job satisfaction and organizational identification employee outcome).

Normally distributed dependent variables are an important assumption in regression (Pallant, 2005). If the dependent variables are not normally distributed, there is no need in performing regression analyses because a major assumption of the model is broken. The frequency distribution of the computed variables in this study can be seen as normal (see Appendix D). This method of multiple linear regression was chosen to calculate how narrow the correlation between the different variables is, in order to find out how well the theoretical model fits into the data.

In the upcoming tables, the standardized regression coefficients are presented together with the squared correlation coefficients ( $R^2$ s). The relative importance of the variables is reflected by the magnitude of the coefficients.

Table 4 shows the results of the regression analysis of PEP and horizontal and vertical communication climate on employee outcomes. The determinants explained a proportion of the variance of expected job satisfaction ( $R^2=.47$ ;  $p<.001$ ) and organizational identification



( $R^2=.32$ ;  $p<.001$ ). Vertical communication contributed significantly to both dependent variables. The model also confirms the positive relation of PEP and horizontal communication on job satisfaction and organizational identification.

Table 5 shows the regression results of PEP, horizontal and vertical communication and extrinsic and intrinsic CSR perception on employee outcomes. This time, the determinants explained a considerable proportion of the variance of job satisfaction ( $R^2=.51$ ;  $p<.001$ ) and organizational identification ( $R^2=.34$ ;  $p<.001$ ). Extrinsic CSR perception contributed significantly more to both dependent variables than intrinsic CSR perception, in fact, intrinsic CSR perception contributed negatively.

Table 4

*Regression analysis without CSR variables*

	R (R <sup>2</sup> )	F (Sig)	B	$\beta$	T	Sig
<b>Job satisfaction</b>	.69 (.47)	32.14 (.00)				
PEP			.29	.24	2.97	.00
Horizontal communication			.14	.13	1.62	.11
Vertical communication			.44	.46	5.05	.00
<b>Organizational identification</b>	.57 (.32)	17.02 (.00)				
PEP			.22	.18	1.20	.05
Horizontal communication			.09	.09	.96	.34
Vertical communication			.37	.40	3.92	.00

Table 5

*Regression analysis with CSR variables*

	R (R <sup>2</sup> )	F (Sig)	B	β	T	Sig
<b>Job satisfaction</b>	.71 (.51)	21.84 (.00)				
PEP			.18	.14	1.64	.10
Horizontal communication			.39	.40	4.40	.00
Vertical communication			.13	.13	1.58	.12
Extrinsic CSR perception			.22	.20	2.02	.05
Intrinsic CSR perception			.06	.05	0.64	.52
<b>Organizational identification</b>	.59 (.34)	11.03 (.00)				
PEP			.27	.22	2.22	.03
Horizontal communication			.38	.41	3.88	.00
Vertical communication			.08	.08	.81	.42
Extrinsic CSR perception			.05	.05	.40	.69
Intrinsic CSR perception			-.17	.10	-1.56	.08

**4.5 Synopsis of results**

In summary, hypotheses 1-3, the positive relation of PEP, horizontal and vertical communication, and extrinsic and intrinsic CSR perception on employee outcomes were confirmed. This means that PEP, horizontal communication and vertical communication, and extrinsic CSR perception and intrinsic CSR perception are positively related to job satisfaction, but also to organizational identification.

In Hypothesis 4 and 5 this study assumed a positive relation between the determinants themselves, specifically that there is a positive relationship between CSR perception and respectively PEP and horizontal and vertical communication. The findings suggest that both correlations contributed significantly ( $p < .001$ ).

CSR perception adds additional explanatory value on top of PEP and horizontal and vertical communication on explaining employee outcomes (H6) was confirmed partially.

Extrinsic CSR perception does add additional value on top of the other determinants on explaining job satisfaction and organizational identification. Nevertheless, intrinsic CSR perception does only add additional value on top of PEP and communication climate on job satisfaction, but not on organizational identification.

## **5. Discussion**

Several results concerning the hypotheses made can be drawn. The following section displays the findings of this research in detail, in order to draw a reasonable conclusion afterwards.

### **5.1 Main findings**

As expected, PEP and communication climate (horizontal and vertical) appeared to have a great influence on job satisfaction and organizational identification. Specifically, vertical communication appeared to have the strongest relation to both dependent variables, followed by PEP and then horizontal communication. This situation can be derived from the fact, that enhancement of organizational identification will occur, when employees think that the outsiders positively evaluate the organization (Bartels, 2006). In addition, Bartels et al. (2006) confirmed a positive relation of PEP and organizational identification, as employees who perceive their organization as more respected or prestigious are more likely to develop organizational identification. Respecting communication climate, being well informed about the mission, organizational goals and accomplishments employee are able to recognize the specific characteristics of the organization, which generates job satisfaction (Dutton et al., 1994). These results are also in line with findings by Bartels (2006) and Smidts et al. (2001),

who found a positive connection between communication climate and organizational identification.

As predicted, employees' perception of CSR in correlation with job satisfaction is positively related. CSR perception and specifically employees' perception of their organization as autonomic, meaningful, salaried, secure and opportunity-oriented are positively related. Extrinsic as well as intrinsic CSR perception fit employees' values to their organization and therefore employees link it with job satisfaction. In this study, extrinsic CSR perception appeared to have a stronger relation to job satisfaction than intrinsic CSR perception. This also confirms the study of Berry and Parasuraman (1992) that attracting, developing, motivating, and retaining qualified employees through job characteristics that satisfy their needs and the research by Du et al. (2015), which suggested that employees' job needs are often multifaceted by means of employees desiring a specific amount of meaningfulness of their work or career development opportunities to cater a diverse range of their needs. Extrinsic and intrinsic CSR perception are also positively related to organizational identification. Again, extrinsic CSR perception appeared to have a stronger relation to organizational identification than intrinsic CSR perception. These results confirm that socially responsible organizations are related to employees' work engagement and retention (Jones, 2010), in-role performance (Vlachos et al., 2014), and improved employee relations (Agle et al., 1999). Employees perceive CSR activities of their organization as positive because it addresses employees' needs for a meaningful existence and tender them with a feeling of belonging to a larger social entity that has a positive identity. Hence, this identifies a positive relation of CSR perception and organizational identification and also supports the study by Bartels (2006) as employees tag themselves to the organization and also describe themselves in terms of the characteristics of the organization.

Additional to previous findings, this study also examined the relationship of extrinsic and intrinsic CSR perception with PEP, and horizontal and vertical communication. In

consideration of the correlation between those relations, results are as follows: A positive result was given respecting the correlation of employees' perception of CSR and PEP. Once more, extrinsic CSR perception seemed to have a stronger positive relation to PEP than intrinsic CSR perception. This finding confirms and strengthens the results of previous studies by Mael and Ashforth (1992) and Smidts et al. (2001), that employees identify with organizations that they believe are positively evaluated by others. Results showed that vertical communication within an organization is more positively linked to extrinsic CSR perception, than vertical horizontal communication and extrinsic CSR perception, followed by vertical communication and intrinsic CSR perception, and horizontal communication and intrinsic CSR perception. Findings by Smidts et al. (2001) confirm these results, as they also found a positive connection between communication climate and organizational, and that a well-working communication climate amongst employees in combination with their perception of socially responsible behavior leads to improved employee outcomes. Findings by Bartels et. al (2006), that communication climate is a multiple concept that does not have the same impact on organizational identification, can also be affirmed, as this study indicated that vertical communication and extrinsic CSR perception do have the strongest positive relation.

The explanatory additional value of CSR perception on top of PEP and communication climate (horizontal and vertical) on explaining job satisfaction and organizational identification, was partially confirmed. This study does support the prediction of an added value of extrinsic and intrinsic CSR perception on top of the other determinants on explaining job satisfaction, but only extrinsic CSR perception does add additional explanatory value on top of PEP and communication climate on explaining organizational identification.

Conclusions can be drawn, that CSR perception is positively related to job satisfaction and organizational identification, and perceived external prestige and communication climate

(RQ1), and that extrinsic CSR perception adds additional value on top of PEP and communication climate on explaining job satisfaction and organizational identification (RQ2).

## **5.2 Management implications**

This study has increased the insight of employees' CSR perception on the one hand, and of its relation to job satisfaction, organizational identification, PEP, and communication climate on the other. Attitudes and behaviors of employees are largely influenced by how they perceive their organization. To the extent that PEP and communication climate are positively related to employee outcomes, CSR perception as an additional consideration can conduce significantly to the long-term appreciation of an organization, as a socially responsible image is well perceived by the majority of the population. In order to gather competitive advantage and achieve long-term success, especially respecting internal matters, organizations are advised to apply socially responsible behavior.

Therefore, managers should not solely pay attention to PEP and communication climate, but also take CSR activities into consideration. Perceived positive CSR is important, as it is another way to foster job satisfaction and organizational identification. Hence, the findings of this study suggest that activities and interventions designed to improve employee outcomes should also focus on the CSR component, as CSR perception can be seen as a desired need of employees next to salarying, job security, and so on in order to be satisfied with the job.

For example, a good CSR program must consider the needs and values of the employees. Most employees want to work for an organization that cares about them as individuals. So, on the one hand, managers can come up with benefits like reward programs, eco-friendly or sustainable business practices, investing in training and skill development, health insurance or competitive financial packages. On the other hand, managers can let employees directly participate in CSR activities, so employees can experience corporate

socially engaged activities and feel good about their doing as it raises their identification to the organization and motivation to be more productive.

By implementing CSR activities in organizations, not only employees' positive mindset due to the organization's CSR activities triggers positive attitudinal and behavioral changes. But also, the perceptions of external stakeholders could also be increased. Consequently, PEP as well as successfully applied CSR increase the position of organizations in terms of finances on the one hand and improve the corporate reputation on the other. The major output of CSR perception is satisfying the interests of the organizations' stakeholders, which not only include consumers, government, shareholders but also employees.

Developing an understanding about the effect of CSR and determining the impact of employees' perception of CSR activities, organizations affect the desired employee outcomes, because CSR activities enhance a positive image, employees feel proud to associate with the responsible organization, which enforces their self-worth and self-esteem and socially responsible behavior does not only involve business ethics but also employees' satisfaction.

### **5.3 Limitations of the study**

The results of this study should be considered in the light of the limitations of the methods and results. Even though findings would seem to confirm most of the hypotheses, one must be careful when interpreting the results regarding the causality of correlations found as the nature of the collected data is restrictive.

This study may not be generalized to other jurisdictions because this study collected data only from employees in Germany. As perceptions of all used variables can vary significantly by culture, generalization of this research cannot be applied. Moreover, the variables in this research were measured at one given moment. This implies that the present results represent a specific situation in time.

All constructs were measured on the basis of the respondents' self-reporting. With self-reported data, respondents might have misreported their knowledge, perception and behavior. The level of CSR engagement by organizations that is measured in this study is based on the perception of employees. Therefore, the true level of CSR involvement of an organization might differ from that of the perceived one by employees.

Additionally, this study did not take all occurring variables into consideration, when exploring the role of CSR perception on employee outcomes. For example, for job satisfaction only 5 core values were chosen and only general variables were used in this study (e.g. for communication climate). Besides, the low response rate is not very accurate to be highly representative.

#### **5.4 Future research**

The above-mentioned potential limitations and the results of this study provide insights into the relations between CSR perception and employee outcomes on the one hand, and CSR and job characteristics, PEP and communication climate on the other. However more empirical work is needed to fully understand the relations between the concepts. Further research might give insight in the applicability of the model in other situations and is also required to confirm and enhance the findings of this study.

First, additional research using applied variables in other jurisdictions is recommended as this study was only set in Germany. A broad research is suggested so that the aspect of culture can also be taken into consideration and to get more generalized results. Second, future researchers may consider other variables e.g. for job characteristics (feedback for job or task variety) which are not examined in this study. Moreover, a usage of a larger sample of organizations is recommended, not only to improve the generalizability of the results, but also to get a more accurate response rate, which is also more representative. Third, objective



measurement by using a new sample, is useful to validate relation of job characteristics, PEP, communication climate and CSR on employee outcomes. Fourth, it would be interesting to do more exploration about the differences between extrinsic and intrinsic CSR perception, as this area is underresearched so far.

## **5.5 Conclusion**

The purpose of this study was to add the fairly new area of CSR research by examining the relationship between CSR perception and employee outcomes. A closer look was taken at the correlation between CSR and PEP, horizontal and vertical communication. Consequently, several conclusions concerning the hypotheses can be drawn.

As the importance of corporate social responsibility currently continues to grow, a better understanding of CSR becomes crucial. Besides, up to now, less attention has been paid to CSR perception of employees (as internal customers). In order to stimulate employees to work towards the achievement of the organizational objectives, managers should constantly use practices which focus on values of the organization and those of employees as well. Not only internal factors (job characteristics (such as salary, job security, and so on) and communication climate), but also external factors such as PEP have a great influence on employee satisfaction and organizational identification.

In short, this study has increased the insight into the relationship between PEP and communication climate with CSR perception, confirmed the influence of CSR perception on job satisfaction and organizational identification, and affirmed the additional explanatory value of CSR perception on top of PEP and communication climate on explaining job satisfaction and organizational identification.

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## Appendices

### A. Questionnaire

„Dear employees,

Employees are the foundation of every company. Not only are they closely related to the company they work for, they are also right in the midst of the events – because you as satisfied and motivated employees are the most important asset of an organization.

As a master student of the program communication science at the University of Twente in Enschede, I would like to deepen the topic "employee satisfaction" in my thesis. With this in mind, I would like to ask you to complete the following survey on the mentioned subject, so that I get a meaningful picture of your opinion.

The survey will take about 15 minutes of your time. In this survey, you will find statements that you can use to gauge the extent that applies to you. Of course, you stay completely anonymous.

If you have any questions or suggestions, please contact me (see contact details below).

Thank you in advance for your support.

With best regards,

Christina Kappel  
([c.m.kappel@student.utwente.nl](mailto:c.m.kappel@student.utwente.nl))“

### General questions about the job

#### Demographics

1. In which position do you work? (Only one answer)

- Managing director
- Area manager
- Head of department
- Employee
- Other

2. Which sector do you work in? (Only one answer)

- Constructions & crafts
- Chemicals & pharmaceuticals
- Computer & electronics
- Service
- Energy & disposal
- Financial services
- Gastronomy

- Health & social work
  - Trade
  - Agriculture & forestry
  - Logistics
  - Media
  - Public administration
  - Technology
  - Transport & traffic
  - Tourism
  - Other
3. Please indicate the size of the company in which you work (or the number of employees).  
(Only one answer)
- 1-9
  - 10-49
  - 50-100
  - More than 100
4. How long have you been employed in the current company? (Only one answer)
- 0-4 Jahre
  - 5-9 Jahre
  - 10-15 Jahre
  - Over 15 Jahre

### **General questions about work**

#### **Job satisfaction – general**

1. I am satisfied with my present job.
2. I like my interesting and sophisticated job.
3. When I do my job, I get a sense of accomplishment.

#### **Job characteristics**

##### **Autonomy**

4. I decide for myself how to do my work.
5. I always have the opportunity to develop my own new and better ways to do my job.

##### **Meaningfulness of work**

6. My work is worth the effort.
7. My work is an important part of my business.

##### **Salary**

8. In my opinion, I am paid fairly for my work.
9. Good work is well rewarded in my company.

##### **Job security**

10. I do not feel secure in my employment.
11. I am regularly informed about my performance and the associated employment.

##### **Career development opportunities**

12. I am satisfied with the offer of internal further education and training.
13. My work gives me many new opportunities to develop myself.

### **Organizational identification**

1. I identify strongly with my organization.
2. When someone criticizes my organization, it feels like a personal insult.
3. I feel strong ties with my organization.
4. I do not care what others think about my business.
5. When I talk about my business, I usually speak of "us" not "them".
6. The successes of the company are also my successes.
7. When someone praises my company, it feels like a personal compliment.
8. If a story in the media criticized my company, I would feel embarrassed.
9. I feel a strong sense of belonging to my company.
10. I am proud to work for my company.
11. I am sufficiently recognized in my company.
12. I am happy to be an employee in my company.

### **Questions about the organization**

#### **PEP**

1. People in my community think highly of my company.
2. My company is considered a very prestigious company.
3. My company is considered one of the best in the industry.
  
4. Other companies in the industry are looking down on my company.
5. The people around me would be proud if they were allowed to work for my company.
6. My company does not have a good reputation in my community.
7. A person seeking to advance his/her career should downplay his/her association with my company.

### **Questions about the communication climate of the organization**

#### **Communication climate**

1. The communication within my company is active.
2. The communication within my company is progressive.
3. The communication within my company is honest.
4. The communication within my company is open.
5. The communication within my company is repellent.
6. The communication within my company is defensive.
7. The communication within my company is hierarchic.

#### **Horizontal communication**

1. I like the internal communication among the employees very well.
2. Colleagues freely express opinions and views.
3. The communication between the colleagues is open and sincere.
4. When I talk to colleagues, I always feel taken seriously.

#### **Vertical communication**

1. My suggestions / opinions are heard and taken into consideration by the management.
2. I am convinced that I am truthfully informed by the management.

3. Our management always has an open ear for me.
4. I believe that my views and ideas are important to my organization.

### Questions about CSR

The term Corporate Social Responsibility (CSR) or sustainability describes the voluntary contribution of the economy to sustainable development that goes beyond legal requirements. This entrepreneurial sustainability is seen as a concept that helps companies to voluntarily integrate social concerns and environmental concerns into their business.

#### CSR

1. My company is very committed to sustainability.
2. How much do you know about the sustainable measures in your company?
3. Are you involved in sustainable projects in your company?
4. My company motivates me to act sustainably.
- How well are the following sustainable measures implemented in your company?
  5. Saving energy
  6. Environmental protection
  7. Conservation of natural resources
  8. Family support
  9. Purchase / consumption of regional products
  10. Youth development
  11. Pay attention to responsible companies when buying
  12. Waste prevention / recycling
  13. Social commitment
  14. Fair working conditions (improvement of the internal atmosphere / corporate culture)
  15. Prefer energy efficient appliances
  16. Save paper and packaging
  17. Healthy lifestyle
  18. Offer bicycle or public transport (instead of car)
  19. Occupational health / nutrition / sport
  20. Donation
  21. Other
22. My company could do much more with sustainability.
23. Internally (for the employees) less sustainable measures are implemented than externally (e.g. for the support of sports clubs).

#### Intrinsic / Extrinsic CSR (Story & Neves 2014)

24. My company implements sustainable measures to image improvement.
25. My company implements sustainable measures to employee motivation.
26. My company implements sustainable measures to PR, marketing and promotional purposes.
27. My company implements sustainable measures to environmental protection.
28. My company implements sustainable measures to family / company tradition.
29. My company implements sustainable measures to compliance with ethical, moral and personal values.
30. My company implements sustainable measures to requirement of clients, investors or

shareholders.

31. My company implements sustainable measures to cost reduction or savings.
32. My company implements sustainable measures to corporate assurance.
33. My company implements sustainable measures to employee retention.
34. My company implements sustainable measures to opening up new markets and thus competitive advantages.
35. My company implements sustainable measures to sales increase.
36. My company implements sustainable measures to development of corporate strategies.
37. My company implements sustainable measures to other things.
38. My company is truly committed to sustainable action.
39. In your opinion, do you agree with the sustainable measures and values of your company?
40. I find it important that my company works for product / service innovation.
41. I find it important that my company works for customer satisfaction.
42. I find it important that my company works for image improvement.
43. I find it important that my company works for sales increase.
44. I find it important that my company works for employee satisfaction.
45. I find it important that my company works for PR, marketing and advertising.
46. I find it important that my company works for environmental concerns.
47. I find it important that my company works for ethical, moral and personal value.
48. I find it important that my company works for clients, investors and shareholders.
49. I find it important that my company works for cost reduction or savings.
50. I find it important that my company works for corporate assurance.
51. I find it important that my company works to quire new markets.
52. I find it important that my company works for development of corporate strategies.
53. I find it important that my company works for other things.

### **Questions about the person**

Please complete the following questions about yourself.

1. Please enter your age.
2. Please enter your gender. (Only one answer)
  - Female
  - Male

**Thank you for your participation!**

**B.1 Responses by positions**

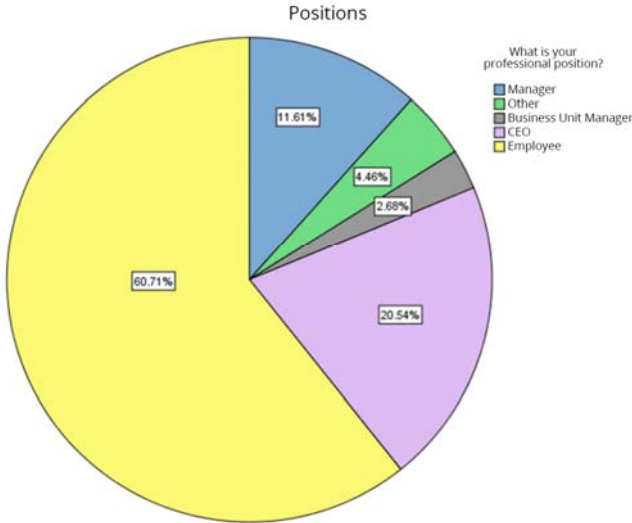


Figure 2. Pie chart of the responses by positions.

**B.1 Responses by branches**

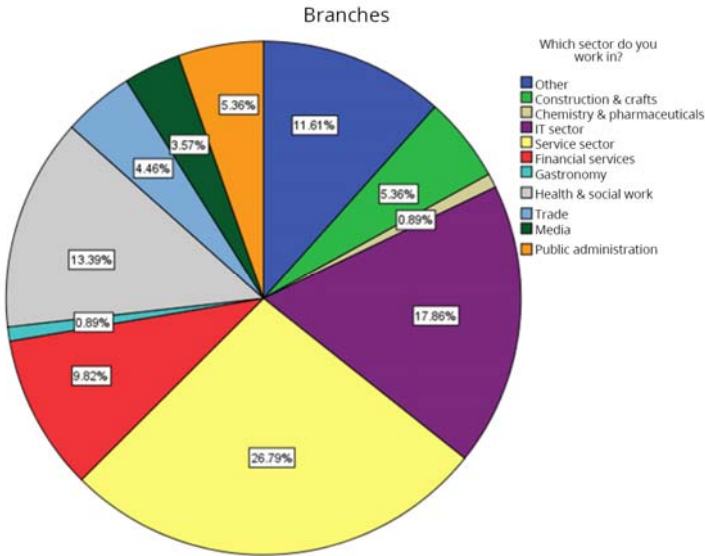


Figure 3. Pie chart of the responses by branches.

**C Factor analyses**

Table 6

*Rotated Component Matrix*

	<u>Component</u>						
	1	2	3	4	5	6	7
csr35	.93						
csr34	.88						
csr36	.83						
csr32	.76						
csr24	.50						
csr4		.81					
csr27		.76					
csr1		.73					
csr22		.73					
csr38		.53					
csr28		.51					
csr29		.43					
js3			.81				
js2			.79				
js13			.72				
js12			.65				
js1			.51				
hc3				.91			
hc2				.80			
hc1				.76			
hc4				.73			
vc1					.76		
vc4					.72		
vc3					.68		
vc2					.66		
pep2						.80	
pep3						.74	
pep6						.68	
pep5						.58	
oi8							.77
oi2							.76
oi7							.61
oi9							.47

*Note.* Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.



## D Regression analyses

Table 7

### *Model Summary for job satisfaction<sup>b</sup>*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.71 <sup>a</sup>	.51	.48	.65	2.00

*Note.* a. Predictors: (Constant), PEP, horizontal communication, vertical communication, extrinsic CSR perception, intrinsic CSR perception

b. Dependent Variable: job satisfaction

Table 8

### *Model Summary for organizational identification<sup>b</sup>*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.59 <sup>a</sup>	.34	.31	.72	1.84

*Note.* a. Predictors: (Constant), PEP, horizontal communication, vertical communication, extrinsic CSR perception, intrinsic CSR perception

b. Dependent Variable: organizational identification

Table 9

### *Coefficients regarding job satisfaction<sup>a</sup>*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error				Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	.34	.38		.89	.38					
PEP	.18	.11	.14	1.64	.10	.50	.16	.11	.63	1.58
Vertical communication	.39	.09	.40	4.40	.00	.64	.39	.30	.57	1.77
Horizontal communication	.13	.08	.13	1.58	.12	.45	.15	.11	.71	1.42
Extrinsic CSR perception	.22	.11	.20	2.02	.05	.54	.19	.14	.48	2.07

Intrinsic CSR perception	.06	.09	.05	.64	.52	.32	.06	.04	.65	1.54
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*Note.* a. Dependent Variable: job satisfaction

Table 10

*Coefficients regarding organizational identification<sup>a</sup>*

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta				order	Partial	Part	Tolerance	VIF
1 (Constant)	1.04	.43			2.43	.02					
PEP	.27	.12	.22		2.22	.03	.41	.21	.18	.63	1.58
Vertical communication	.38	.10	.41		3.88	.00	.54	.35	.31	.57	1.77
Horizontal communication	.08	.09	.08		.81	.42	.36	.08	.06	.71	1.42
Extrinsic CSR perception	.05	.12	.05		.40	.69	.28	.04	.03	.48	2.07
Intrinsic CSR perception	-.17	.10	-.17		-1.76	.08	.03	-.17	-.14	.65	1.54

*Note.* a. Dependent Variable: organizational identification