Impact of Organizational Justice and Corporate Social Responsibility on Employee's Perceived Job Satisfaction and Firm Performance

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Abstract

The conceptual paper examines corporate social responsibility (CSR) with respect to frontline employee perceptions of CSR. CSR continues to be of interest to researchers (Kang et al. 2016) as firms look for opportunities to differentiate themselves in the eyes of the consumer. Firms are seeking ways to be better corporate citizens (Orsato 2006) and firms use their employees to achieve their CSR objectives. Firms are striving to incorporate sustainability practices as a strategic move since studies have shown that American consumers tend to support organizations that are associated with "good causes" (Du et al. 2010). Customers also tend to seek employment in socially responsible organizations (Sen et al. 2006).

Elkington (1998) proposed three parameters to achieve sustainability in organizations: environmental, social, and economic. Carroll (1979) offered a four-part definition of CSR which suggested that corporations have four responsibilities – economic, legal, ethical, and philanthropic – to be good corporate citizens. Research has shown that an organization's perceived cultural fit with CSR induces in an employee a positive CSR perception that improves employee performance (Lee et al. 2013).

The goal of this survey research is to understand <u>employee perceptions</u> of the organization's CSR initiatives using the lens of Organizational Justice Theory. Rupp et al. (2006), using the framework provided by the organizational justice literature (consisting of procedural, distributive and interactional justice), proposed that employees make three distinct judgments regarding the CSR initiatives of their employing organization: "*the social concern that is embedded in an organization's actions (procedural CSR); the outcomes that result from such actions (distributive CSR); and how individuals, both within and outside the organization, are treated*

interpersonally as a result of these actions (interactional CSR)" (Rupp et al. 2006: p. 539). Organizational identity, co-worker relationships, and the importance of CSR to employees are examined, to support the argument that CSR initiatives impact employee perceptions about the company and their job satisfaction and retention. Ultimately the impact of CSR is improved firm performance.

A few of the propositions we examined in our research are listed below:

1. Employee judgement on distributive aspects of the employers CSR actions is positively associated with CSR Importance to Frontline Employees.
2. Employer's Environmental CSR actions are positively associated with CSR Importance to Frontline Employees.
3. CSR Importance to Frontline Employees is positively associated with the employee's level of Job Satisfaction.

The research, once completed, will offer both academic and managerial insights. For example, academic contributions include being one of the first studies to connect Organizational Justice theory (Hulland et al. 2008) and CSR streams of research. Managerial contributions include a better understanding of the frontline employee impact on the implementation challenges associated with a firm's CSR initiative.

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Relevance to Marketing Educators, Researchers and Practitioners: This research examines CSR from the frontline employee perspective to give managers guidance about the usefulness and impact of CSR on both the employee (job satisfaction) and the firm (firm performance).

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