

THE IMPACT OF EMPLOYEE CORPORATE SOCIAL RESPONSIBILITY ATTITUDES ON JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT: EVIDENCE FROM SRI LANKAN INSURANCE INDUSTRY

Sandarenu, H.¹ and Weligamage S.S.²

^{1,2}Department of Finance, Faculty of Commerce and Management Studies,
University of Kelaniya, Kelaniya, Sri Lanka

¹hansipremachandra@gmail.com, ²susima@kln.ac.lk

ABSTRACT

The purpose of this study was to highlight the employees' CSR attitudes and their impact on job satisfaction and organizational commitment using the evidence from the employees in the Sri Lankan insurance industry. Economic, ethical, legal, and discretionary responsibility for employee job satisfaction and organizational commitment were considered as the study variables. Primary data was collected using a convenient sample method by distributing a questionnaire among 200 employees in five selected insurance companies in Sri Lanka. The study findings revealed that corporate social responsibility attitudes variables namely ethical and discretionary CSR attitudes have a positive relationship and significant impact on job satisfaction and organizational commitment. Economic responsibility attitudes have a significant impact on job satisfaction and have no significant impact on organizational commitment. Legal CSR attitudes have no significant impact on job satisfaction and organizational commitment. The findings of this study contribute to finding out the impact of employee CSR attitudes on job satisfaction and organizational commitment in employees in the Sri Lankan insurance industry and findings can be used for employers to take a better decisions.

Keywords: *Corporate Social Responsibility, Job Satisfaction, Organizational Commitment, Employee Attitudes*

1. INTRODUCTION

In the past, CSR activities were considered that it was just an obligation to improve public opinion for the company, it was not a fundamental part of the business strategy. According to previous thoughts on CSR, it implies that CSR wastes valuable resources, and now companies are eager to use CSR implementation as a new effective tool to fight fierce competition market conditions (Tuzcu, 2014). Employees are one of the most pivotal stakeholders of an organization (Im, Chung, and Yang, 2017) because they can influence their organizational activities and play an essential role in organizational effectiveness. Stakeholders can be defined as groups or individuals who may affect or be affected by the organization's purpose or achievements and employees are one of the most important stakeholders of an organization (Freeman and Mcvea, 2001). Although the organization's CSR activities can be summarized as positive organizational results, not every employee will positively view the organization's CSR activities. Individual

differences can significantly affect the impact of corporate social responsibility activities on organizational results (Tuzcu 2014; Chung and Yang, 2017).

Sri Lanka's insurance sector consists of 28 insurance companies including 12 life insurance companies, 14 non-life insurance companies, and 2 composite insurance companies (Insurance Regulatory Commission of Sri Lanka, 2019). In the context of the Sri Lankan insurance industry, there are mainly two types of insurance companies namely, Life insurance and General insurance that are governed under the Regulation of the Insurance Industry Act, No.43 of 2000. Due to high competition in the insurance sector to attract and retain skilled workers, insurance companies are still trending towards CSR practices. Workers have various competency levels and various expectations due to they come from different educational levels and different backgrounds and different cultural groups. Today, most insurance industries face employee dissatisfaction because the organizations do not have enough social and welfare services. Thus, this study examines the impacts of employee Corporate Social Responsibility on job satisfaction and organizational commitment in the insurance industry of Sri Lanka.

2. LITERATURE REVIEW

Corporate Social Responsibility (CSR) has been defined as activities that protect and improve both the welfare of society as a whole and the interest of the organization. The practice of CSR is an investment in the company's future, so it must be planned specifically, supervised carefully, and evaluated regularly (Kumuthinidevi and Shamila, 2019). Furthermore, Organizational justice theory is the theory that determines how employees understand whether or not their organization treats them fairly. Further, this theory also provides the employees with the feeling that their psychological needs about fairness will be fulfilled by the organization (Greenberg, 1987). The feeling of being treated fairly will tend employees to believe their organization which will result in positive job attitudes. That means, if employees' CSR related to employees are performed by the organization then a positive may be observed in the job attitudes of the employees and the employees may show organizational commitment (Greenberg, 1987).

Carroll (1979) has identified a model between CSR (dimensions of CSR economical, legal, ethical, and discretionary (philanthropic) and social issues (discrimination, consumerism, environment, product safety, and shareholder). Legal responsibility is society's expectation of an organization's compliance with the law and "compliance with the rules and regulations". Organizations must adhere to legal responsibility because any legal actions taken may harm their financial stability and their reputation (Carroll 1979; Kumuthinidevi and Shamila, 2019).

Ethical responsibility is that always organizations need to do what is right and fair even if they are not compelled by the legal framework. Researchers have found that organizations with a strong ethical culture not only attract high-quality employees, customers, suppliers, and investors but also retain their loyalty as well (Carroll, 1979; Kumuthinidevi and Shamila, 2019). Discretionary responsibility is

voluntary activities that are not mandatory, not required by law, and not even generally expected of businesses in an ethical sense. It focuses more on issues within the corporation's discretion to improve the quality of life of employees, local communities, and ultimately society in general (Carrol, 1979; Kumuthinidevi and Shamila, 2019).

Researchers consider job satisfaction as a global concept that represents overall satisfaction. Job satisfaction shows employees' satisfaction, appreciation, desire, and satisfaction with their work and other things related to work. It is not regarded as an influence, but as an evaluation and judgment of the work. So job satisfaction is considered a work attitude here (Khan et al. 2018).

Organizational commitment is an important dimension of the work attitudes of the employees. The research conducted by Sarfraz et al. (2018) has examined the perception of CSR (dimension of economic, legal, ethical, and discretionary) impact on employees' outcomes (dimension of Job Satisfaction, Turnover Intention, and organizational citizenship behavior) in Pakistan SMEs. In addition to that, it considers the mediating role of organizational justice (distributive, procedural, and Interactional justice). Correlation analysis showed a significant relationship between employees' perception of CSR and employee outcomes.

The studies done by Rahman et al. (2016) have shown that there is a positive relationship between employee CSR attitudes, and both Job Satisfaction and Organizational Commitment by considering survey data obtained from 502 employees of two banks in Bangladesh. In addition to establishing a relationship between CSR attitudes and "Affective OC", this study also found a relationship with "Normative OC". At the same time, previous research findings from various researchers confirm the impact of CSR on job satisfaction and organizational commitment of employees in different countries and industries (Caroline et al. 2015; Khan et al. 2018; Ahmad et al. 2018; Ebeid, 2010; Kim et al. 2018; Im et al. 2017; Tuzcu 2014; Story and Castanheira 2019; Albdour et al. 2019; Kumuthinidevi and Shamila, 2019; Ibrahim, 2017; Rahman, et al. 2016).

When considering early research findings which are related to the impact of employee CSR on job satisfaction and organizational commitment in the Sri Lankan insurance industry, there are fewer published studies (Kumuthinidevi and Shamila, 2019) in this area. Therefore, this study attempts to fill this gap using the following research question.

What is the impact of employee CSR attitudes on job satisfaction and organizational commitment in the Sri Lankan insurance industry?

Accordingly following two research objectives were identified.

- 1.To identify the relationship between employee CSR attitudes, job satisfaction, and organizational commitment in the Sri Lankan insurance industry.
- 2.To investigate the impact of employee CSR attitudes on Job satisfaction and organizational commitment in the Sri Lankan insurance industry.

3. RESEARCH METHODOLOGY

Evidence from the literature review showed that employee corporate social responsibility is a most vital factor which impacts making decisions regarding job satisfaction and organizational commitment. Hence, this study included four factors of CSR namely economic, ethical, legal, and discretionary (Carrol, 1979), job satisfaction, and commitment based on the theoretical and empirical review of the previous studies (Caroline et al. 2015; Kim et al. 2018; Tamm et al. 2010; Ching-Sing et al. 2013; Ibrahim, 2017; Agudelo et al. 2019; Kumuthinidevi and Shamila, 2019).

The conceptual framework has been developed for the study purpose.

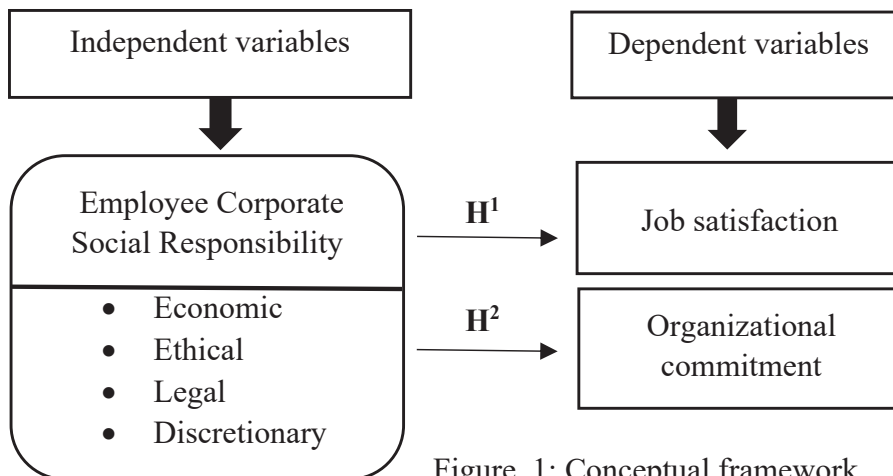


Figure 1: Conceptual framework

Source: Developed by the researchers based on a review of the literature (2021)

Two main hypotheses were developed as follows:

H1: There is a significant positive relationship and economic, legal, ethical, and discretionary responsibility impact on job satisfaction.

H2: There is a significant positive relationship and economic, legal, ethical, and discretionary responsibility impact on Organizational Commitment

The population consists of all employees who are working in insurance companies including life, general and composite in Sri Lanka and there are 28 insurance companies in the insurance industry. The questionnaire was carried out with 200 employees who are working in selected five insurance companies among insurance companies based on a higher employment basis. A convenient sampling method was used to send questionnaires among employees. The created questionnaire tested the components of the research study from a small sample of respondents before a full-scale study, to identify any problems such as unclear wording or the questionnaire taking too long to administer. Further, this study examined the pilot test method by using 27 respondents of the sample to verify the reliability of the questionnaire. This indicates that the questionnaire which is used was reliable.

4. RESULTS AND DISCUSSION

Cronbach's alpha coefficient for internal consistency reliability for variables selected was presented in table 1 and all constructs present reliability.

Table 01: Cronbach' Alpha

Construct	No of Items	Cronbach's Alpha
Economic Responsibility	05	0.649
Legal Responsibility	05	0.671
Ethical Responsibility	04	0.620
Discretionary Responsibility	04	0.794
Job Satisfaction	04	0.704
Organizational Commitment	04	0.892

Source: Research Data, 2021

Sample characteristics were presented in table 2.

45.5% of the respondents were male and 54.5% of respondents were female. Most of the employees are in the age level between 25 and 35 (27.5%) and the lowest represent the age level above 55 (11.5%). Most of the respondents are in other job levels (60%) and the lowest respondents are in the middle management level (13%). The majority of the sample consists of experience between 2 and 5 years (33.5%) and lower levels of above 10 years (15.5%).

Table 02: Sample Characteristics

		Frequency	percentage
Gender	Male	91	45.5%
	Female	109	54.5%
Level of Age	Below 25 years	36	18.0%
	Between 25 – 35 years	55	27.5%
	Between 36 – 45 years	41	20.5%
	Between 46 – 55 years	45	22.5%
	Above 55 years	23	11.5%
Level of Job	Middle management	26	13%
	Executive Level	54	27%
	Others	120	60%
Level of Experience	Below 2 years	54	27.0%
	Between 2- 5 years	67	33.5%
	Between 6- 10 years	48	24.0%
	Above 10 years	31	15.5%

Source: Research Data, 2021

According to the results of the descriptive statistic below mentioned in the table, all variables have symmetrically skewed due to the skewness of all variables ranging

between (-2 and +2). In addition, based on the result of kurtosis statistics of descriptive statistics, all variables of this study have Playtykurtic distribution due to those values being lesser than 3. Based on the results of the Skewness, Kurtosis of normality as shown below table, it can be concluded that all the dimensions of this study satisfy the requirement of normality.

Table 03: Test for Normality

Construct	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
ECONOMIC CSR	-0.548	0.172	0.052	0.342
LEGAL CSR	-0.418	0.172	-0.711	0.342
ETHICAL CSR	-0.226	0.172	-0.746	0.342
DISCRETIONARY	-0.299	0.172	0.138	0.342
Job S	-0.687	0.172	-0.383	0.342
OC	-0.378	0.172	-0.509	0.342

Source: Research Data, 2021

To test the multicollinearity, the person correlation coefficient from the inter-correlation matrix was found by computing Tolerance values and Variance inflation factors (VIF).

Table 04: Multicollinearity Statistic

Model	Collinearity Statistics	
	Tolerance	VIF
Economic CSR	0.788	1.269
Legal CSR	0.651	1.535
Ethical CSR	0.599	1.670
Discretionary CSR	0.665	1.504

Source: Research Data, 2021

It was found that the Tolerance values are between ($0.8 > \text{tolerance value} > 0.1$) and the Variance Inflation Factor is less than 5. Therefore, Tolerance values and Variance inflation factors values are within the expected range and it represents that there is no Multicollinearity between independent variables. Both the Variance Inflation Factor (VIF) and tolerance value are in the above table.

Based on the results of the Pearson's correlation coefficient, all independent variables namely economic CSR, legal CSR, ethical CSR, and discretionary CSR have a significant correlation with job satisfaction and organizational commitment at the confidence level of 95%. Further, it has been revealed that economic CSR, legal CSR, ethical CSR, and discretionary CSR have a moderate positive relationship with Job Satisfaction and Organization Commitment (Table 5).

Table 05: Correlation Coefficient

	Variables	JS	OC
Economic	Pearson correlation	0.337	0.353
	Sig.(2 tailed)	0.000	0.000
Legal	Pearson correlation	0.350	0.201
	Sig.(2 tailed)	0.000	0.004
Ethical	Pearson correlation	0.545	0.389
	Sig.(2 tailed)	0.000	0.000
Discretionary	Pearson correlation	0.484	0.377
	Sig.(2 tailed)	0.000	0.000

Source: Research Data, 2021

Table 6 shows the model summary of regression analysis and according to the result of the model, R square indicates that 36.2% of the variance of independent variables on job satisfaction in the Sri Lankan Insurance Industry can be explained by the regression model. The other rest of the 63.8% is explained by another variable that is not examined by the researchers in this study. Based on the result of the model summary of Organizational commitment, R square indicates that 23.2% of the variance of independent variables on Organizational Commitment in the Sri Lankan Insurance Industry can be explained by the regression model. The other rest of the 76.8% is explained by another variable that is not examined by the researchers in this study.

**Table 06: Model summary of CSR on employee job satisfaction/
Organizational Commitment**

Model	R	R square	Adjusted R square	Std. Error of the Estimate
JS	0.602 ^a	0.362	0.349	0.364
OC	0.481 ^a	0.232	0.216	0.437

Predictor: (Discretionary CSR, Economic CSR, Legal CSR, Ethical CSR)

Dependent: Job Satisfaction/OC

Source: Research Data, 2021

The significance of the Regression Model is represented by the ANOVA table (table 7).

Based on the above ANOVA tables, the output p-value is 0.000 Therefore, the researchers determine that both models were significant.

According to the results of the below table, there is a significant impact of ethical CSR and discretionary CSR on job satisfaction. Economic CSR, ethical CSR, and discretionary CSR have a significant impact on organizational commitment.

Table 07: ANOVA Table on Employee Job Satisfaction/ Organizational Commitment

Model-JS	Sum of Square	Df	Mean Square	F	Sig
Regression	14.666	4	3.667	27.693	0.000 ^b
Residual	25.818	195	0.132		
Total	40.485	199			

Model-OC	Sum of Square	Df	Mean Square	F	Sig
Regression	11.227	4	2.807	14.697	0.000 ^b
Residual	37.241	195	0.191		
Total	48.469	199			

Dependent variable: Job Satisfaction/OC

Source: Research Data,2021

Correlation analysis indicates the relationship between composite dependent variables and composite independent variables. Pearson's correlation measures the strength and direction of the linear relationship between variables. Pearson Correlations indicated that Economic CSR ($r = 0.337$), Legal CSR ($r = 0.350$), Ethical CSR ($r = 0.545$) and Discretionary CSR ($r = 0.484$) has moderate positive correlation with job satisfaction which is statically significant as sig. 2-tailed (0.000) is less than the level of significance (0.01). Further, Economic CSR ($r = 0.353$), Legal CSR ($r = 0.201$), Ethical CSR ($r = 0.389$) and Discretionary CSR ($r = 0.377$) has moderate positive correlation with organizational commitments which is statically significant as sig. 2-tailed (0.000). The results of correlation in this study indicated that Economic CSR, Legal CSR, Ethical CSR, and Discretionary CSR have a significant moderate positive relationship with Job satisfaction and organizational commitment.

Table 08: Coefficients Table on Employee Job Satisfaction/ Organizational Commitment

Model-JS	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Constant	0.486	0.156		3.125	0.002
Economic CSR	0.089	0.070	0.081	1.264	0.208
Legal CSR	-0.008	0.081	-0.007	-0.100	0.920
Ethical CSR	0.375	0.073	0.381	5.152	0.000
Discretionary CSR	0.297	0.078	0.268	3.820	0.000

Model-OC	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Constant	0.665	0.187		3.555	0.000
Economic CSR	0.235	0.084	0.198	2.794	0.006
Legal CSR	-0.129	0.097	-0.103	-1.330	0.185
Ethical CSR	0.264	0.087	0.245	3.020	0.003
Discretionary CSR	0.282	0.093	0.232	3.014	0.003

Dependent Variable: Job Satisfaction/OC

Source: Research Data, 2021

The researchers used multiple regression analysis to examine the impact of independent variables on dependent variables. Results also revealed that ethical and discretionary corporate social responsibility has a significant impact on employee job satisfaction and organizational commitment. Economic CSR has no significant impact on job satisfaction and has a significant impact on organizational commitment. Further, legal CSR has no significant impact on job satisfaction and organizational commitment. Based on findings, current research recommends any organization which wants to survive in the business environment to pay enough attention to the employee corporate social responsibility and it would be more appropriate especially in improving employee job satisfaction and organizational commitment.

Hence, this study was targeted to examine the impact of employees' perceptions of CSR on employees' level of job satisfaction and organizational commitment. Useful pieces of information regarding the variables of the study were found by data analysis which helped in determining the nature of the relationship between dependent and independent variables. The finding of this research can be compared with the finding of other researchers (Sarfranz et al. 2018; Rahman et al. 2016; Caroline et al. 2016; Kumuthinidevi and Shamila, 2019; Kim, Nurunnabi and Jung, 2018; Tamm, Eamets and Motsmees, 2010).

5. CONCLUSION

The main objective of the study is to investigate the effect of employee CSR attitudes on job satisfaction and organizational commitment in the Sri Lankan insurance industry. Under the employee CSR attitudes, the impact of Economic CSR, Legal CSR, Ethical CSR, and Discretionary CSR on job satisfaction and organizational commitment were investigated. The variables of this study were identified through a comprehensive reading of the previous literature to identify the employee' CSR attitudes. The study employed a questionnaire to gather primary data from 200 employees who are working in selected five insurance companies in Sri Lanka.

Since Employees' perceptions relating to the organization's CSR activities play an important role in the organization. Therefore, every organization must pay keen attention to employee CSR attitudes to achieve organizations' objectives successfully by studying movable employee behaviors firmly. Furthermore, satisfied employees tend to contribute the highest performance and commitment to achieving organizational objectives. This is a main psychological factor that has not yet been taken into much consideration in the Sri Lankan insurance industry. If there are unhappy employees, they may get depressed and it may result in poor performance in the industry. Therefore, CSR is very important to retain satisfied employees and every organization must pay keen attention to employee CSR attitudes to achieve organizations objectives successfully by studying movable employee behaviors firmly.

REFERENCES

- Ahmad, R., Islam, T., and Saleem, S. S., 2017. Employee Engagement, Organizational Commitment and Job Satisfaction As Consequent of Perceived CSR: a Mediation Model. *Journal of the Research Society of Pakistan*, 54(1), pp.153–168. http://pu.edu.pk/images/journal/history/PDF-FILES/12a_54_1_17.pdf
- Agudelo, M.A.L., 2019. A literature review of the history and evolution of corporate social responsibility, *International Journal of Corporate Social Responsibility*, 4 (1).
- Albdour, A. A., and Altarawneh, I. I., 2012. Corporate Social Responsibility and Employee Engagement in Jordan. *International Journal of Business and Management*, 7(16), pp.89–105. <https://doi.org/10.5539/ijbm.v7n16p89>.
- Caroline, C., Christophe, L., and Catherine, H., 2015. Perceptions of corporate social responsibility, organizational commitment, and job satisfaction, *Management Research: The Journal of the Iberoamerican Academy of Management*, 13 (1), pp. 31 – 54.
- Carroll, A. B., 1979. A three-dimensional conceptual model of corporate performance. *Corporate Social Responsibility, The Academy of Management Review*, 14(4), pp.497-505.
- Ching-Sing, Y., Chun-Chen, H., Hsien-Bin, W., Kang-Ni, L., Chien-Hsiung, L., and JiShou, T., 2013. The Relationship between Corporate Social Responsibility, Job Satisfaction, and Organizational Commitment. *International Journal of Organizational Innovation*, 5(4), pp.65-77.
- Ebeid, A. Y. H., 2010. Corporate social responsibility and its relation to organizational commitment. *Problems and Perspectives in Management*, 8(2), pp.76–83.
- Freeman, R.E and Mcvea J.F., 2001. A Stakeholder Approach to Strategic Management, working paper, Paper downloaded from www.ssrn.com.

- Greenberg, J., 1987. A taxonomy of organizational justice theories. *Academy of Management Review*, 12(1), pp.9–22.
<https://doi.org/10.5465/amr.1987.4306437>.
- Ibrahim, N, A, F., 2017. The relationship between Corporate Social Responsibility and Employer Attractiveness in Egypt: The Moderating Effect of the Individual's Income, *Contemporary Management Research*, 13 (02) June,81-106, DOI: 10.7903/cmr.17430.
- Im, S., Chung, Y. W., and Yang, J. Y., 2017. Employees' participation in corporate social responsibility and organizational outcomes: The moderating role of person-CSR fit. *Sustainability* (Switzerland), 9(1).
<https://doi.org/10.3390/su9010028>.
- Khan, M., Sarwar, S., and Khan, H., 2018. Impact of Corporate Social Responsibility on Job Attitudes: Job Satisfaction and Organizational Commitment of Banking Sector Employees of 23 Pakistan. *SEISENSE Journal of Management*, 1(3), pp.28–47. <https://doi.org/10.33215/sjom.v1i3.22>.
- Kim, B. J., Nurunnabi, M., Kim, T. H., and Jung, S. Y., 2018. The influence of corporate social responsibility on organizational commitment: The sequential mediating effect of meaningfulness of work and perceived organizational support. *Sustainability* (Switzerland), 10(7).
<https://doi.org/10.3390/su10072208>.
- Kumuthinidevi, S., and Shamila, F. A., 2019. The Impact of Corporate Social Responsibility on Employee Satisfaction in an Insurance Industry in Trincomalee District. *Asian Journal of Economics, Business, Accounting*, 11(4), pp.1–9. <https://doi.org/10.9734/ajeba/2019/v11i430137>.
- Rahman, S., Haski-Leventhal, D., and; Pournader, M., 2016. The effect of employee CSR attitudes on job satisfaction and organizational commitment: Evidence from the Bangladeshi banking industry. *Social Responsibility Journal*, 12(2), pp.228–246. <https://doi.org/10.1108/SRJ-10-2014-0139>.
- Sarfraz, M., Qun, W., Abdullah, M. I., and Alvi, A. T., 2018. Employees' perception of Corporate Social Responsibility impact on employee outcomes: Mediating role of organizational justice for Small and Medium Enterprises (SMEs). *Sustainability* (Switzerland), 10(7). <https://doi.org/10.3390/su10072429>
- Story, J. S. P., and Castanheira, F., 2019. Corporate social responsibility and employee performance: Mediation role of job satisfaction and affective commitment. *Corporate Social Responsibility and Environmental Management*, 26(6), pp.1361–1370. <https://doi.org/10.1002/csr.1752>
- Tamm, K., Eamets, R., and Motsmees, P., 2010. Relationship Between Corporate Social Responsibility and Job Satisfaction: the Case. In *Relationship between CSR and Job Satisfaction*. Papers ssrn.com
- Tran, T. T., Nguyen, T. T., Ngo, D. N. T., and Tran, T. A., 2021. Mediation of

employee job satisfaction on the relationship between internal corporate social responsibility and affective commitment. *Management Science Letters*, 11, 195–202. <https://doi.org/10.5267/j.msl.2020.8.015>

Tuzcu, A., 2014. The Impact of Corporate Social Responsibility Perception on The Job Satisfaction and Organizational Commitment. *Journal of The Faculty of Economics and Administrative Sciences*, 4(1), pp.185–202