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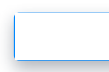
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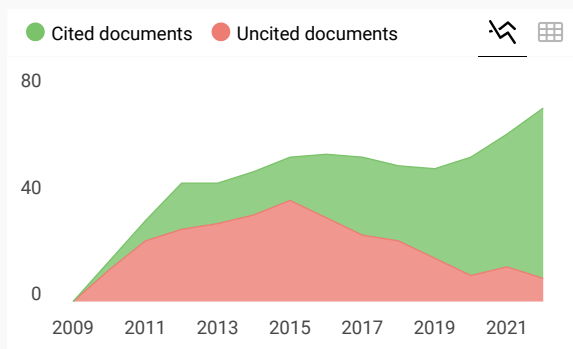
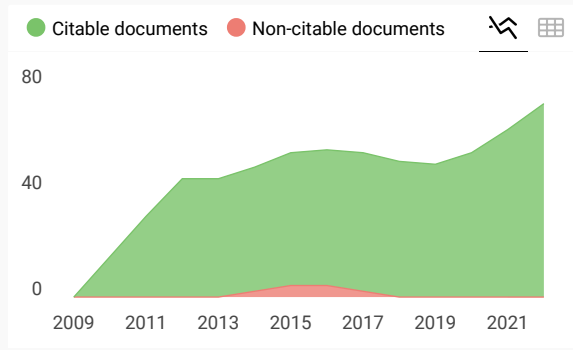
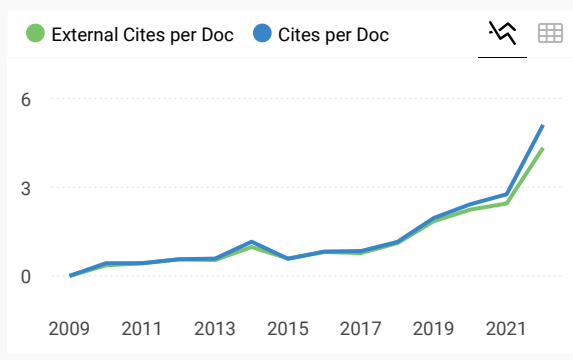
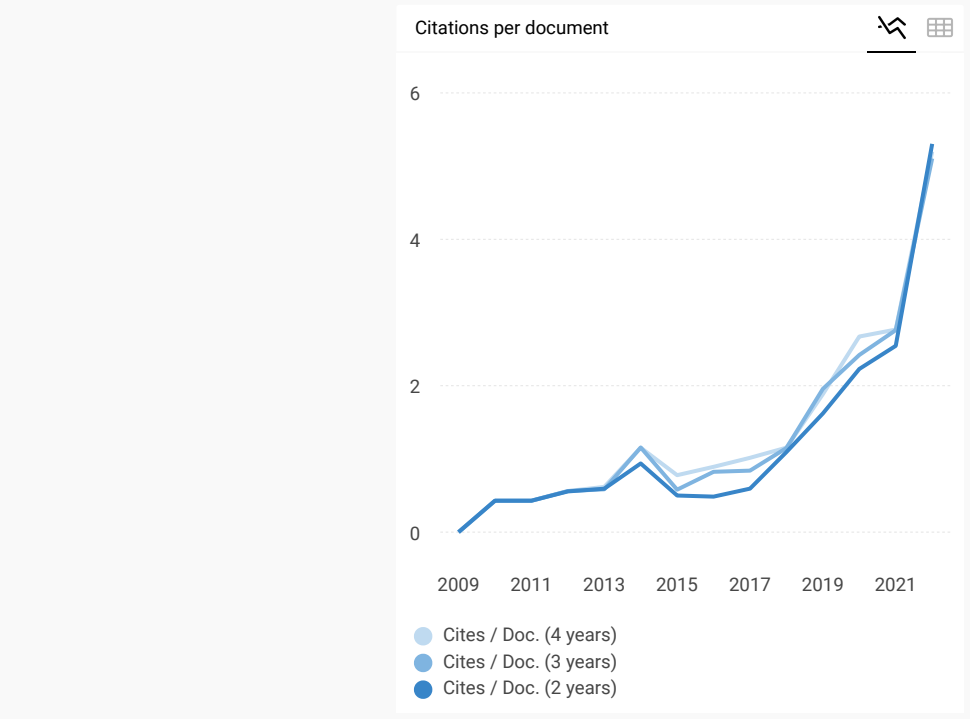
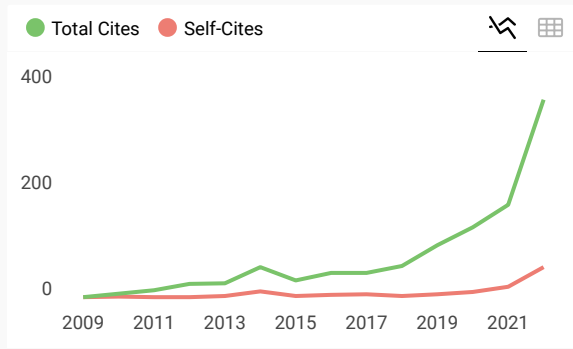
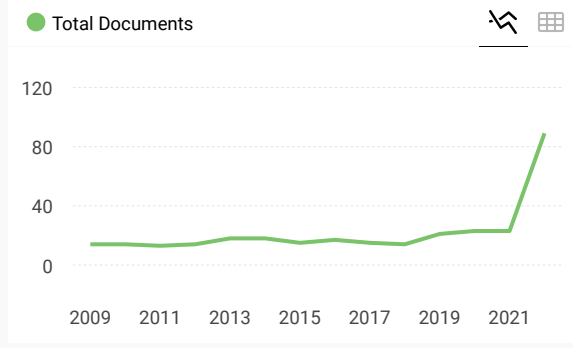
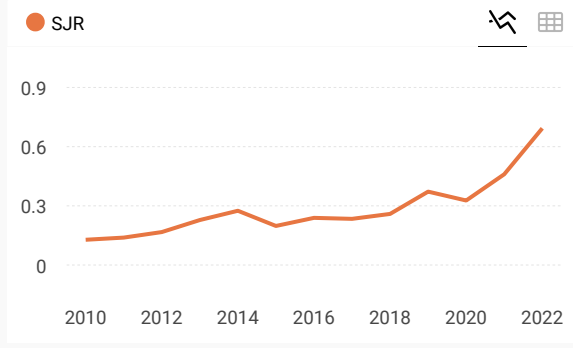
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# Corporate social responsibility, job pursuit intention, quality of work life and employee performance: case study from Indonesia controversial industry

CSR, job pursuit intention, QWL and EP

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## Abstract

**Purpose** – This paper aims to examine whether companies in Indonesian controversial industries can rely on their corporate social responsibility (CSR) practices to improve potential employees' job pursuit intention, which lead to a higher quality of work life (QWL) and a better performance from their employees.

**Design/methodology/approach** – The target respondents are interns, staff and supervisors of 42 Indonesian listed companies in controversial industries. The data collection method is performed by distributing questionnaires using a seven-point Likert scale. Collected data using partial least squares (PLS) analysis are conducted and tested.

**Findings** – Consistent with the existing result, the authors find out that potential employees have a higher intention to join and accept a job offer from companies with a higher level of CSR practices. Regarding the corporate social responsibility, it is further proven to have a positive effect on employee's quality of work life. More interestingly, the findings of the current study reveal that CSR also affects employee performance (EP), both directly and indirectly, through QWL.

**Research limitations/implications** – Findings demonstrate that CSR in Indonesian controversial industry represents an important factor for recruiting top employees that lead to the improvement of the employee's quality of work life and performance.

**Practical implications** – The findings indicate that enterprises should be more concerned about CSR engagement in attracting new talents, enhancing the quality of work life and cultivating the employee's performance.

**Originality/value** – This study enhances previous supports and studies on the concept of CSR and human resource management by analyzing the relationship between CSR and employee performance. Previous researches have concentrated their objectives in finding the link between CSR and the financial performance of a company. However, it must be understood that a company's success actually hinges on the performance of one of their greatest assets, the human resources. Additionally, due to the change in generations that will be the job seekers, recruitment strategy to attract job applicants and improve the job pursuit intention (JPI) is now needed more than ever. One of the strategies that Indonesian companies can use to do so is by practicing CSR. Hence, this is the first study in an attempt to observe the overall relationship of the CSR with the job pursuit intention, QWL and EP, especially in the controversial industries. The study will drive companies to intensify their efforts in maintaining good employee performance.

**Keywords** Corporate social responsibility, Job pursuit intention, Quality of work life, Employee performance, Controversial industry

**Paper type** Research paper

## 1. Introduction

The exit of Generation X and the entrance of the new generations, Generation Y (known as Millennials) and Generation Z, have revolutionized the talent recruitment process. *Dobbs et al.*



(2012) forecast a shortage of college-educated and highly skilled workers by the year 2020, which will escalate into a full-blown global war for talent. Moreover, employees now put more importance on the traditional attractive salary packages and fringe benefits in choosing a job (Meister, 2012). Therefore, it is important for companies to arm themselves with the right ways of attracting the top talents (Keller and Meaney, 2017). Furthermore, with the presence of alliance amongst ASEAN Countries in Asean Economic Community (AEC), it will be easier for highly skilled Indonesian human resources to get a job outside of Indonesia. Firms in Indonesia need to step up their game to attract the interest of these skilled workers to work for their companies. CSR may be used as one way to emerge triumphant in this global war for talent (Moorthy *et al.*, 2017). This is particularly accurate for organizations with a negative reputation. CSR activities can help reform the image of a company by building a brand new image that is more positive and strengthening positive relations with their stakeholders; namely their customers, suppliers, and employees (Fraj-Andres *et al.*, 2012). Henceforth, companies are adopting new strategies to improve their reputation in the public by incorporating CSR activities inside their business practice. However, its implementation remains at an early stage.

Companies that inherently have more negative reputations are usually categorized as controversial. The origin of controversial industries comes from the definition of controversial products, which covers any products, services or concepts that elicit distaste, disgust, offence or outrage reaction when presented (Kilian and Hennigs, 2014). Meanwhile, environmental harmful products and services have also recently been included as controversial products (Cai *et al.*, 2012). Reverte (2009) classifies chemical, pharmaceutical, petroleum, transport, utility and steel industry under the umbrella of controversial industries, while Byrne (2010) includes companies that market tobacco, weapons, alcohol, and health or sex related products in the controversial industries as well. However, in some of those industries, the degree of controversy may differ. The utility companies may be considered as controversial if it produces nuclear power. In addition, any other industries that are not stated here may sometimes be involved in scandal or controversies; which are regarded as low controversial industries. For industries classified as controversial, the rationale is that potential employees are less likely to apply for jobs. However, corporate social responsibility may be used here to improve the negative reputation of these companies and attract job seekers to apply (Kilian and Hennigs, 2014).

CSR has been significantly discussed on the international level. However, the level of corporate social activity in Indonesia is still low, despite the issuance of government regulation no. 47 in 2012, which dictated companies to conduct their corporate social responsibility as a way to balance their businesses and the environments. Unfortunately, the law is limited in its explanation regarding the corporate social responsibility that companies need to undertake. This makes a lot of Indonesian firms confused about CSR's ambiguous concept, resulting in a weak participation in Indonesia (Devie *et al.*, 2018).

CSR can help improve a firm's reputation (Fraj-Andres *et al.*, 2012). This is because the concept of CSR has become a concern for Millennials as prospective employees (Akisik and Gal, 2017). According to Meister (2012), an article contributor of Forbes, mentioned that from the students survey it was found out that 72% who are soon to be job seekers, look for a job where they can make an impact. Most would also take 15% pay cut to work for a company with a clear corporate social responsibility program.

Relevant literature is reviewed and hypothesis regarding the relationship between CSR, JPI, QWL and EP are explained in Section 2, followed by an explanation of sample, measurement and research model in Section 3. Section 4 discusses the research results, while Section 5 talks about the conclusions and research limitations.

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## 2. Literature review and hypothesis

The literature review process started by searching with keywords “Job Pursuit Intention” and “Quality of Work Life”, including also the combination keywords with “Corporate Social Responsibility” and delimitate the results to only peer-reviewed journal articles and conference papers published in the main bibliographic databases between 2010 and 2020. Text-books, book chapters, periodical reports, trade reports, magazine, dissertations and any other working papers were excluded. The major bibliographic databases used in searching the relevant articles are Emerald Insight, Science Direct and Scopus. These databases are selected because of their wide coverage of Job Pursuit Intention and Quality of Work Life and CSR contexts. The database mentioned that there are plenty of articles about “Job Pursuit Intention” or “Quality of Work Life”. Researchers found 702 articles for both keywords. However, when the keywords were combined with articles of “Corporate Social Responsibility” only a few research could be found. There are 6 available articles explaining the combination of the keywords between “Job Pursuit Intention” and “Corporate Social Responsibility”, whereas the combinations between “Quality of Work Life” and “Corporate Social Responsibility” appear in 14 articles. Authors screened the searching results and decided independently by checking the reference lists of the journal articles to identify suitable ones to be included for the review. The final dataset included a total of 37 accepted articles and were therefore used for this study. However, only 7 articles out of 37 which were related directly to the combination of the keywords either “Job Pursuit Intention” and “Corporate Social Responsibility” or “Quality of Work Life” and “Corporate Social Responsibility”. This shows the limited number of the previous studies which discussed the topic of Job Pursuit Intention and Quality of Work Life in CSR contexts.

### 2.1 Corporate social responsibility

It is hard to attract and retain great talents especially for firms in controversial industries in Indonesia which might have a negative reputation and rarely have an active recruitment tool to recruit employees. This is because they see that there are abundant job seekers which is nearly 7.04 million in Indonesia (The Jakarta Post, 2017). Therefore, without the presence of recruitment programs, there will still be many applicants for any job vacancies. The recruiting effort made by Indonesian’s firms is, hence, considered low. Most of the firms are relying solely on their recruitment advertisement and lengthy job interviews (Monroe Consulting Group, 2016). However, due to the change in generations that will be the job seekers, and the introduction of ASEAN Economic Community (AEC), recruitment strategy to attract job applicants and improve job pursuit intention is more needed now than ever. One of the strategies that Indonesian companies can implement is by practicing corporate social responsibility.

The World Business Council for Sustainable Development (WBCSD) has described corporate social responsibility as “the commitment of a business contribution in developing sustainable economic together with employees, their families, the local community and society to improve their quality of life” (World Business Council for Sustainable Development, 2014). In 1991, Carroll first classified corporate social responsibilities into four categories: workplace economic, legal, ethical and philanthropic responsibilities. However, Moorthy *et al.* (2017) included environmental responsibility as a division of CSR. This study uses all five dimensions of CSR.

Prior researches commonly used signaling theory to describe the connection between CSR and JPI (Moorthy *et al.*, 2017; Magbool *et al.*, 2016; Story *et al.*, 2016). Potential employees give information related to a company as “signals” of telling them about the working conditions, and any indications of what it could be like to be a part of that organization (Presley *et al.*, 2018). Thus, companies can intentionally select information they would like to send as signals to their potential employees in order to raise the organization’s attractiveness. On top of that,

the stakeholder theory proposes that firm's objectives should not be limited to only serve its own purposes and profits, but also to fulfill the interests of other stakeholders. This theory states that companies reveal information to their stakeholders in order to maintain the good relationship with their stakeholders as well as to provide information about their right which they are entitled to (Cahaya *et al.*, 2015). However, each stakeholder has the choice to use or not the information they receive in carrying out their roles in the company.

### 2.2 Job pursuit intention (JPI)

JPI is defined as the intention of job seekers to actively pursue a job and attend a job interview in an organization (Jaidi *et al.*, 2011). The initial attraction is mostly influenced by the reputation and image of the firms (Evans and Davis, 2011). Nowadays, scarcity of highly skilled and motivated employees has become one of the most obvious human resource management issues (Story *et al.*, 2016). Thus, effective strategies to attract employees should be more seriously planned. Data for job pursuit intention are available on the questionnaire measurement in the research methodology section.

### 2.3 Quality of work life (QWL)

QWL is defined as the condition where employees are able to accomplish their personal needs by means of their performance at the workplace while accomplishing the organization's goals (Davis, 1983; Davis and Cherns, 1975). In this case, QWL consists of employees' needs for economy, family life, social life, esteem, health, safety, knowledge, aesthetics and self-actualization (Sirgy *et al.*, 2001). Nguyen *et al.* (2014) refer to the well-being of employees as their quality of work life. Another research defines quality of work life as the fulfillment of employee's needs acquired from their participation in the workplace and achievement on their daily tasks (Lee *et al.*, 2015). Since employees are important for a company, it is crucial to manage their work life quality so that they are willing to finish their daily work. In Vietnam, there are three types of employees' needs that must be satisfied, namely, satisfaction with survival needs, belonging needs and also knowledge needs (Nguyen and Nguyen, 2012). Survival needs include safety needs, the needs for food and shelter. While belonging needs refer to the willingness to be part of a group and to boost the self-esteem by utilizing love and care from friends. In addition, there are also basic needs to continually challenge oneself and broaden one's mind by taking part on a challenging project which requires creativity, called knowledge needs.

QWL in this study will also be measured using a set of questionnaire instrument, specifically adapted from the need-based quality of work life model by Nguyen and Nguyen (2012, 2014), which is based on the three satisfaction needs briefly explained above. Even though there are other models studying the quality of work life, the need-based model, which focused on the three key needs defined by Abraham Maslow, put more attention on the work situation, instead of focusing broadly on the concept of QWL. The complete explanation of the three needs evaluation criteria in the need-based model as mentioned in the previous researches (Nguyen and Nguyen, 2012; Nguyen *et al.*, 2014; Lee *et al.*, 2015; Rastogi *et al.*, 2018) are discussed next:

**2.3.1 Survival needs.** This criterion assesses the remuneration of the employee in terms of its adequacy. This remuneration includes monthly salary as well as health benefits. The satisfaction of what the company has been doing for the employees' family is also taken into account.

**2.3.2 Belonging needs.** It assesses the desire to build a relationship with other people, inclusive of one another in a group. In this case, the assessment is focused on the balance between the work and social life of each employee as well as the appreciation of what they are getting from their work.



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*2.3.3 Knowledge needs.* Employees will also be assessed regarding the use of their capacities at work, whether they are satisfied with the importance of the tasks, the opportunity and responsibility given daily. In this particular criterion, it is also tested whether the company encourages and provides the opportunity for professional growth, through trainings and workshops. Since QWL is considered essential for organizations to attract and retain employees (Sirgy *et al.*, 2001); therefore, using QWL as an attractive variable for recruitment program in the context of controversial industry is very crucial.

#### *2.4 Employee performance (EP)*

Employee performance can be defined as the productivity of each employee in a company. Performance can be measured by managers through different mechanisms (Saleem and Amin, 2013). There are various factors that affect the employee performance such as monetary benefits, non-monetary benefits, supervisory support, training programs, organizational support, quality work life, job pursuit intention, etc. Employees are one of the most crucial stakeholders in an organization, since their performance will contribute to the company's performance and in turn will decide the company's success or failure (Sun and Yu, 2015). Employee performance begins from the top line management but the outcomes are achieved from the bottom line (employees). High-performing companies indicate higher degree of employee satisfaction whereas companies with poor financial performance also have the same degree of employee satisfaction. Prior research differentiated two types of performance in employees (Fung *et al.*, 2017; Sharma *et al.*, 2016). The two performance types will be explained further as follows:

*2.4.1 Task performance.* It measures the performance of role-prescribed tasks. Specifically, it assesses how well an employee performs all the activities based on their individual role. In this study, this type of performance measurement is also called in-role behaviors, which measure the Job knowledge, Accuracy of work, Productivity and Ability to organize the work of each employee.

*2.4.2 Contextual performance.* The second assessment is looking at employee's activities that help both the social and psychological context of an organization. It takes into account the amount and quality of supporting activities that each employee contributes to their colleagues at work. The indicators of the measurement include dependability, obedience to follow policies and procedures, and extra-role behaviors which include Initiative and Teamwork.

In this study, employee performance will be measured from questionnaires developed from the previous studies (Fung *et al.*, 2017; Nazeer *et al.*, 2014; Chiang and Wu, 2014). The direct supervisors of the employees are chosen to fill up the questionnaires regarding the QWL. The direct supervisors are aware of their subordinate's performance; thus they are able to evaluate the performance more objectively. Furthermore, a separate questionnaire is collected from the supervisors to reduce the common bias resulted by the studies using self-assessed employee performance.

#### *2.5 Corporate social responsibility and job pursuit intention*

Job pursuit intention is the job seeker's inclination and attraction to actively seek work in a company. From human resource perspective, CSR can be an important talent recruitment tool to increase the job pursuit intention for that company. According to Connelly *et al.* (2011) regarding signaling theory, CSR activities undertaken by organization can become a signal that they are concerned about their employees. Thus, job seekers may translate this signal as the firm being a good place to work. Additionally, CSR activities that sent signal about their care for the environment can be interpreted as the organizations being socially responsible and having high ethical value. Now more than ever, factors other than financial rewards and

career path progression are important in attracting new talents to join an organization. Job seekers are looking for a company which is in alignment with their own personal values, meaning and purpose, and which can grant them the opportunity to perform well (Grant and Parker, 2009). CSR reveals some facts about the social values of the company not only regarding their concern to the environment, but also to their employees as well, and these facts about the firm can be a signal to guide job seekers' intention to pursue a job in that organization (Wang, 2013). As an example, Magbool *et al.* (2016) conducted a research, which resulted in the acceptance of the notion that new talents were more attracted to work in a socially responsible firm.

On the other hand, Moorthy *et al.* (2017), Kumari and Saini (2018) and Tsai *et al.* (2015) who studied this topic found that there is an exception to the positive relationship of CSR dimensions on the JPI of potential employees, in term of ethical responsibility. In this research, ethical responsibility component of CSR is proven of not having relationship with job pursuit intention. Since the emphasis of the authors is how CSR plays a role as a whole instead of per dimensions, the hypothesis below is therefore proposed:

*H1.* Corporate social responsibility influences JPI.

#### *2.6 Corporate social responsibility and employee performance*

Corporate social responsibilities should be considered as an investment instead of a mere expense. The cost paid by the organization to actively engage in corporate social responsibility will benefit them in terms of good firm's reputation and motivating their employees to perform well. Previous studies suggest that more responsible and excellent companies treat their employees, the higher the employee's productivity will be (Romi *et al.*, 2018). Sun and Yu (2015) find that CSR has a positive influence on employee performance (EP). Another theory also suggests that CSR activities can strengthen employee commitment and may instill positive work attitude (Edmans, 2011). These factors will in turn lead to a higher productivity for the employees. Once employees realize that their firm cares not only about their financial bottom line but also about the workplace, legal, ethical, philanthropic and environmental responsibility, their commitment and motivation will increase since they perceive it as the concern from the company to them.

However, research findings by Bucuniene and Kazlauskaitė (2012) showed that the effect CSR has on organizational performance outcomes, which include individual employee performance as one of the measurements, is only supported partially. Since CSR is not directed inward, but rather outward to the society, the message may sometimes not be received by the employee, and therefore, will not influence their performance. As a result, organizations that actively disclose their corporate social responsibility programs can motivate their employees to work more effectively and efficiently as compared to their counterpart in a less socially responsible organization. Therefore, it can be hypothesized that:

*H2.* Corporate social responsibility influences EP.

#### *2.7 Corporate social responsibility and quality of work life (QWL)*

QWL is defined as the satisfaction of employee's basic needs from the achievement of tasks done at work. When a company engages in corporate social responsibility activities, employees' perceptions of the firm may change (Lee *et al.*, 2013). They may see the firm caring more than their financial interests; such as, the interests of the environment, society, and especially the employees. However, different people may have different areas of interest in terms of their social responsibility, which means company cannot affect all employee's perceptions equally with their CSR activities (Arndt *et al.*, 2015). On the other hand, company's CSR programs, which show tangible cares for their employees do influence the

quality of work life, according to research by [Kim et al. \(2018\)](#), [Boadi et al. \(2020\)](#) and [Tongo \(2015\)](#). This is because the activities will affect the perception of how employees view their survival, belonging and knowledge need satisfaction, which are the components of QWL. For instance, a company may engage in CSR to help build a school for the community where their factory resides in. All of the employees' children may join freely, which can help to satisfy one of their QWL needs for survival, whereby this job cares about their family too. However, there are many different dimensions of CSR, shown in this study that not all of them will have the same impact. While philanthropic and economic CSR do affect on QWL, but legal and ethical CSR do not. Many CSR programs implemented by companies are designed to directly benefit employees ([Arndt et al., 2015](#)). Consequently, employees who have benefited from this and seen their companies are, will feel differently towards their work life. Their survival, belonging and knowledge needs, which merge to form QWL, are more likely to be fulfilled. Accordingly, the third hypothesis is proposed:

*H3. Corporate social responsibility influences QWL.*

### *2.8 Job pursuit intention and quality of work life*

Job pursuit intention translated as the attraction of a potential employee to join a company and accept the job offer. It will play a role on the mindset of the individual once they become an employee. A previous research revealed that employees who found their job to be more interesting would have a higher job satisfaction. This can be perceived to be one of the components of QWL ([Tho and Trang, 2011](#)). In other cases, a job worth pursuing will be more attractive and exciting to fulfill, the employees will be more motivated to complete their day-to-day assigned task, not only to earn their salary, but also to satisfy their personal needs ([Nguyen et al., 2014](#)). These are the factors contributing to the quality of work life, which is defined as how much fulfillment of employees' various needs, including survival, belonging and knowledge needs, obtained from their daily work. Employees are thus less likely to give up on challenging projects or to be bored with mundane tasks. When the three basic needs of survival, belonging and knowledge, are fulfilled, it will produce a high quality of work life. However, this attraction may not be a long term one and after a while of doing the job, the attraction can be diminished. Hence, the quality of work life may be diminished too. For the company to ensure a continuous high QWL of their employees, they must also ensure continuously high job attractiveness. Based on the explanation above, the connection between job pursuit intention and QWL is hypothesized as below:

*H4. Job pursuit intention influences QWL.*

### *2.9 Quality of work life and employee performance*

Quality of employees' work life refers to their work life well-being, such as the fulfillment of their survival, belonging and knowledge needs. Since employees are important stakeholders in a company, ensuring the employees' well-being is crucial so they can finish their work. Previous researches have examined the relationship between these two variables. [Hermawati and Mas \(2017\)](#) state that the QWL directly affects the employee performance (EP). The quality of work life affects job satisfaction and the well-being of each employee, and motivates them to commit to their work. Another research by [Nguyen et al. \(2014\)](#) has also shown how the quality of work life, for example the fulfillment of the survival needs, contributes greatly to the job satisfaction that subsequently causes optimization of employees' productivity. A better QWL, where survival, belonging and knowledge needs of employees are all met, can instill employee's loyalty, and in turn, it will cause them to show better work performance ([Nayak and Sahoo, 2015](#)). However, in some cases, quality of work life may not influence employees' performance if there is no mediator, as employees may become complacent in their three basic needs' fulfillment, which they do not extend the

fulfillment to their daily work. Hence, their work performance may not be impacted by their quality of work life. Results from research by [Nayak and Sahoo \(2015\)](#) showed that the relationship between QWL and EP was partially mediated by employee commitment. Therefore, the fifth hypothesis is proposed:

*H5. Quality of work life influences EP.*

### 3. Research gap

A lot of earlier researches concentrated their objectives in finding the link between CSR and financial performance of a company. Indeed, there is abundant evidence supporting the notion that one way to enhance a company's financial performance is by engaging in corporate social responsibility ([Saleh et al., 2011](#); [Chtourou and Triki, 2017](#)). However, it must be understood that a company's success actually hinges on the performance of one of their greatest assets: their human resources ([Sun and Yu, 2015](#)). In a job with very high complexity, a high performer is 800% more productive than an average performer ([Keller and Meaney, 2017](#)).

Due to the young generations that will be the job seekers, the need to have a recruitment method to attract job applicants and improve job pursuit intention is needed now more than ever. One of the ways Indonesian companies can use to do so is by practicing CSR. Therefore, this is the first study that observed overall relationship of CSR with the JPI, QWL and EP, especially in controversial industries, which will help companies to redouble their efforts in maintaining good employee performance.

This study is intended to expand the prior studies by examining the overall relationship of CSR, JPI, QWL and EP, especially in the controversial industries. The study will help companies to seriously maintain their good employee's performance and increasing the job pursuit intention by participating in CSR.

### 4. Research methodology

#### 4.1 Data collection and technique for analysis

Using convenience sampling, the study sampled 45 Indonesian listed companies in the controversial industry, specifically tobacco, pharmaceutical, oil and gas, chemical, steel and crude petroleum. Low Risk Research Human Ethics Approval was being considered in this study. In practical way, Indonesian universities do not have the process to approve human ethics application for any studies. It is the different way we do in other countries, for instance in Australia, New Zealand or UK. A total of 405 questionnaires (9 respondents per company) were distributed to interns, staffs and direct supervisors. As shown on [Table 1](#), there were 378 respondents from 42 companies returned their responses. However, 2 questionnaires were not valid. In total, there were 376 questionnaires to be analyzed, consisting of 126 interns, 128 staffs and 122 direct supervisors. The interns are familiar with the companies, and are more likely to seek for full-time employment at the time. Therefore, they represent the respondents for Job Pursuit Intention (JPI) questions. For QWL questions were filled by staffs. In addition, supervisors are for the respondents of EP and CSR questions, since they are more aware about the nature of CSR in their company, including the performance of employee. The technique used to examine the relationship of CSR, JPI, EP and QWL is partial least square (PLS) and by employing the software WarpPLS. The purpose of WarpPLS is to predict the impact of variable *X* towards variable *Y* as well as explaining the theoretical relationship between those two variables. This technique can give an accurate result; although the sample size is small, yet it is suitable for this study ([Ronkko et al., 2014](#)).

#### 4.2 Questionnaire

Based on extensive literature review, four types of questionnaires were developed to assess employee perceptions on CSR, JPI, QWL and EP. A seven-point (from 1 = strongly disagree to

7 = strongly agree) was used to measure all item-questions. Demographic data on gender, age and job position were collected.

4.2.1 *Measurement of corporate social responsibility (CSR)*. In this study, CSR is measured by using questionnaire modified from Moorthy *et al.* (2017). This approach includes questions from all 5 dimensions of corporate social responsibility, which are workplace economic responsibility, legal responsibility, ethical responsibility, philanthropic responsibility and environmental responsibility. The survey targets supervisors in Indonesian public listed companies in the controversial industry, as they are more aware about the nature of CSR in their companies, hence, able to assess them accordingly. In total, there are 18 items of questions for this variable.

4.2.2 *Measurement of job pursuit intention (JPI)*. Questionnaire is chosen as a measurement of job pursuit intention. The questionnaires are distributed for interns working in the selected companies and for measuring the attraction of job seekers to actively pursue their jobs and attend job interview in an organization (Jaidi *et al.*, 2011). These interns are familiar with the companies, and are more likely to seek for full-time employment. The seven items used for this questionnaire is adopted from various earlier researches, such as by Avery *et al.* (2013), Tsai *et al.* (2014) and Moorthy *et al.* (2017).

4.2.3 *Measurement of quality of work life (QWL)*. QWL is reflected using the score from questionnaires that are filled by employees. The survey is measuring the satisfaction of employee's basic needs: survival, belonging and knowledge needs, from the participation in the workplace (Lee *et al.*, 2015). This research adopts the popular quality of work life measurement based on need satisfaction done by Nguyen and Nguyen (2012), Nguyen *et al.* (2014), Lee *et al.* (2015) and Rastogi *et al.* (2018).

4.2.4 *Measurement of employee performance (EP)*. The measurement of the company's employee performance is divided into two indicators: in-role behaviors (task performance) and extra-role behaviors (contextual performance), which are widely used by the previous researches (Sharma *et al.*, 2016; Fung *et al.*, 2017). The purpose of this division is to capture both role-prescribed tasks and extra role performances of employees. The direct supervisors of the employees answering the questionnaire regarding quality of work life are chosen to evaluate this variable. This method can also reduce bias suffered when using a self-assessed employee performance (Nazeer *et al.*, 2014; Chiang and Wu, 2014).

### 4.3 Model

This study is intended to examine whether the relationship between CSR, JPI, QWL and EP is positive, negative or neutral. An additional analysis is done to examine the role of job pursuit intention and quality of work life as intervening variables. The model for the impacts toward quality of work life and employee performance is expressed in the equations below:

$$QWL = \alpha + \beta_1 \times CSR + \beta_2 \times JPI + \epsilon \quad (1)$$

Sampling Criteria	No. of observations
Companies listed in Indonesia Stock Exchange in 2017	566
Listed companies which are not included in controversial industry	(521)
Companies which are in controversial industry but did not respond to questionnaires	(3)
Total companies which fulfill the criteria	42
Total respondents (on average 9 respondents per company: 3 interns, 3 staffs, and 3 supervisors)	378
Number of respondents not valid	(2)
Total valid respondents	376 respondents

**Table 1.**  
Summary of the sample observed

$$EP = \alpha + \beta_1 \times CSR + \beta_2 \times QWL + \varepsilon \tag{2}$$

4.3.1 *Validity and reliability.* A multivariate statistical test involves validity, reliability and multicollinearity tests. Validity test consists of convergent and discriminant validity test, while reliability and multicollinearity test examine composite reliability, Cronbach’s alpha and full collinearity variance-inflation factor (VIF) values. Convergent validity test is represented by the factor loading value. If the value is greater than 0.5, the convergent validity criteria is fulfilled. In addition, when the loading factor for each indicator for a variable is bigger than the cross loading of the other variables, that indicator has fulfilled the discriminant validity criteria (Kock, 2015). A variable with only one indicator will have a factor loading of 1, which fulfills the criteria. Seen on Table 2, the indicators of all four variables have fulfilled convergent and discriminant validity criteria.

Once the validity test is passed, the reliability and multicollinearity test are conducted. First, composite reliability for the questionnaire should be greater than or equal to 0.70. The second reliability criterion, Cronbach’s alpha value, should be higher than 0.6, and to fulfill collinearity test, VIF’s value must be lesser than 3.3 or 10 in a more relaxed criterion (Kock, 2015). From the values on Table 3, all variables are found to have passed the reliability and multicollinearity tests.

## 5. Research results and analysis

### 5.1 Data description

Table 4 shows the descriptive statistics of each indicator, explaining further the minimum, maximum, mean and standard deviation value.

The indicator QWL3 has the lowest mean of 5.88, while LR (Legal responsibility) as part of CSR measurement has a higher mean of 6.52. This indicates that Indonesian companies in the controversial industries have put importance on engaging in corporate social responsibility practices, especially in practicing legal responsibility. This might be due to the regulation imposed by the government as well as the increasingly popular CSR discussion amongst companies in Indonesia. Furthermore, the employees of companies in the controversial industries agreed that laws and regulations are important for their companies to follow.

Indicator	Corporate social responsibility	Job pursuit intention	Quality of work life	Employee performance
WER	0.873	-0.031	0.147	-0.180
LR	0.915	-0.083	0.076	-0.052
ETR	0.930	-0.029	0.044	-0.098
PR	0.861	0.153	-0.232	0.290
ENR	0.890	-0.001	-0.044	0.052
JPI1	-0.184	0.863	0.092	0.112
JPI2	-0.003	0.928	0.025	0.010
JPI3	0.167	0.908	0.036	-0.240
JPI4	0.108	0.878	0.036	-0.150
JPI5	-0.046	0.838	-0.233	0.164
JPI6	-0.093	0.848	-0.093	0.235
JPI7	0.046	0.726	-0.068	-0.128
QWL1	0.153	-0.252	0.865	-0.223
QWL2	0.090	0.150	0.880	0.005
QWL3	-0.241	0.097	0.878	0.215
EP1	-0.166	-0.004	-0.141	0.927
EP2	-0.166	0.004	0.141	0.927

**Table 2.**  
Combined loadings  
and cross-loadings

Both PT Barito Pacific Tbk. and PT HM Sampoerna Tbk. scored the highest for their legal responsibility. It means that the companies are law-abiding companies and it is reflected from the daily work done by their employees. In terms of discrimination, the companies try to avoid any to anyone and are willing to take extra efforts to treat everyone the same.

Moreover, the variables of corporate social responsibility, job pursuit intention and employee performance, the companies in oil and gas sector attain the highest average score with 6.59, 6.54 and 6.54 respectively. It means that most of the respondents in oil and gas sector filled in the questionnaire strongly agree that their corresponding companies have seen the importance of engaging in corporate social responsibility activities.

### 5.2 Hypotheses and research result

It is hypothesized that CSR is positively related to JPI, QWL and EP. The analysis result supports the hypotheses constructed in this study, which suggests that CSR significantly impacts job pursuit intention, quality of work life and employee performance. The result is also consistent with the previous researches that job pursuit intention also affects quality of work life significantly, while quality of work life affects employee performance (see Figure 1).

Table 5 presents the factor loading value and the indicator weight value for the five indicators of corporate social responsibility. The most important indicator is ethical relationship as it has the highest value of factor loading for CSR. The higher the factor loading value, the more significant the indicator is for that specific variable. Ethical responsibility has the factor loading value of 0.930, which indicates that this indicator is more significant to reflect the corporate social responsibility of the companies than other indicators.

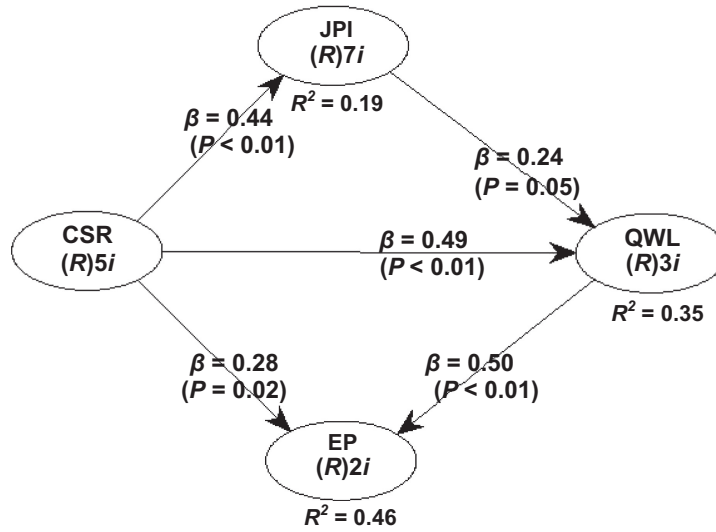
Statistical analysis research Observed from Table 6 indicates that corporate social responsibility has a positive ( $\beta = 0.438$ ) and significant relationship ( $p < 0.01$ ) with job pursuit intention, which means that Hypothesis 1 is accepted. This also reflects the previous journal by Moorthy *et al.* (2017), which proposed that CSR, except ethical responsibility element, significantly influences job pursuit intention of potential employees. In addition, the result reinforces the signaling theory, which claims that any information regarding a company can be translated as signals to show how it is like to be a part of the organization. In this study, it is shown that when a business puts importance on being more socially responsible, job seekers gravitate more towards that company. Initial attraction of job seekers is mostly influenced by the reputation of the firms. This is especially true for companies in the controversial industry, where their reputation is more negative than other companies. This can be discouraging for job seekers to apply for their companies. Nowadays, CSR is so important that many public-listed companies are dedicating specifically one section of their annual report to describe them.

	Corporate social responsibility	Job pursuit intention	Quality of work life	Employee performance
$R^2$		0.192	0.348	0.458
Adj, $R^2$	0.915	0.171	0.314	0.429
Composite reliability	0.952	0.951	0.907	0.925
Cronbach's alpha	0.937	0.939	0.846	0.838
Avg. variance extraction	0.800	0.736	0.765	0.860
Full collinearity VIFs	1.365	1.174	1.716	1.875

**Table 3.**  
Reliability and collinearity values

**Table 4.**  
Descriptive statistics

Indicators	N	Minimum	Maximum	Mean	Std. deviation
WER	122	5.08	7.00	6.45	0.368
LR	122	4.78	7.00	6.52	0.404
ETR	122	4.80	7.00	6.28	0.406
PR	122	4.56	7.00	5.89	0.460
ENR	122	4.78	7.00	6.19	0.434
JPI1	126	5.00	7.00	6.49	0.490
JPI2	126	4.67	7.00	6.21	0.551
JPI3	126	5.00	7.00	6.10	0.475
JPI4	126	5.25	7.00	6.12	0.464
JPI5	126	5.00	7.00	6.34	0.448
JPI6	126	5.67	7.00	6.48	0.397
JPI7	126	5.33	7.00	6.35	0.450
QWL1	128	4.44	6.78	6.17	0.462
QWL2	128	4.67	6.78	6.10	0.437
QWL3	128	4.00	6.67	5.88	0.490
EP1	122	5.25	6.83	6.28	0.353
EP2	122	5.50	6.92	6.40	0.324



**Figure 1.**  
Structural model  
results

**Table 5.**  
Profile of indicators  
for CSR

	Factor loading	Indicator weight
WER	0.873	0.218
LR	0.915	0.229
ETR	0.930	0.233
PR	0.861	0.215
ENR	0.890	0.223



Corporate social responsibility also positively ( $\beta = 0.281$ ) and significantly ( $p = 0.02$ ) affects employee performance, which is in accordance with Sun and Yu (2015) and Edmans (2011). Since participating in more corporate social responsibility activities strengthens employee commitment that will instill more positive work attitude, leading to a higher employee performance. In addition to the stakeholder theory, organization's objective should not be limited to increasing its financial bottom line, but it should also fulfill the interests of other stakeholders (Fontaine, 2013). Improving social performance shows an entity's commitment towards fulfilling their employee's interests and needs, which could determine the company's continual success (Boesso et al., 2013). As a result, Hypothesis 2 is accepted. In this way, stakeholder's interests are practiced and carried out by managers, which may result in a better performance from those stakeholders, especially employee, when they take the chance to show their commitment towards fulfilling their employees' interests and needs. CSR participation could demonstrate a long-term value, which raises future's performance.

Based on the result of Table 6, the relationship between CSR and QWL is a positive ( $\beta = 0.49$ ) and significant one ( $p < 0.01$ ), suggesting that Hypothesis 3 is also accepted. Kim et al. (2018) mentioned that by practicing corporate social responsibility, especially the activities that directly benefit the employees, firms show that they care about their employee's needs. As a consequence, employees feel that their survival, belonging and knowledge needs are being fulfilled. These three needs compose their quality of work life. Additionally, the study conducted by Arndt et al. (2015) also mentioned that many CSR programs implemented by the company have a direct benefit for employees. Thus, based on these previous studies, CSR has a positive impact on QWL, which is in line with the condition of the controversial industry in Indonesia.

The next hypothesis proposes that job pursuit intention positively and significantly impacts quality of work life, as it is consistent with the previous study by Nguyen et al. (2014). With a correlation coefficient of 0.241 and  $p$ -value less than 5%, Hypothesis 4 is proven and therefore, accepted. A job worth pursuing will be more attractive and exciting to fulfill (Nguyen et al., 2014). Moreover, the earlier researches also found that employees who found their job more interesting would speed up to complete it to satisfy their personal needs. These needs come in to the form of survival, belonging, and knowledge needs, which can be perceived as the components of the quality of work life (Tho and Trang, 2011).

Lastly, Hypothesis 5 is also accepted. The result of this study found that the quality of work life is a crucial factor to achieve a more productive employee performance, which is in accordance with the research by Hermawati and Mas (2017). Companies that ensure their employees have a good quality of work life will get loyalty from their employees (Nayak and Sahoo, 2015). Furthermore, according to Nguyen et al. (2014), the QWL contributes greatly to the job satisfaction and well-being of each employee, which then causes optimization of the employee's performance. It is true since a better QWL for employees in the controversial

		CSR	JPI	QWL
Direct effect	JPI	0.438***		
	QWL	0.490**	0.241**	
	EP	0.281***		0.503***
Indirect effect	QWL	0.106		
	EP	0.246***		
Total effect	JPI	0.438***		
	QWL	0.596***	0.241**	
	EP	0.527***		0.503***

**Note(s):** \* $p < 0.10$  (weakly significant); \*\* $p < 0.05$  (significant); \*\*\* $p < 0.01$  (highly significant)

**Table 6.**  
Correlation among  
latent variables

industry will motivate them to work harder and more effectively, thus enhancing their performance in that company.

Finally, [Table 6](#) shows that the job pursuit intention does not necessarily serve as a complete mediator, as this variable may not matter much for employees who have worked in a company for quite a long period of time. Meaning that corporate social responsibility has no indirect effect on the quality of work life, but it has a significant indirect effect on employee performance. Continuously, along the way of philanthropic CSR, the activities considered to be improved by Indonesia companies is PR (Philanthropic Responsibility) component, since it has the lowest average mean, with the score of "5.89". The results together with the previous supports reveal that the organizations could enhance the Job Pursuit Intention (JPI) performance by attracting new talent through Philanthropic Responsibility. Furthermore, as identified by several prior researches ([Moorthy et al., 2017](#); [Magbool et al., 2016](#)), corporate social responsibility can boost up job seeker's attraction in a company. Accordingly, a job worth pursuing is more exciting to fulfill, leading to employees feeling more motivated and satisfied in terms of the fulfillment of their basic needs ([Nguyen et al., 2014](#)). Besides the quality of work life is proven to be able to serve as a mediator of the variable CSR and employee's performance. This variable can strengthen the impact driven by CSR on employee's performance. If a company is concerned about the level of their corporate social responsibility, especially by engaging in CSR activities that affect their employees' life, they will be able to improve their employee's quality of work life ([Kim et al., 2018](#)). As a result, it will drive loyalty ([Nayak and Sahoo, 2015](#)), which can boost the performance of employees.

As proven by the association of CSR practices with the improvement in the firm's job pursuit intention, quality of work life and employee performance, firms must be aware of the benefits by engaging in CSR. Due to the benefits obtained from conducting good CSR practices, companies in Indonesia's controversial industry should perceive CSR as an investment, instead of a mere expense. CSR offers an advantage for the human resource management in an organization by facilitating them in attracting the potential employees. CSR could be an effective tool to win the war of seeking for talents by communicating their socially responsible activities to the job seekers upfront. The findings of the study also show that CSR can be an important strategy to improve employee's productivity. CSR leads to a higher QWL, which in turn instills a sense of loyalty from employees. This loyalty boosts the employee's commitment in their job, resulting in a better performance. In other words, companies should ensure to practice CSR activities in order to improve their employee performance.

## 6. Conclusion and limitation

### 6.1 Theoretical implications

This study is conducted in order to examine the association between CSR, JPI, QWL and EP in controversial industry in Indonesia. Based on the research result, CSR is proven to have a highly significant association to JPI, QWL and EP. As presented by the result, engaging in more CSR practices improves a company's reputation, which leads to attract more potential employees who are interested in applying for a job in that company. It could also benefit employees by fulfilling their three basic needs: survival, belonging and knowledge needs, which then lead to an improvement in the employee's performance. Job pursuit intention also has a significant influence as an independent variable rather than intervening variable on the quality of work life of employees in controversial industry in Indonesia. This is due to the fact that they are more motivated to fulfill their required work, leading to a satisfaction of their personal needs. In addition, QWL can significantly influence employee performance. Employees who have a higher quality of work life will be more loyal to their companies, and show their loyalty by committing to their work, which contribute a better performance result. QWL has also successfully acted as an intervening variable in the relationship between

corporate social responsibility and employee performance. The most important implication of our findings for managers is that CSR can be a significant strategy for retaining employees. CSR leads to higher quality of work life which, in turn, increases employee performance. It means that having a socially responsible corporate culture is not the only right thing to do but also good for business. CSR offers tangible financial benefits for firms by helping them to attract and retain employees. Accordingly, firms should clearly communicate their CSR policy to potential employees upfront.

In addition, based on the  $R^2$  value, the variable of corporate social responsibility (CSR) and quality of work life (QWL) influence 0.46 or equal to 46% of the variance of employee performance (EP). This value is considered high and significant, however, for the relationship between QWL and EP, the  $R^2$  value is 0.316. This means that QWL influences 31.6% employee performance in a company in Indonesia's controversial industry. The improvement of employee performance (EP) can also be influenced by other variables outside of the corporate social responsibility and QWL. [Nayak and Sahoo \(2015\)](#) mentioned that the relationship between QWL and employee performance might need a mediator, for example employee commitment.

### 6.2 Limitations and further research

This research answers the question of whether the association between CSR, JPI, QWL and EP is applicable. One of the limitation of this study is on the size of the total sample, which only comes from large public listed companies in the controversial industry in Indonesia. Hence, result from this research does not reflect all companies in Indonesia. As a consequence, different result may be obtained when different sample of companies in other industries or small companies is used. To further strengthen and generalize the research results, future studies must focus on replicating the work for other organizations across different industries. Multiple organizations of different organization characteristics (size, leverage, etc.) within the same industry could be analyzed further to see if the characteristics make any difference in the results. This will help in extending the research model proposed in the present work, to a broader context and further add to the existing body of knowledge on CSR and EP. Moreover, people's perceptions on the variables used in this study may change. Second, this study recommends that future research examine the proposed research model with different generation that can have different perceptions regarding corporate social responsibility. Third, future studies can extend the research model by adding other relevant variables, such as quality of life (QoL). Model used by [Kim et al. \(2018\)](#) showed that the QWL influence overall QoL. Such a research study will give us an opportunity to explore the mediator that influence the employee performance.

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