

The Influence of Corporate Social Responsibility (CSR) and Organizational Culture on Cooperative Labor-Management Relations and Job Satisfaction

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Abstract

Objectives: To investigate the influence of Corporate Social Responsibility (CSR) and organizational culture on cooperative labor-management relations and job satisfaction by targeting small and medium-sized firms within the Seoul and Gyeonggi Province area. **Methods/Statistical Analysis:** A survey was carried out targeting the employees of small and medium-sized firms within the Seoul and Gyeonggi Province area. 203 questionnaires were collected from 161 firms, and among the 203, questionnaires from firms of less than 10 employees or more than 300 employees were excluded since they did not match the purpose of this study. Furthermore, questionnaires of insincere answers were excluded, and statistical analysis was carried out with 128 questionnaires utilizing SPSS20.0 and AMOS 23.0. **Findings:** Based on precedent studies, the concepts and dimensions of each factor were investigated and utilized in the final analysis after testing the validity and reliability of measurement items. The hypothesis of this study is verified through structured equation modeling as follows. First, CSR showed a positive (+) influence on cooperative labor-management relations. Second, organizational culture showed a positive (+) influence on cooperative labor-management relations. Third, cooperative labor-management relations showed a positive (+) influence on job satisfaction. **Improvements/Applications:** This study suggests that CSR activities need to be carried by small and medium-sized firms in order to establish cooperative labor-management relations and improve job satisfaction.

Keywords: Cooperative Labor-Management Relation, CSR, Job Satisfaction, Organizational Culture, Small and Medium-Sized Firms

1. Introduction

Cooperative labor-management relations are not only the key factor in increasing corporate and national competitiveness, but also very important in improving the quality of life of employees. Recently, there have been active discussions domestically on CSR, and this is being highlighted as a social issue. However, there is a lack of research on the CSR and cooperative labor-management relations of firms and labor unions¹. Thus, this study was carried out to verify the structural influence relationship of CSR on cooperative labor-management relations and job satisfaction of employees. This study is expected to provide implications for the establishment of cooperative

labor-management relations and improvement of job satisfaction of employees in the perspective of CSR.

2. Theoretical Background

2.1 Corporate Social Responsibility (CSR)

The most commonly used definition of CSR is the concept suggested by the European Commission in 2001. The European Commission defined CSR as companies voluntarily interacting with its stakeholders and integrating social and environmental objectives into the operation of business². Corporate social responsibility implies that firms not only satisfy legal requirements, but also gain investment and approval from its human capital,

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environment, and stakeholders. Meanwhile, the EU classified CSR into the external dimension and internal dimension, and defined the internal dimension as human resource management, health and safety, adaptation to changes, environmental influences and natural resource management, and external dimension as the community, business partners, suppliers, human rights, and the global environment. In³ the recent definition of CSR can be found in ISO 26000 released on November 2010, where CSR is defined as the responsibility for the influence of decision making and activities of businesses based on transparent and ethical conduct on the society and environment⁴.

2.2 Organizational Culture

From a sociocultural perspective, organizational culture can be seen as a comprehensive concept including values, beliefs, ideals and customs, norms and traditions, and knowledge and technology shared by all members of a company, and as the basic element that influences the behavior of corporate members and entire company. In⁵ the ideology that forms the organizational culture is the bundle of the beliefs, values, and norms considered normal in the organization; it shows more of an emotional rather than rational quality and does not change easily. However, the concept of organizational culture differs according to the viewpoint of scholars and focus of researches. Some scholars argue that in a strict sense, beliefs, values and ideals cannot be seen as the organizational culture but are the expression of organizational culture. Thus, the values, beliefs, and ideals shared by organizational members show what kind of sense the members hold towards the external environment, and what kind of actions they should take. In other words, organizational culture refers to the framework of collective way of thinking, direction of feeling, and pattern of behavior among organizational members. In⁶ Organizational culture includes more of a creative and dynamic implication than the concept of organizational climate or corporate culture⁶.

2.3 Cooperative Labor-Management Relations

The view on the definition of cooperative labor-management relations or labor-management cooperation differs slightly between scholars. Cooke defines it as the effort to increase productivity which can be distributed among all parties, and to increase quality of life of workers, through a system in which labor and management both share the responsibility on work outcome and increase the overall size of performance.

In⁷ Nadler Nadler define it as the effort by both labor and management to solve labor-management problems and also induce mutual benefits. In^{8,9} author defines it as the situation in which the labor union and management set at least one common goal in which they can work together, and cooperate to find ways to achieve those goals⁹.

2.4 Job Satisfaction

In¹⁰ argued that there is a wide variety of definitions for job satisfaction, and suggested six perspectives based on the views of scholars as the following. First is the perspective that views job satisfaction as the satisfaction of individual desires. Schaffer describes that overall job satisfaction is defined as the extent to which the desire of individual is actually fulfilled during the work process. Second is the perspective that views job satisfaction as the expectation level, in which Lawler describes that overall job satisfaction is defined as the gap between the expected amount and actual amount received. Third is the perspective that views job satisfaction as a value, in which Locke describes that job satisfaction is defined as the pleasant emotional state achieved by gaining job value after the evaluation of one's performance. Fourth is the perspective that views job satisfaction as job compensation and job value, in which Kelleberg suggests job compensation and job value as the determinants of job satisfaction, which is defined as the overall emotional state concerning the job that a worker is currently carrying out. Fifth is the perspective that views job satisfaction as compensation, in which Lortie and Nias describe that job satisfaction is defined as the sum of overall compensations experienced when carrying out a job. Sixth is the perspective that views job satisfaction as the perceived extent to which the desire has been satisfied, in which Evans describes that job satisfaction is also seen as an emotional state which includes all the emotions that result from the extent to which an individual perceives that his upper and lower level job-related desires have been satisfied¹⁰.

3. Research Model and Hypothesis

3.1 Research Model

This study suggested a research model based on precedent studies as seen in Figure 1 in order to verify the influence relationship of CSR and organizational culture in relation to cooperative labor-management relations and job satisfaction.

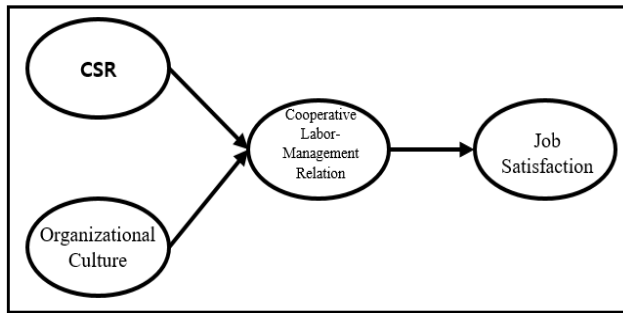


Figure 1. Research model.

3.2 Study Hypothesis

3.2.1 Corporate Social Responsibility (CSR) and Cooperative Labor-Management Relations

In¹¹ stated in the study on the influence of CSR on the organizational commitment of employees, that CSR activities influence firms to avoid engaging in unethical conducts, and have a significant influence on the organizational commitment and job satisfaction of employees. On the other hand, he claimed that unethical conduct of firms have a negative influence on the organizational commitment and job satisfaction of employees. In¹¹ As domestic studies, in their study on the internal marketing effects of CSR activities, identified that the relationship of positive influence as the following - positive influence of awareness of CSR on CSR attitude, CSR attitude on firm reputation, firm reputation on job satisfaction and sense of unity in organization, job satisfaction on sense of unity in organization, and sense of unity in organization on organizational citizenship behavior. Therefore, they argued that CSR activities lead to better firm reputation and ultimately demonstrate an internal marketing effect¹².

In this study, in order to verify the influence of CSR on cooperative labor-management relations based on the above precedent studies, the hypothesis was set as the following.

H1: CSR would have a positive (+) influence on cooperative labor-management relations.

3.2.2 Organizational Culture and Cooperative Labor-Management Relations

In¹³ showed that there is difference in labor-management stability according to the cultural orientation of organization, and argued that the stronger the support-oriented tendency of organizational culture, more stability can be generated by

labor and management. Also, they stated that when each of the organizational members are respected as human beings, and an organizational culture in which the base of mutual trust between individuals and the organization leads to mutual cooperation of workers, creation of familial atmosphere, while focusing on human relationships is formed, this leads not only to cooperative labor-management relations, but also conflicts can be solved in a democratic way, and the stability of labor-management relations is increased. In¹³ meanwhile, argued that by the activating the existing organizational culture of workers, a productive and cooperative labor-management culture can be established. In¹⁴ highlighted that there is a need to establish an organizational culture of one mind and one direction through the sharing of visions and values of organization, and reinforce management that respects workers. As the next stage, he emphasized that a permanent consultative body needs to be established to enable sufficient pre-adjustments and labor-management cooperation¹⁵.

In this study, in order to verify the influence of organizational culture on cooperative labor-management relations based on the above precedent studies, the hypothesis was set as the following.

H2: Organizational culture would have a positive (+) influence on cooperative labor-management relations.

3.2.3 Cooperative Labor-Management Relations and Job Satisfaction

In¹⁴ argue that cooperative labor-management relations are formed through the determinants of labor-management relationship such as allocative justice, procedural justice, organizational culture, work ethic, occupational consciousness, corporate consciousness, cooperative attitude of workers, cooperative attitude of users, and social responsibility, and that these factors have a very positive influence on the improvement of quality of life of workers, job satisfaction, and organizational commitment. In¹⁶ stated that through cooperative labor-management relations, quality of life of workers, job satisfaction, and organizational commitment can be improved as the attainment of organizations¹⁷.

In this study, in order to identify the influence of cooperative labor-management relations on job satisfaction based on the above precedent studies, the hypothesis was set as the following.

H3: Cooperative labor-management relations would have a positive (+) influence on job satisfaction.

4. Research Method

4.1 Population and Sample Characteristics

In order to attain the objective of this study, a survey was carried out targeting the employees of small and medium-sized firms within the Seoul and Gyeonggi Province area. The survey was carried out through emails and door-to-door visits for approximately one month in March 2016. 203 questionnaires were collected from 161 firms, and among the 203, questionnaires from firms of less than 10 employees or more than 300 employees were excluded since they did not match the

purpose of this study. Furthermore, questionnaires of insincere answers were excluded, and statistical analysis was carried out with 128 questionnaires utilizing SPSS20.0 and AMOS 23.0.

4.2 Operational Definitions and Measurements of Variables

Regarding CSR, 6 questions such as compliance with welfare regulations were formed referring to the questions used by¹⁸. Regarding organizational culture, 8 questions such as friendship participation were formed referring to the questions used by¹⁹. Regarding cooperative labor-

Table 1. Operational definitions of variables

| Variable | Operational definition | No. | Related studies |
|--|---|-----------|-----------------|
| 1.CSR activity | The activity of firm that respects the rights of stakeholders related to the firm, which acts as a strategical dimension that creates a win-win result for both the firm and stakeholders - Compliance with welfare regulations - Worker satisfying wages - Transparent management - Culture activities with local residents - Social contribution - Fair trade with Partners | 6 | (18) |
| 2.Organizational culture | The integration of internal organization, culture that emphasizes flexibility, and a general belief formed by the organizational members - Friendship participation - Individual development - Morale and cohesiveness - Mutual cooperation and trust - Goal and value - Satisfaction level - Company support - Perception | 8 | (19) |
| 3.Cooperative labor-management relations | Goal of the labor-management cooperative system - Mutual cooperation - Communication - Labor management conflict - Labor management in accord - Efforts of labor and management in emergency situations | 5 | (20) |
| 4.Job satisfaction | The degree of overall satisfaction regarding the results attained through the process of achieving the value of one's job - Continuous work - Promotion structure - Goal attainment - Satisfaction of superiors - Satisfaction of fellow employees - Wage level - Overall satisfaction - Interest and sense of achievement | 8 | (21) |
| Total | | 27 | |

management relations, 5 questions such as mutual cooperation were formed referring to the questions used by²⁰. Regarding job satisfaction, 8 questions such as continuous work were formed referring to the questions used by²¹⁻²³. The survey was composed of 27 questions. 18 Survey questions for the variables utilized the 5-point Likert scale in which 'strongly disagree' is 1 point and 'strongly agree' is 5 points, and the operational definitions for variables are as in the following Table 1.

5. Empirical Analysis

5.1 Data Collection

The general characteristics of the sample is shown in Table 2. Regarding the position in organization, 'team managers or above' showed the highest proportion of 45.3%, and regarding the job, 'sales jobs' and 'administrative jobs' showed a proportion of 62.6%. Regarding years of work, 'more than 1 year and less than 5 years' showed 42.2%, and regarding firm age, 'more than 10 years and less than 20 years' showed 35.9%.

Table 2. The characteristics of samples

| Categories | | Frequencies | % |
|---------------|--|-------------|------------|
| Position | Employee | 29 | 22.7 |
| | Chief, Deputy section chief | 11 | 8.6 |
| | Section chief, Deputy head of department | 30 | 23.4 |
| | Head of department, team managers or above | 58 | 45.3 |
| | Total | 128 | 100 |
| Job | Sales | 40 | 31.3 |
| | Administrative | 40 | 31.3 |
| | Technical | 19 | 14.8 |
| | Research | 7 | 5.5 |
| | Other | 22 | 17.2 |
| | Total | 128 | 100 |
| Years of work | Less than 1 year | 9 | 7.0 |
| | Less than 5 years | 54 | 42.2 |
| | Less than 10 years | 23 | 18.0 |
| | Less than 20 years | 25 | 19.5 |
| | More than 20 years | 17 | 13.3 |
| | Total | 128 | 100 |
| Firm age | Less than 3 years | 4 | 3.1 |
| | Less than 5 years | 8 | 6.3 |
| | Less than 10 years | 38 | 29.7 |
| | Less than 20 years | 46 | 35.9 |
| | More than 20 years | 32 | 25.0 |
| | Total | 128 | 100 |

Table 3. Exploratory factor analysis and reliability test

| | OC | JS | CSR | LR | Ca |
|-------|--------|--------|--------|--------|------|
| OC.6 | .803 | | | | .926 |
| OC.4 | .794 | | | | |
| OC.5 | .793 | | | | |
| OC.3 | .750 | | | | |
| OC.1 | .749 | | | | |
| OC.2 | .664 | | | | |
| OC.7 | .581 | | | | |
| OC.8 | .499 | | | | |
| JS.3 | | .852 | | | .938 |
| JS.4 | | .849 | | | |
| JS.1 | | .779 | | | |
| JS.8 | | .737 | | | |
| JS.2 | | .734 | | | |
| JS.5 | | .648 | | | |
| CSR.4 | | | .463 | | .864 |
| CSR.3 | | | .737 | | |
| CSR.5 | | | .732 | | |
| CSR.1 | | | .689 | | |
| CSR.2 | | | .641 | | |
| CSR.6 | | | .441 | | |
| LR.4 | | | | .814 | .834 |
| LR.5 | | | | .747 | |
| LR.2 | | | | .493 | |
| LR.3 | | | | .451 | |
| OV | 5.559 | 5.277 | 3.429 | 2.542 | |
| V% | 23.161 | 21.989 | 14.289 | 10.592 | |
| AV% | 23.161 | 45.150 | 59.439 | 70.031 | |

Ref. 1) OC: Organizational Culture

Ref. 2) JS: Job Satisfaction

Ref. 3) LR: Cooperative Labor-Management Relation

Ref. 4) Ca: Cronbach's α ,

Ref. 5) OV: Original Value

Ref. 6) V%: Variance %,

Ref. 7) AV%: Accumulation Variance %

5.2 Validity and Reliability Analysis

In order to test the validity, exploratory factor analysis was carried out. In order to derive the factors, principal component analysis was selected, and as the simplification process for loading factor values, the orthogonal rotation method was utilized. In this study, the criterion was set as original value of above 1.0 and optimal factor value of above 0.40. In the factor analysis process, two factors of job satisfaction (JS.6, JS.7) and one factor of cooperative Labor-management Relations (LR.1) were removed and the interpreted total variance shown to be 70.03%. Four variables were extracted based on the theoretical structures of precedent studies and named as CSR, organizational

culture, cooperative labor-management relations and job satisfaction, and a reliability test was carried out for each of the variables. It was shown that there were no factors that reduce the reliability level, so all of the items were used in the analysis, and it was seen that the Cronbach's α value of each variables were distributed within .834~.938, meaning that they are at a reliable level (Cronbach's $\alpha > 0.8$) as in Table 3.

5.3 Measurement Model Analysis

Measurement model analysis was carried out in order to test the goodness of fit of measurement model and validity and reliability of the scale selected in this study. In order to test the goodness of fit of data, CMIN/DF (< 3.0), GFI-AGFI-CFI-NFI-TLI (> 0.9), and RMR-RMSEA (< 0.05) values were used. As in Table 4, the values were shown to be standardization regression coefficient above .7, CR above 0.7, and AVE above .5 proving that there is convergent validity. Also, the values were CMIN/DF 1.073, GFI .971, AGFI .926, CFI .998, NFI .979, IFI .999, TLI .997, RMR .018, and RMSEA .024 showing that the measurement model is suitable.

Table 4. Goodness of Fit of Measurement Model

| Measure | SFLV | SE | t-value | p | CR | AVE |
|------------------------------------|---|------|---------|-----|-------|-------|
| Organizational culture | 5 .873 | - | - | - | 0.921 | 0.854 |
| | 6 .958 | .080 | 12.585 | *** | | |
| Job satisfaction | 1 .903 | - | - | - | 0.913 | 0.840 |
| | 2 .929 | .074 | 13.199 | *** | | |
| CSR | 1 .774 | - | - | - | 0.912 | 0.839 |
| | 2 .808 | .128 | 8.194 | *** | | |
| Cooperation | 1 .890 | - | - | - | 0.882 | 0.789 |
| | 2 .821 | .087 | 10.708 | *** | | |
| Goodness of fit -Measurement model | <Initial / Final model> Chi-Square=15.023, df=14, p=.377, CMIN/DF=1.073, GFI=.971, AGFI=.926, CFI=.998, NFI=.979, IFI=.999, TLI=.997, RMR=.018, RMSEA=.024 | | | | | |

Ref. 1) SLFV: Standardized Loading Factor Values

Ref. 2) SE: Standard Error

Ref. 3) CR: Construct Reliability

Ref. 4) AVE: Average Variance Extracted

5.4 Research Model Analysis

As the result of examining the goodness of fit of structural equation model with the final measurement model item in order to examine the research model, it was shown that the criterion was met as in Table 5.

Table 5. Goodness of fit of research model

| | Reference Value | Measured Value |
|------------|-----------------|----------------|
| Chi-Square | - | 15.023 |
| df | - | 14 |
| P | >.05 | .377 |
| CMIN/DF | < 3.0 | 1.073 |
| GFI | >.90 | .971 |
| AGFI | >.90 | .926 |
| CFI | >.90 | .998 |
| NFI | >.90 | .979 |
| IFI | >.90 | .999 |
| TLI | >.90 | .997 |
| RMR | <.05 | .018 |
| RMSEA | <.05 | .024 |

5.5 Hypothesis Test Result

Since the research model was proved to be suitable, the path coefficient was examined for a detailed hypothesis test, and the results were as Figure 2. It was shown that the higher the CSR activity level, the level of cooperative labor-management becomes higher (standardization coefficient $\beta = .601$, $P = .001$), and the higher the level of organizational culture, the level of cooperative labor-management becomes higher (standardization coefficient $\beta = .362$, $P = .001$). Also, it was shown that the higher the level of cooperative labor-management, the job satisfaction level of organizational members becomes higher (standardization coefficient $\beta = .762$, $P = .001$).

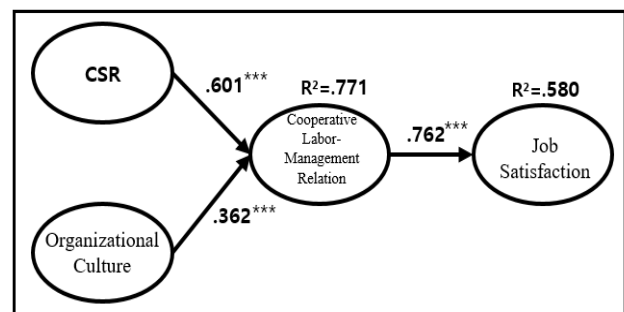


Figure 2. Research model.

*** $p < .001$

The result of hypothesis test on the influence of CSR and organizational culture on cooperative labor-management relations and job satisfaction is as shown in Table 6.

Table 6. The results of hypothesis testing

| Hypothesis | Hypothesis To Be Tested | Result |
|------------|---|--------|
| H1 | CSR would have a positive(+) influence on cooperative labor-management relations | Accept |
| H2 | Organizational culture would have a positive(+) influence on cooperative labor-management relations | Accept |
| H3 | Cooperative labor-management relations would have a positive(+) influence on job satisfaction | Accept |

6. Conclusion

6.1 Research Result and Implications

This study was carried out in order to identify the influence of CSR and organizational culture on cooperative labor-management relations and job satisfaction. Based on precedent studies, the concepts and dimensions of each factor were investigated and utilized in the final analysis after testing the validity and reliability of measurement items. The study result which verified the hypothesis of this study through structure equation modeling analysis is as the following. First, CSR showed to have a positive (+) influence on cooperative labor-management relations. Second, organizational culture showed to have a positive (+) influence on cooperative labor-management relations. Thirdly, cooperative labor-management relations showed to have a positive (+) influence on job satisfaction.

These results of study are meaningful since they suggest the implication that there is a need for change in the level of awareness regarding the importance of CSR, since when firms and organizational culture actively engage in CSR activities the job satisfaction of organizational member's increases.

6.2 Limitations of Research and Future Direction of Research

This study has the following limitations and the future direction of research is suggested as the following.

First, the target of survey is small and medium-sized firms and a difference is expected to arise in CSR awareness when compared with strong medium businesses and large businesses.

Second, there is a limitation that research was carried out without a classification between firms that engage in

CSR activities and do not engage in CSR activities, and firms that engage in CSR actively and passively.

Therefore, future study is needed on variables that can effectively measure the difference in internal performance according to CSR activities.

7. Acknowledgments

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