CSR-an amorphous notion in Pakistan and its impact on Job Performance with mediating effect of employee loyalty, employee commitment and Organization Citizenship behavior.

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Abstract:
Up till date massive studies have been made to find out the effect of CSR on consumers and outside stakeholders of a firm but the internal stakeholders are limited to the shareholders only. This study focuses on the effects of CSR on the job performance with Employee loyalty, Employee Commitment and OCB as mediating variable. Corporate Social Responsibility has been evolved from philanthropic approach and is now at strategic CSR level. Pakistani businesses mostly involve themselves in philanthropic and community programs but it is commonly debated that it is a country that is still lacking behind in CSR practices. Among companies there have been certain organizations that have taken the lead and must be praised for their efforts in contributing to the society and people of Pakistan. The purpose of this study is to find out the effect of CSR policies on Employee loyalty, Commitment and OCB and their resultant effect on Job performance. For that purpose cross sectional study is done by using mixed approach. Data is collected from 250 employees from different organizations as sample through random sampling. Survey is conducted by using adopted questionnaire in two cities of Pakistan i.e. Sialkot and Gujarat. The scale used in questionnaire is Likert scale and demographic factors asked in questionnaire are age, gender, designation and organization. The data collected is analyzed by the help of regression test.

Introduction:
The ‘performance’ of the firms heavily depends upon how much it is responsive and how much it cares about the welfare of our society. Over the centuries as the awareness is growing, the need for organizations to become more socially responsible has also increased. In recent years, scholars and managers have devoted greater attention to the strategic implications of corporate social responsibility (CSR). Corporate Social Responsibility is evolved from Philanthropic approach. Although there are a number of descriptions of various CSR approaches, Locke presents a useful typology of four categories: minimalist, philanthropic, encompassing and social activist (Locke, 2003), as Table 1. It can be seen companies shift from ‘philanthropic’ to ‘encompassing’ CSR approaches.

Significance:
This research studied the important link between corporate social responsibility and employee’s job performance with the mediating effect of employee commitment, organization citizenship behavior and employee commitment. This study has both academic and practical implications. This research studied the relationship between corporate social responsibility and job performance in the context of Pakistan, where corporate social responsibility is still a growing phenomenon. So this study will add up in the current literature available in the context of Pakistan and can be helpful for future studies that are going to be conducted in this context. As mentioned earlier, previous studies focused on the links between corporate social responsibility and internal shareholders but this research studied the new link between corporate social responsibility and job performance. So this research will be of practical use for the companies as it will help their owners and managers realize how imperative their corporate social responsibility activities are to improve the job performance of their employees.

Problem Statement:
Massive researches have been made to find out the effect of CSR on consumers and outside stakeholders of a firm but the internal stakeholders are limited to the shareholders only. This study focuses on the effects of CSR on the job performance with Employee loyalty, Employee Commitment and OCB as mediating variable. This research aims to answer the following questions:

Objectives:
- To determine the effect of CSR based activities on employees’ performance.
- To find out the mediating effect of employee loyalty, commitment and OCB on job performance.

Questions:
- How CSR effects on the job performance of an employee?
- How the employee loyalty, commitment and OCB is boosted by the execution of CSR based strategies?

Evolution of Corporate Social Responsibility:
Initially CSR was considered as serving and caring the humanity. Over the period of the past thirty years, the term CSR has continued to adapt to the changing situation in businesses world over. The concept continues to go through its evolutionary march and so does its definition. (Wheede, 2005). Drucker in 1942 shapes CSR as customer satisfaction. “The economic purpose of the existence of any business company is maximization of profit and this end is achieved only through realization of social dimension that is customer satisfaction. Therefore, social stability and social health of any industrial society is one of the dependent variables corporation’s responsibilities besides its economic target.” (Drucker, 1942). Later in 1946 Drucker further added that corporations are also responsible for the progress of their workers. “Survival of any enterprise is outcome of the
harmony between the company’s objectives, objectives of the state system and the people. Any conflict between the objectives of these three interactive players would stuck the business firm in the middle of the road.

Therefore, corporations are responsible for worker’s human dignity and status, and worker’s training and development as corporation’s resource and not cost.” (Drucker, 1946). Davis and Kieth give a new dention to CSR in 1960 by stating that “Execution of the businesses policies shall not be restricted to the firm's corporate interests only rather it should also cater for the socio- legal aspects as well.” (Davis & Kieth, 1960). A comprehensive definition of CSR was given by Carroll in 1979. He argued that an organization is not only legally and economically responsible rather it is also ethically and discretionary responsible “The social responsibility is set of economic, legal, ethical and discretionary expectations of society towards the business organizations operating within its premises” (Carroll, 1979). Nelson further broadened the view by affirming that “Ethics has evolved that the business is obliged to function as per the dictates of the law, provide employment to the society, and code of conduct and pay taxes.” (Nelson, 1996).

According to Van Marrewijk “In general, corporate sustainability and CSR refer to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (Marrewijk, 2003). Further CSR reflected being ethically and economically responsible. CSR calls for the ethically right behavior from the business while pursuing its economic goals. The ethical behavior calls for business moral responsibility for improvement in workers life quality and well beings of their family and social groups (Lord Holme and Richard Watts, 2007). Kotler emphasize on the consumer aspect of CSR. He holds the view that a firm, besides satisfying immediate needs and wants of target market, shall also deliver value to the customer in a way that maintains or improves consumer’s and the society’s well-being for a long term as well (Philip Kotler, 2008).

As the time is ticking away, researchers of every era gave a new dimension to this concept. In support of all the above definitions this can be concluded that CSR is not a responsibility but it is an imperative element in the evolution of an organization. Corporations should develop strategies in the favor of their stakeholders which makes an organization socially responsible.

**CSR and Asian Context:**

It is commonly presumed that CSR in Asian countries lags behind then CSR in the West. It is not like that the companies in Asian countries are not socially responsible, they are but the level is lower than the Western countries. For example, Kemp states that: There are numerous obstacles to achieving corporate responsibility, particularly in many developing countries where the institutions, standards and appeals system, which give life to CSR in North America and Europe, are relatively weak. (Kemp, 2001). The reason why this phenomena is prevailing, western countries in contrast to the Asian are developed countries having high economic growth and development. As a result there is augmented surplus which can be used by the business and governments in financing CSR activities.

In general terms western systems have been associated with higher levels of economic wealth than have Asian countries. As a result, businesses, as well as individuals and governments, are able to generate surpluses and these can be used either in directly funding CSR activity (Chapple, Chambers, Moon, & Sullivan, 2003).

**Pakistani Context:**

In developing countries like Pakistan an organization is thought to be an entity for earning profit. But with the passage of time some companies emerged who practiced CSR based strategies which results in high profit. But still there are many corporations in Pakistan which are reluctant to this approach. They are static to conventional thinking based on profitability. While it is commonly argued that Pakistan is a country that is still deficient in CSR practices among companies there have been certain organizations that have taken the lead and must be lauded for their efforts in contributing to the society and people of Pakistan. (Kuldune Shahid, 2015) Taking Pakistan into the current wave of CSR means building responsible competitiveness. Pakistan has to learn swiftly in acclimating to the CSR paradigm. The general perception in the Western world is that the local companies in Pakistan have no awareness about CSR and therefore no impetus to adopt the same. This is so far from the truth that it’s laughable. Admittedly most activities are still mainly philanthropy and a holistic approach to CSR is seldom seen, but areas like employee volunteerism and environmental conservation have become more prominent over the past years. "CSR In Pakistan: The Good, The Bad And The Ugly | Triple Bottom Line Magazine'. N.p., 2012. Web. 14 Nov. 2015.

**Organizational citizenship behavior:**

(Podsakoff, Mackenzie, Paine, & Bachrach, 2000) ; (Curral, 1988); (Lee & Kim, 2015); (Organ, Smith, & Near, 1983), have quoted Organ (1988) to define Organizational Citizenship Behavior (OCB) as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the
aggregate promotes the effective functioning of the organization. By discretionary, it means that the behavior is not an enforceable requirement of the role or the job description, that is, the clearly specifiable terms of the person’s employment contract with the organization; the behavior is rather a matter of personal choice, such that its omission is not generally understood as punishable.” Moreover (E.Guest, 2015), defined Organizational citizenship behavior (OCB) as ‘extra-role behavior designed to support the social and psychological organizational environment. It takes a variety of forms including helping others and civic virtue activities’. (Organ, Smith, & Near, 1983), argued that organizational citizenship behavior has at least two dimensions (a) altruism or helping particular individuals (b) generalized compliance which is a more unbiased form of faithful citizenship. Citizenship behaviors thus, promote a culture where employees develop a sense of care and affection for their colleagues as well as their organizations, encouraging them to work hard and cooperate with each other. (Curral, 1988), reviewed Organ’s work to conclude work that performance of employees can easily be explained in terms of two parts (a) job-specific-behavior (b) non-job-specific-behavior. Organ (1988) termed this non-job-specific-behavior as Organizational Citizenship Behavior (OCB). Studies have been conducted to view the effect of corporate social responsibility (CSR) on the perception of employees towards the organization which in turn affects their citizenship behaviors. In a research conducted on the attitude and behavior of hotel employees towards the organization (lee & Kim, 2015) found out that more the organization is socially responsible and involved in activities that are healthy for the society, the more likely it is for the employees to have a positive perception about their organization. (Podsakoff, Mackenzie, Paine, & Bachrach, 2000) proposed that cultural context may also have a significant impact on the citizenship behavior. This impact may exist in several forms, for instance, ‘mean’ levels of behavior or the mechanisms through which organizational citizenship behavior is developed may be effected by different cultural contexts. Under the lights of work mentioned above, it could be concluded that employees’ perception of its organizations’ (CSR) activities has a positive link with its attitude and behavior towards and within the organization. Work needs to be done to find out the links between employee performance and organizations (CSR) corporate social responsibility activities. So, this research will study the effects of corporate social responsibility (CSR) activities on organization citizenship behavior (OCB) which in turn affects the employees’ performance in the context of culture and society of Pakistan.

**CSR & Employee Loyalty:**

CSR plays an important role in every organization. It helps in enhancing employees’ loyalty. Reward is much important for employees according to research of Fisher & Yuan (1998). Loyalty is a positive outcome of high motivation, and determines how likely someone is to stay at a company. Hirschman (1970:79) describes loyalty as a rational mechanism which allows employees and customers to stay with a company longer than what would be expected based on their personal expectations that they have. Companies have to focus on employees CSR in order to get loyalty of employees. There is positive relationship between employee loyalty and CSR (Sajadi Gholam, 2014). In the light of prior researches, it can be said that CSR has an important impact on employee loyalty and commitment.

**CSR & Employees Commitment:**

CSR helps in increasing employees’ commitment level with the organization as CSR includes activities for the welfare of employees and their families (Ali Imran, Rehman Kashif, 2010). Committed employees value the organization’s goals and put maximum effort to achieve them all. It’s all due to the benefits and incentives given to employees by organization (Y.H Ebeid Ahmed, 2010).

TISCO was awarded The Energy Research Institute (TERI) award for Corporate Social Responsibility (CSR) for the fiscal year 2002-03 in recognition of its corporate citizenship and sustainability initiatives. As the only Indian company trying to put into practice the Global Compact principles on human rights, labor and environment, TISCO was also conferred the Global Business Coalition Award in 2003 for its efforts in spreading awareness about HIV/AIDS (Amit Kumar Srivastava, 2012).

It was reported in 2009 that socially responsible activities by an organization create volunteerism and commitment in employees. Turkker suggests positive relationship between CSR and employee commitment (Medison Thomas F, 2012). CSR positively affects employee commitment and it leads to maximizing productivity and profitability (Prez Merey, 2013). Under CSR activities, employees and their families receive a lot of benefits which helps in enhancing employee commitment. (Amit Kumar Srivastava, 2012)

**CSR and Job Performance:**

Job performance includes all the behavior and actions of employee that are linked to the organizational goals. Authors agree that when conceptualizing performance one has to differentiate between an action (i.e., behavioral) aspect and an outcome aspect of performance (Campbell, 1990); (Campbell, McCloy, Oppler, & Sager, 1993); (Kanfer, 1990); (Roe, 1999). The behavioral aspects comprise all the actions of employees that he does on workplace. It is not valid to
count every action of employee for performance concept, only those deeds are subsumed which are correlated to the organizational goals. Performance is what the organization hires one to do, and do well (Campbell, 1993). In contrast the outcome aspect of performance deals with the idea that how well an employee is performing the task assigned to him. The behavior aspect further proceeds to the outcome aspect of performance.

CSR and Employee performances are directly proportionate to each other. According to Perceived Organizational Support dimension employees take their organizations as an entity which value their efforts and contributions and cares for their welfare. More the CSR activities greater will be the performance of the employee.

Hypothesis:
Following are the hypothesis of this paper that are tested through multiple regression.

H1 = CSR helps in enhancing job performance.  
H⁰ = CSR does not helps in enhancing job performance.

H2 = CSR helps in enhancing employee commitment.  
H⁰ = CSR does not helps in enhancing employee commitment.

H3 = More committed the employees, more will be their job performance.  
H⁰ = More committed the employees, lesser will be their job performance.

H4 = CSR helps in boosting up the OCB.  
H⁰ = CSR does not help in boosting up the OCB.

H5 = OCB enhanced job performance.  
H⁰ = OCB does not enhance job performance.

H6 = Employees become loyal by applying CSR.  
H⁰ = Employees do not become loyal by applying CSR.

H7 = Employee loyalty helps in improving job performance.  
H⁰ = Employee loyalty does not help in improving job performance.

Framework of CSR:
CSR practices are deficient in Pakistan due to lack of knowledge about this concept and unfamiliarity of benefits by using CSR based strategies. The dependent variable is Job Performance and the mediating variables are Employee commitment, OCB and Customer loyalty. The Independent variable is Corporate Social Responsibility. The framework of the problem is given below:

Methodology:
This research is a cross-sectional study and is purely quantitative in approach. The core purpose of this research study is to explain the impact of corporate social responsibility on employees’ job performance with employee commitment, OCB and customer loyalty as mediating variables. Sampling technique that will be used in this study is random sampling seeing that every item of population has equivalent possibility to be selected in the sample. Data for this study is collected from the cities of Gujranwala and Sialkot. The unit of analysis for this research is the employees of different manufacturing and Academic organizations working in Gujranwala and Sialkot, from whom data has been collected. The questionnaire for this study was adopted and somehow modified. Reliability of these questions will be checked through cronbach’s alpha. The method of pilot testing is also applied to check the reliability of the questions. Scale followed in the questionnaire is ‘Dichotomous and Likert’. Inferential statistics is used to check the effect of corporate social responsibility on the job performance. The Baron Kenny’s multiple regression model is used to find out the mediating effect of variables on Job performance.

Interpretations:
The interpretations model summary tables the “R” column represents the value of R, the multiple correlation coefficient. R can be considered to be one measure of the quality of the prediction of the dependent variable; in this case, Job Performance (JP). The "R Square" column represents the R2 value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables. The F-ratio in the ANOVA tables tests whether the overall regression model is a good fit for the data. Unstandardized coefficients indicate how much the dependent variable varies with an independent
variable when all other independent variables are held constant. The spss results of all variable using multiple regressions are given below.
**Hypothesis 1:**

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.952*</td>
<td>.906</td>
<td>.906</td>
<td>.51136</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), AvgCSR

**ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>231.895</td>
<td>1</td>
<td>231.895</td>
<td>421.9</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>108.825</td>
<td>198</td>
<td>.550</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>340.720</td>
<td>199</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-.858</td>
<td>.097</td>
<td>-8.852</td>
<td>.000</td>
</tr>
<tr>
<td>AvgCSR</td>
<td>1.066</td>
<td>.024</td>
<td>.952</td>
<td>43.784</td>
</tr>
</tbody>
</table>

a. Dependent Variable: AvgAJP

The "Sig." value (.000) is less than .05 and the null hypothesis must be rejected. The table shows that the independent variables statistically significantly predict the dependent variable, $F = 421.915$ greater than 5 (i.e., the regression model is a good fit of the data). The tabulated value i.e. $t = 20.541$ is above 2.

**Hypothesis 2:**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.825*</td>
<td>.681</td>
<td>.679</td>
<td>.74137</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), AvgCSR

**ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>426.344</td>
<td>1</td>
<td>426.344</td>
<td>666.2</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>126.705</td>
<td>198</td>
<td>.640</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>553.049</td>
<td>199</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), AvgEC
b. Dependent Variable: AvgAJP
The "Sig." value (.000) is less than .05 and the null hypothesis must be rejected. The table shows that the independent variables statistically significantly predict the dependent variable, F = 428.139 greater than 5 (i.e., the regression model is a good fit of the data). The tabulated value i.e. t = 20.692 is above 2.

**Hypothesis 5:**

The "Sig." value (.000) is less than .05 and the null hypothesis must be rejected. The table shows that the independent variables statistically significantly predict the dependent variable, F = 552.966 greater than 5 (i.e., the regression model is a good fit of the data). The tabulated value i.e. t = 23.515 is above 2.
552.966 greater than 5 (i.e., the regression model is a good fit of the data). The tabulated value i.e. $t = 23.515$ is above 2.

**Hypothesis 6:**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.971</td>
<td>0.943</td>
<td>0.943</td>
<td>0.61042</td>
</tr>
</tbody>
</table>

ANOVA:

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1227.546</td>
<td>1</td>
<td>1227.546</td>
<td>3294.401</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>73.778</td>
<td>198</td>
<td>.373</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1301.324</td>
<td>199</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Coefficients:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-.165</td>
<td>.116</td>
</tr>
<tr>
<td>AvgAEL</td>
<td>.625</td>
<td>.013</td>
</tr>
</tbody>
</table>

The "Sig." value (.000) is less than .05 and the null hypothesis must be rejected. The table shows that the independent variables statistically significantly predict the dependent variable, $F = 2261.176$ greater than 5 (i.e., the regression model is a good fit of the data). The tabulated value i.e. $t = 47.552$ is above 2.

**Conclusion:**

This paper was written with the aim of finding impact of CSR on Job performance of employees with the mediating effect of Employee loyalty, Employee commitment and OCB. The results are favorable according to the data tested by the help of Spss. All the hypotheses are accepted which shows the positive relationship between CSR and Job performance. Overall the results were highly favorable and in support of our hypothesis. The relationships between all the variables were strongly established. This research was conducted within the premises of Gujranwala and Sialkot. Further studies should be conducted to check the relationship between CSR and job performance in other cities of Pakistan as well. Other dimensions can also be added in this framework for future research.
Table 1: Four approaches to CSR

<table>
<thead>
<tr>
<th>Minimalist</th>
<th>Philanthropic</th>
<th>Encompassing</th>
<th>Social Activist</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Basic Stakeholder Support.</td>
<td>- Project specific</td>
<td>- Looks beyond the immediate business stakeholder group to broader community</td>
<td>- Approach is the foundation of the business</td>
</tr>
<tr>
<td>- Addressing aspects that are generally HR orientated</td>
<td>- Related to Specific issues relevant to the particular organization</td>
<td>- Embedded in company values and management style</td>
<td>- Business is a catalyst for change</td>
</tr>
<tr>
<td>- Tokenistic</td>
<td>- Donations and gifts</td>
<td>- Seeks to lead change</td>
<td>- Seeks to effect change on others</td>
</tr>
</tbody>
</table>

Source: Table adapted from text in Locke, 2003

References:


