EFFECT OF CSR AND MARKING EXPENDITURE ON EMPLOYEE SATISFACTION: EMPIRICAL EVIDENCE FROM KOREA

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ABSTRACT

Corporate Social Responsibility (CSR) has become increasingly influential in shaping company behavior, with growing attention to its effects on employee satisfaction and work engagement. We investigate this relationship using a multi-source dataset covering 101 Korean companies over a three-year period (2008-2010), totaling 303 observations. Employing structural equation modeling (SEM), we find that CSR does not significantly affect employee satisfaction and work engagement when considering marketing expenditure. Our results suggest a negative relationship between CSR and marketing expenditure, indicating competing resource allocation. We recommend that firms integrate CSR planning into long-term managerial policies and involve employees in the process to enhance satisfaction and work engagement. Our findings contribute to understanding the complex links between CSR, marketing, and employee outcomes, offering practical insights for effective resource allocation and employee engagement strategies.

Keywords: *Corporate social responsibility (CSR), Marketing expenditure, Employee satisfaction, Structural equation modeling (SEM)*

1. INTRODUCTION

Over the last few decades, corporate social responsibility (CSR) has been spotlighted by many academicians and business practitioners (Weber, 2008). In today's competitive market environment, CSR represents a conspicuous notion that has become a strategic driver of company behavior (Luo and Bhattacharya, 2006). When companies exhibit positive influential attitudes toward the public to highlight their CSR activities as part of social commitment (Ali et al., 2021), people evaluate organizational characteristics with perceived motives and traits. Turban and Greening (1997) insist that a company may gain a competitive advantage through including corporate contributions to society as one of their business strategies. For example, Google was nominated by Fortune magazine as the best place to work in 2017 (Fortune, 2017), and has one of the best CSR reputations in industry in 2018 (Forbes, 2018). Many companies strive to achieve the image of an environmentally responsible positive social force, which would significantly impact their public identity and social responses to that identity (Bauman and Skitka, 2012). Murray and Vogel (1997) insist that CSR refers to prosocial corporate efforts, which have traditionally been the managerial obligation of promoting the welfare of society (Davis and Blomstrom, 1975). Corporate efforts to contribute to society, as evidenced by countless research findings are typically multidimensionally constructed to incorporate stakeholders, including not only companies themselves and their customers, but also employees, governments, future generations, and non-profit organizations, among others. (Turker, 2009).

Despite recognizing the involvement of various stakeholders, research studies have generally not explored how firms' social responsibility initiatives affect employees (Bauman and Skitka, 2012; Islam et al., 2016; Shin et al., 2016). It is becoming more evident that prosocial activities demonstrated by companies can strengthen linkages between firms and individuals, especially those who are currently employed or those who are considering prospective jobs within the firm, thereby enhancing organizational effectiveness as these individuals are essential resources to the company (Ali et al., 2021; Bauman and Skitka, 2012). A firm's socially responsible activities enrich work performance through job satisfaction and corporate identification (Shin et al., 2016; Ali et al., 2020). Grounded in the studies that explore the ties between firms'