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UNIVERSIDADE D  
**COIMBRA**

Pedro Miguel Duarte Gaudêncio

**ANÁLISE DAS PERCEÇÕES E COMPORTAMENTO  
DOS TRABALHADORES EM FUNÇÃO DA  
RESPONSABILIDADE SOCIAL EMPRESARIAL**

UM ESTUDO COM FUNCIONÁRIOS DE BACK OFFICE

**Doctoral Thesis in Business Management,  
supervised by Doctor Professor Arnaldo Coelho and Doctor Neuza  
Ribeiro  
presented to Faculty of Economics of Coimbra University**

December 2020

Faculty of Economics

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**To my Grandfather**



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## Abstract

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Corporate Social Responsibility (CSR) is now a topic of discussion in companies and universities, having gained particular attention at the start of the 21st century, when science evolved to consider relational aspects of phenomena as well as the physical and mechanical ones. This study falls within this scope, seeking to probe deeper into business context dynamics and to explore the influence of organisational policies and strategies on workers' behaviours and attitudes. It has three objectives, the first being to contribute to a better understanding of the CSR concept in its various aspects by charting the historical evolution of company strategy and academic discussion, analysing how existing studies have progressed from company macro level performance logic to individual micro level analysis, and addressing the importance and measurable effect of workers' behaviour and responses. The second objective is to investigate how CSR has a direct influence not only on workers' performance, but also on their attitudes, innovative behaviour, job satisfaction, and turnover intentions. To obtain this improved understanding, the effects of mediating variables in the form of social exchange mechanisms (trust, supervisor relationship, affective commitment, and happiness) on these relationships are explored. The third objective focuses on business communication and organisation image construction and workers' perceptions of the organisations to which they belong. Thus, the moderating effect of the perceived external prestige is analysed. The study seeks to contribute towards a better understanding of how workers identify with the social responsibility policies and initiatives of companies on the basis of both the direct effects of those policies and actions, and the image they portray. The relationships in focus were articulated and tested through four conceptual and complementary models that have each been published in separate articles. To systematise reality and test the research hypotheses, two databases were collected through the use of two questionnaires administered to research samples in Portugal. The sample reported in the first article consisted of 223 workers, while the samples reported in the remaining three articles were comprised of 315 workers. Structural equation modelling was used as the statistical tool as this allows one to prove the theoretical-subjective knowledge about relationships present in advance in established models and to guarantee data explanation in a meaningful and parsimonious way. The results showed that employees value the ethical component and social responsibility practices, and that statistical evidence exists of their positive influence on innovative behaviour, performance, job satisfaction, and turnover intention. Additionally, in respect of the social exchange mechanisms, it appears that workers with higher trust levels develop greater affective commitment, enjoy greater satisfaction at work and have less desire to leave; affective commitment and happiness are revealed as mediating variables in the relationship between CSR influence and innovative behaviour, and supervisor relationship mediates the influence of CSR on turnover intentions; perceived external prestige moderates some of the research hypotheses since

when organisations have a poor image, workers responses to CSR seem to be more significant both in terms of mediating variables (trust and relationship with the supervisor) and dependent variables (innovative behaviour and turnover intentions). This study enriches the existing knowledge about social exchange relationships in organisational contexts, and responds to the need to understand underlying mechanisms linking CSR with workers' organisational outcomes, by analysing CSR practices from a holistic stakeholder perspective. Empirical evidence suggests that managers should implement CSR practices in a strategic way, as they can foster business gains through their positive effects on individual work behaviour, and their simultaneous ongoing control over the company's image construction and external prestige. There are several limitations of the present investigation as follows: the independent and dependent variables were collected from the same source; the work is based entirely on perceptions; and since it is a cross-sectional study, it is not possible to draw conclusions on cause-effect relationships, but rather remains at the level of measures of association between factors and assigned conditions.

**Keywords:** corporate social responsibility (CSR), workers, social exchange, trust, innovative behaviour, performance.

## Resumo

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A Responsabilidade Social Empresarial (RSE) é hoje um tema de discussão nas empresas e universidades, tendo ganho uma particular atenção no início do século XXI e à medida que a ciência foi evoluindo do estudo dos fenómenos físicos e mecânicos para o estudo dos aspectos relacionais. Este estudo insere-se neste âmbito, e procura aprofundar um pouco mais quais as dinâmicas em contexto empresarial do fenómeno e da influência que as políticas e estratégias organizacionais poderão ter ao nível dos comportamentos e atitudes dos trabalhadores. Têm três objectivos, o primeiro, contribuir para um melhor entendimento do conceito de RSE nas suas várias vertentes, analisando a evolução histórica ao nível da estratégia seguida pelas empresas e da discussão académica, analisando de que forma os estudos existentes evoluíram de uma lógica macro, de performance da empresa, para uma análise micro, de comportamento individual, abordando a importância e o efeito mensurável das respostas dos trabalhadores. O segundo objectivo, investigar como e de que forma a RSE influencia de forma directa, não só, a performance dos trabalhadores, mas também as suas atitudes: comportamento inovador, satisfação com o trabalho e desejo de saída. Sendo que para uma melhor compreensão dos efeitos são explorados, através de variáveis mediadoras, mecanismos de troca social que podem influenciar estas relações, nomeadamente a confiança, a relação com o supervisor, o comprometimento afectivo e a felicidade. O terceiro objectivo foca-se na comunicação empresarial e na construção da imagem da organização e da percepção que os trabalhadores têm das organizações onde se inserem. É assim analisado o efeito moderador do prestígio externo percebido. O estudo pretende contribuir para uma melhor compreensão sobre a forma com os trabalhadores se identificam com as políticas e iniciativas das empresas no âmbito da sua responsabilidade social na base simultânea dos efeitos directos dessas políticas e acções e da imagem que eles próprios constroem. As relações estudadas foram construídas e testadas através de quatro modelos conceptuais que se complementam e que correspondem aos quatro artigos produzidos e publicados. Para a sistematização da realidade e testagem das hipóteses de investigação foram recolhidos duas bases de dados através de dois questionários de resposta fechada aplicados em Portugal. No primeiro artigo a amostra foi composta por respostas de 223 trabalhadores. Nos restantes três artigos a amostra foi composta por respostas de 315 trabalhadores. A principal ferramenta estatística utilizada foi o modelo de equações estruturais por permitir comprovar os conhecimentos teórico-subjectivos sobre as relações presentes nos modelos estabelecidos antecipadamente e garantir a explicação dos dados de forma significativa e parcimoniosa. Os resultados obtidos são que os trabalhadores valorizam a ética das empresas e as suas práticas de RSE, sendo encontrada evidência estatística da sua influência positiva no comportamento inovador, na performance e na satisfação com o trabalho e na redução do desejo de saída; em relação às componentes dos mecanismos de trocas sociais, verifica-se que

os trabalhadores com um maior nível de confiança desenvolvem um maior comprometimento com a organização, desfrutam de uma maior satisfação com o trabalho e tem menor desejo de saída; o comprometimento organizacional e a felicidade revelam ser variáveis mediadoras na influência da RSE no comportamento inovador e a relação com o supervisor medeia a influência da RSE no desejo de saída; a variável prestígio externo percebido modera algumas das hipóteses de investigação: na situação em que a organização apresenta uma pior imagem as reacções dos trabalhadores à RSE são geralmente mais significativas tanto ao nível das variáveis mediadoras (confiança e relação com o supervisor) como ao nível das variáveis dependentes (comportamento inovador e desejo de saída). Este estudo contribui para enriquecer o conhecimento existente sobre as relações de troca social em contextos organizacionais e responde à necessidade de compreender melhor os mecanismos subjacentes que ligam a RSE com resultados organizacionais dos trabalhadores, analisando as práticas de RSE numa perspectiva holística de todas as partes interessadas. A evidência empírica sugere que os gestores implementem práticas de RSE de forma estratégica, pois podem contribuir para fomentar os ganhos empresariais através de efeitos positivos no comportamento individual nos trabalhadores, não descurando o controlo da construção da imagem organizacional e do prestígio externo da empresa. As principais limitações da presente investigação são que as variáveis dependentes e independentes foram recolhidas através da mesma fonte; o trabalho foi baseado em percepções; e sendo o estudo de natureza transversal não é possível obter conclusões de relações de causa-efeito, mas apenas medidas de associação entre o factor e a condição atribuída.

**Palavras-chave:** responsabilidade social empresarial (RSE), trabalhadores, trocas sociais, confiança, comportamento inovador, performance.

## List of Abbreviations

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AC	Affective Commitment
AVE	Average variance extracted
CFI	Comparative Fit Index
CFA	Confirmatory factor analysis
CEV	Corporate Ethical Values
CSR	Corporate Social Responsibility
EFA	Exploratory factor analysis
GFI	Goodness of Fit Index
HAP	Happiness
H	Hypotheses
IB	Innovative Behaviour
IFI	Incremental Fit Index
JS	Job Satisfaction
LMX	Leader-Member-Exchange
NFI	Normed Fit index
OC	Organisational Commitment
OT	Organisational Trust
P	p-value
PEP	Perceived External Prestige
RFI	Relative Fit index
RMSEA	Root mean square error of approximation
SEM	Structural equation modelling
SET	Social exchange theory
SIT	Social identity theory
TLI	Tucker-Lewis Index
TI	Turnover Intentions



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# CHAPTER I - INTRODUCTION

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## 1.1 Research Context

This study considers the issue of Corporate Social Responsibility (CSR) and specifically focuses on how workers perceive company practices, what opinions they have about these, and how they are influenced by them. An incomplete understanding of how CSR affects employees makes it difficult for organisations to design CSR strategies that satisfy both internal and external stakeholder demands (Scheidler et al., 2019). Consequently, the current research aims to contribute towards the construction of an inclusive conceptual framework at the micro level of analysis and to facilitate a better understanding of the work environment and the relations that workers establish with their organisations.

Workers and organisations are mutually dependent (Hejjas et al., 2019), relating within a constellation of converging, competing interests, each with intrinsic value; and organisations function as a place of mediation where these varying interests of different stakeholders and society can interact (Maon et al., 2010). In this study, the focus is on workers as individuals who react to their surroundings. Individuals are important since behaviour change does not occur within organisations unless humans implement it (Coles et al., 2013); even in the most modern factories someone must push the button or control machine activities. Consequently, workers are the most distinctive and valuable asset of any organisation as they provide companies with the necessary knowledge, skills and competences to successfully pursue organisational goals (Duarte et al., 2015).

*Your employees are your company's real competitive advantage. They're the ones making the magic happen - so long as their needs are being met - Richard Branson (Scheidler et al., 2019:339)*

The global world of today brings greater inequality between the rich and the poor, a rising number of economically under-privileged societies, tougher international competition, lower transparency, and blurred accountability of businesses (Popowska and Ratkowska, 2018). In terms of this accountability, currently, the responsibilities of companies are not only affirmed in the economic domain, but due to the impact inherent in their activity, they are extended to other domains: social, environmental, political. Due to the voluntary nature of CSR and the need to incorporate stakeholder considerations, a balance between all these domains accompanied by the maximising of performance in each area is the ideal to aim for (Coles et al., 2013). In fact, CSR has become a primary concern for contemporary business (Maon et al., 2010) yet enterprises are faced with both opportunities and threats in the planning and choice of their CSR activities (Yu et al., 2017). These developments in the business world indicate that the central question of CSR, in practical terms, has shifted from whether to how,

thereby initiating what has become known as “the strategic turn” in CSR (Jauernig and Valentinov, 2019).

Most researchers have agreed that socially responsible behaviour definitely enhances the long-term sustainability and growth of a business (Taneja et al., 2011); it therefore becomes crucial for companies to align CSR activities with their long-term strategy, and there is even a small group of innovators who actually make their operations around CSR (Popowska and Ratkowska, 2018). Indeed, many firms allocate significant portions of their budgets to CSR activities, treating them as core management functions (Yuan et al., 2020). This results in many organisations having a definite CSR agenda (Hejjas et al., 2019), and almost every major organisation is now engaged to some extent in CSR (Glavas, 2016), essentially because, nowadays there is high pressure to be socially responsible (Popowska and Ratkowska, 2018). However, firms’ propensity to be socially responsible and be willing to conduct CSR is enhanced if they stand to gain benefits from such engagement (Arora, et al., 2020). In this regard, Carroll and Shabana (2010:86) ask “what do the business community and organisations get out of CSR?”, focussing on how they benefit tangibly from engaging in CSR policies, activities and practices. Mallory and Rupp (2015) on the other hand, argue that questioning the financial worth of CSR may not be appropriate, and that as noted by Glavas (2016), the main question being asked, often implicitly, is whether firms have a role in society beyond economic profit. Developing more robust insights into how CSR affects both employee attitudes and behaviours will provide substantially improved managerial prescriptions for the development of CSR (Brammer et al., 2015).

As an institutionally-embedded phenomenon, CSR is often understood as either a form of self-regulation by firms and/or industries motivated by the public establishment, or as the private and voluntary regulation of supply chains in the transnational sphere by large multinational firms (Arora et al., 2020). It is a wide-ranging concept, presenting not only a landscape of theories but also a proliferation of approaches, which are controversial, complex, and unclear (Garriga and Mele, 2004). Indeed, the various academic debates around the different social responsibility models have so far not produced any universal model which could comprehensively embrace the phenomenon (Witkowska, 2016), and given this fact, new conceptual frameworks with wider appeal are needed.

This research study about CSR aligns with these concerns and is inspired by both classical and contemporary approaches with the same interests. It is concerned with CSR and workers’ behaviour, and seeks to understand how and why the way in which organisations manage their CSR shapes the attitudes and behaviours of individual employees. As a group of essential stakeholders in CSR activities, workers should be given due importance, as their opinions and approach towards these activities may influence organisational outcomes (Islam et al., 2016). Clearly, therefore, the divergent values and interests within this stakeholder group suggest a need for greater understanding of

employee CSR engagement at the individual level (Hejjas et al., 2019). Indeed, when asking the question of whether CSR works, researchers have for decades, believed that the answer has pertained largely to a company's bottom line (Rupp and Mallory, 2015). But micro-CSR, or the psychological study of how CSR affects individuals, is now gaining significant attention within industrial/organisational psychology and organisational behaviour (Rupp and Mallory, 2015). The individual level of analysis, traditionally neglected in early CSR research, has attracted increased theoretical and empirical attention, provoking the birth and fast-paced growth of micro-CSR research (Gond et al., 2017).

CSR has been linked with numerous organisational advantages, including recruitment, retention, productivity, and morale, all of which relate specifically to employees (Hejjas et al., 2019) and recent research highlights the positive effects of organisational CSR engagement on employee outcomes, such as job and life satisfaction, performance, and trust (Brieger et al., 2020). CSR initiatives can create win-win situations because they affect employees' well-being, which can motivate employees' support for organisational goals (i.e., improved economic and social performance resulting from the adoption of organisation and society-oriented extra-role behaviours) in exchange for the perceived personal benefits they associate with CSR initiatives (Roeck and Maon, 2016). However, there is insufficient knowledge and understanding about why workers react to CSR. Multiple underlying mechanisms have been advanced, although few of them offer robust explanations, whether from outside the organisation (signalling mechanisms), through symbolic interactions (social identity and identification mechanisms), or through more continuous and concrete interactions (social exchange mechanisms) (Gond et al., 2017). And we are left with a lack of appreciation of the underlying mechanisms linking CSR with outcomes, namely the mediation effects (Aguinis and Glavas, 2012).

This study aims to make a solid contribution to the gap in understanding by suggesting an inclusive conceptual framework in which social exchange interactions are decisive in explaining work behaviour. An organisation can be perceived as the opposing side of a social relationship and its behaviours, which are conceptualised through some of its members, can be viewed as social exchange that affects organisational outcomes positively (Ozmen, 2019). Employees try to achieve a balance in the exchange relationships in a mutually beneficial way and maintain a long-term good social exchange relationship at work (Yin, 2018). It is important to go beyond the simplistic direct effect of CSR-outcomes in order to understand why, how, and when employees are affected by CSR (Glavas, 2016), and that requires the effects of mediating variables to be explored, since it is these mechanisms of social exchange, namely, trust, the supervisor relationship, affective commitment (AC) and happiness (HAP) that can influence these relationships. Therefore, the main objective will be to uncover the exchange process by examining whether or not and how ethics and CSR relates to employees' social exchange perceptions and how these perceptions relate to employee outcomes.

To fully grasp the conceptual issues, a comprehensive literature review is performed to reveal the influence on CRS on individual behaviour, and to analyse the historical evolution of CSR in terms of company strategy, and academic discussion. This has involved analysing how the studies already undertaken have been evolving in their focus from the company macro-level performance logic to the individual micro-level analysis, and addressing the importance and measurable effects of workers' behaviour.

## 1.2 Research Problem and Questions

The investigation intends to deeply explore the exchanges between workers and their organisations, to better understand the black box between ethics, CSR, and their impacts on attitudes and work-related outcomes.

In terms of strategy and business organisation, resources must be leveraged to ensure organisational survival and prosperity. Several researchers employing a psychological behaviour perspective have addressed the relationship that exists between human resource practices and competitive advantages (Lado and Wilson, 1994). Adopting successful human resources practices has become increasingly important in enabling firms to maintain competitive advantages, particularly through accumulating valuable, rare, inimitable and non-substitutable employees (Jung and Takeuchi, 2019).

The study of person organisation fit remained an interested area for research endeavors since last two decades (Rajper et al., 2020). In this sense, and within the scope of this work, ways of influencing the quality of the responses of the company's human resources in favour of the organisation are explored. For this to be possible, it is vital to ensure a strategic alignment between the values and objectives of the company and employees. Previous studies suggest that compatibility between the ethical values of individuals and organisations is a determining factor for positive responses from individuals in the workplace (Shafer, 2002). And individuals clearly expect organisations to behave in ethical and socially responsible ways (Simões et al., 2019).

A key driver of employee CSR engagement arises at the organisational level, being seen in employers' increasing use of organisational culture as a means of motivating employees (Hejjas et al., 2019). The strategic internalisation of ethical principles and social responsibility within the organisational culture is the object of study which intends to assess whether such internalisation translates into beneficial effects for organisations through the attitudes and behaviours of workers who manifestly contribute to business success. Individual ethical judgments are strongly influenced by contextual factors (Simões et al., 2019). And the more one of the stakeholders assesses the company as socially responsible, the more naturally social responsibility will be identified with the organisation's values (Peloza and Papania, 2008).

A spread of employee-level organisational outcomes associated with CSR have been identified: reduced employee turnover intentions (TI), improved employee relations, improved AC, increased organisational citizenship behaviours and reduced counterproductive work behaviours (Rupp and Mallory, 2015), but further empirical investigation is required to better understand the way in which CSR links with these outcomes. As noted by Akhouri and Chaudhary (2019) a number of studies have analysed the impact of CSR on employee outcomes, however, only a handful of studies have made an attempt to delve deeper to uncover the underlying psychological processes explaining the linkage. Questions like what happens as a result, and the conditions under which these results are more or less likely to be observed (Aguinis and Glavas, 2012), and why, how, and when does CSR lead to the unleashing of creative potential (Glavas, 2016) are pertinent in this respect.

Roeck and Maon (2016) suggest that future research efforts are needed to further explore the interactions that might exist between the variables depicted in the two conceptual paths based on social identity and social exchange theories. They argue that employees, as internal stakeholders, naturally form perceptions of internal CSR (or CSR-related initiatives directed at themselves) and external CSR (or CSR initiatives directed at other stakeholders), which can subsequently strengthen the employee–organisation relationship (i.e., through organisational trust (OT) and identification) and, thus, employees’ propensity to support and contribute to the organisation’s social and economic performance.

For CSR to have meaningful and desirable impacts for various stakeholders, those stakeholders must have full knowledge of their companies’ CSR intentions and activities (Brammer et al., 2015). Furthermore, employees will make a judgement as to the direction of that CSR, and if they perceive their organisation as investing greatly in external CSR while largely ignoring its own members’ well-being, their favourable reactions to external CSR might be reduced or even lead to backfire effects on their identification with the CSR values, and subsequent work outcomes (Roeck and Maon, 2016). It is suggested by Roeck and Maon (2016) that future research should address the question of whether and how perceived discrepancies between internal and external CSR, internal and external CSR-related organisational images (organisational justice and PEP) and/or internal and external status beliefs (i.e., perceived organisational support and organisational pride) could create interaction effects that modify the strength or jeopardise the existence of a positive relationship between perceived CSR and employee-associated, micro-level outcomes.

Accordingly, in such further research within the CSR field, the following questions can be posed:

- What defines CSR at work and should CSR practices be managed?
- How to implement CSR? What impacts are presented for workers and organisations?
- Does the CSR contribute to improve workers’ positive behaviours towards organisations?

- How does CSR affect social exchanges in organisations?
- What is the role of communication when CSR is put in practice?

### 1.3 Structure of the Thesis

This thesis analyses both the evaluations of CSR (e.g., how employees perceive and judge their employers' CSR practices); and the reactions to CSR (e.g., how employees respond to their evaluations of CSR and the underlying processes and boundary conditions involved) (Jones et al., 2019). It aims to contribute towards a better understanding of the micro foundations of CSR (or micro-CSR) by studying how CSR affects individuals (Gond et al., 2017) and responds to a call from academics to expand the focus of CSR research to add to its original concentration on the macro and institutional levels by widening this to create an understanding of how CSR influences employees (Glavas, 2016).

The thesis begins with a literature review in order to provide a general perspective of CSR conceptualisation, and the analysis of its impacts on workers' attitudes and individual performance. It then presents a chapter relating to the methodology adopted in the study, in which the conceptual model is built, and the research objectives are explained together with the particular methods used to explore these. The four research models that were designed were reported the four papers that compose this thesis and are featured in the following chapters:

1. Organisational CSR practices: employees' perceptions and the impact on individual performance.
2. The role of trust in CSR and worker relationships.
3. The impact of CSR perceptions on workers' TI: exploring the supervisor exchange process and the role of perceived external prestige (PEP).
4. The impact of CSR perceptions on workers' innovative behaviour (IB): exploring the social exchange process and the role of PEP.

The first paper explores how organisational corporate ethics and social responsibility influence satisfaction with management, and workers' attitudes and behaviours, especially in terms of organisational commitment (OC), IB and performance. In respect of the influence on satisfaction with management, the results show that employees value the ethical component and also the workforce social responsibility practices. Concerning OC, statistical evidence is found to confirm the influence of satisfaction with management, ethical values, and also workforce practices. It is also found that OC influences IB, and that this attitude strongly relates to in-role performance.

The second paper investigates how organisational CSR can influence workers' attitudes and behaviours, especially in terms of AC, job satisfaction (JS), and TI. It explores the social exchange process that may underlie this relationship, by examining the mediating role of OT. The findings show that perceptions of CSR predict workers' attitudes and behaviours directly, doing so through the mediating role of OT.

The third paper considers how organisational CSR can influence TI, and explores the social exchange process underlying this relationship, by examining the mediating role of leader–member exchange (LMX) and the moderation role of PEP. The findings show that the perceptions of CSR predict TI through the mediating role of LMX and that PEP appears to be moderating this relationship.

The fourth paper investigates how organisational CSR can influence IB, and explores the social exchange process underlying this relationship, by examining the mediating role of OT, AC and HAP, and the moderating role of PEP. The findings show that perceptions of CSR predict IB through a social exchange process which involves the mediating role of OT, AC and HAP and the moderating process of PEP.

These four partial investigations work in a complementary way to address the research objectives and hypotheses. The results are conclusive in terms of the direct influence of ethics and CSR on workers' attitudes and behaviours, which is seen through social exchange mediating mechanisms. The study outcomes enrich the existing knowledge about social exchange relationships in organisational contexts, thereby reinforcing their importance and showing that CSR actions can alter the dynamics of social exchange within corporations, and consequently influence workers' behaviours.

This thesis ends with a chapter that presents general conclusions, to provide an overall view of the investigation, its contributions to knowledge, recommendations for management, limitations, and opportunities for further investigation.



## CHAPTER II - LITERATURE REVIEW

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### 2.1 Introduction

This chapter presents a review of the literature relating to the main themes of the research study, namely: the ethics problematic in the organisational context, the CSR concept, its evolution and strategic integration, stakeholder theory, the drivers of the investigation and main outcomes under study.

The CSR perspective adopted in the study is based on this comprehensive literature review which traces the origins of the concept, and from which it is clear that the overall concept of CSR has fluctuated between two extremes. One is the instrumentalist approach that reduces organisations' responsibility to the pursuit of the greatest possible profit for their owners, and the other is the normative approach that extends organisations' responsibility to those actions and decisions that ought to be performed, just because they are 'the right thing to do,' and because they create a beneficial impact to society (Contreras-Pacheco et al., 2019).

CSR literature is fragmented regarding levels of analysis, which appear at the institutional, organisational, and individual level (Aguinis and Glavas, 2012). At the institutional level, the focus is on the legitimacy of organisations within society, at the organisational level research has examined the ways in which CSR affects the organisation as a whole, and within the limited individual level research, studies have identified key predictors and mediators of CSR engagement (Hejjas et al., 2019).

Multidisciplinary research collaborations are known to advance the conceptual and theoretical understanding of business ethics and CSR, and contribute to the effective conduct, regulation, and governance of corporate and organisational behaviour (Arora et al., 2020). This study explores both the organisational behaviour and psychology literature, and the management and strategy theories, which have allowed researchers to study the same phenomenon from distinctively different approaches. Specifically, Glavas (2016) focused on integrating CSR and organisational psychology literature, while Hargrave (2015) believed that the strategic dimension of CSR could be better grounded in the management literature.

To develop this work, the main ideas for the CSR conceptualisation, have been gathered from several empirical studies, examined in this chapter. This conceptualisation has been built on the main theories that explain employees' attraction to CSR, their consequent attitudes and behaviours, and the resulting social exchange dynamics. Social relations, trust, identification with the institution, social acceptance, moral values, and stakeholder interests are an essential part of social responsibility (González et al., 2020).

## 2.2 Ethics in Organisational Context and the Influence on Workers' Behaviour and Attitudes

Ethical behaviour is important in all aspects of life because it is an essential part of the foundation on which a civilised society is established (Henry and Musebe, 2017). Concern about ethical issues in business goes back as far as history itself (Schwartz and Carroll, 2008). But recent labour rights abuses by corporations, have brought a need to incorporate CSR and ethics criteria into human resource management and to include policies concerning the treatment of employees in organisational codes of ethics (Furlotti and Mazza, 2020). If ethical behaviour is not practised in the workplace, organisational performance is jeopardised, as the outcome may be disagreements, lawsuits, client dissatisfaction, poor service delivery, poor time management, and corruption among others (Henry and Musebe, 2017). Several ethical failures involving international corporate scandals have resulted in major organisational and societal harm (Beaudoin et al., 2019). And it is accepted that financial success is meaningless if not obtained ethically (Hansen et al., 2013). Indeed, the damage inflicted upon investors, employees, and taxpayers makes it apparent that 'bad ethics' can lead to catastrophic outcomes, while 'good ethics' simply makes for 'good business' (Prottas, 2012).

The theme of ethics has been investigated and discussed in depth in the literature in different business areas and in different contexts (Ferrell et al., 2007). Trevino (1986) discusses the development of two ethics research streams; one focusing on the effect of organisational factors (ethical climate and managerial decision style) on ethical decisions, and the other considering the individual's role (Ferrell et al., 2007). These two models demonstrate that ethical conduct can be influenced both by characteristics intrinsic to the individual, and by contextual or organisational features. Trevino et al. (1988) take the view that while individual characteristics are important, the set of organisational factors is, in a practical perspective, of greater use, as those factors once known, can allow managers to take/have control of the work environment in order to influence individuals.

Organisational culture is recognised as having a strong influence on the various ethical issues and dilemmas (Ferrell et al., 2007). Often presented as a set of values and ideals, homogeneously shared by an entire organisation, such culture establishes customs and expectations in the workplace, including those that pertain to CSR (Hejjas et al., 2019). Values comprise one dimension of any culture that directly influence the actions of individuals in society, and particularly in organisations, values are influential upon workers. A strong ethical fit between employees and their organisations has unintended effects on employees (Brieger et al., 2020). Empirical research has explored how factors such as ethical leadership and ethical culture or climate might influence members' ethicality in firms (Beaudoin et al., 2019). In this respect it is seen that organisational members share a wide range of values that are linked, for example, to product or service quality, advertising content, or the treatment

of customers. These values help to establish and maintain norms and to draw the line between what is right and what is wrong.

The definition of ethical choices and rule of behaviour can have deep effects on the individual and, subsequently on the organisation (Furlotti and Mazza, 2020). Research has suggested that individuals can be attracted to organisations that demonstrate they value ethics and morality (May et al. 2015). The ethical environment, the existence of codes of ethics or training in this area are associated with a wide range of positive externalities for the company, for example: the identification of the worker with the organisation's values, concern for others and consequently a greater commitment (Schwepker, 1999); increase in JS (Valentine and Fleischman, 2008), attraction, motivation and reduced TI (May et al. 2015). These responses are of great interest to managers and can be influenced in order to obtain greater returns from workers.

Researchers have also increasingly been turning their attention to the ethical (and unethical) behaviour of leaders in organisations and how such behaviour affects employees (Hansen et al., 2013). Indeed, several moral leadership theories emphasise the importance of the moral or ethical aspects of leaders' characters and behaviours (Protas, 2012). Employees' perceptions of ethical leadership might be a boundary condition in determining the propensity of perceived CSR to influence employees' socially responsible behaviours (De Roeck and Maon, 2016). Additionally, the presence of ethical leaders is likely to encourage an atmosphere in which employees feel loyal to the organisation (Kottke and Pelletier, 2012). Indeed, research suggests that organisational ethical leadership is both directly and indirectly related to employee outcomes (Hansen et al., 2013)

Ethical leadership was considered as a potential precondition for ethics programme effectiveness, since such programmes are likely to be perceived as effective when leaders encourage ethical dialogue, create an environment of trust, and provide organisational resources to ensure ethical decisions are made (Kottke and Pelletier, 2012). A manager with lower ethical standards than his/her employees might cause those employees to act in ways that violate their own value systems (Protas, 2012). Certainly, unethical top leaders can have a tremendous impact on the survival of a company through establish a culture of dishonesty permeating down to immediate supervisors, and even small, seemingly insignificant acts of dishonesty performed by those people may convey an even more insidious message to the organisation's employees (Kottke and Pelletier, 2012). When commitment to CSR is present, managers are more likely to make ethical decisions (Beaudoin et al., 2019). And if direct supervisors are seen as ethical, it can be anticipated that employees will also hold favourable attitudes (Kottke and Pelletier, 2012).

The presence of a code of ethics with an organisational culture can be a starting point for a company's involvement in socially responsible practices (Wood, 1991). And the business ethics literature on CSR outcomes at the micro level offers a very positive picture of the effects of CSR on employees (Brieger

et al., 2020). Ethical analyses of CSR focusing on employees have provided important insights into how CSR promotes certain employee outcomes (Brieger et al., 2020), confirming that when individuals believe their organisation is guided by ethical principles, they also believe that it is more consciously involved in socially-responsible activities.

Despite the obvious link to the ethics literature, the literatures on ethics and CSR have largely grown in parallel, but some studies do also make the bridge between the two separate bodies of knowledge (Glavas, 2016). CSR can promote a framework that reinforces ethical behaviour by clearly signalling organisations' values system and ethical priorities, thereby inducing organisational members to pay more attention to ethical issues (Simões et al., 2019).

The evolution of the concepts related to CSR is discussed in the next section.

## **2.3 CSR Conceptualisation, Strategic integration, Main Models and Benefits**

### **2.3.1 CSR concept evolution, controversy and chronological analysis and strategic integration**

The discourse on the role of businesses in society has a long history, and with the growing environmental and social challenges facing society, this role has received increasing scrutiny from various quarters (Ashrafi et al., 2020). The phenomenon of responsibility in corporations remains current, continuing to attract the attention of academics and business practitioners in the twenty-first century (Heikkurinen, 2018).

The belief that corporations have a responsibility towards society is not new, and as noted by Garriga and Melé (2004), a long debate has been taking place on CSR since the second half of the twentieth century. It was in the 1920s and early 1930s, when business managers began assuming the responsibility of balancing the maximisation of profits with creating and maintaining equilibrium with the demands of their clients, their labour force, and the community (Agudelo et al., 2019). With the growth of pluralistic society concepts such as “trusteeship” gained currency (Mishra, 2019). By the 1930s and 40s, the role of executives and the social performance of corporations began appearing in the literature (Agudelo et al., 2019).

Researchers have argued that the genesis of CSR was in the 1930s when E Merrick Dodd presented ideas about the role of managers as having, in addition to their economic responsibilities toward shareholders, also had social responsibilities to society because, as observed by Taneja et al. (2011:343), the modern firm was “permitted and encouraged by the law” primarily because of its service to the community rather than because of its existence as a source of profit to its owners.

Nevertheless, despite these early contributions to the literature on CSR, it could be considered that today's CSR has its origins in the mid-1950s (Gómez et al., 2020). In 1953, Bowen conceptualised CSR as a social obligation – “the obligation to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Taneja et al., 2011:343). Bowen argued that free-market capitalism needed regulation and proposed that businesses' social responsibility represented a corrective means to avoid, or at least minimise, firms' negative externalities in pure *laissez-faire* capitalism (De Roeck and Maon, 2016). Furthermore, the relevance of Bowen's approach relies on the fact that this was the first academic work focused specifically on the doctrine of social responsibility, making Bowen the 'Father of CSR' (Agudelo et al., 2019).

There was scant discussion of the link between CSR and benefits for businesses themselves (Carroll and Shabana, 2010), and as a theme that never generated consensus. In 1962, Milton Friedman in his book *Capitalism and Freedom* stated that the social responsibility of managers would only be to raise as much money as possible for shareholders. However, the same author, in 1970, in an extensive article published in the *New York Times Sunday Magazine*, was able to delineate those objectives, stating that the use of resources and activities designed to increase a corporation's profits could only be made as long as it remained within the rules of the game, which is to say, as long as it engaged in open and free competition without deception or fraud.

Not surprisingly, during the 1960s, the CSR literature expanded significantly showing a tendency to focus on the question of what social responsibility actually meant, and what importance it had for business and society (Carroll and Shabana, 2010). Interest in CSR during the 1960s was influenced by growing awareness in society and social movements of the time (Agudelo et al., 2019), and the debate concentrated on the true meaning of social responsibility, and where companies' responsibilities lay. During this time, CSR was seen as a businessman's obligation to oversee an economic system that met the expectations of the surrounding public and should enhance socio-economic welfare (Miller and Akdere, 2019).

Davis (1960) argued for the link between responsibility and power, pointing out that as the influence of the company in society increases, the company should be responsible for the way it uses that power. He believed that in addition to the need for a business to aim for social cohesion, it should also accept its socio-human responsibilities alongside its socio-economic responsibilities, otherwise it would lose the vitality required for success. McGuire (1963) also argued along these lines, believing the firm's responsibility to extend beyond its legal and economic obligations, to embrace an interest in politics, community social welfare, and employees' education and happiness.

The 1970s were influenced by a severe economic crisis, which led to the emergence of a number of social movements that played a key role in introducing environmental, civil rights, and women's rights

issues into companies, among others (Gómez et al., 2020). During this period, the concept of corporate social performance was developed as an extension of CSR (Ashrafi et al., 2020). Social responsibility became an integral part of strategic management, the link being based on long-term economic benefits, supported by risk reduction associated with corporate policies being compatible with societal expectations (Davis, 1975). Davis (1975) defined social responsibility as the activities that protect and value both the well-being of society as a whole and the interest of the organisation. However, there was scepticism surrounding the notion of CSR, since the idea that a firm should be involved in the social arena remained controversial at that time (De Roeck and Maon, 2016). Friedman (1970) proposition that “business of business is to do business” was criticised for fostering economics of irresponsibility leading to corporate scandals (Mishra, 2019).

In their report on the evolution of social responsibility and the possible strategic implications, Garriga and Melé (2004) affirm that in this decade the very notion of CSR, understood as abstract and quite generic, began to be replaced by a notion of social sensitivity (‘corporate social responsiveness’), underpinned by the main idea that businesses should not only respond to society’s wishes, but also anticipate public fears and social concerns. Thus, there would be a strategic interest in this area on the part of companies because, being closer to society’s expectations, they could achieve greater economic benefits and competitive advantages.

A first significant attempt to reconcile the defenders and opponents of the CSR cause was Carroll’s (1979) three-dimensional model of corporate social performance which emphasised that companies’ social responsibilities (i.e., ethical and philanthropic) were not incompatible with the traditional economic and legal obligations of a firm (De Roeck and Maon, 2016). Economic social responsibilities were seen as being related to the production of societal needs, whereas ethical responsibilities required companies to perform extra-role behaviours beyond formal coding (i.e., not described in law but required by the society). Legal responsibilities demanded that companies comply with laws and regulations, while discretionary responsibilities were left to individual judgments and decisions (Islam et al., 2016). Formal definitions of CSR also began to proliferate in the 1970s as CSR, responsiveness and performance became the centre of discussions (Carroll and Shabana, 2010), and there was also a growing concern about CSR and financial performance (Schmitz and Schrader, 2015). However, studies with the aim of empirically demonstrating the existence of a direct link between CSR and economic performance had produced mixed results (De Roeck and Maon, 2016).

It was during the following decade, in the 1980s, that several empirical studies were undertaken, alongside the several attempts within organisations themselves to measure and manage CSR. It was understood CSR as an area that needed to be managed, like other aspects of the company, and that formed part of the daily activities of organisations (Gómez et al., 2020). Cochran and Wood (1984), Aupperle and Carroll (1985) and McGuire et al. (1988) in line with Drucker (1984), who argued that

profitability and responsibility are complementary notions and that it was up to companies to convert social responsibilities into profitable business opportunities, developed models that analysed the relationship between social responsibility and profitability in different ways. Such studies were not, however, conclusive. Cochran and Wood (1984), for example found the average age of corporate assets to be highly correlated with social responsibility ranking, and after controlling for this factor, still found some correlation between CSR and financial performance. Aupperle and Carroll (1985), on the other hand found no relationship between social responsibility and profitability. McGuire et al. (1988) found that profit was positively correlated to CSR and implied the possibility that corporate financial success (high profits) influence the level of subsequent investments in CSR.

Concepts of stakeholders and business ethics emerged as alternate themes (Mishra, 2019). As reported by Garriga and Melé (2004), it is important to note the development of stakeholder theory and the contribution of Freeman (1984), who in his book 'Strategic Management: A Stakeholder Approach', proposed a model that operationalised the concept of CSR and analysed the dependence and influence that stakeholders have on organisations and how they affect the achievement of strategic objectives. This model, based on ethical theories, implied that managers did not only have responsibilities to shareholders, but would also have to manage a complex set of legitimate interests from the different sets of stakeholders. In the stakeholder view, the ultimate purpose of the firm is the combined production of economic and social welfare (Minoja, 2012), and stakeholder management suggests that stakeholder relationships can be created and influenced, and not just taken as given (Freeman and McVea, 2002).

Since the early 1990s, researchers have sought to better understand the benefits of sustainable development to the corporation and determine how best to incorporate the concept (mainly the environmental dimension) into corporations (Ashrafi et al., 2020). Completely new social responsibility concepts such as corporate citizenship and business ethics emerged. Matten et al. (2003) revealed the main contents of corporate citizenship, highlighting that a company is assigned its own place in society, close to the other citizens with whom it forms a community and in which there are strong dependency relations for both parties. Also, in this decade, the contribution of Wood (1991) is noteworthy, since this resulted in a perfection of the model proposed by Carroll years before. Wood's (1991) efforts provided a definition of the CSR principles as being: social legitimacy, public responsibility, and managerial discretion, and an identification of the CSR processes as: environmental assessment, stakeholder management, and issues management. Additionally, it synthesised the results of organisational behaviour in social impacts, programmes and policies.

Also in the 1990s, and considering the strategic aspect, an emphasis on Resource-based theory (Barney, 1991) was evident, the main argument being that valuable resources, rare, difficult to imitate and without close substitutes could be a source of sustainable competitive advantage. Some authors

highlighted the importance of the presence of ethical resources and that these could be considered at the individual level as a strategic asset. A basic assumption within resource-based theory is that corporations have heterogeneous resource endowments, and therefore can use their resources to identify and employ those assets, capabilities, organisational processes, and competencies that improve their efficiency and effectiveness to deliver superior competitive advantage (Ashrafi et al., 2020).

Starting this century, globalisation and social media have changed international politics, economics and stakeholder's awareness (Figueira et al., 2015). An increasing number of studies began to emerge in the early 2000s, marking the start of what would become an explosion of employee-focused research on CSR (Jones et al., 2019). From 2000 the focus has been on sustainability, citizenship, triple bottom line and strategic CSR (Mishra, 2019). The business community became fascinated with the notion of sustainability, or sustainable development, and this theme became an integral part of all CSR discussions in society (Carroll and Shabana, 2010). New concepts emerged or gained more attention such as corporate citizenship (with some companies being even more powerful than countries) or sustainability (Figueira et al., 2015). It was also in the year 2000 when the United Nations adopted the Millennium Declaration with its eight Millennium Development Goals<sup>1</sup>. Similarly, the European Commission promoted a European framework for CSR which derived from the new social expectations and concerns of the time. The Commission defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (European Commission, 2001:6). The Commission's definition explicitly includes the interests of stakeholders other than shareholders (Galant and Cadez, 2017). And globally, CSR has also been influenced by international certification, such as the ISO 26000, designed to address social responsibility (Agudelo et al., 2019).

Contemporary acceptance of CSR is perhaps most remarkable considering the strong scepticism about the idea that has survived well into the twentieth century (Coles et al., 2013). That said, Maon et al. (2010) observed that despite CSR often representing a strategically essential orientation for an organisation, few comprehensive models existed to analyse the adaptation of existing strategic policies, organisational culture and practices from a CSR perspective, and that it was time to address how, rather than whether, to commit to CSR. Porter and Kramer (2002) built on the notion that companies could use philanthropy to enhance competitive context aligning social and economic goals and improve a company's long-term business prospects. They give examples that philanthropic investments could improve education and local quality of life in ways that would benefit companies, because such investments could also improve those companies' competitiveness by contributing to

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<sup>1</sup> <https://www.un.org/millenniumgoals/>

the expansion of local markets and helping to reduce corruption in the local business environment. Creating shared value (i.e., shareholders' value and stakeholders' value) has also become an integral part of the contemporary CSR (Ashrafi et al., 2020). In the view of Schwartz and Carroll (2008), the fundamental element underlying the entire business and society field was seen to be the generation of value. The concept of shared value foregrounds the interdependence between business and society rather than the tensions between them and thus purports to reorient social responsibility away from image and toward substance (Jauernig and Valentinov, 2019).

In 2013, in their book 'Strategic Corporate Social Responsibility', Chandler and Werther, advanced the view that firms "ability to create value for a range of stakeholders over the medium and long term requires that they embed CSR into their strategies and operations" (Hargrave, 2015:1). They discuss the strategic viewpoint of CSR integrating this dimension within business activities, suggesting that managers should conduct strategic planning by defining profit-making strategies and then revising them as necessary by passing them through a CSR filter (Hargrave, 2015). Researchers suggest the integration of social and environmental aspects into the economic-centred view of a standard business model through an innovation process to create value and competitive advantage (Ashrafi et al., 2020).

Over the last decade, CSR has experienced a 'governance turn' as scholars began examining the institutionally-embedded nature of CSR; and this has also been a period when foundational work in institutional and political CSR has appeared (Arora et al., 2020). CSR has gone from being an isolated and specific idea to a widely recognized and demanded business practice (Gómez et al., 2020). The understanding of CSR has evolved from being limited to the generation of profit to include a broader set of responsibilities resulting in the latest belief that the main responsibility of companies should be the generation of shared value (Agudelo et al., 2019). CSR is likely to remain a vital element of business practice as it provides foundation to many of the theories, and is in harmony with what the society expects from the business community today (Akhouri and Chaudhary, 2019).

### 2.3.2 Main CSR models and conceptualisation

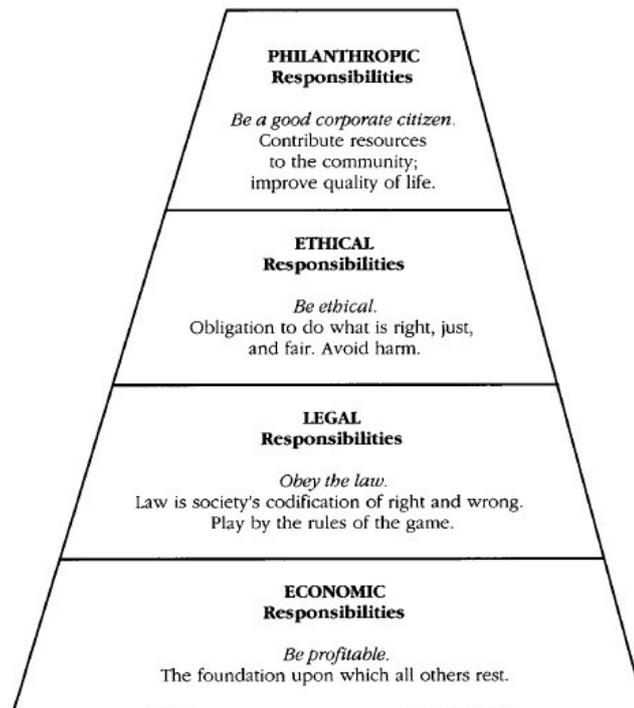
Most current CSR theories focus on four main aspects: (1) meeting objectives that produce long-term profits, (2) using business power in a responsible way, (3) integrating social demands and (4) contributing to a good society by doing what is ethically correct (Garriga and Melé, 2004).

As already mentioned, one of the discipline's most prestigious scholars (Ashrafi, et al., 2020) was Carroll (1979), who defined CSR through a four components model: economic, legal, ethical and philanthropic.

**Table 1 - Four components of Social Responsibility, Carroll (1979)**

The economic responsibilities of the business reflect the duty to be productive and profitable, as well as to respond to the consumption needs of society.
Legal responsibilities are those arising from compliance with the legal and regulatory requirements in which the business operates.
Ethical responsibilities reflect the unwritten codes, norms and values of society and go beyond legal responsibilities.
Philanthropic responsibilities are purely voluntary and reflect the concern for society in general, and for the active contribution to solving social problems.

In 1991, Carroll presented the revision of his model, emphasising its pyramidal shape and its recognition of economic responsibility as the foundation upon which the other responsibilities are based, as depicted in Figure 1.



**Figure 1 - CSR pyramid - Source: Carroll (1991)**

As one of the most influential models of CSR, Carroll's pyramid of CSR has both reflected, and helped to perpetuate, a business-centric notion of CSR which implies that economic responsibilities take

precedence over legal and ethical responsibilities (Baden, 2016). The graphic representation of the model suggested a 4-3-2-1 distribution, respectively, in order of importance in respect of the economic, legal, ethical, and philanthropic responsibilities. Carroll's popular pyramid model of CSR no doubt considered as one of the best model, yet it has some criticism (Nalband and Kelabi, 2014). The model suffers from three main limitations, these being: the use of a pyramid shape, philanthropy as an isolated area, and scarce theoretical development of each domain.

The pyramidal shape suggested a hierarchical view in which the responsibilities at the top are more important than those at the base, thereby valuing philanthropic responsibilities and undervaluing economic responsibilities, and this had not been in the spirit of the model, which understood economic and legal responsibilities as fundamental, ethical responsibilities desired, and philanthropic responsibilities as expected. Thus, Carroll's pyramid of CSR appears to perpetuate rather than redress the unbalanced focus on shareholder value that the business schools have been attempting to remedy through the inclusion of a CSR module (Baden, 2016). The presence of philanthropy as an isolated area was criticised, considering that actions in this area were voluntary in nature and should not therefore be viewed as responsibilities. One may be led to conclude that the domain at the top of the pyramid, philanthropic responsibilities, is the most important or highly valued domain that should be strived for by all corporations (Schwartz and Carroll, 2003). It was also criticised for the fact that the domains are underdeveloped, with no overlap. Another issue was the incomplete discussion and inclusion of criteria for assessing corporate activities or motives as falling into each of the domains (Schwartz and Carroll, 2003).

Due to the limitations mentioned above, the model was reformulated in 2003 by Schwartz and Carroll to comprise three domains: economic, legal, and ethical, each having an equal level of importance, and each embodying activities that would overlap with activities in other domains. Figure 2 depicts these relationships.

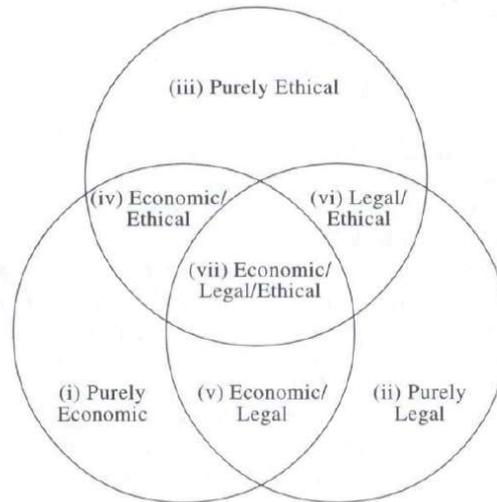
The model was consistent with Carroll (1991), with the exception of philanthropic responsibilities that are integrated within ethical and economic responsibilities.

The economic domain captures those activities which are intended to have either a direct or indirect positive economic impact on the corporation (Schwartz and Carroll, 2003). Such impact could be either direct (for example, through actions aimed at increasing sales, or the reduction of litigious processes) or indirect (for example through measures aimed at increasing the morale of workers or improving the reputation of the company).

The legal domain pertains to the business firm's responsiveness to legal expectations mandated and expected by society in the form of federal, state, and local jurisdictions, or through legal principles as

developed in case law (Schwartz and Carroll, 2003). With this domain, three categories are identified: compliance with the law, avoidance of civil litigation, and anticipation of changes to the law.

The ethical domain refers to the ethical responsibilities of business as expected by the general population and relevant stakeholders (Schwartz and Carroll, 2003). Three ethical standards appear in this domain: conventional, consequentialist (or teleological), and deontological.



**Figure 2 - CSR domains model - Source: Schwartz and Carroll (2003)**

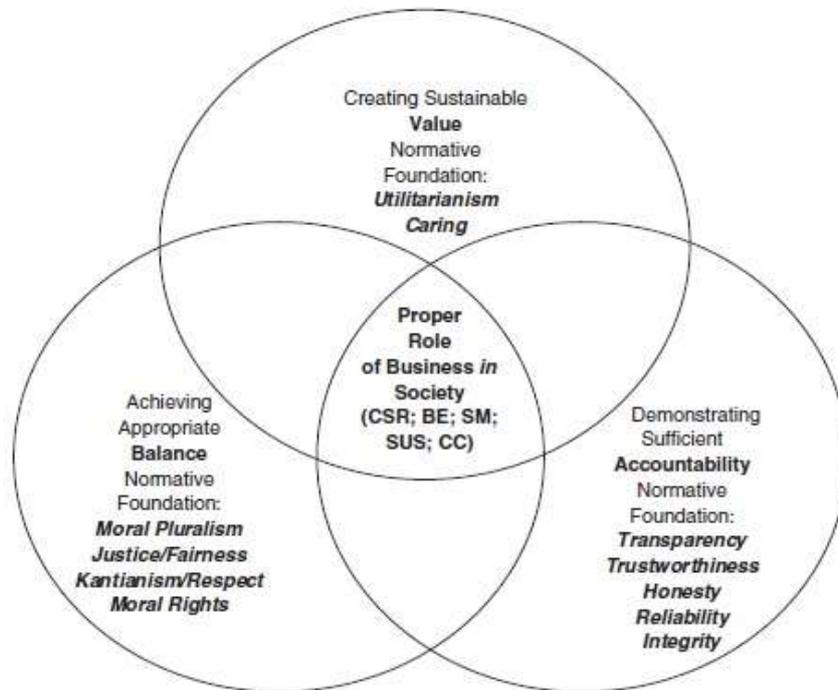
A major feature of this model was the depiction of the main domains of responsibility in a Venn diagram, which highlighted the overlapping nature of the domains and the resultant creation of a set of CSR categories in which corporations and their activities may be described, classified, and analysed (Geva, 2008).

In 2008, Schwartz and Carroll sought to impose on this model, a set of themes that although independent, are also complementary in the fields of ethics and responsibility in business. These were:

- CSR - integrated with the interests of society and the extension of responsibilities;
- Business Ethics - linked to the themes of utility, duty, moral rights, justice and virtue;
- Stakeholder management - managing relations with different groups;
- Sustainability - in a long-term perspective and related to environmental preservation;
- Corporate Citizenship - from a company perspective as a 'good citizen'.

They were represented on a Model VBA model (value, balance, accountability) as shown in Figure 3, and are united on three central concepts:

- Value - related to companies' obligations to offer benefits to society resulting from the performance of their activities;
- Balance - concerns harmony and the combination of interests between stakeholders and non-stakeholders (for example, the environment);
- Responsibility - framed in a perspective of accountability to society.



Note: VBA = value, balance, accountability; CSR = corporate social responsibility; BE = business ethics; SM = stakeholder management; SUS = sustainability; CC = corporate citizenship.

**Figure 3 - VBA model - Source: Schwartz and Carroll (2008)**

The CSR approach is not limited to Carroll's models. Indeed, considerable attempts have been made to measure organisations' socially responsible activities (Turker, 2009).

It is worth mentioning the work of Garriga and Melé (2004), and their bibliographic review of research in social responsibility which organises the different theoretical perspectives, not always clear and sometimes complex, into four groups of theories:

- Instrumental theories - in which it is assumed that the corporation is an instrument for wealth creation and its social activities as a tool to achieve economic results (Nikolova and Arsić, 2017). CSR is a tool to be used and its application only makes sense if it provides a competitive advantage to the company (Porter and Kramer, 2002) with the consequent

economic returns. Instrumental theories can be divided into three types: maximising shareholder value, strategies to achieve competitive advantage, and cause-related marketing.

- Political theories - in which the social power of corporation is emphasised, specifically in its relationship with society and its responsibility in the political arena associated with this power. The social responsibilities of entrepreneurs are proportional to their social power (Davis, 1960). They embrace the growing power of corporations in a capitalist society and the increased responsibility it implies (Figueira et al., 2015). These theories can be grouped into three types: corporate constitutionalism, integrative social contract theory and corporate citizenship.
- Integrative theories - linked to the way companies integrate social requirements into their management and decision processes. Corporations, like all other social institutions, are an integral part of a society and must depend on it for their existence, continuity, and growth (Sethi, 1975). These theories demonstrate that business depends on society in a broad sense (Nikolova and Arsić, 2017). They can be divided into four types: issues management, the principle of public responsibility, stakeholder management and corporate social performance.
- Ethical theories - presented as taking into account the relationships that the company establishes with society based on ethical values. They are founded on principles that express the right thing to do or the necessity to achieve a good society (Garriga and Melé, 2004). They focused on the analysis of internal drivers, and were particularly suitable for analysing internal dynamics in addressing social and environmental concerns, as they concentrate on understanding both corporate management and social values of individuals inside organisations (Frynas and Yamahaki, 2016). These theories can be divided into four types: normative stakeholder theory, universal rights, sustainable development, and the common good approach.

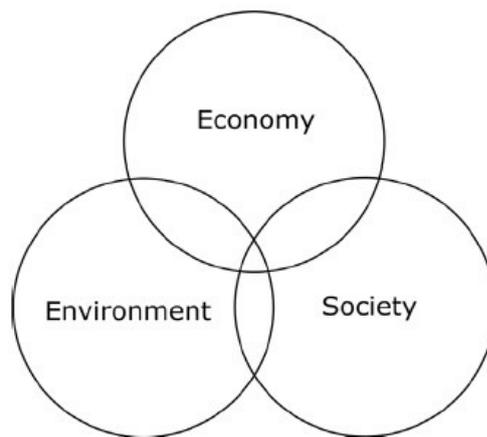
It is also worth mentioning the two-dimensional model of social responsibility by Quazi and O'Brien (2000), in which managers' attitudes towards social responsibility issues are measured, classifying them in two dimensions:

- In a narrow sense - where basically the managers' responsibilities are economic and are related to maximising profit. In the socioeconomic view it is believed that the company's participation in CSR activities can help to maximise profits, whereas in the classic view CSR is understood only as a cost and should not be developed.
- In a broad sense - managers do not only have legal and economic responsibilities but are also involved in society issues and carry out philanthropic actions. In the modern view, the organisation must be involved in these actions because it can collect future benefits. In the

philanthropic view, CSR actions must also be undertaken even if they do not bring benefits to the organisation.

The authors conclude that CSR is two-dimensional and universal in nature and that differing cultural and market settings in which managers operate may have little impact on the ethical perceptions of corporate managers.

The Triple Bottom Line, of people, planet and profit, a term coined by Elkington (1997), has become an influential approach all over the world (Correia, 2019). This was a sustainability framework that balances the company's social, environmental and economic impact and it indicates that corporations should demonstrate socially and environmentally-responsible behaviour that can be positively balanced with its economic goals (Agudelo et al., 2019). The triple bottom line is still commonly explored in research without joint consideration of economic, social and environmental elements of business sustainability (Laurell et al, 2019). Sustainability can be illustrated as the place where the three dimensions overlap (Correia, 2019) as seen in Figure 4.



**Figure 4 - The triple bottom line – Source: (Elkington, 1997)**

While some managers view the three pillars as areas that require trade-offs when making decisions, there is growing recognition that the interests of society and firms are more closely aligned than is often assumed and that CSR often determines the firm's long-term success (Fox et al., 2020).

Most of this theorisation, provided useful insights on CSR scholarship at different levels of analysis but have failed to explore general theoretical perspectives that have been applied across other strands of business and management research (Frynas and Yamahaki, 2016). If any agreement has arisen from the active debates in CSR scholarship about the definition (is CSR best understood as ideology, policy, practice, or process?) and purpose (is CSR best understood as corporate largesse, soft regulation, public relations, corporate accountability, corporate hegemony?), it is that CSR is amorphous (see any

number of highly-cited papers explicitly addressing definitions of CSR) (Voegtlin and Greenwood, 2016). CSR cannot be defined in a single way, nor has its concept remained unchanged since its appearance in the business world (Gómez et al., 2020).

In a comprehensive literature review, Dahlsrud (2008) identified 37 different definitions of CSR; however, in all of these the specific nature of CSR is rarely clearly articulated (Rupp and Mallory, 2015), possibly because CSR is a multi-faceted concept as well as a socially-constructed and situated idea (Coles et al., 2013). The definition of the concept continues to be a matter of debate (Macassa et al., 2020). As a multi-dimensional construct, CSR is defined as the integration of the principles, processes, and policies related to social issues, and it is very difficult to identify and measure such a wide range of corporate social behaviour (Wang et al., 2015a). CSR addresses a broad range of intra-organisational human resource management issues (e.g., fairness, diversity and empowerment, and health and safety) (Brieger et al., 2020); and it covers many different perspectives and issues like a social contract, business ethics, corporate citizenship, and environmental sustainability (John et al., 2019). Many terms have been used interchangeably with CSR such as corporate citizenship, corporate social performance, stakeholder theory, sustainability, and sustainable development to name a few (Glavas, 2016). It can be concluded that currently there is no one definition of global CSR to be used, nor is there one comprehensive methodology to describe (Popowska and Ratkowska, 2018).

Building on Maon et al. (2010), and on the literature review undertaken for the current research, the following definitions are presented:

**Table 2 - CSR definitions**

<ul style="list-style-type: none"> <li>• Bowen (1953) “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (p. 6)</li> </ul>
<ul style="list-style-type: none"> <li>• Davis (1960) “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest ... social responsibilities of businessmen need to be commensurate with their social power” (p. 70–71)</li> </ul>
<ul style="list-style-type: none"> <li>• Friedman (1970) “to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud” (p. 125)</li> </ul>

<ul style="list-style-type: none"> <li>• Sethi (1975) “social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance” (p. 62)</li> </ul>
<ul style="list-style-type: none"> <li>• Carroll (1979) “encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time” (p. 500).</li> </ul>
<ul style="list-style-type: none"> <li>• Drucker (1984) “to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth” (p. 62)</li> </ul>
<ul style="list-style-type: none"> <li>• European Commission (2001) “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (p. 6)</li> </ul>
<ul style="list-style-type: none"> <li>• Waddock (2004) “is the degree of (ir)responsibility manifested in a company’s strategies and operating practices as they impact stakeholders and the natural environment day to day” (p. 10)</li> </ul>
<ul style="list-style-type: none"> <li>• Turker (2009) “CSR can be defined as corporate behaviours which aim to affect stakeholders positively and go beyond its economic interest” (p. 189)</li> </ul>
<ul style="list-style-type: none"> <li>• European Commission (2011) “actions by companies over and above their legal obligations towards society and the environment” (p.3)</li> </ul>
<ul style="list-style-type: none"> <li>• Aguinis and Glavas (2012) “context-specific organisational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (p. 933)</li> </ul>
<ul style="list-style-type: none"> <li>• Rupp and Mallory (2015) “CSR is the amalgam of various responsibilities firms have to society” (p. 13)</li> </ul>
<ul style="list-style-type: none"> <li>• Duarte et al. (2015) “CSR comprises the implementation of a broad range of practices, such as reducing environmental impact, investing in people management and development, community support, or ensuring firm economic sustainability” (p. 23)</li> </ul>

- Witkowska (2016) “CSR is the voluntary integration of social and environmental issues into business activities and relations with stakeholders, combined with a readiness to sacrifice profit for the sake of certain social interests” (p.28)

To generate the innovativeness and creativity required to develop a sustainable business over the long term, an organisation must progressively become a site for dialogue and collaboration. Therefore, CSR-related values must become deeply integrated into the management philosophy and organisational culture (Maon et al., 2010). Typical CSR activity in this sense includes philanthropy and support to good causes, business and strategy integrated initiatives and policies (e.g., global responsibility standards adoption, environmental management systems and processes development, design of more sustainable products and services), and initiatives directed at employees’ psychological and emotional well-being (e.g., human rights protection initiatives, diversity policies, work–life balance programmes (De Roeck and Maon, 2016).

Witkowska (2016) observes the literature to identify six key characteristics of CSR: firstly, CSR is voluntary; secondly, it focuses on integrating or managing external effects which arise when products or services are delivered/rendered by companies; thirdly, CSR targets various stakeholder groups, meaning the company also caters to groups other than business; fourthly, there is a need to integrate social, environmental and economic responsibility with everyday business operations and decision making; fifthly, CSR must be embedded in business practice and in a company’s system of values; and sixthly, CSR goes beyond philanthropy and focuses on operational considerations.

In essence, CSR is an approach to business administration where, in addition to the more traditional issues of profitability and other shareholder concerns, closer voluntary consideration of ethical, social and environmental issues as well as the organisation’s varied stakeholders is taken in operations and value creation (Coles et al., 2013). Researchers have emphasised the importance of CSR regarding the global competitiveness of companies (Lin et al., 2019). CSR has moved progressively from ideology to reality, and management literature has contributed significantly to defining and characterising the phenomenon and developing discussions of its best practices and impact on reputation and financial performance (Maon et al., 2010).

Aguilera et al. (2007) argue that actors and interest groups have three main motives for pressuring firms to engage in CSR: instrumental (self-interest driven), relational (concerned with relationships among group members), and moral (concerned with ethical standards and moral principles). This research focuses on relational aspects and adopts a CSR perspective based on the works of Turker (2009) with a focus on stakeholder’s impact, namely workers. In the study, CSR was measured through scales considering the responsibilities of an organisation to various stakeholders. Because

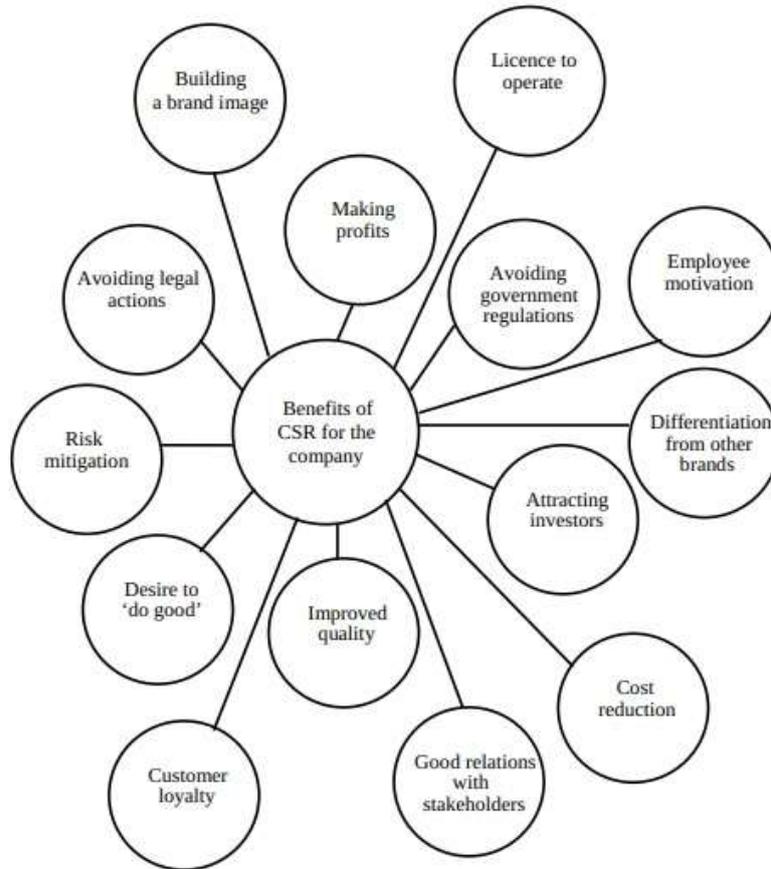
there are so many definitions of CSR, in this study the definition of perceived CSR is that provided by Waddock (2004), that suggests it to be the perceptions stakeholders have of the way in which a company's strategies and operating practices impact upon the well-being of the natural environment, and all its key stakeholders.

### 2.3.3 CSR benefits, organisation strategies and the business case of CSR

CSR is known to enhance financial performance, yet the inconsistent findings for this relationship are still far from clear (Wang et al., 2015a). For decades, economists have examined CSR from a firm perspective, trying to understand its instrumental, financial benefits (Rupp and Mallory, 2015), and although the evidence indicates that CSR does positively influence organisational performance, the mechanisms and processes that underpin this relationship have not been examined (Brammer et al., 2015), and the debate on the relationship between CSR and corporate financial performance has been ongoing (Galant and Cadez, 2017). However, probably most important is the knowledge that several non-financial outcomes result from CSR such as: improved management practices, product quality, operational efficiency, and enhanced demographic diversity (Aguinis and Glavas, 2012).

Social performance can attract investors (Lee et al., 2017), increase brand value and influence consumer decisions (Rodrigues and Borges, 2015), improve reputation, customer loyalty and evaluations of products (Aguinis and Glavas, 2012), and solidify relations with the government and partners allowing the development of clusters (Porter and Kramer, 2002). Good reputation is necessary to attract, retain and motivate quality workers. And as noted by Brammer et al. (2015), CSR improves employee loyalty, motivation, satisfaction, and commitment.

Even if the relationship between CSR, performance and profits is not direct, Książak (2017) argues that CSR provides multiple benefits for a company which stand as the potential determinants of competitive advantage. Some of these benefits are shown in Figure 5.



**Figure 5 - The benefits from CSR for a company - Source: Książak (2017).**

Much of the managerial literature promotes the ‘business case’ for CSR, which mainly declares that CSR can be useful for business (Contreras-Pacheco et al., 2019). And as the key objective of most companies, especially in the private sector, is to grow profits (Galant and Cadez, 2017), companies have considered the benefits of an ongoing CSR agenda and building a CSR strategy, and have shown interest in this area for instrumental motives and for the good of their business.

Business strategy itself represents a unique and fundamental element of a firm’s identity, and is important in determining how that firm competes with others (Yuan et al., 2020). Moreover, it is necessary to adopt such a strategic approach since as most businesses acknowledge, if they deal with their social responsibilities in an imprudent and ad hoc manner, for example by making spontaneous charity donations to miscellaneous groups or randomly recycle outputs, this is likely to be inadequate from the perspectives of the economy, society and the natural environment (Heikkurinen, 2018).

Clearly, for many organisations it is the strategic benefits of CSR that play a central role in its adoption, despite their employees expressing a desire for CSR to be driven by ethical rather than economic considerations (Hejjas et al., 2019). The ethical approaches are driven by moral motives and envisage social responsibilities beyond abiding by the law, whereas the instrumental approaches are driven by profit seeking and CSR is therefore seen as a business case (Jauernig and Valentinov,

2019). Instrumental CSR attempts to convince companies that acting in a socially-responsible way contributes to superior financial performance (Contreras-Pacheco et al., 2019).

In effect, the business case is concerned with the primary question: What do the business community and organisations get out of CSR; that is, how do they benefit tangibly from engaging in CSR policies, activities and practices? (Carroll and Shabana, 2010). Regardless of the clarity of this question, however, numerous researchers have noted that it is extremely difficult to assess the impact of CSR on firm performance, and argue that future research should focus on the underlying dynamics (Glavas and Godwin, 2012). Motivations for these corporate discourses and practices are reported to range from profitmaking, legitimacy gains, and oppression of others to having ethical duties, demonstrating leadership, cultivating virtuous characters, and even a belief that spirituality should form the basis of business conduct (Heikkurinen, 2018).

The business case for CSR was to be found in four interlocking aspects of performance: reducing cost and risk; strengthening legitimacy and reputation; building competitive advantage; and creating win-win situations through synergistic value creation (Coles et al., 2013). Companies pursue CSR strategies to justify benefits over costs, defend their reputations, integrate with their broader strategies and learn, innovate and manage risk (Carroll and Shabana, 2010). Connecting CSR and strategy may be highly relevant, not only because of the associated social and environmental contributions but also on grounds of economic viability (Heikkurinen, 2018).

Commenting on the need for research in the area, Borman et al. (2003) stated: “It is increasingly recognised that our theories and models need to add value in the view of society for us to have the luxury of pursuing our scholarship” (p.10). It is also possible that companies perform better financially by addressing both their core business operations and their responsibilities to the broader society (Carroll and Shabana, 2010). However, findings suggest that whereas board and senior managers emphasise the business case for CSR, elsewhere in the organisation employees prioritise CSR interventions with which they have a personal connection in order to gain social capital, break up the monotony of the working day, and achieve altruistic outcomes (Hejjas et al., 2019).

Research on the business case for CSR can thus be seen to have progressively evolved from a narrow perspective, which assumes only a direct relationship between CSR and economic performance, to a broader, more syncretic one, in which intermediate variables pertaining to stakeholders’ attitudes and behaviours are considered more likely to explain the CSR performance relationship (De Roeck and Maon, 2016).

## **2.4 Stakeholder Theory and Workers' Attitudes as a Strategic Factor - Resource Theory Perspective**

Stakeholder theorists see the organisation as a field that brings together webs of resources, market forces and socio-political actors (Tetrault Sirsly et al., 2019). Stakeholder theory emphasises that beyond shareholders there are several agents that are interested in firms' actions and decisions (Nikolova and Arsić, 2017). There are three broad perspectives of stakeholder theory: descriptive, that attempts to explain the way managers behave; normative, that accounts for how managers ought to behave; and instrumental, that depicts the consequences of managerial CSR behaviour (Fox et al., 2020).

CSR has long been interpreted through the lens of stakeholder theory, wherein CSR is seen as fulfilment of organisational obligations to the panoply of stakeholders both internal and external to the firm (Rupp and Mallory, 2015). Indeed, increasing numbers of studies have adopted the stakeholder-based view of CSR, such that people frame their perceptions of CSR based on their evaluations of how their organisation treats its stakeholders (Gond et al., 2017). Despite this, most stakeholder studies have largely failed to paint the overall stakeholder relationship as a multifaceted, multi-objective, complex phenomenon (Frynas and Yamahaki, 2016).

Nowadays, there is a general understanding that stakeholders are crucial players in any successful enterprise (Popowska and Ratkowska, 2018), and should therefore have their interests catered for as the core assumption accepts that firms are affected by stakeholder actions. Basically, stakeholder thinking argues that because corporate activities affect and are affected by the actions of internal and external constituencies (stakeholders), the relationships and practices that a company develops with respect to its stakeholders are central to its long-term effectiveness, and have implicit moral weight (Waddock, 2004). The analytical stakeholder approach to strategic management examines the firm within a myriad of relationships, and argues that devoting appropriate attention to all legitimate stakeholders is important to achieve superior performance (Verbeke and Tung, 2012)

Most companies have some or all of the following types of boundary-spanning functions with stakeholders: employee relations, employee communication, labour relations, public relations, public affairs, government relations, issues management, media relations, investor relations, customer relations, supplier relations, community relations (Waddock, 2004).

Frynas and Yamahaki (2016) observe that CSR theory applications remain dominated by stakeholder and institutional theories, which identify stakeholder influence as being dependent on three attributes:

- power (relates to the ability of the stakeholder to impose its will on others despite resistance to do something they would not ordinarily do),
- legitimacy (relates to the mandate of the stakeholder and the rights to use power with regard to a claim made upon the firm),
- urgency (the degree to which stakeholder claims call for immediate attention).

The idea of stakeholders, or stakeholder management, or a stakeholder approach to strategic management, suggests that managers must formulate and implement processes which satisfy all and only those groups who have a stake in the business (Freeman and McVea, 2002), this is to say, who really counts. Meeting the demands of stakeholders simultaneously involves not only the benefit of stakeholders and society in general, but also the achievement of business objectives of financial performance (Gómez et al., 2020). In essence, integrating the descriptive, normative, and instrumental aspects of stakeholder theory can contribute to creating shared values, which helps to drive and maintain stakeholder relationships (Ashrafi, et al., 2020).

Traditionally, CSR has been examined in the context of its reputational effect upon external stakeholders (shareholders, consumers, etc.), but increasingly, it is being proposed as the means by which internal stakeholders (employees, in particular) may also receive information regarding the company's past, present, and future behaviour (Mallory and Rupp, 2015). CSR has the potential to become a substitute mechanism for improving working conditions and reducing conflicts (Voegtlin and Greenwood, 2016). Verbeke and Tung (2012) argue that a firm's competitive advantage depends fundamentally on its capacity for stakeholder management over time. Stakeholder engagement is a strategy used by organisations to involve individuals or entities affected by its commitments and actions in various processes where they can have an impact (Tetrault Sirsly et al., 2019). If organisations put effort into the creation of quality relationships with external stakeholders, they implicitly create a culture in which caring relationships inside the organisation are important as well (Glavas, 2016). A substantial number of studies have tried to demonstrate that being socially responsible or serving a plurality of stakeholders leads to competitive advantage or improved financial performance (Minoja, 2012). Most organisations currently assume that CSR is a valid strategy, and they are adhering to its principles and practices in increasing numbers (Simões et al., 2019).

Stakeholder theory essentially argues that a company's relationships with stakeholders provide evidence of how it operates and adds value as a business (Waddock, 2004) and therefore, an understanding of those relationships is vital. In this respect, CSR contributes to the bottom line via its favourable influence on the firm's relationships with important stakeholders (Wang et al., 2015a). Firms pursuing innovation-oriented strategies are more likely to take advantage of CSR and to be more tolerant of uncertainty and the risk associated with such engagement (Yuan et al., 2020). CSR linked to stakeholder management drives innovation in response to stakeholder demands by improving the social performance of the company (Gómez et al., 2020). Stakeholders are a key factor for the success of the CSR practices, because without their engagement, knowledge, skills, talent, loyalty, the organisation could not achieve its objectives (Nikolova and Arsić, 2017).

The stakeholder relationship represents the key mechanism through which firms can gain positive returns from CSR activities (Wang et al., 2015a). Aguinis and Glavas (2012) classify outcomes of

CSR actions and policies as being primarily external or internal based on whether they affect primarily external or internal stakeholders. Inconsistent CSR strategies, defined as favouring external over internal stakeholders, trigger employees' perceptions of corporate hypocrisy, which, in turn, lead to emotional exhaustion and turnover (Scheidler et al., 2019)

In the twenty-first century, the resource-based view has been actively applied in the field of strategic corporate responsibility, and the firm's internal resources play a crucial role in recognising the potential of responsibility to facilitate the development of necessary and enduring sources of strategic advantage (Heikkurinen, 2018). The resource-based view has often explained why firms committed to the well-being of the stakeholders or engaged in socially responsible behaviours obtain superior financial performance (Minoja, 2012).

According to the resource-based theory, a firm's competitive advantage is sustainable to the extent that competitors cannot imitate its value-creating strategy, i.e., its unique way of combining resources (Verbeke and Tung, 2012). The resource and capability theory focuses on the idea that competitive advantage does not come from the external environment but is generated internally within the firm (Gómez et al., 2020). In this sense, the attraction and retention of superior human resources can allow organisations to achieve a sustainable competitive advantage (Lado and Wilson, 1994) through the construction of an intangible asset, organisational knowledge. And these internal resources play a crucial role in recognising the potential of CSR to facilitate the development of necessary and enduring sources of strategic advantage (Heikkurinen, 2018).

The resource-based view of the firm, which has had a major impact on the field of strategy, is based on conceptualisations of resource selection, access, accumulation, and (re)combination (Verbeke and Tung, 2012). Resources include the assets that companies use to track the activities they develop to convert inputs into outputs and can be classified as tangible (physical and financial assets) and intangible (reputation, employee knowledge, experience and skills, commitment and loyalty). However, resources are not productive *per se* and can only become a source of competitive advantage if turned into capabilities.

This perspective on resources and the subsequent creation of capabilities are associated with superior economic performance, but as noted by Barney (1999), social complexity can present difficulty in the effort to build capabilities. Here, CSR can make a positive contribution through qualitative factors such as in its promotion of workers' motivation, commitment or satisfaction. A dynamic approach to stakeholder management deeply rooted in a true commitment to the well-being of stakeholders helps to integrate ethics into strategy and strategy into ethics (Minoja, 2012). Attracting talented workers and developing their skills is a precondition for organisational efficiency and differentiation. These human resources are associated with higher levels of productivity, less absenteeism and turnover, and greater effort to innovate through new ideas, which results in superior organisational performance.

From a resource-based perspective, ethics may facilitate the firm's access to valuable, rare, difficult-to-imitate resources and competencies (Minoja, 2012).

Considering the social complexity of resources, notions such as trust and legitimacy are central in understanding how resources such as workers' capabilities are aligned and serve to drive a particular organisation to business success. From the stakeholder management perspective, what matters is not only the artful orchestration of the resources committed to the innovation process, but also the skilful social re-engineering of the network of stakeholders who provide resources and ultimately share the same goals and interests as the innovating firm (Verbeke and Tung, 2012).

It can be seen, therefore, in concluding this section, that CSR and ethics can be strategic and have an impact on building capabilities. Ethics is a good strategy embedded in an appealing mission, designed to benefit stakeholders dynamically over time through achieving an overarching goal, specifically, the sustainable well-being of the firm (Minoja, 2012). The ability of organisations to bring forth ethical behaviour that goes above and beyond the call of duty can be a key asset and one that is difficult for competitors to imitate (Henry and Musebe, 2017).

## 2.5 Effect of CSR on Employees

De Roeck and Maon (2016) argue that the perception of CSR, defined as a stakeholder's evaluation of an organisation's impact on the well-being of its stakeholders and the natural environment, represents the most appropriate independent variable to examine employees' responses to CSR.

Some of the first research on employee-focused micro-CSR was aimed at how prospective employees viewed potential employers (Rupp and Mallory, 2015). In this respect, Turban and Greening (1997) found that social performance was related to firms' reputations and attractiveness as employers, suggesting that a firm's social performance may provide a competitive advantage in attracting applicants. Since that time, in both laboratory and field environments, many studies have similarly confirmed that prospective employees' perceptions of organisational attractiveness and job pursuit intentions are influenced by what they know about the focal firm's CSR (Rupp and Mallory, 2015).

Several scholars appear in the literature with their identifications of the potential benefits of CSR as they relate to influencing job attitudes and behaviours, as follows:

**Table 3 - Potential influence of CSR on workers attitudes and behaviours**

- |  |
|--|
| <ul style="list-style-type: none"><li>• Aguinis and Glavas (2012) observe that working for socially-responsible companies leads to increased organisational identification, employee engagement,</li></ul> |
|--|

retention, organisational citizenship behaviour, employee commitment, in-role performance, employee creative involvement and improved employee relations.
<ul style="list-style-type: none"> <li>• Brammer et al. (2015) show that previous research suggests CSR improves employee loyalty, motivation, satisfaction, and commitment.</li> </ul>
<ul style="list-style-type: none"> <li>• Rupp and Mallory (2015) note that employees working for firms engaged in CSR experience a number of positive attitudes. Employees also show more creativity in response to CSR. Job-relevant CSR initiatives, or activities that allow employees to exercise and learn new skills, can also be effective sources of professional development and predict other positive outcomes.</li> </ul>
<ul style="list-style-type: none"> <li>• Glavas (2016) writes about how CSR was positively related to outcomes such as employee engagement, creativity, TI, employee attachment, knowledge-sharing behaviour, employee capability development, quality of management, and needs for fulfilment.</li> </ul>
<ul style="list-style-type: none"> <li>• Gond et al. (2017) focus on the positive influence of CSR in attitudinal outcomes like: JS, AC, employee engagement, organisational identification, and attraction for prospective employees.</li> </ul>
<ul style="list-style-type: none"> <li>• Gond et al. (2017) also show that several studies have found a positive impact of CSR in behavioural outcomes like: extra-role and organisational citizenship behaviours, in-role performance, knowledge-sharing, team performance, and team efficacy measured at the individual level.</li> </ul>
<ul style="list-style-type: none"> <li>• John et al. (2019) enumerate that research has widely evidenced that employees' positive perceived CSR leads to positive attitudinal and behavioural workplace outcomes seen in the following attitudes: OC, organisational, identification, JS, justice, motivation, employee engagement; and behaviours: organisational citizenship behaviour, in-role performance, employee creativity, innovation, employee retention, actual turnover, and non-deviant behaviours.</li> </ul>
<ul style="list-style-type: none"> <li>• Donia et al. (2019) provide evidence that organisational CSR performance enhances organisational attractiveness for both prospective and current employees and show this to be positively related to a number of valued employee attitudes toward the organisation and job, including AC, JS and in-role performance.</li> </ul>

- Mascarenhas et al. (2020) refer that CSR appears to influence a number of employee attitudes and behaviours, including their identification with the organisation, work satisfaction, commitment to the organisation, perceived justice and employee loyalty.

CSR can enhance organisational pride, the PEP of the organisation, overall justice, perceived organisational support, perceived work-life quality, and OT, as well as diminish TI (Gond et al., 2017). Studies suggest that CSR improves an organisation's reputation, which in turn leads to employees being proud to work there (Glavas, 2016). Likewise, CSR initiatives can help an organisation to define its ethical stance with regard to the moral values of society and therefore drive employees' organisational identification (De Roeck and Delobbe, 2012).

If the organisation goes above and beyond its primary task (i.e., financial goals) to contribute to the greater good of society (i.e., CSR), then employees will also go above and beyond their primary tasks to contribute to the greater good of the organisation (i.e., organisational citizenship behaviours) (Glavas, 2016).

Recent research efforts at the micro-level have also contributed to the business case for CSR by highlighting the positive impact of perceived CSR on employees (De Roeck and Maon, 2016). Employees are positively influenced by CSR because they perceive that CSR will benefit them directly through better work conditions and other rewards (Glavas, 2016). On the other hand, organisations' socially-irresponsible acts are of serious consequence to employees (Aguilera et al., 2007), since they diminish employees' level of recognition with the organisation and its corporate goals, thus influencing the overall organisational performance (Islam et al., 2016).

## **2.6 The Drivers of Investigation**

### **2.6.1 Going from macro level to micro level**

According to Aguinis and Glavas (2012), CSR was primarily studied at the macro level (i.e., institutional or organisational level) compared to the micro level (i.e., individual level). Within organisational psychology and 'micro' organisational behaviour research, CSR is a topic still emerging from its nascence (Mallory and Rupp, 2015), since although it has gained increasing attention in the management literature and practice over the last 30 years, only recently has a micro level perspective, intended to explain how employees respond to CSR activity, become a focus (Roeck

and Maon, 2016). Micro CSR research explained employees' reaction to CSR using arguments from social identity theory, social exchange theory, organisational identification theory and signalling theory (Akhouri and Chaudhary, 2019).

Different fields of study focusing on macro-level issues have developed without giving a prominent role to their micro foundation (Aguinis and Glavas, 2012), and less scholarly attention has been devoted to individual evaluations of CSR (Gond et al., 2017). Such evaluations are cognitive and affective processes by which people gather and organise information related to organisations' CSR initiatives to form judgments about it, experience emotions resulting from their perceptions, and also attribute reasons to their origin (Gond et al., 2017). Moreover, although CSR takes place at the organisational level of analysis, individual actors are those who actually strategize, make decisions, and execute CSR initiatives (Aguinis and Glavas, 2012).

Within the behavioural ethics literature, emerging research has sought to investigate whether the behaviour of firms reflected in their CSR activities positively influences the ethical attitudes and behaviours of their own members (Beaudoin et al., 2019). It asks whether, how, and under what conditions, a firm's 'doing good' promotes members to also do good and restrain from unethical acts (Beaudoin et al., 2019). We know that CSR has an effect on employees but we know less about why, how, and when (Glavas, 2016).

Rupp and Mallory (2015) defined micro-CSR as the study of the effects and experiences of CSR on individuals (in any stakeholder group) as examined at the individual level. Gond et al. (2017) proposed six key challenges for micro-CSR research, these being to: (1) explore interactions among the drivers of CSR, (2) pursue construct clarification and valid measure development, (3) bridge the various mechanisms of reactions to CSR, (4) consider new and more relevant individual differences that operate as drivers of, or boundary conditions to, reactions to CSR, (5) expand analyses of outcomes of reactions to CSR, and (6) incorporate individual-level dynamics and learning processes.

Investigators commonly examine correlations between commitment and potential antecedent variables without much consideration of why these variables should influence commitment, and without identifying underlying mechanisms (Glavas, 2016). In addition, when analysing mediators and moderators at the individual level of analyses of CSR research, Aguinis and Glavas (2012) refer only to leadership, organisational identity, pride and supervisors' influence. The question arises: what are the other mediators and moderators that influence the relationship between CSR and employee outcomes? (Glavas, 2016).

The attention of micro level research has been directed toward investigating how firm value can align with individual values (Akhouri and Chaudhary, 2019). Applications of micro-level psychological theories are already prevalent in human resources scholarship, most notably within studies of

employment relations that have natural linkages to CSR concerns, such as work–life balance and employee voice research (Frynas and Yamahaki. 2016). Some examples include the application of social exchange theory, such as Beaugard (2014) who explored the impact of employees’ fairness perceptions regarding organisational work-life balance initiatives on their performance of counterproductive work behaviour. Xerri (2013) also applied the dimensions of social exchange theory but in that study it was used as a lens to develop an understanding into the mediating effect of perceived organisational support on the relationship between LMX and the IB of nursing employees. And Gian et al. (2014) explored how relationship with the leader was likely to result in commitment to the organisation, which then enhanced in-role performance.

Adopting a human resource/organisational behaviour lens could also be critically important in terms of understanding the micro foundations of CSR, the notorious ‘black box’ in the phenomenon (Morgeson et al., 2013). Psychological theories could uncover how the personal characteristics of individual stakeholders (including senior managers, employees, and external stakeholders) explain their attitudes to CSR and ultimately their behaviour, and how positive micro-level factors such as perceived fairness at work and negative factors like psychological contract breach affect attitudes to CSR (Frynas and Yamahaki. 2016).

## 2.6.2 Theories explaining employees’ attraction to CSR.

### 2.6.2.1 Signalling theory

Signalling theory is useful for describing behaviour when two parties (individuals or organisations) have access to different information (Connelly et al., 2011). Typically, one party, the sender, must choose whether and how to communicate (or signal) that information, and the other party, the receiver, must choose how to interpret the signal (Connelly et al., 2011). In recruitment processes, when job-seekers approach organisations, they have insufficient knowledge about the nature of the employment experience. Consequently, they rely on indicators of potential outcomes throughout their experiences with the organisation as signals of unknown organisational traits (Rupp and Mallory, 2015).

The signalling theory analyses CSR as a business strategy, as it would be a signal given by the company to reveal the responsible nature of the company in the market, which would be valued by the receivers (Gómez et al., 2020). According to signalling theory, businesses can deliver non-financial information through CSR disclosure to further enhance their competitive advantages and abilities (Yu et al., 2017). Organisational engagement in CSR reduces the information asymmetry experienced by potential employees by providing signals as to what it would be like to work for the organisation (Donia et al., 2019). Predictions of positive employee outcomes based on signalling

theory align with corporate social actions genuinely directed toward addressing social or environmental stakeholders (Donia et al., 2019).

According to Gond et al. (2017), signalling theory is one of the most popular theoretical explanation of CSR's influence on individuals. However, its use is mainly linked to efforts to attract job-seekers through external rather than internal CSR (Gond et al., 2017). If existing or potential new employees have social preferences, there exist several reasons for profit-oriented companies to invest in CSR (Schmitz and Schrader, 2015).

Zerbini (2017) provided a basis for the systematic development of signalling theory on CSR initiatives, using that theory as a framework supportive of a strategic CSR approach, mapping the extant research on signalling through CSR initiatives. He summarised how initiatives like codes of ethics, training programmes, corporate disclosure reports, and performance rankings could influence employee attitudes.

#### 2.6.2.2 *Social identity theory*

In Social Identity Theory (SIT), people tend to classify themselves and others into various social categories, such as organisational membership, religious affiliation, gender, and age (Ashforth and Mael 1989). Additionally, such classifications allow the individual to organise and define others and to locate themselves within the social environment (Rupp and Mallory, 2015). The underlying principle of SIT is that people desire to recognise with their groups as this affiliation provides them with the lens to perceive themselves in a positive and eccentric way (Islam et al., 2016).

The theory is applied in the study of the effect of CSR on stakeholders and assumes that CSR is used strategically (Gómez et al., 2020). SIT suggests that if treating others well is part of an employee's self-concept, then that employee will also find greater identification with an organisation that also treats others well (Glavas, 2016). A company engaged in CSR activities is likely to be perceived as socially desirable and esteemed, promoting its managers to eschew self-interest and instead act in accordance with, and experience self-enhancement from aligning with, firm interests (Beaudoin et al., 2019).

Organisational identity theory, an offshoot of SIT, has also been used to explain CSR effects with similar reasoning (Dutton et al. 1994). People identify with an organisation when they perceive it to be highly prestigious and enjoy a positive and attractive image; this organisational identity subsequently enhances members' self-esteem (Gond et al., 2017). To develop and maintain a favourable sense of self-worth, people seek to join and remain with high-status organisations, because such group membership is rewarding and creates a sense of pride (Gond et al., 2017). A well-reputed company makes group membership rewarding for employees, creating a feeling of organisational

pride, or a sense of pleasure and self-respect arising from organisational membership (Roeck and Maon, 2016).

Stronger positive CSR is likely to encourage organisational identification because it communicates a commitment to values that employees share (Brammer et al., 2015). Employees derive value from their membership of an organisation because they believe their employer to be of good social and moral standing, which (at least in part) is interpreted as reflecting their own social and moral identity and standing (Scheidler et al., 2019).

Within the work environment, the positive identification of employees with the organisation improves motivation, JS and commitment, and reduces turnover and conflicts within the organisation (González et al., 2020). Work meaningfulness, an important aspect of individual thriving and well-being, and CSR are also thought to be linked (Gond et al., 2017). In their study, John et al., (2019) find that the link between employees' perceived CSR and their workplace behaviours is serially mediated by organisational pride and identification and moderated by employees' desire to have a significant impact through work.

CSR positively influences employees' organisational identification, as well as their perception of their work as meaningful work, and this in turn, motivates them to work harder (Brieger et al., 2020). Roeck and Maon (2016) suggest that external CSR is more likely to foster employees' organisational identification, consisting of the perception of oneness with or belongingness to an organisation.

Employees' moral identity can be bolstered through the employer's CSR activities when employees believe the moral values related to those CSR activities are aligned with their own value systems (Scheidler et al., 2019). Individuals will provide support to those organisations whose behaviour seems appropriate; that is, individuals identify with organisations that share their values (González et al., 2020).

### *2.6.2.3 Theories of justice*

The justice literature suggests that employees are influenced by perceptions of how they, and others, are treated by organisational members (Rupp and Mallory, 2015). Byrne and Cropanzano (2001) defined organisational justice as an area of psychological inquiry that focuses on perceptions of fairness in the workplace. Organisational justice refers to employees' perception of justice about the organisational system, policy and measurement related to individual interest in the organisation, and if the degree of organisational justice in an organisation is higher, the employees are more likely to feel that they are treated fairly and then they will be more actively engaged (Yin, 2018).

According to Rupp and Mallory (2015), an increasing number of CSR studies are drawing from justice theory to develop their hypotheses. Donia et al. (2019) believe that employees' attributions of their organisations' CSR initiatives are also closely related to these justice perceptions. Gond et al. (2017) address this as the mechanisms of reactions to CSR ('whys').

Aguilera et al. (2007) propose CSR as a heuristic for fairness. And the perceived fairness of the working environment has been shown to affect both employee well-being (e.g., JS, stress, health, emotion) and organisationally-relevant outcomes, such as employee commitment, turnover, absenteeism, job performance, citizenship behaviour, and counter-productivity (Aguilera et al., 2007). CSR perceptions could be considered a special case of third-party justice perceptions, in that employees consider how socially responsible (or just) organisational leadership has been toward various stakeholder groups (most notably society and the environment) (Mallory and Rupp, 2015).

Employees concern themselves with justice-pertinent information for three reasons: (1) an instrumental interest in exerting control over their environments; (2) a need for belongingness, or close relationships with others; and (3) a morally-driven need for meaningful existence (Rupp and Mallory, 2015). Employees desire that organisations act in a socially-responsible manner not only because CSR gives them a general sense of the organisation's concern for treating people fairly but also because CSR initiatives require employees and management to work together toward a greater good, providing employees with additional experiences with which to judge both management's social concerns and relational quality (Aguilera et al., 2007). Employees are averse to injustice for no other reason than the fact that injustice involves a discretionary, unethical act against an undeserving party (Rupp, 2011). And individuals have deontic needs as they care about and react to (in) justice because unfair treatment violates moral and ethical norms (Scheidler et al., 2019).

Employees use justice-based perceptions to evaluate whether the organisation supports them as valuable and respected organisational members, and if they believe this to be the case, the experience of OT and the (felt) obligation to care about the organisation's welfare (Roeck and Maon, 2016). When employees perceive their organisation to treat others fairly, they expect that same fair treatment toward themselves (Glavas, 2016).

#### 2.6.2.4 Social exchange theory

Social exchange theory (SET) merges economics, psychology, and sociology to propose that individuals engage in different types of interaction on the basis of their assessments of potential risk and gain (Rupp and Mallory 2015). Not surprisingly, SET has generated significant theoretical and empirical interest in organisational studies in the last few decades (Tekleab and Chiaburu, 2011), and

has now become one of the most prominent conceptual perspectives in management (Cropanzano et al., 2017).

Although there are many variants of social exchange, most contemporary models in organisational behaviour share a few common features: an actor's initial treatment toward a target individual, a target's reciprocal responses (both attitudinal and behaviour) to the action, and relationship formation (Cropanzano et al., 2017). Ongoing exchanges between actors that are mutually rewarding often provide the foundation for relational commitment and the emergence of cohesion or social solidarity (Cook, 2020).

The theory assumes that individuals' social interactions are driven by rational self-interest, and that individuals will only enter and remain in exchange relationships as long as the costs in such relationships do not outweigh their benefits (Wong et al., 2003). There is a tendency for those social interactions to be mutually dependent and contingent upon the actions of another person (Xerri, 2013). Scholars agree that one of the core assumptions of SET is that benefits given are contingent upon the expectation of some future unspecified benefit (Zapata et al., 2013). The theory speaks of differential, dyadic, trust-based relationships, which develop out of accumulating evidence of perceived costs and benefits associated with interaction (Mallory and Rupp, 2015). Further developments in social exchange theory focus on the norms (e.g., of fairness and obligation) that affect behaviour in exchange relations, as well as building out the theory to help explain the formation of collective action (often in response to power inequality) (Cook, 2020).

Maon et al. (2019) observe that employees engage in ongoing exchange relationships with their employers, that can be analysed through an economic exchange perspective to show employees performing formal, task-related behaviours in exchange for fair economic rewards and other contractual obligations; and through a social exchange perspective to show employees tending to reciprocate their organisation's good deeds through extra-role behaviours that go beyond their formal job descriptions and that facilitate the smooth functioning of the organisation as a social system.

This exchange is characterised by co-operation and reciprocity, that is to say, when one party provides a benefit to another party, an obligation upon that party to reciprocate is generated. The theory of reciprocity is based on the assumption that one good deed or exchange from one entity will be returned at some point by the receiver of the good deed or exchange (Xerri, 2013). SET predicts that, in reaction to positive initiating actions, targets will tend to reply in kind by engaging in more positive reciprocating responses (Cropanzano et al., 2017). When individuals receive resources from their organisation such as development, training and promotion opportunities, they feel obliged to respond in kind and repay the organisation (Shih et al, 2020).

In the specific context of CSR-related organisation-stakeholder exchange relationships, the terms of the exchange are often complex, ambiguous and misconstrued, potentially leading to unexpected strains and negative stakeholder reactions, erratic returns, and diminished individual and organisational performance (Maon et al., 2019). However, when an organisation promises to give employees rewards, respect, justice and other elements, employees will generate a high level of trust on the organisation, which will increase their willingness to work hard, and thereupon, they will repay the organisation with better job performance (Yin, 2018).

An underlying mechanism used to explain individual reactions to CSR is the social exchange process (Gond et al., 2017). CSR enhances norms of reciprocity between employees and employers and thereby increases employees' perceptions of trust and perceived organisational support (Gond et al., 2017). When employees observe their organisation engaging in CSR initiatives, they tend to experience greater trust toward the organisation, and as a result experience positive exchange themselves (Rupp and Mallory 2015). Tekleab and Chiaburu (2011) verified that employees who develop high quality exchanges with their organisations reciprocate by displaying employee work attitudes, citizenship behaviours, and performance. SET has been used to suggest that because organisations high in CSR invest more in employees, employees will give back more (Glavas, 2016).

Because feelings of obligation and trust are important drivers of the reciprocation of benefits in the social exchange process (Zapata et al., 2013) and supervisors are considered to be a pillar that supports the social exchange framework (Xerri, 2013), trust and LMX are discussed in greater detail in the following sub-sections.

#### 2.6.2.4.1 Trust

OT is an important part of professional relationships between co-workers, between managers and employees, and between employees and managers (Krot and Lewicka, 2012). Trust is an essential element for understanding long-term, stable and collaborative relationships, and reducing possible uncertainty in environments where stakeholders could feel or be vulnerable or unprotected (González et al., 2020). It is an important issue in organisations that has an impact on performance, and if broken, the result is likely to be serious adverse effects (Bello, 2012). Trust is the willingness of one party to be vulnerable to the actions of another party (Krot and Lewicka, 2012).

According to González et al. (2020) three dimensions can be identified within trust:

- Competence is related to employees' experience, talent and skills regarding the technical knowledge of the area in which they perform their activities and that gives them the ability to offer a quality service.

- Benevolence (sometimes termed as loyalty, caring, supportiveness, and openness (Zapata et al., 2013)) is related to all the employees involved in the relationship with the organisation, seeking joint benefits and which in no case seek to harm others and that share values, priorities and behaviours.
- Honesty refers to fulfilling the obligations and promises made, that is, a sincere performance by employees.

Feelings of obligation and trust are important drivers of the reciprocation of benefits in the social exchange process (Zapata et al., 2013). In trusting relationships, employees perceive greater psychological safety (Stoffers et al., 2019). Roeck and Maon (2016) propose that internal CSR is more likely to foster OT and, thus, employees' propensity to enter into reciprocal exchanges with their employer. CSR sends important signals to employees about an organisation's ethical stance and moral values, and therefore the extent to which it can be trusted (Roeck and Delobbe, 2012). From a social exchange perspective, CSR may enhance employee trust in the organisation and feelings of psychological safety, hence encouraging creative effort from employees (Brammer et al, 2015). Trust has been empirically identified as a critical mediating mechanism to explain the link between organisational justice-based evaluations and employees' outcomes such as JS, TI, OC, and organisation citizenship behaviour (Roeck and Maon, 2016). Building a trustworthy relationship can affect employee satisfaction, organisational identification, intention to stay, cooperative relationship, organisational citizenship behaviour and OC (Ozmen, 2019).

#### 2.6.2.4.2 Leader-Member-Exchange (LMX)

LMX is one of the most dominant leadership models in predicting various organisational outcomes (Stoffers et al., 2019). For the majority of organisational employees, their immediate supervisor is the primary representation of the organisation (Kottke and Pelletier, 2012). Supervisors have their own exchange relationship with employees and can influence the relationship an employee has with the organisation. They are consequently considered to be a pillar that supports the social exchange framework (Xerri, 2013).

LMX is a dyadic relationship in which leader is looking for a contribution toward goals, mutual affect, loyalty or faithfulness, professional respect and trust (Miller and Miller, 2020). LMX describes the quality of the relationship an employee develops with the immediate manager and is based on the degree of emotional support and exchange of valued resources (Tekleab and Chiaburu, 2011). The social exchanges within the LMX include favours from the leader or supportive leadership, and therefore can be regarded as a form of direct or proximate social exchange because the social exchange occurs directly from the leader to the employee (Gian et al., 2014). According to LMX theory, leader-

follower relationships can range from ‘low-quality’ to ‘high-quality’ (Gian et al., 2014). The effects of LMX on the workers’ attitudes and behaviours can also be theoretically justified using SET and norm of reciprocity (Jabutay and Rungruang, 2020).

Social exchange theorists suggest that according to LMX theory, the quality of the relationship between supervisor and subordinate impacts on several employee outcomes, including JS, satisfaction with the supervisor, performance, commitment, and TI (Xerri, 2013). A plethora of academics and scholars have also found that LMX is particularly effective in promoting employee’s innovative work behaviour (Saeed Bilal et al., 2019). LMX research has also shown that employees who enjoy a high-quality LMX relationship feel obliged to reciprocate to their supervisors by engaging in discretionary processes at work (Saeed Bilal et al., 2019).

A high-quality LMX also intensifies organisational citizenship behaviour, knowledge sharing and work engagement (Jabutay and Rungruang, 2020). LMX quality has a positive influence upon the follower’s work-related outcomes (Gian et al., 2014). Employees with high quality exchanges with their supervisors reciprocate by displaying behaviours directed at the supervisor (i.e., supervisor-directed citizenship behaviours, organisation citizenship behaviours, and increased levels of performance, or in-role behaviour) (Tekleab and Chiaburu, 2011). Conversely, low-quality LMX has been tied to employee turnover, role conflict, and a host of withdrawal-related attitudes and behaviours (Mallory and Rupp, 2015). The reduced quality in LMX, is expected to have unfavourable effects on the workers’ attitudes and behaviour toward the organisation (Jabutay and Rungruang, 2020).

### 2.6.3 Perceived External Prestige (PEP) and communication

An organisation’s PEP or construed image refers to the beliefs held by a member of that organisation concerning what outsiders think of it (Dutton et al., 1994). Employees form PEP through outside information sources such as reference groups, word of mouth, publicity, and internal communication about how non-company employed persons perceive the firm (Kim et al., 2010). PEP is distinguished from organisational reputation, since that refers to outsiders’ beliefs about an organisation, whereas the construed external image captures internal members’ own assessment of the beliefs held by outsiders about their organisation (Dutton et al., 1994). Using these sources, employees formulate their perceptions of CSR and evaluate organisational intentions and social values, determining whether they are congruent with their personal objectives and values.

When the situation is complex or unknown, social information is essential for employees (Furlotti and Mazza, 2020). But employees often vary in understanding their organisation’s CSR efforts, and such policies are not necessarily integrated into day-to-day organisational operations (Miller and Akdere, 2019). Employees’ limited understanding of their organisation’s full CSR strategy therefore suggests

that there is room within the literature for further exploration of the internal communication of corporate responsibility and employees' subsequent understanding and perceptions of CSR (Hejjas et al., 2019). Beyond the economic benefits of applying CSR actions, organisations must communicate these, making them known among their stakeholders and involving them (González et al., 2020). When companies develop their identity and communicate this to key stakeholders, including employees, these companies can acquire a good reputation (Kim et al., 2010). Employee buy-in and understanding of CSR is crucial (Miller and Akdere, 2019).

Stakeholders' responses, based on their evaluations of a company's CSR practices, are dependent on them having some awareness or beliefs about those CSR practices (Jones et al., 2019). Stakeholders need to have the information regarding firms' social behaviour to make a reasonable response (Wang et al., 2015a). CSR and the disclosure of related information are now essential elements in the modern business world, and must be integrated into business strategy for the best performance and to obtain long-term competitive advantages (Amorelli and García-Sánchez, 2020).

John et al. (2019) suggest that companies should improve employees' perceptions of CSR activities as they help to develop positive feelings and constructive attitudes and behaviours of employees at the workplace. Communicating their engagement in CSR to staff can help maximise employees' understanding of initiatives in various dimensions of CSR (Duarte et al., 2019). Managers should further emphasise external CSR activities in their internal communications (Brammer et al., 2015). In terms of CSR communication, results suggest that employees should be considered as a primary audience in companies' CSR communication and reporting (Brammer et al., 2015). Communication directed towards companies' internal public should disclose how these organisations are involved in practices that improve employees and communities' well-being (Duarte et al., 2019).

But self-interested and more altruistic motivations for an organisation's participation in and communication about CSR, together with the apparent inconsistency of the nature of the organisation's CSR practices, which might encompass both discretionary and strategically initiatives, represent potential sources of paradoxical tensions (Maon et al., 2019). When CSR is perceived as important, substantive CSR is positively related to, and symbolic CSR is negatively related to, the perception of fit with the organisation (Donia et al., 2019). The difference between the two ideas is that substantive CSR happens when a firm is purposefully serving a cause that requires changes on an operational level; alternatively, symbolic CSR happens when a firm is primarily serving themselves by engaging in ceremonial CSR designed to give the appearance of substantive action (Fox et al., 2020). Rego et al. (2010) suggest that inconsistent versus consistent images about CSR lead individuals to form less rather than more distinctive, central, and enduring views about the organisation, thus developing weaker rather than stronger organisational identification. As reported

by Jauernig and Valentinov (2019) there are reasons for scepticism when CSR action falls short of CSR talk.

CSR investments as a conduit for improving corporate reputation continue to receive attention from scholars and practitioners (Tetrault Sirsly et al., 2019). CSR research has distinguished between alternative motivations for engaging in responsible activities and practices, especially between instrumental approaches to CSR whereby organisations seek to benefit from responsible conduct and altruistic motivations for CSR in which there are no anticipated benefits (Brammer et al., 2015). Research found that employees care not only about the amount of CSR performed, but also about the underlying organisational motivation for CSR engagement (Donia et al., 2019). Findings indicate that employee CSR perceptions, particularly those of disengaged employees, are influenced by whether or not organisational motives appear to be symbolic or substantive (Hejjas et al., 2019). Image management is extremely relevant to the ethical decision-making of company managers, and thus companies engaged in CSR may benefit by effectively communicating their good corporate citizenship to their employees (Beaudoin et al., 2019). As noted by Rego et al. (2010) employees may develop cynical attitudes toward the organisation if they perceive that the organisation gives contributions to charities but pays salaries lower than the industry's average. Employees who perceive CSR to be insubstantive or inauthentic might be negatively influenced in their perceptions of values fit with the organisation (Glavas, 2016).

Social responsibility disclosures may then be used by firms as one of the informational signals upon which stakeholders base their assessments of corporate reputation (Branco and Rodrigues, 2006). Deficient communication and perceived weak and low visibility of corporate sustainability culture are among the factors explaining such diversity in the workforce engagement (Pintão et al., 2018). Managers might need to limit their communication of value-driven motives to avoid giving employees the impression that the organisation is pursuing social performance at the expense of its financial health (Maon et al., 2019).

Specific future research efforts are required to delineate the nature of CSR-driven tensions experienced by internal and external stakeholders and the mechanisms that underlie these tensions (Maon et al., 2019). When people evaluate actions, they tend to judge not only the tangible facts but also the motives they assign to other parties, particularly in contexts marked by heightened cynicism (Gond et al., 2017).

## 2.7 Main Outcomes

Having reached a global understanding about CSR and how it could influence employees. And recognising the value of positive organisational behaviour at the workplace (Shahid and Muchiri, 2019), recent research highlighted the positive effects of organisational CSR engagement on employee outcomes (Brieger et al., 2020). On this section, the focus will be on three key work behaviours: turnover, job performance and IB. These ones are highlighted mainly because of their relevance in literature and on organisation success.

### 2.7.1 Turnover

Quitting is a likely outcome for many employees who face value dissonance within their organisations (Hejjas et al., 2019), and it represents a major factor in organisational costs (Scheidler et al., 2019). The cost of personnel turnover is substantial as it provides a direct channel of proprietary information flow from one firm to another (Verbeke and Tung, 2012). Additionally, employees who leave an organisation voluntarily have to be replaced, the new workers have to be trained, and this takes time and cost until those new workers are employed and performing at the same level as the previous ones (Yoo and Chon, 2015). Apart from the direct costs, the exit of employees also contributes to indirect costs implications that include reduced morale due to stress and pressure on the remaining staff and the loss of human capital (Jabutay and Rungruang, 2020).

Employee turnover— employees' voluntary severance of employment ties has attracted the attention of scholars and practitioners alike for a century (Hom et al., 2017). Most of the findings revealed that TI, JS and OC are the most potent precursors of actual turnover (Jabutay and Rungruang, 2020). However, the most impactful turnover theories emerged from the recognition that contextual factors can shape the influence of turnover's antecedents (Hom et al., 2017).

CSR can build an organisational reputation and a strong relationship with employees, which can, accordingly, alleviate employees' turnover intention (Yoo and Chon, 2015). And CSR investments may reduce employee turnover (Carnahan et al., 2017). But inconsistent CSR strategies increase firms' actual employee turnover (Scheidler et al., 2019). And hypocrisy perceptions of leaders and organisations lead to employee turnover or TI (Scheidler et al., 2019).

### 2.7.2 Innovative Behaviour

There is an emerging general agreement that employee innovative work behaviour is indispensable in daily tasks and assignments, if firms want to keep its competitive advantages and organisational survival in today's dynamic business environment (Saeed Bilal et al., 2019). IB plays a significantly

important role in the survival and sustainable development of organisations especially in light of ferocious competition (Cao and Zhang, 2020).

Creativity is defined as the production of novel and useful ideas in any domain, where innovation is the implementation of creativity (Glavas and Piderit, 2009). IB is referred to as the process of bringing new problem-solving ideas into use, thereby enhancing a product, service or process (Xerri, 2013). Innovative work behaviour refers to initiation and intentional introduction (within a work role, group or organisation) of novel and useful ideas concerning products, services and work methods, as well as set of behaviours needed to develop, launch and implement these ideas (Saeed Bilal et al., 2019).

Given the importance of employee innovative work behaviours to organisational sustainability and effectiveness, greater efforts to uncover factors that encourage innovative work behaviours have been reported in the literature (Agarwal et al., 2012). Fostering IB is one of the most important leadership functions in today's organisations (Pundt, 2015). IB is considered one of the most crucial outcomes as innovative employees tend to create new combinations of knowledge and are thus able to contribute significant commercial value to their organisations (Shih et al., 2020). An important competitive advantage for the organisation is to hire and develop organisational leaders who can foster creative work behaviour with high-quality social exchanges with his or her employees (Miller and Miller, 2020).

Researchers have found that the presence of a fair evaluation process, promoting an environment of trust, openness and improved performance, may encourage employees to be more engaged and thus more innovative (Karkouljian et al., 2019). Insight into workplace relationships should provide some understanding about fostering IB in the workplace (Xerri, 2013). Glavas and Piderit (2009) highlight the positive influence of CSR on employee creativity. Cao and Zhang (2020) analysed how workplace friendship was positively related to IB.

### 2.7.3 Performance

A central behaviour of concern in industrial and organisational psychology is that of individuals' performance in their jobs (Borman et al., 2003). Job performance is often the criterion that industrial and organisational psychologists attempt to predict from knowledge of characteristics of the performer and of the conditions under which the job is performed (Borman et al., 2003).

Job performance is defined as the total expected value to the organisation of the discrete behavioural episodes that an individual carries out over a standard period of time (Borman et al., 2003). Job performance not only covers individual's work outcomes (the completion of work tasks and goals),

namely task performance, but also covers work-related behavioural factors, namely behaviour performance (Yin, 2018).

High-quality exchanges are positively associated with job performance-related variables (Gian et al., 2014). Managers' emphasis on CSR values has been linked with followers' perceptions of visionary leadership, which positively influence employees' extra effort, which in turn positively influence firm performance (Jones, 2010). A significant number of researchers agree that fostering and nurturing engagement is a vital means to induce heightened levels of employee performance (Karkoulian et al., 2019). And employees reciprocate virtuous behaviour due to the favourable treatment by the organisation, thus setting up a spiral of contagious virtuous behaviour throughout the organisation, thereby leading to better job performance (Shahid and Muchiri, 2019).

Psychosocial work environment has a greater impact on effectiveness, performance and productivity of workers and organisations (Macassa et al., 2020). However there has been insufficient research to determine whether and how CSR influences in-role performance (Gond et al., 2017).

## 2.8 Conclusions

In this chapter a brief description about the ethics and integration of CRS in organisational contexts has been presented. From this it is shown that leaders and managers are responsible for empowering their workers to act ethically and for guiding the firm's strategy toward the inclusion of ethics as a central component within the organisational context (Furlotti and Mazza, 2020). Even Milton Friedman, who gained popularity by arguing against some CSR dimensions, believed that business was obligated to comply with the basic rules of the society, both those embodied in law and those embodied in ethical custom.

The history of CSR is long and vast and, being located mostly in the twentieth century. The main driver of this evolution was the 'force and strength' of society, the social changes, the fight for human rights, the battle against discrimination, and the building of labour laws. This last motivation is seen of having particular importance for workers who had campaigned against child labour, and for decent working conditions, minimum wages, and fair pay among other benefits. Organisations were forced to change; shareholders were limited in their outlook to the pursuit of profits and their own welfare. In a dynamic learning process, organisations integrated CSR concepts within their operational strategies, and scholars built theories that promoted the idea of CSR as an integral part of business success.

Now the central responsibility of a business organisation is to explore new competitive potential, strengthen political influence to avoid state regulation and address the challenges of sustainable

development, as well as to support corporate identity construction and the management ethos (Heikkurinen, 2018). Central concepts of strategy and CSR become integrated on the basis of stakeholder theory, resource dependency theory, sense-making, legitimacy, innovation and shared value. Due to the rise in consumer, investor, supplier, and worker demands for CSR, organisational decision-makers are asking important questions about how to manage these activities and how to allocate resources to them (Morgeson et al., 2013).

Despite the increasing interest in the CSR impact on employee behaviours, little literature is available that discusses the underlying processes and contingencies of how employees respond to corporate social activities (John et al., 2019). The study of the mechanisms that underlie reactions to CSR remains fragmented. The few dominant underlying mechanisms (signal, identity, exchange) have not been sufficiently integrated and tested as mediators of how CSR produces specific outcomes (Gond et al., 2017).

The main conclusions of this chapter are that it is important to deeply explore employee behaviour to gain a better understanding of the issue, and that consequently, more research is needed into the potential for a workable conceptual framework. A greater appreciation of the influence of this theme on workers' high quality exchanges that can trigger positive attitudes and behaviours could be immensely useful in both scholarly writings, and the practical situation.

## CHAPTER III - METHODOLOGY

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### 3.1 Introduction

This chapter describes the steps taken and the procedures followed to achieve the proposed objectives of this investigation. The research methodology was chosen with due consideration of the time constraints, the study's objectives and research questions.

To obtain a better understanding of the CSR construct and conceptualisation, the existing literature was surveyed, and four research models were proposed. The research hypotheses were tested using a quantitative cross-sectional design, involving the collection of data from two samples of Portuguese workers, via two different structured questionnaires. Structural Equation Modelling (SEM) was used to test the proposed hypotheses. Four partial models were proposed, these being the subjects of the four different papers already published in academic journals.

This chapter is organised into the following two parts:

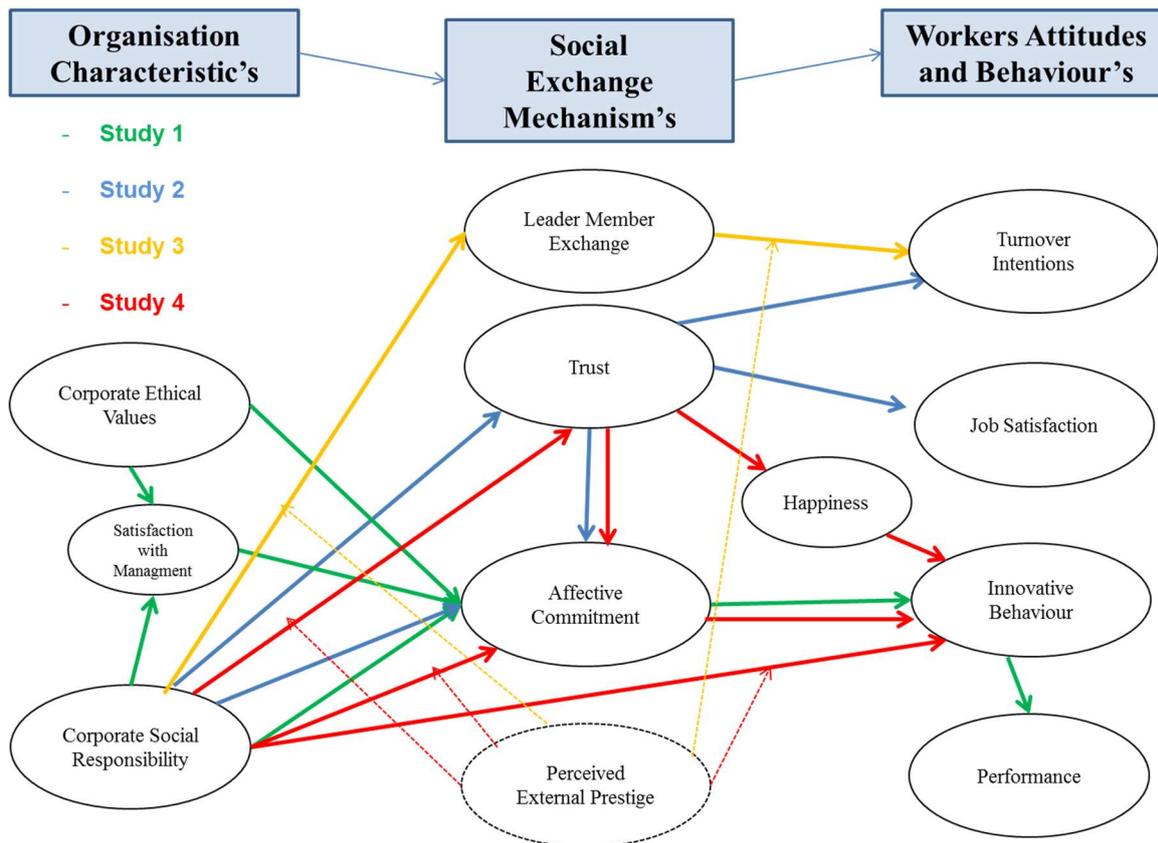
- Part I: Introduction, conceptual model and research objectives, statistical approach and methodology.
- Part II: The investigation strategy: the papers developed.

### 3.2 Conceptual Model and Research Objectives

Through a systematic review of the literature, it emerged that companies' ethical values and CSR seem to be related with social exchange mechanisms and workers' attitudes and behaviours. Bearing in mind that the objective of this study was to research the extent to which CSR directly influences workers' performance and attitudes, IB, JS and TI, evidence was sought to support the claim that these relationships can be explained also through social exchange mechanisms (namely trust, supervisor relationship, AC and HAP).

Figure 6 shows the model representing the chain of effects between ethics and CSR and the related outcomes. The model expresses a set of hypotheses to be tested via a quantitative approach, and it was developed, tested and validated through four different empirical sub models, each one reported in its own academic paper, giving four papers representing the main body of the whole research work.

The global model represents the fundamental concepts within this investigation and the construction of the research hypotheses. It is divided into four research models, depicting a complementary and incremental approach.



**Figure 6 - The global conceptual model**

### 3.2.1 The research instrument and data collection

The methodology within a research study is that which allows the theoretical hypotheses to be tested with a view to establishing practical applications. It comprises the collection of data in some form or other, and in this study, this empirical work was undertaken using a closed questionnaire to provide data with which to test the hypotheses and the validity of the models. A questionnaire was chosen due to the research hypotheses being concrete, and there being several tried and tested measures in the literature to assess individual perceptions and behaviours that had so far not been applied in a combined way. Another reason for using a questionnaire was the possibility of broadening the response base, and simultaneously systematising and analysing the information gathered in an easier and faster way.

Two samples were collected. Study 1 was based on sample 1 and involved data from one research activity. Studies 2, 3, 4 were based on sample 2 and used data from a second research effort. The focus in Study 1 was on a global comprehension of CSR phenomena and on exploring the influence of CSR on workers' innovation and performance'. In Studies 2, 3 and 4, the focus was on a more refined treatment and analysis of the proposed relationships, considering social exchange relations and the underlying relationships between CSR and worker behaviour. The methodology for the collection of

data was very similar for Study 1 and Studies 2, 3 and 4, but the data collected and the variables gathered were different.

In both samples the questionnaires were prepared, and then piloted prior to global distribution with ten workers. This procedure made it possible to detect inaccuracies, assess response times, and identify any difficulties in understanding some questions. Thereafter, the questionnaires were revised in terms of question content and form in order to achieve greater clarity, and subsequently, the instruments were distributed to the sample. Eligibility for inclusion simple required that respondents were employed in Portugal. The intention was to obtain a diversified sample, both in terms of workers and companies involved. A letter of introduction was sent with questionnaires, explaining the purpose and objectives of the investigation, assuring confidentiality, and motivating respondents to answer all questions. The researchers' contacts were available to clarify any doubts associated with the completion of the questionnaire, which was requested within a maximum period of two weeks. Some respondents showed an interesting in receiving the results of research.

### 3.2.2 Sample description

#### Study 1

In order to secure a sample large enough to test the research hypotheses, a quantitative cross-sectional design was used, with data being collected by email using a database of Portuguese companies. Named individuals were targeted, and each was given an explanation of the nature and importance of the study and asked to return the questionnaire by email. They were assured confidentiality and anonymity. In total, 1,700 questionnaires were distributed, and of these, 242 were returned. After initial analysis, 19 were eliminated because of inconsistent or incomplete information, leaving a final sample of 223 individuals, yielding a real response rate of 13.06%. This rate was quite low, which may have been a reflection of there being no external or internal motivation on the part of the respondents to collaborate with the study. However, the sample did represent a wide range of positions (e.g., administrative staff, customer services, salespersons, consultants, bank clerks, assistants, accountants, managers). It was comprised of 57% women, and 43% men, and the mean age was 33.2 years. In terms of educational background, 71% held a bachelor's degree or higher, 25% were college graduates, and 4% had less than nine schooling years. The average working period within the organisation was 7.2 years. Respondents came from companies in services (43.9%), industry (36.8%), and trade (18.8%).

When analysing the data from Study 1 concerning the CSR dimensions, the psychometric properties of the instrument used (Ethos indicators) were found to be unsatisfactory (were very close or even below the limit of 0.7 Cronbach's alpha), and consequently, several items were dropped in order not to confuse respondents' in their perceptions of the practices covered by those items. This problem

with the instrument implied the need to use a better one to gather data about the CSR reality. Therefore, on the second research effort CSR dimensions were analysed through the scale developed by Turker in 2009 and that was widely used in CSR research at that time.

Studies 2, 3 and 4 (taken as one large study) were also operationalised as a quantitative cross-sectional study based on a questionnaire with closed questions. The questionnaires were emailed to 2,800 contacts. From this mailing 315 valid responses were obtained, giving a real response rate of 11.25%. This final sample of 315 individuals (43% female) were on average 40 years old, and had an average tenure of 13 years in a wide range of positions. Of the sample, 82% held a bachelor's degree or higher. Respondents came from services (23.5%), industry (56.5%), and trade (20%). Measuring companies' average size by the number of workers, 42.10% were small (less than 50 workers), 42.30% were medium (between 51 and 250 workers), and 15.60% were big (more than 250 workers).

The sample characterisation for all studies is presented in Table 4.

**Table 4 - Sample characterisation**

		<b>Sample 1</b>	<b>Sample 2</b>
<b>Gender</b>	<i>Male</i>	43,0 %	57,1 %
	<i>Female</i>	57,0 %	42,9 %
<b>Age</b>	<i>Average</i>	33 years	40 years
<b>Tenure</b>	<i>Average</i>	7 years	13 years
<b>School Level</b>	<i>Bachelor or Higher</i>	71,0 %	81,9 %
	<i>College</i>	25,0 %	16,5 %
	<i>Secondary</i>	4,0 %	1,6 %
<b>Position</b>	<i>CEO/Manager</i>	8,5 %	9,8 %
	<i>Chief Executive / Director</i>	23,8 %	1,0 %
	<i>Supervisor / Chief</i>	12,10 %	13,7 %
	<i>Technician</i>	26,5 %	8,9 %
	<i>Operator</i>	6,3 %	34,9 %
	<i>Other positions</i>	22,4 %	31,7 %
<b>Company Staff</b>	<i>1 - 10</i>	18,9%	20,6%
	<i>11 - 30</i>	15,7%	22,5%
	<i>31 - 50</i>	13,0%	14,3%

	<i>51 - 100</i>	16,1%	13,7%
	<i>101-250</i>	10,3%	13,3%
	<i>&gt; 250</i>	26,0%	15,6%
<b>Sector of activity</b>	<i>Commerce</i>	18,8 %	20,0 %
	<i>Industry</i>	36,8 %	56,5 %
	<i>Services</i>	43,9 %	23,5 %

### 3.2.3 Measures

The variables used in this study were operationalised according to scales published in the literature, and which had already been validated in other research investigations. These were translated from English to Portuguese and underwent some vocabulary changes so that they became more perceptible for respondents.

#### 3.2.3.1 Perceptions of CSR – used in study 1

Were measured with 36 questions from the Ethos indicators (Instituto Ethos, 2009) collected in (Heleno and Coelho, 2010). In this framework, CSR practices are measured based on 36 questions subdivided into the following seven items:

#### **Values and transparency**

1. The company has a written document clarifying recommended behaviours concerning personal and business relationships.
2. The company expressly prohibited the practice of irregular payments or receipts intended to facilitate business, influence decisions for the benefit of the company or induce people to unduly grant permissions.
3. The company somehow includes in its action ethical and transparent relationship with the government.
4. The company has information on social reporting
5. The company has a clear separation between the owner/shareholder businesses from the company.

#### **Workforce**

6. In addition to complying with the legal obligations, the company is concerned with offering its employees a nice and safe physical environment that respects hygiene and health conditions and is open to criticism and suggestions concerning these issues.
7. The company offers additional social benefits that extend to the employee's family (e.g. health plan, guidance on disease prevention).
8. In hiring professionals, the company discloses the objective criteria it is going to use to recruit applicants (such as education level, experience and required knowledge).
9. The criteria used in the selection of staff shall be exempt from discriminatory practices on any of the themes: gender, race, sexual orientation, age, religious or political beliefs of the applicants, as well as people with disabilities.

10. The inclusion of people with disabilities in the labour and consumer market is increasing. The company's facilities have resources that facilitate the coexistence of people with motor, auditory and visual disabilities (e.g., ramps, safety warnings, light and audible signals in areas of vehicle or machine circulation).
11. As a way of demonstrating respect for the individual and transparency in their relationships with employees, the company understands that it is the employees are entitled to participate in unions and class associations and allow union representatives to enter the company to discuss issues of employee's interests.
12. The company values and encourages employees' professional development.
13. The company facilitates access to information as a form of personal and professional development of its employees'.

### **Environment**

14. The company know, understand and assess the impacts of its activities on the environment (such as pollutants emissions, energy, fuel and water consumption) drawing up reports to measure them.
15. The company try to implement measures aimed at conserving the environment.
16. One effective way to reduce environmental impacts is promoting environmental education campaigns focused on employees and their families and the surrounding community. The company carries out this type of activity.

### **Suppliers**

17. When contracting a new supplier, besides requiring a good commercial proposal (quality, price and delivery term), the company consider whether this supplier uses social responsibility practices.
18. The company constantly verify the conditions offered by its suppliers to their employees.
19. The company seeks, whenever possible, to guide suppliers to follow and implement social responsibility principles.
20. The company tries to find suppliers in cooperatives of small producers, resident associations and income generation projects (such as artisan cooperatives, business incubators, micro and small companies).

### **Consumers and customers**

21. The company has a formal communication channel with its consumers/customers (such as suggestion box, telephone number and email address with contact name)
22. The company analyses doubts, suggestions and complaints received and use them as an instrument to improve its activities.
23. The company carry out satisfaction surveys among its consumers/customers and based on their results, aim to improve its products/services.
24. In its communication process (contracts, advertisements), the company banned the use of deceiving content or content that leads the consumer/client to misunderstanding things.
25. The company carry out researches on potential risks that its products/services can cause to consumers/customers health and safety, and disclosure such information.

### **Community**

26. The company is always in contact with the surrounding community, seeking to minimise the negative impacts that its activities may cause.
27. The company has management practices that bring benefits to local development.
28. The company encourages its employees to do voluntary work.
29. The company been supporting at least one local institution and mobilises its networking in favour of this organisation.

30. There is an honest dialogue between company and its benefited institutions about the role of which one in partnership.
31. Corporate social responsibility should be seen as a form of business management and profit is part of success. Company interests are reconciled with those from community.
32. Company believes it has obtained benefits for the business as a result of its activity in surrounding community,

### **Government and society**

33. The company participates in organisations that integrate entrepreneurs (e.g. business organisations, trade associations, regional forums).
34. The company is careful about its involvement in political campaigns.
35. The company informs its employees of the relevance of participation in the public administration (by engaging in participative budget, election of municipal councils and public consultations).
36. The company collaborates, whenever necessary (and possible) with the improvement of public spaces/buildings in its region (such as schools, health centres, squares and green areas).

This instrument was used because Portuguese reality was not so different from Brazilian one, and Ethos instrument version was prepared to be used in a context of micro and small companies and it was expected that a large part of inquiry respondents has origin in that context and so could be more familiar with research questions. Individuals reported the practices that were used in their company according to the following five-point Likert scale (1 - No; 2 - in a small part; 3 - in part; 4 - in a big part; 5- Yes).

### *3.2.3.2 Corporate Ethical Values (CEV)*

The scale of CEV incorporates an instrument developed by Hunt et al. (1989) to measure the perception of the organisation's ethical values. This tool with five items was designed to capture the extent to which employees perceive that their managers are acting ethically, and are concerned about ethical issues, and the extent to which employees perceive that their ethical (unethical) behaviour is rewarded (punished) in their organisation. Respondents reported the degree to which they agreed with each statement, on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. Managers in my company often engage in behaviours that I consider being unethical."
2. In order to succeed in my company, it is often necessary to compromise one's ethics."
3. Top management in my company has let it be known in no uncertain terms that unethical behaviours will not be tolerated.
4. If a manager in my company is discovered to have engaged in unethical behaviour that results primarily in personal gain (rather than corporate gain), he or she will be promptly reprimanded.
5. If a manager in my company is discovered to have engaged in unethical behaviour that results primarily in corporate gain (rather than personal gain), he or she will be promptly reprimanded.

### 3.2.3.3 Satisfaction with the Organisation Management

Satisfaction with the organisation management is identified as one of the items from JS (supervision). The measure used five items and was based on some adjustments to the scale devised by Comer et al. (1989), which in turn was already a reduced version of the Churchill et al. (1974) scale that intended to measure JS, based on a broad set of determinants in which supervision satisfaction was included. Individuals reported the degree to which they agreed with each statement, on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. The managers I work for back me up.
2. My supervisors listen to me.
3. The managers I work for are competent.
4. The manager in my organisation act correctly.
5. I have trust in managers equity and honesty.

### 3.2.3.4 Organisational Commitment

OC was measured based on the scale developed by Mowday and McDade (1979), entitled OC Questionnaire and adjusted by Yousef (2003). The eight items used are those which are focused on AC. Participants rated items on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful.
2. I talk up this organisation to my friends as a great organisation to work for.
3. I find that my values and the organisation's values are very similar.
4. I am proud to tell others that I am part of this organisation.
5. This organisation really inspires the very best in me in the way of job performance.
6. I am extremely glad that I chose this organisation to work for over others I was considering at the time I joined.
7. I really care about the fate of this organisation.
8. For me this is the best of all possible organisations for which to work.

### 3.2.3.5 Innovative Behaviour

IB was measured based on the work of Kleysen and Street (2001) collected in Jong and Kemp (2003). Eight items were formulated as statements and individuals were asked to rate them on a five-point Likert-type scale (1 - definitively does not apply; 5 - does fully apply to me).

1. In my work, I often come up with ideas.
2. The people in my company consider me as a strong advocate of renewal and change.
3. I like to try out things in a new way.
4. I think of innovative projects as a challenge.
5. In my work, I am initiating many initiatives for improvement.
6. My colleagues regard me as someone who likes to do new things.
7. I like to contribute to the implementation of others' ideas.

8. I continuously keep up with trends and developments in my work, by reading literature and magazines, attending conferences and training courses, etc.

### 3.2.3.6 Job Performance

A subjective self-assessment measure was used to evaluate job performance. It was used with some adjustments the scale of organisational effectiveness developed by Mott (1972) and collected in Bamel et al. (2011). This consists of three sub-scales (productivity, adaptability, and flexibility). Ten items were used as statements and participants were asked to rate their work compared to co-workers on a five-point Likert-type scale (1 - below average; 2 - average; 3 - above average; 4 - very good; 5 - excellent).

1. Which of the following options best describe the way your supervisor classified you in the last formal performance evaluation.
2. What is your productivity level in terms of quantity if compared to your colleagues' productivity level.
3. What is the quality of your work if you can compare to your colleagues.
4. What is the efficiency level of your work in comparison to your colleagues, in other words, you use adequately the available resources.
5. In comparison to your colleagues how do you evaluate your capacity to prevent or minimise potential problems before they might occur.
6. In comparison to your colleagues what is your effectiveness to adapt to work changes.
7. How fast are you to adapt to work changes comparing to your colleagues.
8. How do you classify yourself to your work changes comparing to your colleagues.
9. How do you react in an emergency situation (crisis, short-term, unexpected personal issues, resource distribution, problems) comparing to your colleagues.
10. How do you evaluate your answer quality in emergency situations comparing to your colleagues.

### 3.2.3.7 Perceptions of CSR – used in study 2, 3 and 4

Seeking to assess the business responsibilities of various stakeholders was evaluated by a scale adapted from Turker (2009). Participants rated items on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement). In this framework, CSR practices were measured using 20 questions sub-divided into the following four dimensions:

#### **Social and non-social stakeholders**

1. Our company participates in activities which aim to protect and improve the quality of the natural environment.
2. Our company makes investment to create a better life for future generations.
3. Our company implements special programs to minimise its negative impact on the natural environment.
4. Our company targets sustainable growth which considers future generations.
5. Our company supports nongovernmental organisations working in problematic areas.
6. Our company contributes to campaigns and projects that promote the well-being of the society.

## **Employees**

7. Our company encourages its employees to participate in voluntarily activities.
8. Our company policies encourage the employees to develop their skills and careers.
9. The management of our company is primarily concerned with employees' needs and wants.
10. Our company implements flexible policies to provide a good work and life balance for its employees.
11. The managerial decisions related with the employees are usually fair.
12. Our company supports employees who want to acquire additional education.

## **Customers**

13. Our company respects consumer rights beyond the legal requirements.
14. Our company provides full and accurate information about its products to its customers.
15. Customer satisfaction is highly important for our company.
16. Our company analyses questions, suggestions and complaints and use them as an instrument to improve their activity.

## **Government**

17. Our company always pays its taxes on a regular and continuing basis.
18. Our company complies with legal regulations completely and promptly.
19. Our company try to have a relationship ethic and transparent with government.
20. Our company is very criterious about involvement in politic campaigns.

### *3.2.3.8 Organisational Trust*

Used to measure the degree of belief in the employer in respect of integrity, motives, intentions, and dependability, was evaluated by adapting the seven items from the Robinson and Rousseau (1994). Participants rated items on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. I am sure I fully trust my employer.
2. My employer is open and upfront with me.
3. I believe my employer has high integrity.
4. In general, I believe my employer's motives and intentions are good.
5. My employer is always honest and truthful.
6. I think my employer treats me fairly.
7. I can expect my employer to treat me in a consistent and predictable fashion.

### *3.2.3.9 Affective Commitment*

Was measured with three items previously developed and validated in the Portuguese context by Rego et al. (2007), and 2 items from the scale of Yousef (2003), resulting in a five-item scale. Participants rated items on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. I am proud to tell others that I am part of this organisation.
2. I have a strong affection for this organisation.
3. I feel like "part of the family" at my organisation.
4. I am extremely glad that I chose this organisation to work.
5. I really care about the fate of this organisation.

### 3.2.3.10 Job Satisfaction

Seeking to assess general satisfaction with the current job was analysed using six items from the scale collected by Vandenberg (2009). Participants rated items on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. In general, I am satisfied with my job.
2. I think there are many other jobs which are more interesting than mine. (R)
3. My current job fulfils the expectations I had before I started it.
4. I would like to get another job because I am not satisfied. (R)
5. My current job is pleasant.
6. I think my current job is interesting and fascinating.

### 3.2.3.11 Turnover Intentions

Was measured adapting the scale from Bishop et al. (2002), which comprises three items designed to evaluate the employee's intention to leave the organisation and one item by the authors, to a four item scale. Participants rated items on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. It is likely that I will look for another job in the next year.
2. I often think about quitting.
3. If I could, I would get another job with another organisation.
4. As soon as I have opportunity, I will try to leave this organisation.

### 3.2.3.12 Leader-Member-Exchange

Trying to understand workers' satisfaction with the supervisor-subordinate relationship was measured with seven items of Graen and Uhl-Bien's (1995) instrument. Participants rated items on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. My supervisor is satisfied with my work.
2. My supervisor understands my work problems and needs.
3. My supervisor knows how good I am at my job.
4. My supervisor is willing to use her/his power to help me solve work problems.
5. I have a good working relationship with my supervisor.
6. My supervisor is willing to help me at work when I really need it.
7. I have enough confidence in my supervisor that I would defend and justify his/her decision if he/she were not present to do so.

### 3.2.3.13 Perceived External Prestige

Introduced to assess employees' beliefs about how outsiders judge the status and image of their organisation. In order to measure the way employees' beliefs, it was adapted, with three items from the scale of Mael and Ashforth (1992), and two items from the scale of Kim, et al. (2010) a five item

scale. Participants rated items on a five-point Likert scale (1 - strong disagreement; 5 - strong agreement).

1. My company is considered as one of the best in the society.
2. People in my community think highly of my company.
3. It is considered prestigious in the community to be a member of my company.
4. Company where I work has a good reputation.
5. Company where I work is appreciated.

#### 3.2.3.14 Happiness

A concept similar to subjective well-being was measured by adapting the four-item scale of Lyubomirsky and Lepper (1999). Each of items was completed by choosing one of five options that finish a given sentence fragment. The options were different for each of the four questions (see below for actual items).

1. In general, I consider myself:  
From 1 - A person that is not very happy, to 5 – A very happy person.
2. Compared to most of my peers, I consider myself:  
From 1 – Less happy, to 5 – More happy.
3. Some people are generally very happy. They enjoy life regardless of what is going on, getting the most out of everything. To what extent does this characterisation describe you?  
From 1 – Not at all, to 5 – A great deal.
4. Some people look to be always unhappy. To what extend does this characterisation describe you? (R)  
From 1 – Not at all, to 5 – A great deal.

### 3.3 Statistical Approach

The information collected in the investigation database was submitted to a debugging procedure. Exploratory factor analysis (EFA) was used with IBM SPSS software. EFA is a general linear modelling technique whose objective is to identify a reduced set of latent variables (factors) that explain the correlational structure between a set of manifest variables (items) (Maroco, 2010). EFA is one of the most widely used statistical methods in psychological research prompted by the need to go beyond the individual items of tests and questionnaires to reveal the latent structure that underlies them (Winter et al, 2009). Factor analysis allows researchers to conduct exploratory analyses of latent variables, reduce data in large datasets, and test specific models (Plucker, 2003). The use of EFA has two primary purposes: the first to obtain a minimum number of factors that contain the maximum possible amount of information contained in the original variables used in the model, and with the greatest possible reliability; the second is to identify how indicators used empirically are configured in factors that are not directly observed, representing the facets or dimensions of the phenomenon being investigated (Rossoni et al, 2016). The oldest and most widely used reliability measure is

Cronbach's alpha coefficient, which represents the internal consistency of the factor based on the average correlation between the items that go to form the factor (Rossoni et al, 2016). The Cronbach alpha coefficient was used to test the internal consistency of the scale, namely the extent to which all the items in a scale measure the same construct. According to Taber (2018), a value of around 0.70 or greater is widely considered desirable.

All the measures were subjected to an evaluation of their dimensionality, reliability and validity. The data was submitted to a debugging process to increase coherence of all the measures, applying exploratory factorial analysis extracting the main components and factors with eigenvalues bigger than 1. Varimax rotation was adopted to obtain solutions for the factors. The Cronbach alpha was used to assess the coherence of the analysis measures, thereby ensuring convergent validity.

### 3.3.1 Structural equation modelling

Factor analysis (exploratory and confirmatory) and SEM are statistical techniques that one can use to reduce the number of observed variables into a smaller number of latent variables by examining the covariation among the observed variables (Schreiber et al. 2006). The major distinction between confirmatory factor analysis (CFA) and EFA is the ability (and necessity) to test a specific model of factor structure when using CFA (Plucker, 2003).

CFA is a confirmatory technique; it is theory driven. Therefore, the planning of the analysis is driven by the theoretical relationships among the observed and unobserved variables (Schreiber et al., 2006). In CFA the factors and their respective indicators are defined a priori according to the theoretical model (Rossoni et al, 2016). CFA requires five steps: model specification, model estimation (fitting the model), evaluation of fit, model modification, and interpretation of loadings and related statistics (Plucker, 2003).

When a CFA is conducted, the researcher uses a hypothesised model to estimate a population covariance matrix that is compared with the observed covariance matrix. Technically, the researcher wants to minimise the difference between the estimated and observed matrices (Schreiber et al. 2006). CFA programs often provide modification indexes to help researchers determine whether adding parameters to a specific model would increase the goodness-of-fit (Plucker, 2003).

SEM, in comparison with CFA, extends the possibility of relationships among the latent variables and encompasses two components: (a) a measurement model (essentially the CFA), and (b) a structural model (Schreiber et al. 2006). The SEM statistical modelling technique is used to test the validity of theoretical models to define hypothetical causal relationships among variables (Maroco, 2010).

The use of SEM as a vehicle to confirm acceptance or rejection of a model involves several stages. Indeed, it can be conceived as a four-stage process including: model specification, model estimation, model evaluation, and model modification (Ullman, 2006).

Researchers can specify CFA models, regression models, and complex path models (Hox & Bechger, 1999). Whilst SEM was originally believed to be a complex process, it has nonetheless become extremely popular in the human and social sciences (Maroco, 2010; Ullman, 2006). In non-exact sciences, it is the effects of frequently-occurring variables that are observed rather than the variables themselves, which are referred to as latent, only being 'felt' or measured by other variables or indicators. Psychometric scales are commonly-used to attempt to operationalise these variables. SEM allows for the 'purging' of errors among variables by measurement and structural models when estimating model parameters (Maroco, 2010). In SEM when relations among factors are examined, the relations are theoretically free of measurement error because the error has been estimated and removed, leaving only common variance (Ullman, 2006).

One important issue concerning the causal use of SEM, is the issue of causal interpretation. There is nothing in SEM that magically transforms correlational data into causal conclusions (Hox & Bechger, 1999), and using it to conclude causality is incorrect (Maroco, 2010).

Nevertheless, the present investigation used this methodology to develop and evaluate the considered measures. To examine construct validity, specific hypotheses were constructed to suggest how one measure might be related to other measures based on the knowledge obtained from the literature review. According to Maroco (2010), SEM is a linear model that establishes relationships between variables, observed and latent. It can be organised in two sub-models according to the relational structure between variables (sub-model and structural sub-model). The first model offers a starting point for the design of the conceptual model and defines how hypothetical constructs or latent variables are operationalised by observed variables. It is the model that relates the measured variables to the factors (Ullman, 2006). The second model defines the causal or association relationships aiming latent variables and allows for the evaluation of whether the data fit the investigation purposes, considering the specification of the established relationships.

To assess the hypothesised moderation effects (Paper 3 and 4) it was used multiple-group SEM, which allow multiple-group comparisons moderation models and of specified paths within these models. Multiple-group SEM involves the simultaneous estimation of the paths in separate mediation models where the fit of models that impose various equality constraints across groups on one or more paths is compared to the fit of models that freely estimate the paths across groups (Donia, et al., 2019).

### 3.3.2 Specification, identification and estimation of the conceptual model

The specification of the model to be estimated is done by drawing the formal theoretical model. In this step, the researcher formulates a set of directional and non-directional relations between the variables, which is necessary to determine which observed variables operationalise latent variables, which causal relationships among latent and/or observed variables should be included/excluded, which associations (not causal) should be included or omitted from model and which errors should be correlated (Maroco, 2010). In the process of specifying and estimating, the best one can hope for realistically is that a model provides a close approximation to real-world relationships and effects (MacCallum et al., 1996). This stage consists of: (a) stating the hypotheses to be tested in both diagram and equation form, (b) statistically identifying the model, and (c) evaluating the statistical assumptions that underlie the model (Ullman, 2006). Once an appropriate hypothesis is defined, it is important to know the likelihood of drawing the correct conclusion when the hypothesis test is conducted (MacCallum et al., 1996).

The second step of the SEM is identification. To show that a model is identified requires a demonstration that the parameters of the system of linear equations that represent the model can be estimated from the information contained in the matrix of variances and covariances of the observed variables (Fergusson, 1997). A model is said to be identified if there is a unique numerical solution for each of the parameters in the model (Ullman, 2006). A necessary but not sufficient condition for model identification is that the number of model parameters to be estimated is no greater than the number of observed variances and covariance (Fergusson, 1997).

After specifying the model and identifying the parameters, the next step is to obtain the estimates for each parameter that best reproduce the observed data on sample analysis (Maroco, 2010). This estimation is achieved through an iterative method that involves a series of attempts and comparisons between the covariance matrix, and sample covariance matrix. The goal of estimation is to minimise the difference between the structured and unstructured estimated population covariance matrices (Ullman, 2006).

According to Ullman (2006), there are many different estimation techniques in SEM, which vary according to the choice of matrix to weight the squared differences between the sample and estimated population covariance matrix. Maximum likelihood (ML) is usually the default method in most programs because it yields the most precise (smallest variance) estimates when the data are normal. In the present investigation the ML estimation method was used because it may provide more efficient and unbiased estimates under the assumption of normality and sufficient sample size (Ullman, 2006; Maroco, 2010).

The fact that a SEM model has been corroborated by the data does not mean that it has been proven true (Hox & Bechger, 1999), and according to Bentler and Chou (1987), although structural models can be quite easy to set up, estimate, and evaluate; their output should always be viewed with a certain amount of scepticism. Among the most common causes of errors are: sample size, specification errors, identification, variable scaling, outliers, undersized models and inadequate initial values. Consideration of the problems of specifying, fitting, testing, and interpreting structural equation models suggests that there are many points at which the process may fail (Fergusson, 1997).

SEM is based on covariances and covariances are less stable when estimated from small samples. So generally, large sample sizes are needed for SEM analyses (Ullman, 2006). Although the sample size needed is affected by the normality of the data and the estimation method used by researchers, the generally agreed-on value is 10 participants for every free parameter estimated (Schreiber et al. 2006).

### 3.3.3 Construct validity and reliability

An important area of the application of SEM methods is in the examination of the reliability, validity, and more generally, the interpretation of measurements (Fergusson, 1997). And the validity of the final results of the structural model is dependent upon capturing and establishing the reliability of the underlying constructs estimated (Schreiber et al. 2006).

Validity is the property of the measuring instrument that evaluates whether it measures the construct to be evaluated (Mascarenhas et al., 2020). According to Maroco (2010), validity is composed of three components: validity related to content, validity related to construct, and validity related to criterion. Content validity refers to the extent to which a measure thoroughly and appropriately assesses the skills or characteristics it is intended to measure (Fink, 2010) and criterion validity compares responses to future performance or to those obtained from other, more well established surveys (Fink, 2010) There is no statistical test to assess content validity. Criterion validity is usually compared to predictive validity and normal standards and in SEM can be evaluated in multi-group analysis (Maroco, 2010)

Construct validity is established experimentally to demonstrate that a survey distinguishes between people who do and do not have certain characteristics (Fink, 2010). In SEM, and according to Maroco (2010), it is possible to estimate construct validity that is comprised of three components: factorial validity, convergent validity, and discriminant validity. Factorial validity occurs when item specification of a construct is correct (items measure the latent factor that it intends to measure) and it is evaluated by standardised factor weights. Convergent validity shows when the construct under study correlates positively and significantly with other parallel constructs, or the new measure

correlates with one or more measures of a similar characteristic (Fink, 2010). Finally, discriminant validity occurs when the construct under study does not correlate with other constructs that operationalise different factors, and does not correlate with measures of dissimilar characteristics (Fink, 2010).

Convergent validity is used to specify that causal indicators from a measurement model should explain a significant proportion of variance from the latent variable that they measure; discriminant validity is used to specify that these same indicators should explain a much lower proportion of variance from other latent variables (Wang, et al., 2015b).

According to Maroco (2010), convergent validity occurs when items that are reflective of a factor saturate strongly on that factor. Fornell and Larcker (1981) suggested evaluating convergent validity through AVE. The value of AVE should be greater or equal to 0.5 in order to achieve this validity (Maroco, 2010).

Discriminant validity evaluates whether items reflecting a factor are not correlated with other factors (Mascarenhas et al., 2020). Discriminant validity is achieved when the measurement model is free from redundant items and the requirement for discriminant validity is the correlation between each pair of latent exogenous constructs which should be less than 0.85 (Ahmad et al., 2016), or when the square root of AVE for the construct is higher than the correlation between the respective constructs (Maroco, 2010)

A reliable survey instrument is one that is relatively free from measurement error (Fink, 2010). Reliability is the extent of to which the measurement model is consider accurate in measuring the latent construct. Measurement model reliability is determined by the satisfaction of the following three criteria:

- 1) **Internal Reliability** - many authors follow the rule-of-thumb that Cronbach's Alpha should reach 0.70 for an instrument to have an acceptable level of self-consistency (Taber, 2018)
- 2) **Composite Reliability** – this indicates the reliability and internal consistency of a latent construct. A value of composite reliability  $> 0.6$  is required in order to achieve composite reliability for a construct (Ahmad et al., 2016).
- 3) **Average Variance Extracted** – this indicates the average percentage of variation explained by the measurement items for a latent construct. An AVE  $\geq 0.5$  is required (Ahmad et al., 2016).

When evaluating the model quality, the objective is to assess whether the model is capable of reproducing the correlational structure of the manifest variables observed during study (Maroco, 2010):

These tests were followed by several other common statistical tests and indices that most of authors report, usually, when using SEM applications and were collected in Plucker (2003) and Maroco (2010).

- **Chi Square/Degree of freedom (Chisq/df)**, *acceptable when < 2.*
- **Goodness of Fit Index (GFI)**, *acceptable when > 0,90;*
- **Incremental Fit Index (IFI)**, *acceptable when > 0,90;*
- **Tucker-Lewis Index (TLI)**, *acceptable when > 0,90;*
- **Relative Fit index (RFI)**, *acceptable when > 0,90;*
- **Normed Fit Index (NFI)**, *acceptable when > 0,90;*
- **Comparative Fit Index (CFI)**, *acceptable when > 0,90;*
- **Root Mean Square of Error Approximation (RMSEA)**, *acceptable when < 0,08;*

### 3.3.4 Descriptive analysis of the variables

Table 5 shows the means and respective standard deviations within the data that allow for the characterisation of the sample's attitudes towards the variables of the global research model.

**Table 5 - Descriptive analysis**

<b>Variables</b>	<b>N</b>	<b>Average</b>	<b>Standard Deviation</b>
<b>Sample 1</b>			
Satisfaction with Management	242	3,56	0,87
Corporate Ethical Values	242	3,63	0,91
CSR to Workers	242	3,86	0,94
Organisational Commitment	242	3,85	0,93
Innovative Behaviour	242	3,98	0,55
Performance in Productivity	242	3,26	0,77
Performance in Adaptability	242	3,42	0,86
<b>Sample 2</b>			
<b>Perceptions of CSR</b>			
<i>Social and non-social stakeholders</i>	315	3,57	1,15
<i>Employees</i>	315	3,83	0,84
<i>Customers</i>	315	4,46	0,48
<i>Government</i>	315	4,64	0,50

<b>Variables</b>	<b>N</b>	<b>Average</b>	<b>Standard Deviation</b>
Trust	315	4,06	0,81
Affective Commitment	315	4,41	0,62
Job Satisfaction	315	3,86	0,79
Turnover Intentions	315	2,01	1,29
Leader-Member-Exchange	315	4,07	0,62
Perceived external Prestige	315	4,05	0,63
Happiness	315	3,82	0,59
Innovative Behaviour	315	4,12	0,56

The student t-test for independent samples was applied to test the differences of means for the variables under analysis, based on demographic characteristics. No significant differences were found.

### **3.4 The Investigation Strategy**

The study is underpinned by the literature review and responds to the request for more investigation into the underlying mechanisms linking CSR with outcomes (Aguinis and Glavas, 2012), and into the role played by CSR in positively influencing employee behaviour and consequently contributing to corporate performance (Gond et al., 2010). The study integrates the diffuse and multi-disciplinary literature on CSR micro-level influences in a conceptual framework that seeks to explain and predict when, why, and how employees might be influenced by companies' CSR activities.

Four research models were devised to achieve the study objectives. These models were part of a complementary and incremental approach, corresponding to four papers reporting outcomes from the research that have already been published in academic journals. The strategy for the investigation is to:

- Evaluate whether the organisation's corporate ethics and social responsibility are important to workers and if they should be taken into account by managers, and be the subject of academic research.
- Study the strategic use of CSR in organisation management.
- Integrate SIT and SET within a framework of CSR–outcomes/relationships.
- Investigate the chain of effects between the socially-responsible behaviour of corporations on individual employee outcomes, testing relational variables as mediators and moderators.

### 3.4.1 Organisational CSR practices: employees' perceptions and impact on individual performance

#### 3.4.1.1 Title and purpose

Title: “Organisational CSR practices: employees' perceptions and impact on individual performance”

Article DOI: 10.1142/S136391961450025X

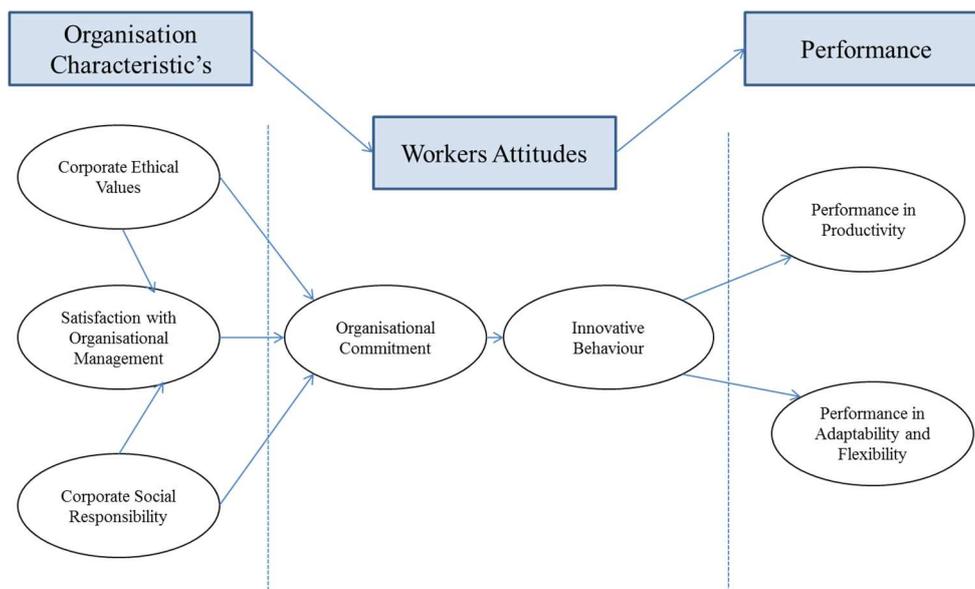
Published in: International Journal of Innovation Management / Journal ISSN: ISSN (print): 1363-9196 | ISSN (online): 1757-5877

The main goals with this article were:

- to show how organisation’s corporate ethics and social responsibility have influence on satisfaction with management and workers’ attitudes and behaviours, especially in terms of OC, IB and performance
- to contribute to a better understanding about worker’s behaviours towards the perceptions of social responsibility practices in the organisations to which they belong.

#### 3.5.1.2 Design, methodology and approach

The conceptual model was composed by three groups of latent variables (organisation’s characteristics, workers’ attitudes and individual performance), corresponding to 10 metrics and 69 items.



**Figure 7 - Conceptual model for paper 1**

In order to test the research hypotheses, it was conducted a quantitative cross-sectional research design study with 242 valid responses. The variables used were operationalised according to scales in literature. Statistic software IBM SPSS 19.0 was used to perform descriptive statistics, correlations, and EFA. Amos 18.0 was used to perform CFA and SEM.

### *3.5.1.3 Findings and contributions*

The results showed that employees value the ethical component of the organisation and good social responsibility practices. Regarding the many dimensions of CSR, it was noteworthy that the only one that influenced satisfaction with management was the dimension related to workforce. This should be highlighted, because it indicates that workers are especially sensitive to CSR practices that involve and affect them.

Regarding the analysis conducted on the influence on OC, the results showed that workers are more committed to companies where their satisfaction with the management is superior, which have strong ethical values and pursue the best practices in terms of social responsibility to workers.

At the theoretical level, it was considered that the overall results were conclusive and contributes to a better understanding at business organisation level about the influence of CSR practices and ethical values on workers attitudes.

## 3.5.2 The role of trust in corporate social responsibility and worker relationships

### 3.5.2.1 Title and purpose

Title: “The role of trust in corporate social responsibility and worker relationships”

Article DOI: 10.1108/JMD-02-2016-0026

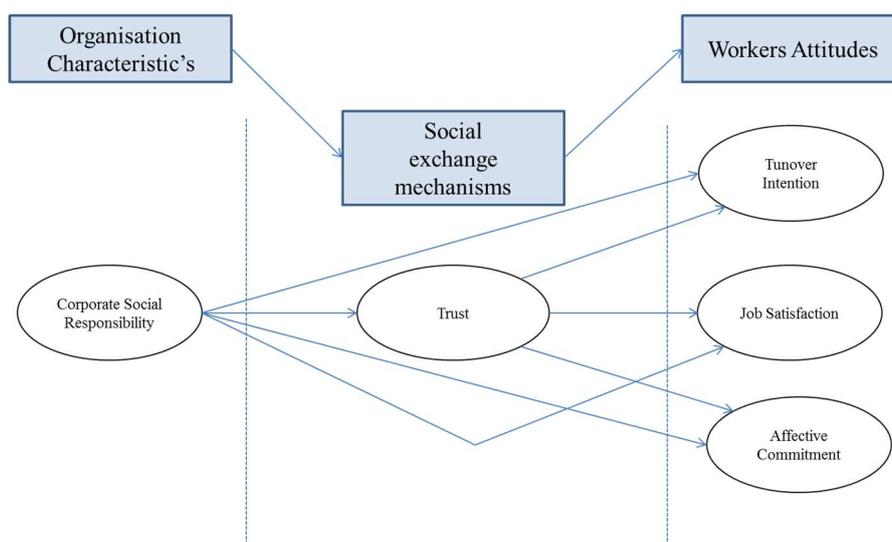
Published in: Journal of Management Development / Journal ISSN: 0262-1711

The main goals with this article were:

- to show how organisational CSR can influence workers’ attitudes and behaviours, especially in terms of AC, JS, and TI. A second aim was to explore the social exchange process that may underlie this relationship, by examining the mediating role of OT.
- to enrich the existing knowledge about social exchange relationships in organisational contexts, and responds to the need to understand underlying mechanisms linking CSR with workers’ organisational outcomes, by analysing CSR practices in a holistic stakeholder perspective

### 3.5.2.2 Design, methodology and approach

The conceptual model was composed by three groups of latent variables (organisation’ characteristics, social exchange mechanisms and workers’ attitudes), corresponding to 8 metrics and 39 items.



**Figure 8 - Conceptual model for paper 2**

In order to test the research hypotheses, it was conducted a quantitative cross-sectional research design study with 315 valid responses. The variables used were operationalised according to scales in literature. Statistic software IBM SPSS 20.0 was used to perform descriptive statistics, correlations, and exploratory factor analysis. Amos 20.0 was used to perform confirmatory factor analysis and SEM.

### 3.5.2.3 Findings and contributions

The findings suggest that employee perceptions about CSR responsibilities are important and affect worker attitude. They were aware when corporations were promoting social responsibility practices and valued these aspects: in these circumstances they felt more attached to the company, more satisfied with work, and were less likely to consider leaving the company.

The relationships between CSR and work attitudes were partially mediated by OT. Therefore, the role of OT is highlighted in attempts to understand the attitudinal and behavioural reactions to CSR

At the theoretical level, the findings support the hypothesis that even when targeting stakeholders, CSR actions can alter the dynamics of social exchange within corporations (Gond et al., 2010). Most of the empirical and conceptual work investigating CSR in the organisational behaviour field has focused on the impact of CSR initiatives on individual employee outcomes that favour the organisation. This study helped to explain this process. It reinforces the conclusions of Hansen et al. (2011), that CSR initiatives directly impact upon individual employee outcomes and help to develop their trust in their organisations, adding the stakeholder perspective of CSR.

### 3.5.3 The impact of CSR perceptions on workers turnover intentions: exploring supervisor exchange process and the role of perceived external prestige

#### 3.5.3.1 Title and purpose

Title: “The impact of CSR perceptions on workers turnover intentions: exploring supervisor exchange process and the role of perceived external prestige”

Article DOI: 10.1108/srj-12-2018-0330

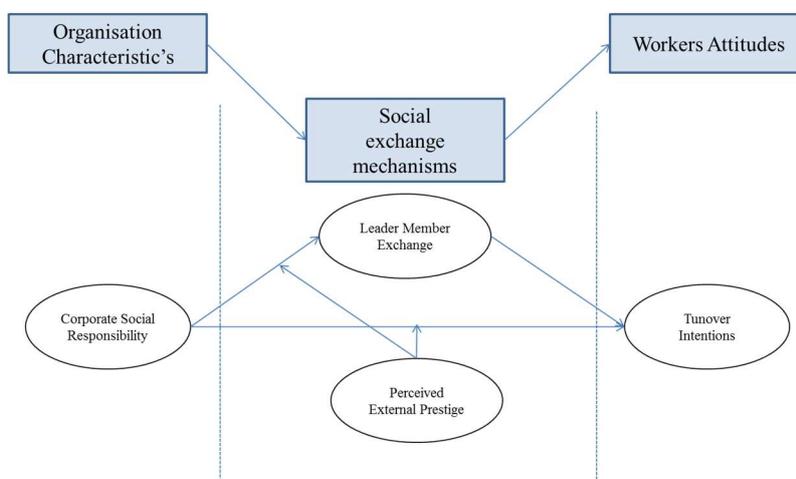
Published in: Social Responsibility Journal / Journal ISSN: 1747-1117

The main goals with this article were:

- to show how organisational CSR can influence workers’ attitudes and behaviours, especially in terms of TI.
- to explore the social exchange process that may underlie this relationship, by examining the mediating role of LMX and the moderation role of PEP.
- to enrich the existing knowledge about social exchange relationships in organisational contexts, and responds to the need to understand underlying mechanisms linking CSR with workers’ organisational outcomes.

#### 3.5.3.2 Design, methodology and approach

The conceptual model was composed by three groups of latent variables (organisation’ characteristics, workers’ attitudes and individual performance), corresponding to 7 metrics and 33 items.



**Figure 9 - Conceptual model for paper 3**

In order to test the research hypotheses, it was conducted a quantitative cross-sectional research design study with 315 valid responses.

### *3.5.3.3 Findings and contributions*

The findings show that perceptions of CSR predict TI through a social exchange process in which there is a mediating role of LMX. From the data it was found differences between groups suggesting that PEP moderates the relationship between TI and its determinants.

These suggest that employee perceptions about CSR responsibilities are important and affect TI. The results of the tested hypotheses showed that employees are aware when corporations promote social responsibility practices and value these aspects: in these circumstances they reported a direct influence upon TI and an indirect influence through the mediating mechanism (LMX).

Two major contributions were made by this study. The first relates to the identification of the influence of CSR practices on workers' TI through a social exchange process that involves LMX. The second contribution is related to the identification of PEP as a moderating mechanism in the link between CSR practices and TI.

### 3.5.4 Impact of CSR perceptions on workers' innovative behaviour: exploring the social exchange process and the role of perceived external prestige

#### 3.5.4.1 Title and purpose

Title: “Impact of CSR perceptions on workers' innovative behaviour: exploring the social exchange process and the role of perceived external prestige”

Article DOI: 10.1504/WREMSD.2019.098483

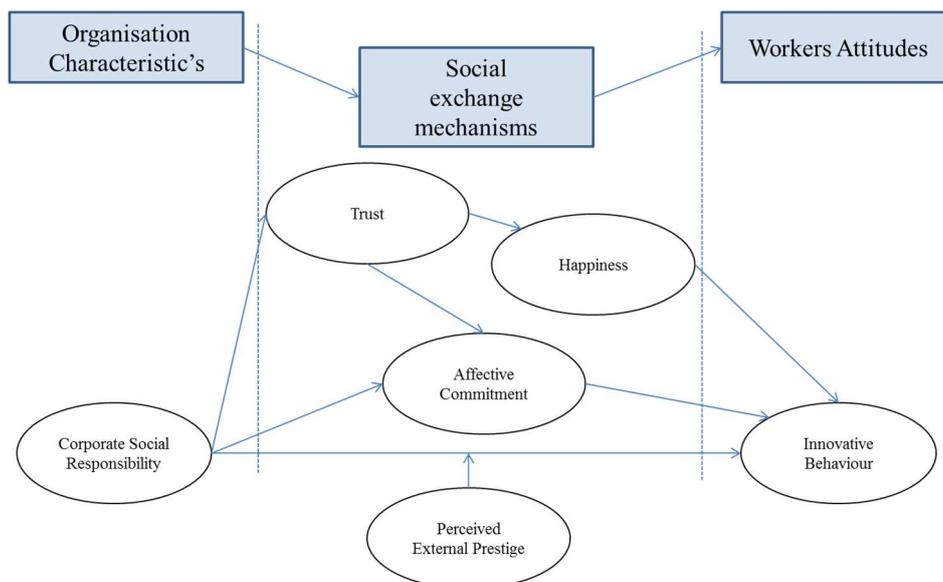
Published in: World Review of Entrepreneurship, Management and Sustainable Development - Special Issue on: "Ethics and Social Responsibility / Journal ISSN: 1746-0573

The main goals with this article were:

- to show how organisational CSR can influence workers’ attitudes, especially in terms of IB.
- to explore the social exchange process that may underlie this relationship, by examining the mediating role of OT, AC and HAP.
- to analyse whether the impact of CSR practices on employees is conditioned by their PEP.

#### 3.5.4.2 Design, methodology and approach

The conceptual model was composed by three groups of latent variables (organisation’ characteristics, workers’ attitudes and individual performance), corresponding to 10 metrics and 48 items



**Figure 10 - Conceptual model for paper 4**

In order to test the research hypotheses, it was conducted a quantitative cross-sectional research design study with 315 valid responses.

#### *3.5.4.3 Findings and contributions*

The findings suggest that employee perceptions about CSR responsibilities are important and affect IB. The results of the tested hypotheses showed that employees are aware when corporations promote social responsibility practices and value these aspects: in these circumstances they reported a direct influence upon innovation and an indirect influence through the mediating mechanisms (OT, AC and HAP).

It was confirmed that PEP moderates the relationship between CSR and IB. In the group with the bad company image it was found a negative influence of CSR on IB. This fact highlights the importance of PEP and indicates that workers are very sensitive to organisational reputation.

Two major contributions were made by this study. The first relates to the identification of the influence of CSR practices on workers' IB through a social exchange process that involves OT, AC and HAP. The second contribution is related to the identification of PEP as a moderating mechanism in the link between CSR practices and IB.



# CHAPTER IV – PAPER 1 - ORGANISATIONAL CSR PRACTICES: EMPLOYEES' PERCEPTIONS AND IMPACT ON INDIVIDUAL PERFORMANCE

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## Abstract

*The study aims to show how organisation's corporate ethics and social responsibility have influence on satisfaction with management and workers' attitudes and behaviours, especially in terms of organisational commitment (OC), innovative behaviour (IB) and performance. To systematise this reality, was used a self-reported sample of 223 Portuguese individuals. Structural equation modelling (SEM) was used to test the hypotheses. On the influence on satisfaction with management, the results showed that employees value the ethical component and also workforce social responsibility practices. Concerning OC, statistical evidence was found on the influence of satisfaction with management, ethical values and also workforce practices. It was also found that OC influences IB, and that this attitude had strong positive relationships with in-role performance. The empirical evidence suggests that organisation's corporate ethics and social responsibility are important to workers, so should be taken in account by managers and be subject of research by academics.*

**Keywords:** Ethics; corporate social responsibility; satisfaction with management; innovative behaviour; organisational commitment; performance.

## 4.1 Introduction

In the universe of strategy and business organisation, the importance given to issues of ethics and social responsibility has been increasing. Numerous conceptual articles have been published in major newspapers and trade magazines (Valentine, 2009). Corporate social responsibility (CSR) is one of the most prominent concepts in the literature (Turker, 2009a). Currently, the responsibilities of companies go beyond the economic field, due to the inherent impact of corporate activities in other areas: Social, environmental, political, etc. Organisations have come under increasing pressure to pursue socially responsible behaviour, from a variety of stakeholder groups including shareholders, employees, governments, and consumers (Brammer et al., 2007).

At an academic level, a growing number of researchers have studied the relationships between CSR and several strategic areas of business such as: Financial returns, the influence on consumers, the attraction for investors, and the impact on government relations. Issues related to ethics and CSR are today understood by most managers as purely voluntary and are not globally integrated in a systematic management process in organisations. Because of the strategic dimension they can take, they are an

important and necessary subject of study and it is important to understand if companies' social performance could be a source of competitive advantage, allowing outperforming its competitors.

Very few investigations have examined the relationship between social performance and work attitudes (Peterson, 2004), but in business environment, workers exert a decisive influence on organisational performance. They are also one of the main stakeholder groups because they possess, to a greater or lesser extent, three characteristics which validate their role as stakeholders, namely: Legitimacy, urgency, and power (Rodrigo and Arenas, 2008). Therefore, a strategic alignment between business goals and the objectives of each worker is desirable. This implies that managers understand some of the aspects that influence the attitudes and behaviour of their employees so they can harmonise and manage the several interests involved.

Empirical studies show that actions of CSR are an issue that employees attach importance to (Turban and Greening, 1997; Albinger and Freeman, 2000; Peterson, 2004). There is evidence that suggest that workers and general public provide significant and growing importance to corporate values and organisations' socially responsible behaviours. In an excellent review of Aguinis and Glavas (2012) about what we know and do not know about CRS, and focus on work attitudes we learn that working for socially responsible companies leads to increased organisational identification, employee engagement, retention, organisational citizenship behaviour, employee commitment, in-role performance, employee creative involvement, and also improved employee relations. However, there is still need to know more about worker's behaviours towards the perceptions of social responsibility practices in the organisations to which they belong. So, this study seeks to assess whether these practices can have a strategic dimension and add value to companies by the positive effects reported on employees. Specifically, from the worker perspective, three aspects of organisations were examined: Social responsibility practice, ethical values, and satisfaction with management. Exploring employees' behaviours was analysed OC because it is one of the most widely studied phenomena in organisational behaviour literature, and has strong positive association with several and valuable organisation incomes. Because enterprises are facing intense pressure to innovate and improve the efficiency and effectiveness of their business (Wenhua, 2011), and although developing the IB of employees is considered to contribute to improving organisational efficiency and effectiveness, very little is known about IB (Xerri, 2013). So this behaviour was explored to understand if the committed worker will also be a more innovative one. Finally, it was assessed whether there was any influence of these behaviours on individual performance.

The paper is written in three parts. The first part explains the research background in which is made literature review, discussed the key issues related to research context and where hypotheses emerge. In the next part are exposed the used methods. In the last part, results are discussed and conclusions are drawn.

## 4.2 Theoretical background and hypothesis Development

### 4.2.1 Corporate Social Responsibility

The European Commission (Comissão das Comunidades Europeias, 2001:8) defined CSR as a “concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis.” From this definition follows the multidimensional aspect of social responsibility. Carroll (1979) defined social responsibility through a model with four components: Economic, legal, ethical, and discretionary. The economic responsibilities of business reflect the obligation to be productive and profitable and to meet society’s consumption needs; legal responsibilities are those arising from compliance with the legal and regulatory requirements under which businesses are expected to operate; ethical responsibilities reflect unwritten codes, standards and values of society and go beyond legal responsibilities; and discretionary responsibilities are purely voluntary and reflect a concern with society and an active contribution towards solving social problems.

In this study, in order to identify and assess social responsibility practices, indicators from the Ethos Institute were used. This organisation is an international reference in the social responsibility field. The benchmarks used are provided in a tool that allows companies to self-evaluate, compare and learn with regard to the incorporation of business social responsibility practices.

The instrument is essentially a corporate assessment questionnaire which considers CSR as covering the various relationships that the company establishes, its values, and the transparency with which it deals with its obligations, including those related to corporate governance. The questionnaire provides data on the way the company relates with its workforce, how the “ecological footprint” is managed, and the impact of corporate activities on the environment. In terms of market relationships with clients, customers, and suppliers are examined. Additionally, the relationship with the local community, government relationships, and contribution to society are highlighted.

Regarding the benefits of CSR as indicated in the literature, these can be viewed in two ways, from either an external or internal perspective. The external perspective recognises that social performance can attract investors (Johnson and Greening, 1999), solidify relationships with government partners, foster the development of clusters (Porter and Kramer, 2002), and enhance company financial performance (Peloza and Papania, 2008). In an internal perspective, a good reputation is necessary to attract, motivate, and retain quality workers. There are also some studies on workers’ expectations of CSR and how they affect positively, their work attitudes and productivity, and negatively absenteeism (Maignan and Ferrell, 2001; Peterson, 2004; Brammer et al., 2007).

Empirical studies show that CRS actions are an issue to which employees attach importance (Peterson, 2004) and there is evidence suggesting that workers give significant and growing importance to corporate values and to organisations' socially responsible behaviour.

#### 4.2.2 Corporate Ethical Values

In this work, the "ethical context" is considered to be composed of ethical values, principled beliefs, and positive behavioural norms (Valentine, 2009). Corporate ethical values (CEV) help to establish and maintain standards and limit boundaries between what is right and wrong. Ethical norms can influence individual choices and lead to actions desirable to organisations (Hunt et al., 1989). Ethical conduct can be influenced by intrinsic individual characteristics, by contextual factors, or both. Although individual characteristics are clearly important, the role of contextual factors seems important from a practical perspective because managers seem to be able to exercise more control over the work environment (Trevino, 1986) in order to influence individuals. Thus, a perspective framed on the characteristics of each organisation, their differences at ethical values level, and then on the resulting effects on employees' attitudes and behaviours, is adopted.

The ethical climate, that is, the existence of ethical codes or training, is associated with a wide range of positive externalities to the company, for instance: Worker identification with the organisation's values, concern for others, and consequently, a greater OC (Trevino, 1986; Hunt et al., 1989; Schwepker, 1999; Valentine and Barnett, 2003), and an increase in JS (Viswesvaran et al., 1998; Schwepker, 1999; Valentine and Fleischman, 2008).

#### 4.2.3 Satisfaction with Management

Satisfaction with management is also assessed as a means of seeking to identify the extent to which organisational members value management quality, the support received, and the level of organisational justice. According to Hartman et al. (1999), organisational justice is a central concept for understanding a wide range of attitudes and behaviours within organisations. Because it constitutes a basic requirement for the effective functioning of organisations and personal satisfaction of its members (Byrne and Cropanzano, 2001) organisational justice is also a topic of huge relevance among researchers. Perceptions of organisational justice have been positively associated with several organisation outcomes including JS, OC, organisation citizenship behaviour, and performance (Colquitt et al., 2001).

The most common dimensions of organisational justice are distributive (the allocation of resources by the organisation), procedural (the processes used to make fair decisions), and interactional (the treatment and communication by managers to employees) (Byrne and Cropanzano, 2001). Other conceptualisations consider interactional justice as made up of two dimensions (Byrne and

Cropanzano, 2001; Colquitt et al., 2001): Interpersonal justice (the sensitive, dignified, and respectful treatment) and informational justice (the perceived adequacy of explanations).

Bies and Moag (1986) suggested that individuals draw on procedural justice perceptions when deciding how to react to the organisation as a whole. Masterson et al. (2000) confirmed this premise demonstrating that interactional justice predicted supervisor-referenced outcomes whereas procedural justice predicted organisation related outcomes. The assessment of satisfaction with management is focused on the processes by which the company evaluates performance and ensures fair treatment for employees, in the means by which representatives make allocation decisions (Tepper and Taylor, 2003), and how workers' interests are protected. Therefore, satisfaction with management variable can be understood as being related to procedural justice concept. Therefore, the underlying premise is that workers' perceptions of organisational (in) justice strongly affect their work behaviours.

#### 4.2.4 CEV and Satisfaction with Management

Procedural justice is related to the ethical climate because as managers make fairer decisions, they become models of morality in leadership. From the approach of heuristics, Lind et al. (1993) explained that the perception of justice in one area influences the perceptions of justice in other areas. In the context of this study, this means that workers who perceive that their organisation is acting ethically can also be predisposed to accept that the organisation is fair. Perceiving an ethical organisation, the evaluation of management decisions, by workers, will be better understood and accepted, which in turn could result in higher satisfaction with management. Following the line that individuals prefer organisations that promote ethics in business (Trevino et al., 1998), there is reason to believe that ethical programs may be associated with higher satisfaction with management.

The consequences of perceived manager ethical behaviour by workers were the subject of studies such as that of Viswesvaran et al. (1998) that analysed the relationships with JS (through the dimensions: Supervision, pay, promotion, and work colleagues). The authors detected that the relationships were stronger with the supervision dimension. Koh and Boo (2001) also compared the different facets of JS as a function of three measures: Ethical behaviour of managers, ethical climate, and relationship between ethical climate and career success. The relationships found were considered significant in all such measures. It was concluded that organisational leaders' adherence to ethical practice was one of the strategies that could be used to encourage employees' positive behaviour. The results were also similar to those of Joseph and Deshpande (1997) who found ethical climate to be associated with JS. Holistically, Valentine and Fleischman (2008) contributed to the literature on ethics, showing that management should consider refreshing the focus on ethics in organisational culture because it can provide a vehicle that fosters more positive opinions about the company and the work environment, with the consequent positive correlation with JS.

Therefore, the following hypothesis is proposed:

- H1a: Employees' perceptions of CEV have a positive relationship with satisfaction with management.

#### 4.2.5 Employees' perceptions of CSR and Satisfaction with Management

Parallel to ethics, it is important to analyse the concepts of CSR, because as suggested by Valentine and Fleischman (2008), there seems to be a bridge between a company's ethics and CSR. In a study of ethical context and relationships with work attitudes, it was suggested that moderators such as perceptions of CSR, were important (Valentine, 2009).

According to social identification theory (Ashforth and Mael, 1989), it is expected that companies that carry out social responsibility actions are perceived as more attractive to potential candidates, and thus, these companies could have a competitive advantage over rivals. Individuals choose activities congruent with aspects of their personal identity and support institutions they identify with (Ashforth and Mael, 1989).

Also considering that social exchange involves a series of interactions that over a period of time generate obligations and liberties between workplace social network members (Xerri, 2013). And according to SET (Blau, 1964), the interaction between individuals and organisations is characterised as an attempt to maximise gains, and individuals feel the need to repay good corporate socially positive behaviours (Gond et al., 2010).

SET assumes that individuals' social interactions are driven by rational self-interest, and individuals will only enter and remain in exchange relationships as long as the costs in such relationships do not outweigh their benefits (Wong et al., 2003) but they tend to be mutually dependent and contingent upon the actions of each entity. This exchange is characterised by cooperation and reciprocity, that is when one part provides a benefit to another party, generates an obligation to reciprocate. In organisations, social exchanges are particularly important, because they can be decisive to person-organisation fit and satisfaction. In a review of the SET literature Tekleab and Chiaburu (2011) verified that employees who develop high quality exchanges with their organisations reciprocate by displaying positive attitudes to organisations (e.g., JS, commitment, organisation-directed citizenship behaviours, and tenure).

The work of Vitell and Davis (1990), concerning the relationships between ethics, the sense of social responsibility, and JS, revealed that satisfaction with supervision was negatively correlated with perceptions of unethical behaviour within a company. But in terms of social responsibility, none of JS dimensions presented significant correlations. These conclusions suggested that the ethical conduct of organisations could be more important than CSR. However, by carefully analysing the scale of social

responsibility content, it can be appreciated that the scale was somewhat centred on the social responsibilities of business, and did not consider the other dimensions or stakeholders.

Riordan et al. (1997) supported the importance of managing an organisation's social environment, finding that employees' perception of corporate image influences both their JS and TI. Duarte and Neves (2009), seeking a greater understanding about this relationship, revealed that corporate image could also be a mediator between perceived social responsibility and JS. Their results showed that perceptions of organisations' involvement in each of the social responsibility dimensions were positively associated with JS. In turn, Rupp et al. (2006) proposed that employee perceptions of CSR will exert positive effects on individual relevant outcomes such as organisational attractiveness, JS, OC, citizenship behaviour, and job performance.

Therefore, the following hypothesis is proposed:

- H1b: Employees' perceptions of CSR practices have a positive relationship with satisfaction with management.

#### 4.2.6 Organisational Commitment

In terms of workers' psychological responses, OC is examined. This construct comprises three factors: A strong belief and the acceptance of the organisation's goals and values; a willingness to exert considerable effort on behalf of the organisation; and a definite desire to maintain organisational membership (Porter et al., 1974). Allen and Meyer (1990) with their three-component model, distinguished three forms of OC (an affective component as an emotional attachment, identification and involvement with the organisation; a continuance component as personal investment and the costs that employees associate with leaving the organisation; and a normative component as the obligation and moral duty to remain in the organisation).

From several studies among the various OC types, it was found that the relationships were stronger between AC and a broad range of desirable variables such as attendance and performance (Meyer et al., 2002). Employees with high AC identify more with the notion of organisational success and are more committed to contributing to that success, and they tend to perform their work better, to be more productive, and not to express a desire to leave.

The OC of workers has been widely discussed and analysed in the literature, due to the strong positive associations with several valuable organisational outcomes, namely the following: JS (Bhuiyan and Menguc, 2002); less intention to leave (Steers, 1977; Allen and Meyer, 1996; Vandenberghe and Tremblay, 2008); less turnover (Mathieu and Zajac's, 1990; Allen and Meyer, 1996); reduced absenteeism (Somers, 1995), attendance (Steers, 1977; Allen and Meyer, 1996); and performance (Mathieu and Zajac's, 1990; Allen and Meyer, 1996; Vandenberghe, 2009).

About the antecedents of OC the review of Meyer et al. (2002) it is very useful to better understand that work experience variables were generally much stronger antecedents of commitment than those involving personal characteristics, so in the next paragraphs we would explore the influence of CEV, satisfaction with management and CSR practices on OC.

#### 4.2.7 CEV and OC

Workers' desire to have consistency between their ethical values and the organisation (Dubinsky and Ingram, 1984), and perceived ethical conflicts can lead to dysfunctional organisational returns and to a lower OC (Schwepker, 1999). DeConinck (2010) analysed the influence of ethical climate on marketing employees' attitudes and behaviours. The research focused on how organisations promote the ethical climate and how this is an important element in the psychological climate in which employees find themselves. The results indicated that ethical work climate is a multidimensional construct and that its dimensions influence marketing employees' job attitudes and job behaviours. Facets of JS and OC mediated the relationship between ethical work climate and TI and effective turnover.

There are also other studies on the perceptions of ethical climate and how it affects OC (Trevino et al., 1998; Sims and Keon, 1997; Sims and Kroeck, 1994). Collectively, these studies suggest that the compatibility between individual and organisational values is very important in order to determine workers' responses. Somers (2001) studied the presence of codes of ethics within organisations and found that workers were more committed to organisations that had such codes. Likewise, Valentine and Barnett (2003) obtained similar findings.

Therefore, the following hypothesis is proposed:

- H2a: Employees' perceptions of CEV have a positive relationship with OC.

#### 4.2.8 Employees' satisfaction with Management and OC

As it was previously sustained, the satisfaction with management variable can be understood as being related to procedural justice concept. So, returning to the concept of organisational justice, there is a theoretical link that suggests reciprocity with OC, and predicts a positive relationship between procedural justice and AC. Meyer et al. (2002) found that of the work experience variables included in their analysis perceived organisational support had the strongest positive correlation with AC. Organisational justice can also be understood in this context as well as internal CSR, and Brammer et al. (2007) showed that perceptions of internal CSR influenced OC.

Considering the above and if employees perceived that their organisation is managed properly and with justice, if they also receive a strong support, naturally they will be more satisfied with the management and more committed to the organisation.

Therefore, the following hypothesis is proposed:

- H2b: Employees' satisfaction with management has a positive relationship with OC.

#### 4.2.9 Employees' perceptions of CSR practices and OC

Returning to CSR actions, Maignan and Ferrell (2001) used multiple regression analysis in a study of the antecedents of corporate citizenship (from an organisational culture perspective), showing that better business performance, increased customer loyalty, and higher levels of OC were all outcomes.

Peterson (2004), using hierarchical multiple regression analysis, showed a clear link between employee perceptions of corporate citizenship and OC, and demonstrated that the relationship between CSR and OC were stronger among workers who placed a high value on the importance of social responsibility of business. Similarly, Brammer et al. (2007), using a regression technique, examined the impact of socially responsible behaviour in OC.

The results obtained suggested that external CSR was positively related to OC which supports the theory that external CSR, while not offering direct benefits to workers, can be a source of indirect benefits such as organisational identification and increased OC. Turker (2009b), using social identification theory as his underpinnings, assessed how workers' OC was affected by the impact of the company's CSR actions in respect of multiple stakeholders. The results of the study revealed that CSR to social and no-social stakeholders, employees, and customers would be significant predictors of OC, and that actions taken in government relations were not statistically significant. Of all the predictors studied, the actions taken in respect of workers proved to be the most significant influencers of OC. The results of this study allowed the authors to conclude that employees prefer to work in socially responsible organisations and that their level of OC was affected by the actions of social responsibility towards society, the environment, future generations, nongovernmental organisations, workers, and customers.

Lee et al. (2008) also explored the relationship between employee perceptions of CSR and the possible effects of these on their OC and JS, introducing personality as predictor. The results showed that workers' awareness of CSR was different depending on age, marital status, and salary and that a higher volume of CSR activities contributed to increased JS and OC. In addition, it was found that personality was also an important predictor of workers' psychological responses, and influenced the way information about the CSR activities was received. Kim et al. (2010) attempted to understand how CSR was related to a company's external reputation, organisational identification, and OC. They proposed two identification factors (CSR associations and participation in CSR activities), trying not only to evaluate the CSR actions that firms undertake but also the participation of workers in these initiatives. The results revealed that participation in CSR initiatives increased identification between worker and company, which in turn also influences OC. However, they found that CSR associations

do not directly influence organisational identification but that their influence was felt through the company's PEP. On the basis of these findings, it was argued that CSR performance can be an effective way for companies to maintain a positive relationship with their employees.

Therefore, the following hypothesis is proposed:

- H2c: Employees' perceptions of CSR practices have a positive relationship with OC

#### 4.2.10 Innovative Behaviour

IB refers to the intentional introduction and application within an organisation of ideas, processes, products or procedures, new to the unit of adoption, designed to significantly benefit the organisation or wider society (West and Farr, 1989). It consists of various practices, such as opportunity exploration, idea generation, championing, and application (Jong and Kemp, 2003), and is closely related to employee creativity (Jong and Deanne, 2007).

The knowledge about psychology and nature of IB is based on two pillars. On one hand, the human being is motivated to explore and manipulate the environment in an essentially creative way. On the other hand, in order to continue with this attitude, the environment needs to be free of threats, and provide the individual with psychological comfort such that she/he feels safe at work (West and Altink, 1996).

Hence, IB may subject to both internal factors related to the intrinsic individual characteristics, and external factors related to culture or organisational environment.

Using data from two studies, Eisenberger and Fasolo (1990) found that employees' general perception of being valued and cared for by the organisation was positively related to AC and innovation on behalf of the organisation.

In a focus on individual workers' psychological outcomes, Wenhua (2011) found that a significantly positive correlation exists between OC and IB, with the former having a strong positive effect on the latter. Similar results were obtained by Hassan (2010) who found IB to be positively related to AC. A worker who feels an affective attachment to an organisation will be more committed to invest in that organisation's success by making more suggestions, participating more in innovative activities, and use his/her intellect to promote innovation in the organisation.

Therefore, the following hypothesis is proposed:

- H3: Employees' OC has a positive relationship with IB.

#### 4.2.11 Individual Performance

The assessment of individual workers' performance is relevant not only for the management of companies, but also for scientific analysis.

This work evaluated individual performance role. Performance at task level involves patterns of behaviour that are directly linked to the production of goods or services, or activities that provide business support to the organisation, such as planning, co-ordination or supervision. The quantity and quality of the product or service are assessed at the productivity level. Adaptability/flexibility are evaluated according to the individual's anticipation of problems and quickness to implement changes, his/her ability to adjust to variations in the amount of work and his/her response to crisis situations.

Individuals' IB in the workplace are the foundation of any high-performance organisation (Carmelli et al., 2006) and IB is intended to produce some kind of benefit (Jong and Deanne, 2007). Aryee et al. (2012) identify IB as a predictor of task performance, so by considering individuals' fundamental role in organisational success, this relation could be possible.

Therefore, the following hypothesis is proposed:

- H4: Employees' IB has a positive relationship with in-role performance.

### 4.3 Method

#### 4.3.1 Sample and data collection

In order to test the research hypotheses, it was conducted a quantitative cross-sectional research design study. Data was collected by email using a database of Portuguese company's contacts. It was asked to each individual to return the questionnaire by the same source and explained study nature and importance. It was also assured confidentiality and anonymity. The research and delivery of questionnaires to workers was carried out in two periods, between 12 June and 18 September 2009, and between 26 June and 26 November 2010 totalling 1,700.

Using this strategy, 242 questionnaires were returned. They were analysed and 19 were eliminated because of inconsistent or incomplete information. The final sample of 223 individuals with a real response rate of 13.06% represented a wide range of positions (e.g., administrative staff, customer services, salespersons, consultants, bank clerks, assistants, accountants, managers). In the sample, 57% were women, and 43% men, the mean age was 33.2 years (SD 9.03). Seventy one percent had a bachelor's degree or higher, 25% were college graduates and 4% had less than nine schooling years.

The average working period within the organisation was 7.2 years (SD 6.79). Companies where respondents worked were 43.9% from services, 36.8% from industry and 18.8% from trade.

### 4.3.2 Measures

The variables used in this study were operationalised according to scales in the literature. These were translated and underwent some vocabulary changes so that they became more perceptible for respondents.

#### **Perceptions of CSR**

Perceptions of CSR were measured with 36 questions from the Ethos indicators (Instituto Ethos, 2009) collected in (Heleno and Coelho, 2010). In this framework, CSR practices are measured based on 36 questions subdivided into the following seven items: Values and transparency; workforce (rsm2); environment; suppliers; consumers and customers; community; government and society. This instrument was used because Portuguese reality was not so different from Brazilian one, and Ethos instrument version was prepared to be used in a context of micro and small companies and it was expected that a large part of inquiry respondents has origin in that context and so could be more familiar with research questions. Individuals reported the practices that were used in their company according to the following five-point Likert scale (1 = No; 2 = in a small part; 3 = in part; 4 = in a big part; 5 = Yes). A CFA was carried out to test the seven-factor model. Considering the unsatisfactory fit indices (e.g.,  $\chi^2/df = 2,265$ ; GFI = 0,736; RMSEA = 0,75) and by analysing the standardised residuals and modification indices for location sources of miss-specification, 22 items were removed. A well-fitted 14-item model emerged comprising four dimensions (workforce, environment, suppliers, consumers and customers). The Cronbach's alpha coefficients were: For workers equal to 0.794; for environment 0.892; for suppliers 0.853; and for consumers and customers 0.828. The indices turned out to be (e.g.,  $\chi^2/df = 1,891$ ; GFI = 0,924; RMSEA = 0,063).

#### **Corporate ethical values**

The scale of CEV incorporates an instrument developed by Hunt et al. (1989) to measure the perception of the organisation's ethical values. This tool with five items was designed to capture the extent to which employees perceive that their managers are acting ethically, and are concerned about ethical issues, and the extent to which employees perceive that their ethical (unethical) behaviour is rewarded (punished) in their organisation. Respondents reported the degree to which they agreed with each statement, on a five-point Likert scale (1 = strong disagreement; 5 = strong agreement). The question type was "top management in my company has let it be known in no uncertain terms that unethical behaviour will not be tolerated." Two items were eliminated and a one factor solution emerged. The Cronbach's alpha coefficient was 0.800.

### **Satisfaction with the organisation management**

Satisfaction with the organisation management (SM) is identified as one of the items from JS (supervision). The measure used five items and was based on some adjustments to the scale devised by Comer et al. (1989), which in turn was already a reduced version of the Churchill et al. (1974) scale that intended to measure JS, based on a broad set of determinants in which supervision satisfaction was included. Individuals reported the degree to which they agreed with each statement, on a five-point Likert scale (1 = strong disagreement; 5 = strong agreement). Questions like “People working in the organisation receive a strong help from the management,” or “This organisation is managed properly” were used. The Cronbach’s alpha coefficient was 0.919.

### **Organisational commitment**

OC was measured based on the scale developed by Mowday and McDade (1979), entitled OC Questionnaire and adjusted by Yousef (2003). The eight items used are those which are focused on AC. Participants rated items on a five-point Likert scale (1 = strong disagreement; 5 = strong agreement). Questions like “I’m proud to tell other people that I am part of this organisation,” or “I’m very glad to have chosen this organisation to work” were used. The Cronbach’s alpha coefficient was 0.942.

### **Innovative behaviour**

IB was measured based on the work of Kleysen and Street (2001) collected in Jong and Kemp (2003). Eight items were formulated as statements and individuals were asked to rate them on a five-point Likert-type scale (1 = definitively does not apply; 5 = does fully apply to me). The question type was “In my work, I often come up with ideas.” The Cronbach’s alpha coefficient was 0.896.

### **Job performance**

A subjective self-assessment measure was used to evaluate job performance. Asking employees about their individual performance is not free of criticism. People are inclined to present themselves in a positive light (van der Heijden and Nijhof, 2004) and are influenced by their personal judgment. But despite doubts about the use of self-measure, individuals are in a good position to make a valid assessment of their own knowledge and capabilities (van der Heijden and Nijhof, 2004). Several authors also suggested that self-assessment could be of great value especially when anonymity was guaranteed or individuals perceive no need to present themselves for career performance appraisal or social acceptance purposes (van der Heijden and Nijhof, 2004). Considering this question was used with some adjustments the scale of organisational effectiveness developed by Mott (1972).

This consists of three sub-scales (productivity, adaptability, and flexibility). Ten items were used as statements and participants were asked to rate their work compared to co-workers on a five-point

Likert-type scale (1 = below average; 2 = average; 3 = above average; 4 = very good; 5 = excellent). An EFA was carried out. The results revealed two dimensions (productivity and adaptability/flexibility). Questions like “How does your level of production in quantity should be compared with the productivity levels of your colleagues?”, or “How do you classify, compare with your colleagues to adjust to changes in work mode?” were used. For the first dimension, the Cronbach’s alpha coefficient was 0.871 and for the second dimension it was 0.916.

Realising a CFA for the model with all variables, the fit indices were (e.g.,  $\chi^2/df = 1,876$ ; GFI = 0,744; IFI = 0,888; TLI = 0,876; RMSEA = 0,063), and these were considered unsatisfactory. By analysing the standardised residuals and modification indices for the sources of miss-specification, six items were removed and a well-fitted 41-item model with ten dimensions emerged (e.g.,  $\chi^2/df = 1,512$ ; GFI = 0,813; IFI = 0,942; TLI = 0,935; RMSEA = 0,048).

### **Analysis**

Statistic software IBM SPSS 19.0 was used to perform descriptive statistics, correlations, and EFA. Amos 18.0 was used to perform CFA and SEM.

## **4.4 Results**

Table 6 presents the means, standard deviations, Cronbach’s alpha coefficients, and correlations of all the key variables.

CEV relates positively with satisfaction with management, CSR to workers, OC, and IB. Satisfaction with management correlates positively with CSR to workers, OC, IB, and performance in adaptability. CSR to workers correlates positively with OC and IB.

OC relates positively with IB and both performance dimensions. Finally, IB relates positively with the two performance dimensions (productivity and adaptability). With respect to the control variables it is possible to see the gender and the number of workers in the organisation did not correlate with any of the key variables. However, age correlates positively with satisfaction with management, CEV, CSR to workers, and OC. Schooling year’s correlates negatively with IB. Antiquity correlates positively with OC. Finally, function correlates negatively with satisfaction with management, CEV, CSR to Workers, OC, IB, and performance in adaptability.

SEM was then used to examine hypotheses, and the results are shown in Fig. 11.

The entire model fits the data well  $\chi^2/df = 1,662$ ; GFI = 0,834; IFI = 0,943; TLI = 0,938; RMSEA = 0,055.

CEV had a positive effect on satisfaction with organisation management (standardised path coefficient = 0,16,  $p < 0:05$ ). CSR to workers had a significantly positive effect on satisfaction with organisation management (standardised path coefficient = 0,69,  $p < 0:01$ ). Thus, H1a was supported but H1b was only partially supported (because CSR to workers was the only dimension of CSR that had a positive effect on satisfaction with organisation management. Environment, suppliers, consumers and customers revealed no influence). CEV (standardised path coefficient = 0,29,  $p < 0:01$ ), satisfaction with organisation management (standardised path coefficient = 0,38,  $p < 0:01$ ), and CSR to workers (standardised path coefficient = 0,30,  $p < 0:01$ ) all had a positive effect on OC. Thus, H2a and H2b were supported, while H2c was only partially supported (again because CSR to workers was the only dimension of CSR that had a positive effect on OC).

OC had a positive effect on IB (standardised path coefficient = 0,28,  $p < 0:01$ ). Thus H3 was supported.

Finally IB also had a positive effect on both performance in productivity (standardised path coefficient = 0,45,  $p < 0:01$ ) and performance in adaptability (standardised path coefficient = 0,53,  $p < 0:01$ ).

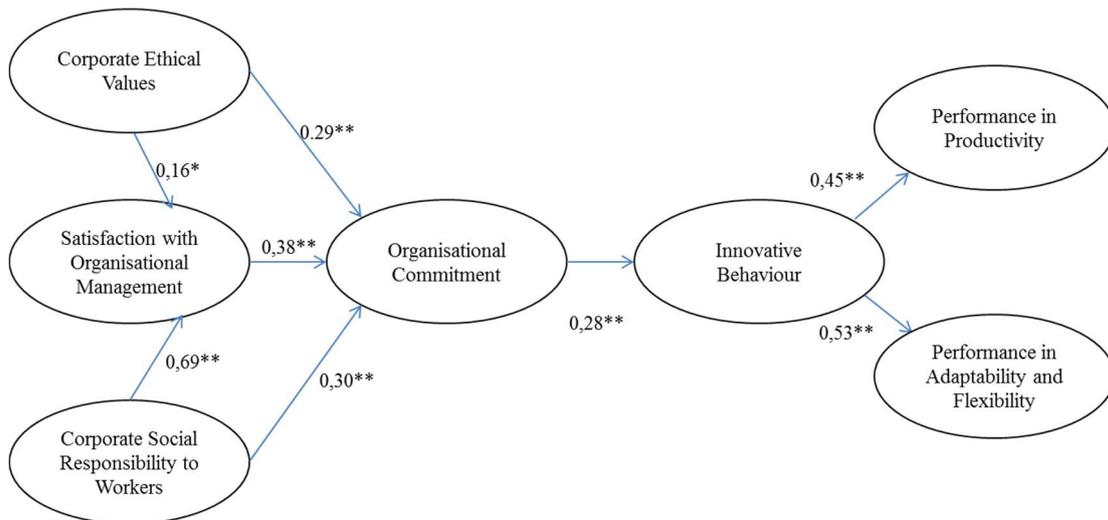
Thus, H4 was supported.

**Table 6 – Means, standard deviations, Cronbach’s alfa, and correlations**

	Mean	SD	SGM	CEV	rsm2	OC	IB	dima	dimb	CIS	CII	CIE	CIF	CIA	CES	CEF
Satisfaction with Management (SGM)	3,56	0,87	1,000	(0,919)												
Corporate Ethical Values (CEV)	3,63	0,91	,454**	1,000	(0,800)											
CSR to Workers (rsm2)	3,86	0,94	,673**	,457**	1,000	(0,794)										
Organizational Commitment (OC)	3,85	0,93	,693**	,550**	,632**	1,000	(0,942)									
Innovative Behaviour (IB)	3,98	0,55	,192**	,162**	,156**	,263**	1,000	(0,896)								
Performance in Productivity (dima)	3,26	0,77	0,107	0,087	0,043	,125*	,393**	1,000	(0,871)							
Performance in Adaptability (dimb)	3,42	0,86	,131*	0,058	0,021	,185**	,477**	,653**	1,000	(0,916)						
Gender (CIS)	0,57	0,50	-0,073	0,068	0,047	-0,024	-0,085	-0,081	-0,070	1,000						
Age (CII)	33,16	9,03	,117*	,166**	,130*	,197**	0,091	0,059	0,051	-,216**	1,000					
Schooling Years (CIE)	—	—	0,021	-0,031	-0,037	0,002	-,259**	-0,052	-0,058	0,031	-0,012	1,000				
Function (CIF)	—	—	-,165**	-,155*	-,146*	-,245**	-,311**	-0,109	-,115*	,213**	-,310**	,212**	1,000			
Antiquity Years (CIA)	7,22	6,79	0,033	0,025	0,024	,124*	-0,049	0,047	0,050	-,138*	,708**	,143*	-,221**	1,000		
Sector Type (CES)	—	—	0,073	-0,104	-0,044	-0,007	0,057	-,122*	-0,050	-0,090	-0,001	-0,051	-,137*	0,056	1,000	
Organization Workers Number (CEF)	—	—	0,000	-0,030	0,066	0,059	0,004	-0,025	0,005	0,039	0,038	-,131*	,188**	,123*	,175**	1,000

\*\* Correlation is significant at the 0.01 level (1-tailed). \* Correlation is significant at the 0.05 level (1-tailed).

Number in brackets (diagonal) represents Cronbach Alphas



**Figure 11 - SEM analysis for the proposed model.**

## 4.5 Discussion and conclusions

When evaluating the tested H1a and H1b on satisfaction with management, the results showed that employees value the ethical component of the organisation and good social responsibility practices.

Regarding the ethical component, employees revealed more satisfaction with organisations that value this dimension. This result was expected and is in line with earlier work (Joseph and Deshpande, 1997; Viswesvaran et al., 1998; Koh and Boo, 2001).

These findings are important for managers since by knowing the sensitivity of their staff to the ethical components, they may, through changes in their orientation, please and motivate their employees. Managers must value this dimension and try to pass on to employees the notion that the organisation cares about ethical values.

Regarding the many dimensions of CSR, it is noteworthy that the only one that influenced satisfaction with management was the dimension related to workforce (rsm2). This should be highlighted, because it indicates that workers are especially sensitive to CSR practices that involve and affect them. Therefore, in organisations where managers conclude that the workforce should be considered as one of the main stakeholders, i.e., one that has more influence or more power, they should consider CSR strategies, or human resource practices that sensitise and benefit the workers. This investment will result in the increased levels of employee satisfaction, with consequent positive organisational returns.

Regarding the analysis conducted on the influence on OC, the tested H2a–H2c were confirmed and the results showed that workers are more committed to companies where their satisfaction with the

management is superior, which have strong CEV, and pursue the best practices in terms of social responsibility to workers.

The analysis of the component satisfaction with management, which is regarded as one of the dimensions of JS, revealed a positive influence on OC. Managers should be aware of this relationship and by finding ways to help, listen and dialogue with workers, should be able to contribute to a greater sense of belonging, with eventually positive returns for the organisation.

Regarding the ethics component, positive outcomes were also found; workers appear to be more committed to organisations that value this dimension. This result was expected and is in line with previous studies (Trevino, 1986; Hunt et al., 1989; Schwepker, 1999; Valentine and Barnett, 2003). Therefore, it is managers' responsibility to create conditions such that work takes place in an ethical environment.

Considering the component of CSR practices, it is important to record that the positive relationships with OC are less significant and that the only dimension which showed statistical significance was the dimension related to workforce (rsm2). This result could be compared to that obtained by Rego et al. (2010) who found that perceptions of discretionary corporate citizenship toward employees proved to be the most significant influencer of OC.

Considering that workers greatly enhance this dimension; it is important for managers to consider the need to implement a set of practices related to the workforce dimension. In this set, it can be included the following: Providing information on working conditions and on rights and duties of workers, having explicit anti-discriminatory policies, offering to outsourced workers the same health and safety conditions as those enjoyed by the regular employees, regarding employees as partners, valuing potential competencies through compensation and professional development, complying with legal duties, and meeting excellence standards in health, safety and working conditions, and being committed to professional development of the workers and their employability. With such policies in place, which together would encourage workers' OC, organisations could gain many business benefits. And, even if these measures have costs, they can objectively be considered as an investment.

For other dimensions of CSR, it was expected that there would be more positive relationships with OC, but this has not been found, despite the results being consistent with those of Maignan and Ferrell (2001), Peterson (2004), and Brammer et al. (2007), which found a positive relationship between CSR and OC.

For the hypothesis related to IB (H3), the results showed that employees who reported higher levels of OC are also those who consider themselves to have higher levels of IB. This result confirms the notion that a committed worker will want to invest in the organisation's success and want to promote

innovation in his/her organisation. This result is in line with previous studies (Hassan, 2010; Wenhua, 2011).

Regarding the hypotheses related to performance (H4a and H4b), the findings are quite similar between performance measured in terms of productivity or assessed by adaptability/flexibility.

Positive relationships were found between IB and performance. Workers who consider themselves innovators are also reporting better performance.

### **Limitations and recommendations for future work**

A study of this nature faces several methodological limitations affecting its contribution. It should be noted that it was worked on “perceptions,” and clarifying the concept of perception as the process by which the individual organises and interprets sensory impressions in order to provide meaning to the surrounding environment, it is noted that the subject can perceive a reality substantially different from the objective reality. It is possible that a respondent provides incorrect or incomplete information, and so the investigators are obliged to work in a diffuse reality and not on facts. The need arises to improve and develop the psychometric properties of the instruments used, dimensions of CSR, which were very close or even below the limit of 0.7 (Cronbach’s alpha), and several items were dropped, thus revealing that participants could have unclear perceptions about the practices covered by those items. This implies that in future studies one should develop and refine these scales. Another issue is the fact that the dependent and independent variables are taken simultaneously (common-source data), increasing the risk of common method variance (Podsakoff and Organ, 1986), such that the statistical relationships found could be inflated. It is also possible to criticise the performance measures since the scale used in this respect is rarely mentioned in literature. It should also be aware that the use of cross-sectional research design does not allow the drawing of firm conclusions about the causality nexus between the study variables. Other causal links are also plausible. For example: Employees’ affective states may influence their perceptions of the organisational features (Brief and Weiss, 2002), rather than the other way around.

As for recommendations for future work, in terms of the behavioural attitudes explored, beyond the OC and IB, there are other physiological responses that could be analysed, namely: Motivation, client orientation, intention to leave, or JS measured by a broader base than just the dimension under study (satisfaction with organisation management). Another potential topic would be the inclusion of individual differences pertaining to each worker in terms of values and personality factors in the analyses about the influence of ethical and CSR practices on attitudes and behaviours.

## **Concluding remarks**

Analysing the answers given by respondents, it was possible to observe and testify that they valued the ethics dimension and CSR practices of the organisation to which they belonged. This attitude has influences both on satisfaction with management and OC.

The statistical evidence of the positive relationship between the CEV and satisfaction with management enables managers to conclude that it is important to highlight and transmit the organisation's ethical values to workers. This transmission can be accomplished in several ways, for instance through training, awareness, implementation of codes of ethics or conduct. Whatever the form, the important thing is that it is accomplished through an effective communication process that can reach the workers. Also confirmed was a statistically positive relationship between CEV and OC. In the competitive environment in which organisations work, it is possible for managers to influence and enable workers to establish an emotional bond with the company. This is clearly an advantage that they should not squander. When people realise that they have a partner in the company, a source of help, and that they do not simply have a job, tend to give more positive responses, both in terms of quantity and quality of work. There are often small details that make the difference between success and failure, and hence, it is important for managers to know some of the factors that motivate workers' attitudes.

Regarding the results concerning the influence of CSR practices on satisfaction with management and OC, it should be noted that some evidence of how CSR is important for workers was found, particularly in the closest areas for them.

With regard to performance, measured in terms of productivity and flexibility/ adaptability, the key findings were the significant influence of IB. The IB should be enhanced in workers, and a major source of innovation is knowledge. Thus, organisations and managers should be aware of the need to promote the training and qualification of their staff to obtain higher levels of performance.

At the theoretical level, it is considered that the overall results were conclusive and contribute to a better understanding at business organisation level. The multidimensional analysis of CSR is a developing field of literature, and it needs to be refined to obtain more solid conclusions.

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# CHAPTER V - PAPER 2 - THE ROLE OF TRUST IN CORPORATE SOCIAL RESPONSIBILITY AND WORKER RELATIONSHIPS

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## Abstract

*Purpose* – The purpose of this paper is to show how organisational corporate social responsibility (CSR) can influence workers' attitudes and behaviours, especially in terms of affective commitment (AC), job satisfaction (JS), and turnover intention (TI). A second aim is to explore the social exchange process that may underlie this relationship, by examining the mediating role of organisational trust (OT).

*Design/methodology/approach* – The authors employ structural equation modelling based on survey data obtained from 315 Portuguese individuals.

*Findings* – The findings show that perceptions of CSR predict workers' attitudes and behaviours directly and through the mediating role of OT. They suggest that managers should implement CSR practices because these can contribute toward fostering OT, improving workers' AC and JS, and reducing TI.

*Originality/value* – This study enriches the existing knowledge about social exchange relationships in organisational contexts, and responds to the need to understand underlying mechanisms linking CSR with workers' organisational outcomes, by analysing CSR practices in a holistic stakeholder perspective.

**Keywords:** Social exchange, Affective commitment, Corporate social responsibility, Trust, Job satisfaction, Employee turnover

## 5.1 Introduction

In business organisations, the importance attributed to issues of ethics and social responsibility has been increasing. Numerous conceptual articles have been published in major newspapers and trade magazines and now Corporate Social Responsibility (CSR) is one of the most prominent concepts in the literature (Turker, 2009).

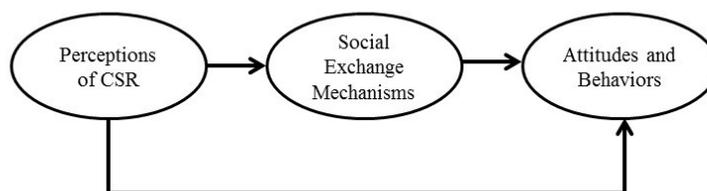
Scholars have studied firms' social concerns for many decades; however, it is only recently that interest in CSR has become more widespread (Aguinis and Glavas, 2012). At an academic level, a growing number of researchers have studied the relationships between CSR and several strategic areas of business such as: financial performance, the influence on consumers, the attraction for investors, and the impact on government relations.

Around the globe, companies make social responsibility an essential part of their business strategies (Lee et al., 2008). The relationship between CSR initiatives and firm financial performance is a characteristic of the ‘new world of CSR’ (Carroll and Shabana, 2010). However, the precise nature of the relationship between CSR and firm performance is still not fully understood (Hansen et al., 2011). In this respect, Hansen et al. (2011) argued that intermediate variables pertaining to stakeholder attitudes toward a company, are more likely to demonstrate the desired connection between financial and social performance.

Empirical studies show that employees attach importance to CSR activities (Peterson, 2004), and that CSR can trigger employee behaviours which replicate those exchanges at the intra-organisational level (Gond et al., 2010). Therefore, CSR represents a fairly rare opportunity to positively influence how individuals, especially employees and prospective employees, perceive firms (Bauman and Skitka, 2012).

Gond et al. (2010) have suggested that employees tend to assume that their organisation is trustworthy if they identify with a socially responsible corporation, and Hansen et al. (2011) demonstrate that Organisational Trust (OT) mediates the effect of perceived CSR on employee behaviours. However, the impact of CSR initiatives on employees’ trust-based evaluations remains largely unexplored (Hansen et al. 2011). With this paper, a contribute towards filling this gap is made, by firstly, establishing the potential influences upon workers’ behaviour, of CSR practices in respect of the dimensions of AC, JS and TI, and secondly exploring the influence of OT as a mediator in this link.

A model of the proposed relationships is provided in Figure 12.



**Figure 12 - Research model: the effect of perceptions of CSR on workers’ attitudes and behaviour, as mediated by social exchange mechanisms**

## 5.2 Research background and hypotheses development

### 5.2.1 Theoretical Framework

The extending literature on CSR provides various definitions of the concept (Turker, 2009). Carroll (1979) defined social responsibility through a model with four components: Economic, legal, ethical,

and discretionary. To meet these four components, there is the obligation for companies to be productive and profitable, by respecting not only the legal and regulatory requirements, but also unwritten codes, standards and society values, and go beyond by an active contribution towards solving social problems.

Carroll and Shabana (2010) argue that the idea that business enterprises have some responsibilities to society beyond that of making profits for the shareholders has been around for centuries, and provide an excellent review from the historical background and perspective in developing this business case of CSR.

Contextualising this research, the European Commission (2011) defined CSR as “the responsibility of enterprises for their impacts on society”, adding that respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. Further, to fully meet their CSR, enterprises should have a process in place to integrate social, environmental, ethical, human rights, and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.

Regarding the benefits of CSR as indicated in the literature, these can be viewed from an external or internal perspective. The external perspective recognises that social performance can encourage investors to solidify relationships with government partners, foster the development of clusters, and enhance company financial performance. Among the research efforts that are focused on the impact of CSR activities on internal stakeholders, namely employees, Aguinis and Glavas (2012) show that socially responsible companies generate increased organisational identification, employee engagement, retention, organisational citizenship behaviour, employee commitment, in-role performance, employee creative involvement, and improved employee relations.

Academics have identified several outcomes regarding the impact of CSR upon the attitudes and behaviours of employees, but the underlying mechanisms that promote positive responses to CSR among employees remain largely unexplored (Roeck and Delobbe, 2012). Hence, workers’ psychological responses to CSR still need to be investigated since it is important to know why, and how, they happen.

### 5.2.2 Perceptions of CSR Predicting AC

In the current research, CSR is defined as the corporate practices which aim to affect stakeholders positively. It is clear that CSR is closely tied to the concept of stakeholders (Turker, 2009). Stakeholders are broadly defined as any individual, group or entity that can affect, or be affected by, an organisation’s activity (Roeck and Delobbe, 2012).

Workers' AC has been widely discussed and analysed in the literature, due to the strong positive associations with several valuable organisational outcomes (Hunt et al., 1989), namely: JS; less intention to leave, less turnover, and performance.

Allen and Meyer (1990) with their three-component model, distinguished three forms of OC (an affective component as an emotional attachment, identification, and involvement with the organisation; a continuance component as personal investment and the costs that employees associate with leaving the organisation; and a normative component as the obligation and moral duty to remain in the organisation). From several studies among the various OC types, it was found that the relationships were stronger between AC and a broad range of desirable variables such as attendance and performance (Meyer et al., 2002).

The link between perceptions of CSR and AC has been explored by Maignan and Ferrel (2001) in a study of the antecedents of corporate citizenship. This showed that better business performance, increased customer loyalty, and higher levels of OC resulted from positive perceptions of CSR.

Likewise, Peterson (2004) showed a clear link between employee perceptions of corporate citizenship and PC. Similarly, Brammer et al. (2007) obtained results that suggested that external CSR was positively related to OC.

Therefore, the following hypothesis is proposed:

- H1: AC is positively influenced by perceptions of CSR practices.

### 5.2.3 Perceptions of CSR Predicting JS

According to Vandenberg (2009), JS could be understood as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences”. JS is an important organisational construct to study as it is often related to employee motivation, performance, absenteeism and turnover (Koh and Boo, 2001), and is also usually a central consideration in business research that investigates employee-based phenomena (Valentine and Fleischman, 2008).

Rupp et al. (2006) proposed that employee perceptions of CSR would exert positive effects on individual relevant outcomes such as organisational attractiveness, JS, OC, citizenship behaviour, and job performance. Lee et al. (2008) showed that workers' awareness of CSR was different depending on age, marital status, and salary, and that a higher volume of CSR activities contributed to an increase in JS. Duarte and Neves (2009) also showed that perceptions of organisations' involvement in each of the social responsibility dimensions were positively associated with JS.

Therefore, the following hypothesis is proposed:

- H2: JS is positively influenced by perceptions of CSR practices perceptions.

## 5.2.4 Perceptions of CSR Predicting TI

Voluntary employee turnover has been one of the most studied outcomes in organisational research (Maertz Jr et al., 2007). This interest comes mainly from a recognition that voluntary turnover can be very costly (Maertz Jr et al., 2007). For companies, retention and training may engender substantially better individual performance (Vandenabeele, 2009).

Linking organisational aspects to TI, Riordan et al. (1997) supported the importance of managing an organisation's social environment, finding that employees' perception of corporate image influences both their JS and TI. Shafer (2002) examined how organisational pressure to engage in unethical behaviour could result in higher TI. Valentine and Fleischman (2008) also suggest that by satisfying employees' expectations about CSR, as well as business ethics in general, companies should expect improved job attitudes, increased productivity, and reduced turnover.

Therefore, the following hypothesis is proposed:

- H3: TI is negatively influenced by perceptions of CSR practices.

## 5.2.5 The mediating role of Trust

### **A social exchange approach**

For a better understanding about the real impact of CSR activities on workers' attitudes and behaviours, scholars in organisational behaviour have suggested the examination of mediating mechanisms (Hansen et al., 2011). To explore the potential mediating mechanism, there is need to focus on the nature of the relationships that workers establish with organisations.

Usually, between individuals and organisations the relationships are initially based a labour contract that is negotiated. However, as the parties get to know each other better, they may shift into a less formal mode of exchange (Cheshire et al., 2010). Over time, the nature of the relationship is transformed and elements of reciprocal exchange that do not involve explicit negotiation of any kind are included. This social exchange relationship involves a series of interactions that evolve, generating certain obligations and liberties between workplace social network members (Xerri, 2012). Therefore, it is important to use the lens of SET to explore the mediating mechanism between workers' behaviour and CSR.

SET assumes that individuals' social interactions are driven by rational self-interest, and that individuals will only enter and remain in exchange relationships as long as their costs in such relationships do not outweigh their benefits (Wong et al., 2003). In fact, the costs and benefits tend to be mutually dependent and contingent upon the actions of each entity. This exchange is characterised by co-operation and reciprocity, that is to say, when one party provides a benefit to another party, an

obligation upon that party to reciprocate is generated. The theory of reciprocity is based on the assumption that one good deed or exchange from one entity will be returned at some point by the receiver of the good deed or exchange (Xerri, 2012). For instance, as noted by Aryee et al. (2002), social exchange in an employment relationship may be initiated by an organisation's fair treatment of its employees. Being in receipt of a spontaneous gesture of goodwill on the part of the organisation, employees may feel the obligation to reciprocate.

Therefore, in organisations, social exchanges are of particular importance because they can be decisive to organisational and individual performances. Good quality relationships built on respect and trust are the most important determinants of organisational success (Bello, 2012). They can be used to explain the link between employee perceptions of workplace aspects and their subsequent behaviour. In a review of the SET literature, Tekleab and Chiaburu (2011) verified that employees who develop high quality exchanges with their organisations reciprocate by displaying positive attitudes. Social exchange requires trusting others, and thus, feelings of obligation and trust are important drivers of the reciprocation of benefits in the social exchange process (Zapata et al., 2013). Trust is the essence of social exchange and, as mutual trust flourishes, so does the extent of the exchange (Blau, 1964).

According to Colquitt et al. (2007), trust is a psychological state comprising the intentions to accept vulnerability based on positive expectations of the actions of the trustee. Krot and Lewicka (2012) note that employees who are treated fairly, with respect and dignity, perceive their managers as benevolent and, therefore, reliable or trustworthy. Consequently, it can be seen that trust has the power to generate attitudinal and behavioural reciprocation between exchange partners (Tekleab and Chiaburu, 2011). Trust is a key element of effective communication between managers and employees, reducing risk and operating costs (Krot and Lewicka, 2012). When organisational leaders have the power to 'walk the talk', and behave in genuine and trustworthy ways, employees may reciprocate by delivering outcomes that are organisation-focused (e.g., JS, AC, and staying with the organisation) (Tekleab and Chiaburu, 2011).

Therefore, OT was identified as a possible mediating mechanism to explain more about the impact of CSR activities on workers' attitudes and behaviours.

### **Perceptions of CSR and OT**

Recently, both corporate marketing and organisational behaviour theorists have proposed that OT might also be a primary mechanism through which CSR activity influences employee attitudes and behaviours (Hansen et al., 2011). The authors have demonstrated that OT mediates the effect of perceived CSR on employee behaviours because perceived CSR sends important signals to employees about an organisation's ethical stance and moral values, and therefore, the extent to which it can be trusted (Roeck and Delobbe, 2012). From CSR, employees may then infer that their company is moral,

and conclude that it is safe to invest their time and effort into the success of the company (Bauman and Skitka, 2012).

OT can then be considered an immediate outcome of CSR perceptions that shape employee attitudes and behaviours (Hansen et al., 2011), and appears as a key variable in any fruitful and long-term organisation–employee relationship by acting as social glue (Roeck and Delobbe, 2012).

OT can also be a source of valuable organisation outcomes. Employee trust in the organisation will likely result in increased employee compliance with organisational rules and laws, facilitate the implementation of organisational change, and improve employee contributions in terms of performance, intent to remain, and civic virtue behaviour (Bello, 2012). Trust reduces risk and operating costs, improves organisational processes and increases employee commitment and productivity (Krot and Lewicka, 2012). In the literature, Aryee et al. (2002) found support for the relationship between OT and JS, OC, and TI.

Based on previous evidence that Trust is a critical component of social exchange (Aryee et al. (2002), and given the importance of trust to key organisational outcomes (Colquitt et al. 2007), was proposed that OT will mediate the relationships between CSR and JS, AC and TI. Considering the theoretical justification provided for the first set of hypotheses (H1, H2 and H3 above), was hypothesised that Trust will partially mediate the relationship with CSR and outcomes, since CSR will likely have a direct impact on these outcomes as well.

Therefore, the following hypotheses are proposed:

- H4: OT partially mediates the relationship between perceptions of CSR and AC.
- H5: OT partially mediates the relationship between perceptions CSR and JS.
- H6: OT partially mediates the relationship between perceptions of CSR and TI.

## 5.3 Method

### 5.3.1 Sample and Data Collection

In order to test the research hypotheses and the validity of the model under investigation, a quantitative cross-sectional study based on a questionnaire with closed questions was conducted. To gather the data, a database of email contacts of Portuguese companies was used. Each contact was sent an email explaining the nature and importance of the study and providing a link to access the online survey. The research and delivery of the email was carried out between 19 March and 19 August 2013, and a total of 2,800 contacts were used.

Using this strategy, 315 valid responses were obtained (real response rate of 11.25%). The final sample of 315 individuals (43% female), were on average 40 years old, and had an average tenure of 13 years in a wide range of positions (e.g., administrative staff, customer services, salespersons, consultants, bank clerks, assistants, accountants, managers) and 82% held a bachelor's degree or higher. Companies where respondents worked were 23.5% from services, 56.5% from industry and 20.0% from trade. About their average size measured in number of workers, 42,10% were small (less than 50 workers), 42,30% were medium (between 51 and 250 workers) and 15,60% were big (more than 250 workers).

### 5.3.2 Measures

The variables were operationalised through scales collected in the literature.

Respondents were asked to indicate their level of agreement with the different measures on a five-point Likert scale (1 - Totally disagree to 5 – Totally agree). The questionnaire was administered in Portuguese; therefore, the final version was translated and back translated to assure semantic equivalence with the original questions.

The measures used were as follows:

CSR (predictor variable) seeking to assess the business responsibilities of various stakeholders was evaluated by a scale adapted from In this framework, CSR practices were measured using 20 questions sub-divided into the following four dimensions: Social and non-social stakeholders (CSR1), Employees (CSR2), Customers (CSR3), and Government (CSR4). All dimensions revealed adequate levels of reliability (CSR1  $\alpha=0.87$ , e.g., “Our company makes investment to create a better life for the future generations”; CSR2  $\alpha=0.89$ , e.g., “Our company implements flexible policies to provide a good work and life balance for its employees”; CSR3  $\alpha=0.76$ , e.g., “Our company protects consumer rights beyond the legal requirements”; CSR4  $\alpha=0.89$ , e.g., “Our company complies with the legal regulations completely and promptly”).

OT (mediator variable), used to measure the degree of belief in the employer in respect of integrity, motives, intentions, and dependability, was evaluated by seven items from the Robinson and Rousseau (1994) scale (e.g., “In general, I believe my employer's motives and intentions are good”;  $\alpha=0.91$ ).

AC (criterion variable) was measured with three items previously developed and validated in the Portuguese context by Rego et al. (2007). The scale revealed good reliability ( $\alpha=0.92$ , e.g., “I am proud to tell others that I am part of this organisation”).

JS (criterion variable) seeking to assess general satisfaction with the current job, was analysed using six items from the scale collected by Vandenberghe (2009). The scale also revealed good reliability ( $\alpha=0.85$ , e.g., “In general, I am satisfied with my job”).

TI (criterion variable) was measured using a scale from Bishop et al. (2002) which comprises three items designed to evaluate the employee's intention to leave the organisation ( $\alpha=0.90$ , e.g., "It is likely that I will look for another job in the next year").

### Descriptive Statistics

Table 7 presents means, standard deviations, Cronbach's alpha coefficients and correlations of all key variables. Table 8 shows factor loadings and AVE values for latent construct variables

Perceptions of the four CSR dimensions interrelate positively, and relate positively with Trust, AC and JS, and negatively with TI. OT correlates positively with AC and JS and negatively with TI. AC and JS interrelate positively and both correlate negatively with TI.

**Table 7 – Descriptive statistics and correlation among study variables**

	M	SD	1	2	3	4	5	6	7	8
1. CSR 1	3.57	1.15	(0.87)							
2. CSR 2	3.83	0.84	.60**	(0.89)						
3. CSR 3	4.46	0.48	.38**	.65**	(0.76)					
4. CSR 4	4.64	0.50	.33**	.47**	.52**	(0.89)				
5. TR	4.06	0.81	.36**	.71**	.51**	.50**	(0.91)			
6. AC	4.41	0.62	.44**	.69**	.56**	.51**	.72**	(0.92)		
7. JS	3.86	0.79	.44**	.67**	.47**	.45**	.66**	.70**	(0.85)	
8. TI	2.01	1.29	-.40**	-.57**	-.50**	-.43**	-.62**	-.63**	-.72**	(0.90)

Notes: Cronbach's  $\alpha$  in parentheses; Gender was coded as a dummy variable: 0=Male, 1=Women. Five-point scale: \*\* $p < 0.01$  one-tailed

**Table 8 – Measurement model: AVE and factor loadings**

Latent Construct	AVE	Reliability	Items	N=315 Loadings	Latent Construct	AVE	Reliability	Items	N=315 Loadings
CSR1	0.632	0.873	RS2	0.799	OT	0.725	0.913	OT2	0.779
			RS3	0.746				OT3	0.914
			RS4	0.912				OT4	0.885
			RS6	0.707				OT7	0.821
			RS8	0.800				AC1	0.871
CSR2	0.673	0.891	RS9	0.878	AC	0.803	0.925	AC2	0.946
			RS10	0.770				AC3	0.869
			RS12	0.829				JS1	0.816
CSR3	0.519	0.763	RS13	0.738	JS	0.647	0.846	JS5	0.780
			RS14	0.640				JS6	0.817
			RS16	0.776				TI1	0.784
CSR4	0.728	0.888	RS17	0.859	TI	0.747	0.898	TI2	0.889
			RS18	0.940				TI4	0.914
			RS19	0.75					

## 5.4 Results

### Hypotheses Tests

Statistic software IBM SPSS Statistics 20.0 was used to perform descriptive statistics, correlations and CFA. Amos 20.0 was used to perform CFA and SEM. Model fit was examined using the following indices:  $\chi^2$  (chi-squared),  $\chi^2/df$  ( $\chi^2$  divided by degrees of freedom, RMSEA, RFI, CFI, NFI and TLI. In making fit determinations, we used generally accepted thresholds (see Maroco, 2010) which suggested reasonably fitting models that typically characterised  $\chi^2/df$  as high as 5, RMSEA values as high as 0.08 and RFI, CFI, NFI, and TLI values of 0.90 or higher.

### Measurement Model

A CFA was conducted for the model with all eight variables, the fit indices were (e.g.,  $\chi^2/df = 2.321$ , RFI=0.826, CFI=0.902, NFI= 0.840, TLI= 0.893, RMSEA = 0.065), and these were considered unsatisfactory. By analysing the standardised residuals and modification indices for the sources of miss-specification, twelve items were removed and a well-fitting 27-item model with eight dimensions emerged (e.g.  $\chi^2/df = 1.785$ , GFI=0.886, IFI= 0.964, TLI= 0.956, RMSEA = 0.050).

All factor loadings and AVE values for latent construct variables (i.e., CSR, employee trust, AC, JS and TI) were above recommended cut-off levels (i.e., AVE above 0.50; see Maroco, 2010) providing initial evidence of valid measurement models (see Table 8). The AVE value for each variable was greater than the square of the correlation between each variable and all other variables in its respective measurement model, providing additional evidence of validity (Fornell and Larcker, 1981).

To minimise the risk of common method variance some procedural methods were used and statistical controls as proposed by Podsakoff et al. (2003): respondents were guaranteed anonymity and confidentiality, were told that there were no right or wrong answers, and there was randomness in the ordering the multiple items. Harman's single factor-test (Podsakoff and Organ, 1986) was performed. The single factor model also did not fit the data satisfactorily (e.g.  $\chi^2/df = 7.782$ , GFI=0.598, IFI= 0.653, TLI= 0.623, RMSEA = 0.147). A principal component analysis (unrotated solution) on all the variables revealed eigenvalues greater than 1. They accounted for 73.02% of the total variance, with eight factors, the first of which explained 43.95% of the variance. This suggested that common method bias was not a serious problem for the data and was not, therefore, a serious threat to the validity of the study.

### Hypothesised Model

To test the hypothesised structural model, Baron and Kenny (1986) general procedure for mediation testing was followed. To accomplish this, three models were compared. The baseline model (i.e., the direct effect of CSR perceptions on AC, JS and TI) was compared with a full mediation model (i.e., a

model with only an indirect effect of CSR on AC, JS and TI through OT), and a partial mediation model (i.e., a model with both direct and indirect effects).

**Table 9 – Fit Indices for baseline, fully mediated, and partially mediated models**

	$\chi^2$	df	$\chi^2/df$	RMSEA	RFI	CFI	NFI	TLI	$\Delta\chi^2$
Baseline Model	612.563	216	2.836	0.076	0.866	0.923	0.886	0.909	
Fully Mediated Model	809.786	315	2.571	0.071	0.865	0.922	0.879	0.913	
Partially Mediated Model	705.235	303	2.328	0.065	0.877	0.936	0.894	0.926	104.551***

N = 315,  $\Delta\chi^2$  from fully mediated to partially mediated model:  $p < 0.001$   $\chi^2/df$  the minimum discrepancy divided by its degrees of freedom; RMSEA -Root-mean-square error of Approximation, RFI – Relative Fit Index, CFI – Confirmatory fit index, NFI – Normed fit index, TLI –Non-Normed Fit Index

**Table 10 - Estimates for baseline, fully and partially mediated models**

Independent Variable	Dependent Variable	Baseline	Fully Mediated	Partially Mediated
CRS1	Trust	N/A	-0.079	-0.137 *
CRS1	Turnover Intention	-0.061	N/A	-0.189 *
CRS1	Job Satisfaction	0.025	N/A	0.110 *
CRS1	Affective Commitment	-0.039	N/A	0.057
CRS2	Trust	N/A	0.548 ***	0.560 ***
CRS2	Turnover Intention	-0.406 ***	N/A	-0.068
CRS2	Job Satisfaction	0.334 ***	N/A	0.093
CRS2	Affective Commitment	0.451 ***	N/A	0.182 *
CRS3	Trust	N/A	0.168*	0.128
CRS3	Turnover Intention	-0.415 **	N/A	-0.316 *
CRS3	Job Satisfaction	0.201 **	N/A	0.131
CRS3	Affective Commitment	0.216 *	N/A	0.127
CRS4	Trust	N/A	0.243 ***	0.239 ***
CRS4	Turnover Intention	-0.187 *	N/A	-0.085
CRS4	Job Satisfaction	0.120 **	N/A	0.044
CRS4	Affective Commitment	0.205 ***	N/A	0.117 *
Trust	Turnover Intention	N/A	-0.962 ***	-0.497 ***
Trust	Job Satisfaction	N/A	0.676 ***	0.385 ***
Trust	Affective Commitment	N/A	0.778 ***	0.426 ***

0.05; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

The baseline model was first examined and, providing initial support for Hypothesis 1, 2 and 3, the standardised regression estimates were significant and in the expected direction (see Table 10), although the baseline model fit the data somewhat poorly (see table 9):  $\chi^2/df = 2.826$ , RMSEA=0.076 ; RFI=0.866 ; CFI=0.923 ; NFI=0.886 ; and TLI=0.906.

Hypothesis 1 was partially supported, CSR to Workers (standardised path coefficient = 0.451,  $p < 0.001$ ), CSR to government (standardised path coefficient = 0.205,  $p < 0.001$ ), and CSR to customers (standardised path coefficient = 0.216,  $p < 0.1$ ) had a positive effect on AC.

Hypothesis 2 was also partially supported, CSR to employees (standardised path coefficient = 0.334,  $p < 0.001$ ), CSR to government (standardised path coefficient = 0.120,  $p < 0.01$ ), and CSR to customers (standardised path coefficient = 0.201,  $p < 0.01$ ) had a positive effect on JS.

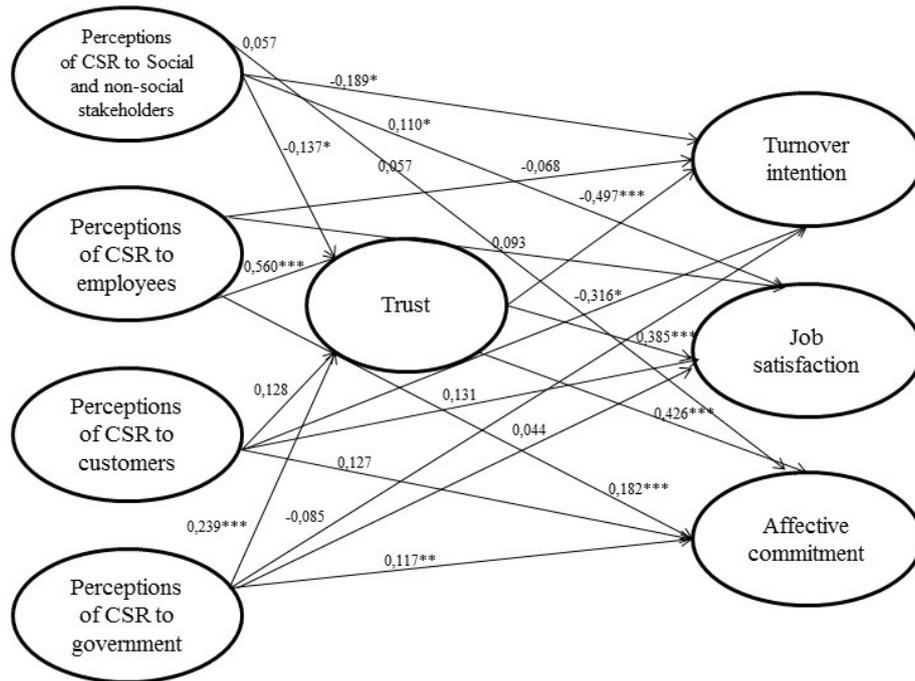
Hypothesis 3 was also partially supported, CSR to employees (standardised path coefficient = -0.406,  $p < 0.001$ ), CSR to government (standardised path coefficient = -0.187,  $p < 0.01$ ), and CSR to customers (standardised path coefficient = -0.415,  $p < 0.01$ ) had a negative effect on TI.

The support for Hypotheses 1, 2 and 3 was only partial because the dimension CSR1 did not reveal any significance.

The fit indices for the fully and partially-mediated models were examined. The fully-mediated structural model showed a better fit to the data than the baseline model (see Table 9), and standardised regression coefficients were significant and in the expected direction. However, the fit indices RMSEA and RFI were still very close to accepted thresholds:  $\chi^2/df = 2.571$ , RMSEA=0.071; RFI=0.865; CFI=0.922; NFI=0.879; and TLI=0.913.

Finally, the hypothesised partially-mediated structural model (Fig. 2) was examined, and compared it to the findings for the fully mediated model. Providing additional support for Hypotheses 1, 2 and 3, in the partially-mediated structural model, standardised regression coefficients were significant and in the expected direction (see Table 10). And providing initial support for Hypotheses 4, 5 and 6, the results of SEM analysis (see Table 9) offered evidence of a better fit with the data from the partially-mediated model than for either the fully-mediated model or the baseline model, suggesting partial trust mediation as the best-fitting alternative:  $\chi^2/df = 2.328$ , RMSEA=0.065; RFI=0.877; CFI=0.936; NFI=0.894; and TLI=0.926).

Seeking additional support for Hypothesis 4, 5 and 6 (partial trust mediation), a chi-square difference ( $\Delta\chi^2$ ) test comparing the fit of the partially-mediated model with the fully-mediated model was performed. The chi-square difference tests ( $\Delta\chi^2$ ) (Maroco, 2010) showed (see Table 10) that the partially-mediated model fit the data significantly better than the fully-mediated model ( $\Delta\chi^2 = 104.551$ ,  $p < 0.001$ ,  $N = 315$ ).



**Figure 13 - Structural model: standardised path coefficients for hypothesised model**

Comparing the baseline model with the partially-mediated structural model, the intensity of the relationships between the independent variable (CSR) and dependent variables (AC, JS and TI) reduces or becomes insignificant.

Analysing the positive effect on AC, the standardised path coefficient decreases from 0.451 to 0.182 in CSR2, and from 0.205 to 0.117 in CSR4, and CSR3 becomes insignificant like CSR1, thereby revealing a partial mediation.

In respect of the positive effect on JS, the standardised path coefficient in CSR3, CSR2 and CSR4 becomes insignificant, whereas CSR1 becomes significant (standardised path coefficient = 0.110,  $p < 0.1$ ), thereby revealing a partial mediation.

In the negative effect on TI the results are similar, as the standardised path coefficient decreases from -0.415 to -0.316 in CSR3, CSR2 and CSR4 becomes insignificant, whereas CSR1 becomes significant (standardised path coefficient = -0.189,  $p < 0.1$ ), thereby revealing a partial mediation.

Taken together, the findings suggest that perceptions of CSR foster OT and subsequently reinforce employee commitment to organisations, JS, and reduce employee desire to leave. In general, and regarding the many dimensions of CSR, it is noteworthy that the one dimension that influenced work attitudes was the dimension related to employees. In sum, results provided evidence in support of

partial trust mediation. That is, they supported both indirect and direct outcomes (on AC, JS and TI) of CSR perceptions.

## 5.5 Discussion and conclusions

The findings suggest that employee perceptions about CSR responsibilities are important and affect the attitudes and behaviours of organisational workers. The results of the tested hypotheses H1, H2 and H3, showed that employees were aware when corporations were promoting social responsibility practices and valued these aspects: in these circumstances they felt more attached to the company, more satisfied with work, and were less likely to consider leaving the company.

The hypothesised links are consistent with the literature. AC is positively influenced by perceptions of CSR practices (Maignan and Ferrel, 2001; Peterson, 2004; Brammer et al. (2007). A worker who perceives that her organisation cares for CSR issues appears to be more emotionally attached to the organisation, identifies more with organisational values and is more involved. JS is also positively influenced by perceptions of CSR practices (Rupp et al., 2006; Lee et al., 2008), that is to say that individuals appear to be more content when working for socially responsible organisations. It was also confirmed that TI is negatively influenced by perceptions of CSR practices (Valentine and Fleischman (2008), so possibly CSR can contribute to improve employee retention.

Regarding the many dimensions of CSR, the fact that the one that influenced workers' attitudes the most was the dimension related to employees (CSR2), should be highlighted because it indicates that workers are especially sensitive to CSR practices that involve and affect them. Therefore, organisations in which managers conclude that the workforce should be considered as one of the main stakeholders, i.e., those with more influence or power, should consider CSR practices that sensitise and benefit the workers. In this set, can be included the following: Providing information on working conditions and on rights and duties of workers, having explicit anti-discriminatory policies, regarding employees as partners, valuing potential competencies through compensation and professional development, complying with legal duties, and meeting excellence standards in health, safety and working conditions, and being committed to professional development of the workers and their employability. With such policies in place, which together would encourage workers' OT, organisations could gain many business benefits.

Concerning social exchange, the relationships between CSR and work attitudes were partially mediated by OT. Therefore, the role of OT is highlighted in attempts to understand the attitudinal and behavioural reactions to CSR. This is consistent with previous results (Hansen et al., 2011; Roeck and Delobbe, 2012). CSR initiatives had a key impact on employees' trust-based evaluations and

subsequent behaviours. And it was confirmed that employees with a high degree of OT develop a strong attachment to their organisation, enjoy greater JS, and reduced TI.

### **Theoretical Contributions**

This study responds to a call by researchers who have argued that more empirical research is necessary to understand the underlying mechanisms explaining how CSR influences employee behaviour (Roeck and Delobbe, 2012).

Most of the empirical and conceptual work investigating CSR in the organisational behaviour field has focused on the impact of CSR initiatives on individual employee outcomes that favour the organisation. This study helps to explain this process. The conclusions of Hansen et al. (2011) were reinforced, that CSR initiatives directly impact upon individual employee outcomes and help to develop their trust in their organisations, adding the stakeholder perspective of CSR.

The findings support the hypothesis that even when targeting stakeholders, CSR actions can alter the dynamics of social exchange within corporations (Gond et al., 2010), and contribute to the development of a cross-disciplinary perspective of new theoretical models that encompass management relationships with both internal and external stakeholders (Hansen et al., 2011).

### **Implications for Management**

The overall achievements in this investigation are conclusive and contribute to a better understanding of CSR and its influence upon employee behaviours.

The research outcomes suggest that organisations should not discharge their CSR sporadically but should rather do this systematically, promoting CSR practices to a wide range of stakeholders: social and non-social stakeholders, employees, customers, and government. By showing that the perceptions of CSR predict AC, JS and TI, either directly or through the mediating role of OT, this study provides practitioners with strategies to guarantee good results at the individual level and, consequently, at the organisational level.

These findings are important for managers since by knowing the sensitivity of their staff to CSR issues, they may, through changes in their orientation, please and motivate their employees. CSR could be seen as a tool capable of winning the ‘hearts and minds’ of employees (Hansen et al., 2011). By fostering CSR practices, organisations could be sending a message that they plan to have an honest relationship with their workers and benefit both parties. Trust takes a long time to build and once in place, it can easily be damaged (Krot and Lewicka, 2012). Hence, it is important for managers to develop CSR initiatives that are coherent and real. The implementation of such policies would

encourage workers' AC, thereby increasing JS and reducing TI. Organisations could gain many business benefits. And, even if these measures have costs, they can objectively be considered as an investment.

### **Limitations and Suggestions for Future Research**

A study of this nature faces several methodological limitations affecting its contribution. It should be noted that it was worked on 'perceptions', which can be clarified as the process by which the individual organises and interprets sensory impressions in order to provide meaning to the surrounding environment. It is noted that the subject can perceive a reality substantially different from the objective reality. It is possible that a respondent provides incorrect or incomplete information, and so the investigators are obliged to work in a diffuse reality and not on facts.

Another issue is the fact that the dependent and independent variables are taken simultaneously (common-source data), increasing the risk of common method variance (Podsakoff and Organ, 1986), such that the statistical relationships found could be inflated.

It should also be aware that the use of cross-sectional research design does not allow the drawing of firm conclusions about the causality nexus between the study variables. Other causal links are also plausible. For example: employees' affective states may influence their perceptions of the organisational features (Brief and Weiss, 2002), rather than the other way around. In this context it is possible that workers who have more OT could have higher perceptions of CSR practices.

A full understanding of employee and organisational phenomena requires consideration of contextual influences. This research was carried in a higher collectivism culture (Rego et al., 2007; Hofstede (2011)), in such a way that when Portuguese employees can satisfy their "collectivistic" needs they reciprocate with higher OT, as well as higher JS and AC and less TI. In other cultural contexts (like more "individualistic") mediating effects of OT may not be so strong. Future studies may address this question more thoroughly by comparing culture differences.

As for recommendations for future work, in terms of the social exchanges explored, beyond OT, there are other social exchanges that could be analysed, namely: psychological contract fulfillment, perceived organisational support, trust in supervisor, or leader member exchange. This study will be important to advance the understanding of similarities and differences among social exchange constructs in the organisational behaviour literature.

Despite the limitations identified, the study confidently suggests that individuals are affected by CSR practices and that OT is important in generating positive worker attitudes and behaviours.

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# CHAPTER VI – PAPER 3 - THE IMPACT OF CSR PERCEPTIONS ON WORKERS TURNOVER INTENTIONS: EXPLORING SUPERVISOR EXCHANGE PROCESS AND THE ROLE OF PERCEIVED EXTERNAL PRESTIGE

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## Abstract

*The study aims to show how organisational Corporate Social Responsibility (CSR) can influence workers' attitudes, especially in terms of Turnover Intentions (TI). A second aim is to explore the social exchange process that may underlie this relationship, by examining the mediating role of Leader-Member-Exchange (LMX) and the moderation role of Perceived External Prestige (PEP).*

*The authors employ structural equation modelling based on survey data obtained from 315 Portuguese individuals. The findings show that perceptions of CSR predict TI through the mediating role of LMX. Seemingly PEP seems to moderate the relationship between TI and its determinants. These findings suggest that managers should implement CSR practices because these can contribute towards reducing TI.*

*This study enriches the existing knowledge about relationships in organisational contexts and responds to the need to understand underlying mechanisms linking CSR with workers' organisational outcomes, by analysing CSR practices in a holistic stakeholder perspective.*

**Keywords:** Corporate Social Responsibility, leader-member-exchange, turnover intentions, perceived external prestige

## 6.1 Introduction

Corporate Social Responsibility (CSR) has become increasingly important to researchers and managers, with hundreds of articles appearing in a variety of research fields (Carnahan et al., 2017) and a growing interest in the study of individual CSR outcomes (Donia et al., 2017). CSR is becoming part of corporations' strategies and long-term sustainability (Yoo and Chon, 2015) and now almost every major organisation is engaged to some extent in CSR (Glavas, 2016).

In the Aguinis and Glavas (2012) review of the CSR literature, systematic positive relationships were found with firm reputation, consumer evaluation, customer choice, customer loyalty, moral capital, competitive advantage, operational efficiencies, product quality, perceived quality of management, employers' positive attitudes, and financial performance, among others.

Due to the complex mechanisms connecting CSR to overall financial performance, researchers have begun to examine more bounded questions about how CSR affects specific groups of stakeholders (Carnahan et al., 2017). Scholars have argued that stakeholders' perceptions, attitudes and behaviours act as mediators in the relationship between an organisation's societal and financial performance (Roeck and Delobbe, 2012). Because employees directly contribute to the success of the company, understanding their reactions to CSR may help answer lingering questions about the potential effects of CSR on firms (Bauman and Skitka, 2012). And Glavas and Godwin (2012) have addressed the importance of building research streams that explore the effects of CSR on employee work behaviours, performance, and productivity. Roeck and Maon (2016) reinforced the idea that corporate leaders should consider employees as constituting a critical bridge between internal and external CSR activity and its impact on company economic and social performance.

Researchers have already shown several positive employee-related outcomes for firms that make CSR investments (Carnahan et al., 2017), namely, greater appeal to potential employees, more productivity, higher JS, increases in citizenship behaviours, higher job performance, and less intention to quit. It has also been suggested that CSR improves employee loyalty, motivation, and commitment (Brammer et al., 2015).

CSR initiatives can reflect a positive organisational image that subsequently enhances employees' pride and willingness to be associated with the organisation as a reputable entity (Roeck and Delobbe, 2012), and employees may derive a sense of meaning and purpose in their own work through a higher level of identification with the firm and a feeling that their employer is making a positive difference in the world (Carnahan et al., 2017). However, according to Kim et al. (2010), the role of reflected evaluation ('construed image' or 'PEP') had not been sufficiently addressed in CSR studies and it would be helpful to consider whether employees identify primarily through self-evaluation or reflected evaluation of CSR initiatives.

The motivational basis of employee work attitudes is an important component of the research agenda relating to management practices (Agarwal et al., 2012). Therefore, the study of TI is of great concern to researchers and management. Hence, it is necessary to explore how CSR and organisational image can influence workers' leaving intentions. This implies an investigation of the conditions which underpin the desire and motivation of workers to maintain organisational membership. Organisations realise that no company, small or large, achieves sustainable success without engaging employees who bring high energy and passion (Agarwal et al., 2012).

Porter et al. (1974) likened turnover to a plague; while Koh and Boo (2001) observed its disruptive influence upon an organisation because it promotes lower productivity and morale, and leads to higher costs of hiring, retention and training. The fixed costs of hiring and training may be amortised over a longer period of time by reducing the turnover rate (Vitaliano, 2010). Nonetheless, Hansen et al.

(2011) estimated that employee turnover can cost organisations between 50 and 200% of the annual compensation of all employees who leave.

Despite these costs, however, there is little understanding about the strategic investments that organisations can make to help prevent the departure of employees (Carnahan et al., 2017). Are employees who perceive their employer to be more socially responsible less likely to leave? And does corporate image play an important role? Do workers understand organisations' motivations towards CSR? Assuming that an organisation's CSR practices have the power to influence workers' behaviour, managers need to understand employees' responses, so it is important to better appreciate the underlying mechanisms between CSR practices and those responses. This knowledge may allow us to create models and organisational interventions that best leverage CSR for a positive effect on employees (Glavas and Goodwin, 2012).

The purpose of this study is, therefore, to determine the potential influence of the presence of CSR practices in the workplace on workers' attitudes, particularly at the level of TI. The study intends to evaluate the importance attached to issues of CSR, to determine whether the CSR practices are influential upon workers' TI, and to identify possible mediators and moderators in this link. It contributes towards filling the major gap in the literature concerning the exploration of mediators and moderators of the CSR–employee outcome relationship reported by Glavas (2016). Specifically, the study considers Leader-Member-Exchange (LMX) as a mediator. Consequently, the research provides insight into the social exchange interactions between employees, their organisations and supervisors. Given that Mallory and Rupp (2015) have suggested a need for much more finely-grained theorising with regard to the interactive effects of contextual moderators of CSR-LMX relationships, the data to establish whether the impact of CSR practices on employees is moderated by their PEP, an issue that has been rarely explored, was analysed. This study's empirical findings will help solidify the knowledge about the internal mechanisms of CSR within organisations, and simultaneously enhance employers' understanding about the role of CSR and organisational image at the level of individual employee behaviour.

The investigation uses cross-sectional data obtained from a sample of private sector workers. Data collection is based on a structured questionnaire, and the use of SEM to test the proposed model. A multi-group analysis is performed to test the effects of PEP.

The paper is structured as follows. A brief overview of CSR influence on workers' behaviour within a social exchange approach is provided, and this is then integrated with knowledge of the potential impact of PEP. The hypotheses are constructed on the basis of these strands of the literature, and then tested empirically. The results are analysed and conclusions presented about how CSR investments may influence exchanges and be important for retaining employees.

## 6.2 Research background and hypotheses development

### 6.2.1 CSR outcomes on workers' behaviour

Among the research studies that have focused on the impact of CSR activities on internal stakeholders, namely employees, there are various studies (Glavas, 2016; Roeck and Maon, 2016; Aguinis and Glavas, 2012) that explain these relationships and help us to better understand how CSR can affect workers' behaviour.

However the underlying mechanisms that drive favourable responses to CSR remain largely unexplored (Roeck and Delobbe, 2012), and despite the increasing interest in the impact of CSR on employee behaviour at the individual level, only a small amount of literature discusses the underlying processes and contingencies of how employees respond to corporate social activities (John et al., 2019). Even considering the growing body of research on the intersection of organisational psychology and CSR, there is a need for investigation at the level of the individual to understand how CSR influences employees (Glavas, 2016), as their reaction to CSR remains under-researched.

In a global and uncertain environment, corporations seek to consolidate their position in the emerging fields of CSR and sustainability (Gond et al., 2011). CSR is typically defined as voluntary actions by firms, designed to enhance social or environmental conditions (Vitaliano, 2010). CSR is related to complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, suppliers and consumers (Branco and Rodrigues, 2006). It is also the concept most widely used to address relationships between business and society relations (Branco and Rodrigues, 2006).

From literature review, was observed that the growing body of literature in the field provides various definitions of CSR (Turker, 2009). Glavas (2016) defined social responsibility as caring for the well-being of others and the environment with the purpose of also creating value for the business, and CSR is thus manifested in the strategies and operating practices that a company develops in operationalising its relationships with, and impacts on the well-being of all of its key stakeholders and the natural environment.

Among the research studies that have focused on the impact of CSR activities on employees, there are various efforts that explain these relationships and help us to better understand how CSR can affect worker behaviour. The reviews by Aguinis and Glavas (2012), and Glavas (2016) that focus on work attitudes, demonstrates that working for socially-responsible companies leads to increased organisational identification, retention, organisational citizenship behaviour, commitment, in-role performance, creative involvement, and also improved employee relations.

However, even when CSR has been studied at the individual level of analysis, it has been primarily on the antecedents of employee involvement in CSR or the impact of CSR on employee outcomes. A major gap thus exists in respect of the exploration of mediators and moderators of the CSR–employee outcome relationship (Glavas, 2016).

### 6.2.2 A social exchange approach

Hansen et al. (2011) have argued that the analysis of mediating mechanisms will promote significant understanding of the impact of CSR activities on employee behaviours. Therefore, was addressed the nature of employee/organisation relationships using SET.

This approach may well have the potential to provide a unitary framework for much of organisational behaviour (Cropanzano and Mitchell, 2005). Contrasting with economic exchange which is contractual in nature, social exchange is based on trust and implicit obligations (Wayne and Green, 1993). It assumes that individuals' social interactions are driven by rational self-interest, and that individuals enter and remain in exchange relationships as long as the costs in such relationships do not outweigh the benefits (Wong et al., 2003). This exchange involves co-operation and reciprocity. When one provides a benefit to another, an obligation to reciprocate is generated, and as noted by Maon et al. (2019), employees tend to reciprocate their organisations' good deeds through extra-role behaviours that go beyond their formal job descriptions and that facilitate the smooth functioning of the organisation.

Social exchange comprises actions contingent on the rewarding reactions of others, which over time, provide for mutually and rewarding transactions and relationships (Cropanzano and Mitchell, 2005). When employers 'take care of employees', they engender beneficial consequences by producing effective work behaviour and positive employee attitudes (Cropanzano and Mitchell, 2005). SET has also been used to posit that when organisations invest highly in CSR, employees give more in return (Glavas, 2016).

In many organisations, there is not much proximity, or exchange, between the employees and employers. And in larger companies, the distance between these two agents can be even bigger. Although employees are influenced by both organisational level and supervisory level structures, the organisational leader influence is primarily felt by employees by way of their immediate supervisors because of their proximity to the daily work of those under their control (Hansen et al., 2013). Immediate managers often represent organisational objectives, the employer's politics and goals, and are also purveyors of job resources that facilitate employees' achievement of job demands (Agarwal et al., 2012). Therefore, the analysis of this relationship between immediate manager and worker can be useful in terms of understanding how CSR can influence employees' behaviour.

The social exchange in evidence between an employee and his/her immediate supervisor has been labelled 'leader-member social exchange' or, more commonly, simply 'leader-member exchange' or 'LMX' (Hansen et al., 2013). The social exchanges involved in LMX include favours from the leader or supportive leadership and, can therefore, be regarded as a form of direct or proximate social exchange because the social exchange occurs directly from the leader to the employee (Gian et al., 2014).

LMX theory posits that the relationship between a supervisor and an employee develops as a result of work-related exchanges between these two individuals (Morrow et al., 2005). The LMX model, formerly referred to as the vertical-dyad linkage model, suggests that in consequence of an informal process, referred to as role-making, a type of exchange develops between a supervisor and subordinate (Wayne and Green, 1993). Such exchanges range from low to high quality (Wayne and Green, 1993; Morrow et al., 2005), and depend upon how the leader perceives the follower. A high-quality relationship occurs when the leader perceives the follower as: competent, trustworthy, and motivated (Gian et al., 2014); respectful and loyal (Morrow et al., 2005), whereas the opposite holds for low-quality relationship. In addition, the theory contends that a supervisor will develop different quality exchange relationships with each of his/her subordinates which remain relatively stable over time (Wayne and Green, 1993).

Gian et al. (2014) have argued that several reasons explain why the quality of LMX is positively related to follower performance: in a high-quality leader-member relationship, the leader provides benefits, greater opportunities for promotion and gives higher levels of support to the follower. Through co-operation and reciprocity, these facilitate performance, generate extra effort and commitment, empowerment, motivation and higher levels of JS. Therefore, for organisational success, it is important to consider the particular importance of this exchange. Organisational leaders create a context in which direct reports operate (Agarwal et al., 2012), and because immediate managers are agents of the organisation, their behaviours play critical roles in shaping employee attitudes and behaviours (Agarwal et al., 2012); therefore, the examination of the LMX that underlies the relation between CSR and TI may provide an integrative understanding of the specific mechanisms accounting for the way in which job conditions affect employee turnover.

### 6.2.3 Perceived External Prestige

When employees are kept in a state of ignorance it is difficult for CSR to engender LMX (Mallory and Rupp, 2015). Hence, in order to advance in the research of contextual moderators of the CSR-LMX relationship, and to analyse behavioural outcomes, it seems important to evaluate the knowledge and constructed image possessed by employees.

Serious efforts have long been devoted to the subject of organisational image (Carmeli, 2005) and research has highlighted the importance of understanding the influence of an organisation's external image upon its members (Mignonac et al., 2006). Many companies are realising that having a socially-responsible corporate image is a valuable strategic asset (Kim et al., 2010). From the literature it is apparent that corporate image plays a role in the relationship between CSR and workers' attitudes. Herrbach and Mignonac (2004) attributed great relevance to the study of PEP because of its positive connection with the attraction of quality applicants, retention of employees, and potential influence upon employee attitudes and behaviour in the workplace. Roeck and Maon (2016) point out that CSR can positively affect employees' PEP, thereby creating a rewarding feeling of membership, and fostering the propensity to strengthen employees' relationships with their organisations through enhanced levels of identification.

An organisation's PEP or construed image refers to the beliefs held by a member of that organisation concerning what outsiders think of it (Dutton et al., 1994). It refers to the employee's own beliefs about how other people external to the organisation, such as customers, competitors and suppliers, judge or evaluate the status and prestige of the organisation (Carmeli, 2005). Hence, PEP is distinguished from organisational reputation, since that refers to outsiders' beliefs about an organisation, whereas the construed external image captures internal members' own assessment of the beliefs held by outsiders about their organisation (Dutton et al., 1994). PEP is, therefore, an indirect means of organisational image-building, since employees establish the image of their organisation through their perception of how outsiders see it (Kim et al., 2010). Moreover, employees do pay great attention to CSR initiatives because these societal actions are used by external stakeholders to make character judgements about the organisation's reputation and, by association, that of its members (Roeck and Delobbe, 2012).

PEP is linked with several positive worker outcomes. When employees believe that outsiders have a positive perception of their company, they are proud of their own affiliation with it (Kim et al., 2010). Working in a respected and prestigious organisation helps to satisfy the need for meaning and self-esteem (Dutton et al., 1994; Glavas and Goodwin, 2012). Members who believe outsiders view their organisation in a positive light are also likely to develop strong organisational identification (Carmeli, 2005; Glavas and Goodwin, 2012). Evidence does exist confirming the relationship between PEP and individual outcomes: JS, AC, and affective well-being at work (Herrbach and Mignonac (2004). Nevertheless, PEP is also linked with negative outcomes since if members interpret the external organisational image as unfavourable, they may experience depression and stress (Dutton et al., 1994), or develop the intention to leave (Mignonac et al., 2006).

A bad image can negatively influence company performance, and the literature provides several examples of the impact on worker attitudes of a poor image. Indeed, corporate reputation is a

fundamental intangible resource which can be created or depleted as a consequence of the decisions to engage in or shy away from social responsibility activities and disclosure (Branco and Rodrigues (2006). Workers themselves often possess incomplete information about their company, so it is important to provide them with the right knowledge about company policies and CSR practices. Social responsibility disclosures may then be used by firms as one of the informational signals upon which stakeholders base their assessments of corporate reputation (Branco and Rodrigues, 2006).

#### 6.2.4 Perceptions of CSR Predicting TI

Ethical fit was found to be significantly related to TI by Sims and Kroeck (1994), who confirmed that the closer respondents' actual ethical climate was to their preferred ethical climate, the greater their OC and the less their TIs. Working in the same field, Schwepker (1999) found that ethical conflict was negatively associated with OC and positively associated with TI. Also, the findings reported by Koh and Boo (2001) suggested that organisational ethics can help to enhance JS, which can in turn reduce absenteeism and turnover. Shafer (2002) hypothesised and got evidence that organisational pressure to engage in unethical behaviour would increase perceived organisational-professional conflict and increase the likelihood of employee turnover. Collectively, these findings suggest that the compatibility of individual and organisational ethical values represents an important determinant of employees' affective responses to their work environment.

Carnahan et al. (2017) have argued that investments in CSR may help to buffer the firm against unwanted employee departures. They found that companies with greater CSR investments are more effective in retaining employees, and suggested that firm investments in CSR may satisfy employees' desires for pro-social impact both by affording them opportunities to engage in service-oriented activities and by allowing them to affiliate with 'good' organisations. Vitaliano (2010) claimed that a firm, already judged to be a desirable employer, can significantly reduce its turnover rate by adopting policies that lead to it being rated as socially responsible. He estimated a model that compared the annual average rise and wages that would be necessary to reduce turnover by the same amount as CSR investments. The conclusion was that labour costs account for half of the entire measured CSR impacts.

Yoo and Chon (2015) investigated how CSR mitigates employee TI, finding that employees are willing to identify with a respectful and socially well-regarded organisation because such an association tends to booster their self-esteem. Hansen et al. (2011), in two studies of healthcare employees, found that employees who perceived their employers to be more socially-responsible were less likely to consider leaving their companies. CSR perceptions were related to decreased TI arising from the trust inspired within employees in their organisations which came from the powerful signals sent by CSR policies.

Therefore, the following hypothesis is proposed:

- H1: Perceptions of CSR practices have a negative relationship with TI

### 6.2.5 Perceptions of CSR Predicting LMX

There has been little theoretical or empirical attention devoted to organisational-level outcomes of LMX differentiation (Henderson et al., 2009) and particularly there are not many studies that explore the influence of CSR perceptions on LMX. Donia et al. (2017) claim their study to be the first on individual level CSR and to empirically explore the effect of CSR on LMX. Employees are likely to trust their supervisors when they perceive a positive ethical climate in which supervisors and managers emphasise ethics, keep their promises, and serve as ethical role models (Mulki et al., 2006). Similarly, Walumbwa et al. (2011) suggested that ethical leaders are likely to influence follower performance by enhancing identification with the group or organisation, and produced results confirming that ethical leadership was indeed positively related to LMX, self-efficacy, and organisational identification. Hansen et al. (2013) argued that subordinates follow strong ethical leaders because they consider them to be credible role models worthy of emulation. Gond et al. (2010) theorised that CSR can influence social exchange dynamics as well as social identification processes within the corporation.

CSR does not seem to be as closely related to LMX, yet Henderson et al. (2009) have examined how organisational context variables are antecedents of LMX, and have identified organisational culture, structure, and human resource practices as influential. CSR is an important aspect of organisational culture and values, and therefore could have the power to influence individual-level attitudes and behaviours. Mallory and Rupp (2015) have suggested there is reason to expect that CSR may engender greater fluidity of employee-perceived LMX, which is positioned to act as an antecedent to LMX formation, because CSR offers employees an opportunity to witness and interact with leaders in a way that may enhance leader-directed justice perspectives, further impacting upon employee LMX perceptions. Donia et al. (2017) argue that employees' evaluation of their organisations' CSR initiatives affects the sense of justice they experience from their leaders, and additionally also posit that employees' social exchange response, emotional response, and felt justice is influenced by a mixture of their own received treatment and how their co-workers and external actors are observed as being treated.

Roeck and Delobbe (2012) claimed that CSR sends important signals about an organisation's ethical stance and moral values. Mallory and Rupp (2015) posited that organisational leadership has the potential to hold a great deal of accountability with regard to CSR, and thus leaders, at multiple points in the organisational hierarchy, can influence LMX quality through their CSR-related actions. These

scholars also argued that when leaders are positioned as the focal drivers of CSR initiatives and messages, resultant CSR perceptions are not only attributed to the organisation but also to the leader.

With a focus on empirical research, Donia et al. (2017) considered employees' attributions of their organisations' CSR initiatives to fall into two distinctive groups: substantive (perceived to be other-serving and genuinely aimed at supporting the common good) and symbolic (perceived as self-serving and performed primarily for reputation and profit enhancement motives). The authors found that the relationship between CSR and LMX was positive only when CSR was attributed as substantive. People who perceive their organisations' CSR initiatives as more substantive tend to report having a better LMX relationship with their manager (Donia et al., 2017).

Therefore, the following hypothesis is proposed:

- H2: Perceptions of CSR practices have a positive relationship with LMX

### 6.2.6 LMX Predicting TI

Turnover experts have asserted that supervision plays a meaningful role in employee turnover decisions, but empirical investigation documenting these relations has lagged (Morrow et al., 2005). That said, meta-analytic findings indicate the quality of LMX to be negatively related to intended turnover and actual turnover (Morrow et al., 2005).

Researchers have suggested that the relationship quality an employee shares with immediate supervisors plays a pivotal role in fostering engagement (Agarwal et al., 2012). When employees receive support and care from immediate supervisors, they reciprocate by dedicating efforts to accomplish tasks (Agarwal et al., 2012); and when they understand the objectives and goals of their manager they are better able to ensure that their actions are aligned to what will be rewarded and value (Tymon et al., 2011).

Achieving good relations between supervisors and subordinates helps to embed employees within organisations, and thereby provides a disincentive for employees to quit (Morrow et al., 2005). Tymon et al. (2011) suggested that more attention should be placed on helping managers in a way that allows them to build strong personal connections with their people. According to Morrow et al. (2005) organisations have sought to improve the quality of LMX as a strategy for reducing turnover. They also observed that poor LMX could have several possible causes (poor management skills of the supervisor, lack of person-supervisor fit, the time of relationship, the nature of the work) and that it is generally recognised as a determinant of voluntary turnover.

Considering that research in mentoring, LMX, and turnover areas suggests that support may influence turnover decisions through its effect upon normative obligations and through distinct supervisor-level support effects (Maertz et al., 2007). Furthermore, evidence from practitioner circles and research

strongly indicates that immediate managers play a major role in employee turnover decisions (Maertz et al., 2007), and consequently, the following hypothesis is proposed:

- H3: LMX have a negative relationship with TI

### 6.2.7 PEP as a Moderator of Employees' Responses to CSR

There is also an increased awareness that unethical behaviours, even when they are legal, can damage company image and reputation, resulting in employee turnover (Mulki et al., 2006).

Roeck and Delobbe (2012) suggested that CSR initiatives can reflect a positive organisational image that enhances employees' pride and willingness to be associated with such a reputable establishment. Research has also suggested the existence of an association between PEP and CSR (Branco and Rodrigues, 2006). CSR research has distinguished between alternative motivations for engaging in responsible activities and practices, especially between instrumental approaches to CSR whereby organisations seek to benefit from responsible conduct, and altruistic motivations for CSR in which there are no anticipated benefits (Brammer et al., 2015). Some organisations try to countervail their bad and unrespectable perceptions, through CSR which promotes good and acceptable images (Yoo and Chon, 2015).

However, employees form PEP through outside information sources such as reference groups, word of mouth, publicity, and internal communication about how non-company employed persons perceive the firm (Kim et al., 2010). Using these sources, employees formulate their perceptions of CSR and evaluate organisational intentions and social values, determining whether they are congruent with their personal objectives and values. Employees who perceive CSR to be insubstantive or inauthentic might be negatively influenced in their perceptions of values fit with the organisation (Glavas, 2016). Indeed, Maon et al. (2019) note that investing in CSR initiatives that employees are likely to attribute to self-serving corporate motives might harm the employee–organisation exchange relationship and subsequent work outcomes.

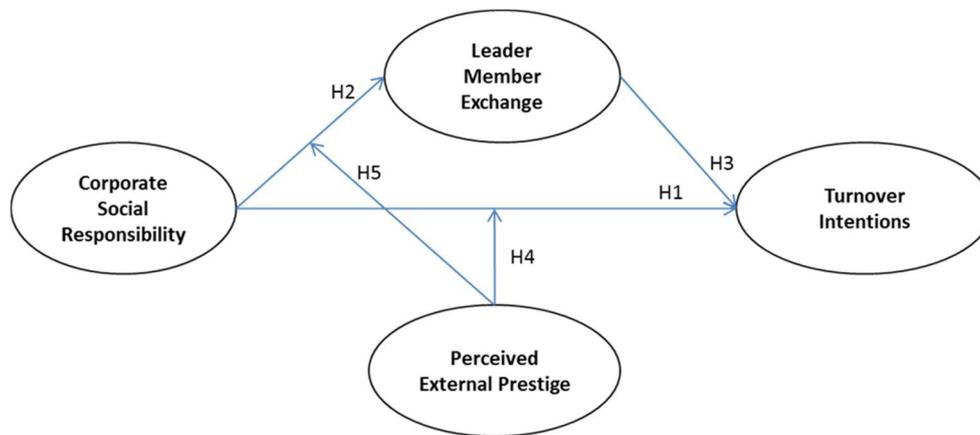
Considering these facts, was hypothesised that where employees perceive firms' CSR to be significantly higher than PEP (bad company image situation), they will interpret such CSR as being instrumentally motivated or symbolic. In such circumstances, CSR will have a significantly reduced effect on TI compared with circumstances in which CSR and PEP are approximately equal or where PEP is higher than CSR (good company image situation), altruism-motivated or substantive.

Therefore, the following hypotheses are proposed:

- H4: PEP moderates the relationship between CSR and TI, such that CSR more negatively influences TI when PEP is weaker rather than strong (bad company image situation)

- H5: PEP moderates the relationship between CSR and LMX, such that when PEP is weaker rather than strong (bad company image situation) the reactions to CSR are more significant.

The five hypotheses are summarised as a theoretical framework in Figure 14.



**Figure 14 - Conceptual model**

## 6.3 Method

### 6.3.1 Sample and Data Collection

The research hypotheses were tested via a sample of 315 valid responses (real response rate of 11.25%) to a questionnaire survey. This final sample of 315 Individuals (57% male) were on average 40 years old, and had an average tenure of 13 years in a wide range of jobs (e.g., back office staff, sales persons, bank clerks, assistants, marketers, managers), and 82% held a bachelor's degree or higher. Respondents came from services (23.5%), industry (56.5%) and trade (20%), and in respect of the size of organisations 42.1% were small (less than 50 employees), 42.3% were medium (between 51 and 250 employees) and 15.6% were large (more than 250 employees). These characteristics are similar to those of the European population, thereby meaning that the results can be generalised within this particular context.

### 6.3.2 Measures

A quantitative cross-sectional study based on a survey with closed questions was used as an online questionnaire. Variables were operationalised through scales reported in the literature, and respondents were asked to indicate their level of agreement with sentences on a five-point Likert scale (1 - Totally disagree to 5 – Totally agree).

The following measures were used:

CSR trying to capture organisational practices in respect of several stakeholders was analysed by the twenty-item scale adapted from Turker (2009). In this framework, CSR practices were measured using 20 questions sub-divided into four dimensions: Social and non-social stakeholders (CSR1), Employees (CSR2), Customers (CSR3), and Government (CSR4). All dimensions revealed good levels of reliability (CSR1  $\alpha$  (Cronbach alpha coefficient) =0.87, e.g., “Our company implements special programmes to minimise its negative impact on the natural environment”; CSR2  $\alpha$ =0.89, e.g., “The management of our company is primarily concerned with employees’ needs and wants”; CSR3  $\alpha$ =0.76, e.g., “Our company provides full and accurate information about its products to its customers”; CSR4  $\alpha$ =0.89, e.g., “Our company always pays its taxes on a regular and continuing basis”). This four-dimensional structure of CSR will enable the testing of Hypotheses H1 and H2, since it enabled us to gather the particular aspects of the responsibilities of a business to various stakeholders, and the evaluation of them by workers.

LMX quality refers to the quality of the interpersonal exchange relationship between an employee and his/her supervisor (Graen and Uhl-Bien, 1995). LMX differentiation is as a process by which a leader, through engaging in differing types of exchange patterns with subordinates, forms different quality exchange relationships (Henderson et al., 2009). Trying to understand workers’ satisfaction with the supervisor-subordinate relationship was measured with seven items coming from the instrument devised by Graen and Uhl-Bien (1995). The scale revealed good reliability ( $\alpha$ =0.91; e.g., “My supervisor understands my work problems and needs”).

TI was conceived to be a conscious and deliberate willfulness to leave the organisation, and this is often measured with reference to a specific interval (e.g., within the next 6 months) (Meyer and Tett, 1993). TI has emerged as the strongest precursor to turnover and there is a large body of research confirming the linkage between TI and the actual behaviour of leaving (Joo, 2010; Agarwal et al., 2012). TI was then measured using a scale from Bishop et al. (2002) with three items. This scale also revealed good reliability ( $\alpha$ =0.92; e.g., “If I could, I would get another job with another organisation”).

The related construct of PEP (Mael and Ashforth, 1992) has been specially introduced to assess employees’ beliefs about how outsiders judge the status and image of their organisation (Mignoac et al., 2006). In order to measure this particular construct, three items from the scale devised by Mael and Ashforth (1992), and two items from the scale of Kim et al. (2010) were adopted to produce a 5-item scale (e.g., “My company is considered as one of the best in the society”;  $\alpha$ =0.88).

Socio-demographic variables were also collected to ensure consistency in results and to validate the quality of answers. The respondents were asked a set of demographic questions relating to: gender, age, function, seniority, and school level.

To gather data, and to do so conveniently, a database of 2,800 email contacts of Portuguese organisations was used. Each contact was sent an email explaining the research objectives, the importance of the study, and its nature. Confidentiality and anonymity were assured. A link was also provided to access the online questionnaire. The email was delivered to the various respondents between 19 March and 19 August 2013.

## 6.4 Results

### Descriptive Statistics

Table 11 presents the means, standard deviations, Cronbach's alpha coefficients and correlations of all key variables. In general, all variables were seen to correlate positively, except for TI which correlated negatively with the other variables.

	M	SD	1	2	3	4	5	6	7
1. CSR1	3.57	0.85	(0.87)						
2. CSR2	3.83	0.75	0.60**	(0.89)					
3. CSR3	4.46	0.58	0.38**	0.65**	(0.76)				
4. CSR4	4.64	0.63	0.33**	0.47**	0.52**	(0.89)			
5. LMX	4.07	0.62	0.26**	0.45**	0.31**	0.29**	(0.91)		
6. TI	2.00	1.02	-0.40**	-0.57**	-0.50**	-0.43**	-0.41**	(0.92)	
7. PEP	4.05	0.63	0.57**	0.52**	0.40**	0.45**	0.40**	-0.35**	(0.86)

Note: Five Point Scale: \* $p < 0.05$ ; \*\* $p < 0.01$  two-tailed; Cronbach-alphas in parentheses;

**Table 11 - Means, standard deviations, Cronbach's alpha coefficients and correlations**

### Hypotheses Testing

The statistic software IBM SPSS Statistics 20.0 was used to generate descriptive statistics, correlations, and CFA. AMOS 20.0 was used to perform CFA, and SEM.

A CFA for the model including all seven variables was conducted. The fit indices (e.g.,  $\chi^2/df = 2.635$ , RFI=0.806, CFI=0.881, NFI= 0.823, TLI= 0.869, RMSEA = 0.073) were considered unsatisfactory. By analysing the standardised residuals and modification indices for the sources of misspecification, nine items were removed and a well-fitting 27-item model with seven dimensions emerged (e.g.  $\chi^2/df = 1.855$ , RFI=0.896, CFI=0.956, NFI= 0.910, TLI= 0.949, RMSEA = 0.052).

All factor loadings and AVE values for latent construct variables (i.e., CSR, LMX and TI) were above recommended cut-off levels (i.e., AVE above 0.5; see Maroco, 2010) providing initial evidence of

valid measurement models (see Table 12). The AVE value for each variable was greater than the square of the correlation between each variable and all other variables in its respective measurement model, providing additional evidence of validity (Fornell and Larcker, 1981).

Due to the cross-sectional nature of this study, it was important to ensure that the data did not suffer from common method variance. To minimise this risk, some procedural methods and statistical controls as proposed by Podsakoff et al. (2003) were used: respondents were guaranteed anonymity and confidentiality, were told that there were no right or wrong answers, and there was randomness in the ordering of the multiple items. Harman's single factor test (Podsakoff and Organ, 1986) was performed. The single factor model also did not fit the data satisfactorily (e.g.  $\chi^2/df = 7.791$ , RFI=0.434, CFI=0.499, NFI= 0.466, TLI= 0.468, RMSEA = 0.14). The results from the principal component factor analysis extracted seven components explaining 70.72% of the variance. One component did not explain the majority of the variance, which indicates there were no issues with common method variance.

**Table 12 - Measurement model: AVE and factor loadings)**

Latent Construct	AVE	Reliability	Items	N=315 Loadings	Latent Construct	AVE	Reliability	Items	N=315 Loadings
CSR1	0.723	0.868	RS2	0.872	PEP	0.796	0.863	PEP3	0.821
			RS3	0.832				PEP4	0.923
			RS4	0.898				PEP5	0.929
			RS6	0.794				LMX2	0.823
CSR2	0.788	0.865	RS9	0.910	LMX	0.694	0.910	LMX3	0.693
			RS10	0.872				LMX4	0.830
			RS12	0.881				LMX5	0.871
			RS13	0.738				LMX6	0.894
CSR3	0.676	0.755	RS14	0.640	TI	0.807	0.918	LMX7	0.873
			RS16	0.776				TI1	0.867
CSR4	0.728	0.888	RS17	0.813	TI	0.807	0.918	TI2	0.896
			RS18	0.792				TI3	0.908
			RS19	0.860				TI4	0.922

To test hypothesised structural model Baron and Kenny (1986) general procedure for mediation testing was followed. To accomplish this, three models were compared. The baseline model (i.e., the direct effect of CSR perceptions on TI) was compared with a full mediation model (i.e., a model with only an indirect effect of CSR on TI through LMX), and with a partial mediation model (i.e., a model with both direct and indirect effects).

**Table 13 - Fit indices for baseline, fully mediated, and partially mediated models**

	$\chi^2$	df	$\chi^2/df$	RMSEA	RFI	CFI	NFI	TLI	$\Delta\chi^2$
Baseline Model	239.178	125	1.913	0.054	0.925	0.969	0.939	0.963	
Fully Mediated Model	536.839	241	2.228	0.063	0.886	0.942	0.901	0.934	
Partially Mediated Model	434.132	237	1.832	0.051	0.906	0.962	0.920	0.955	102.707***

N = 315,  $\Delta\chi^2$  from fully mediated to partially mediated model:  $p < 0.001$   $\chi^2/df$  the minimum discrepancy divided by its degrees of freedom; RMSEA -Root-mean-square error of Approximation, RFI – Relative Fit Index, CFI – Confirmatory fit index, NFI – Normed fit index, TLI –Non-Normed Fit Index

**Table 14 - Hypothesis analysis**

Hypothesis				Baseline	Fully Mediated	Partially Mediated
H11	TI	<---	CSR1	-0.102	N/A	-0.101
H12	TI	<---	CSR2	-0.288**	N/A	-0.201*
H13	TI	<---	CSR3	-0.249*	N/A	-0.246*
H14	TI	<---	CSR4	-0.153*	N/A	-0.132*
H21	LMX	<---	CSR1	N/A	0.009	0.006
H22	LMX	<---	CSR2	N/A	0.422***	0.415***
H23	LMX	<---	CSR3	N/A	0.030	0.017
H24	LMX	<---	CSR4	N/A	0.114	0.108
H3	TI	<---	LMX	N/A	-0.502***	-0.206***

\* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

The baseline model was first examined, providing initial support for Hypothesis 1, standardised regression estimates were significant and in the expected direction (see Table 14). The baseline model provided a good fit with the data (see Table 13):  $\chi^2/df = 1.913$ , RMSEA=0.054; RFI=0.925; CFI=0.969 ; NFI=0.939 ; and TLI=0.963.

The fit indices for the fully and partially-mediated models were examined after. The fully-mediated structural model did not show a better fit with the data than the baseline model (see Table 13), but standardised regression coefficients were significant and in the expected direction. The fit indices RMSEA and RFI were:  $\chi^2/df = 2.228$ , RMSEA=0.063; RFI=0.886; CFI=0.942; NFI=0.901; and TLI=0.934.

Finally, the hypothesised partially-mediated structural model was examined, and compared to the fully-mediated model findings. Providing additional support for Hypothesis 1, in the partially-

mediated structural model, standardised regression coefficients were significant and in the expected direction (see Table 14). And providing initial support for Hypotheses 2 and 3, the results of SEM analysis (see Table 13) offered evidence of a better fit with the data from the partially-mediated model than for either the fully-mediated model or the baseline model, suggesting partial trust mediation as the best-fitting alternative:  $\chi^2/df = 1.832$ , RMSEA=0.051; RFI=0.906; CFI=0.962; NFI=0.920; and TLI=0.955).

Seeking additional support for Hypotheses 2 and 3 (partial trust mediation), a chi-square difference ( $\Delta\chi^2$ ) test comparing the fit of the partially-mediated model with the fully-mediated model was performed. The chi-square difference tests ( $\Delta\chi^2$ ) (Maroco, 2010) showed (see Table 13) that the partially-mediated model fit the data significantly better than the fully-mediated model ( $\Delta\chi^2 = 102.707$ ,  $p < 0.001$ ,  $N = 315$ ).

Comparing the baseline model with the partially-mediated structural model, the intensity of the relationships between the independent variable (CSR) and dependent variable (TI) reduces. Taken together, the findings suggest that perceptions of CSR foster LMX and subsequently employee desire to leave. In sum, the results provided evidence in support of partial trust mediation. That is, they supported both indirect and direct outcomes on TI of CSR perceptions.

A multi-group analysis was then performed to identify the differences between workers who show different sensibility to PEP. The cut point was 4 or less in the 5-point Likert scale used to measure PEP. So, the first group, those who have a low company image was composed of 179 workers, while the second group, those who have a high image was composed of 136 workers. The model showed a good fit (e.g.,  $\chi^2/df = 1.557$ , RFI=0.837, CFI=0.944, NFI= 0.860, TLI= 0.935, RMSEA = 0.042. The following table presents the final results.

**Table 15 - Hypothesis analysis**

Hypothesis	Global (n=315)			Low PEP (n=179)			High PEP (n=136)			Sup/Not. Sup	
	SRW	C.R.	P	SRW	C.R.	P	SRW	C.R.	P		
H11 TI <---	CSR1	-0.101	-1.446	0.148	-0.170	-1.951	0.051	-0.034	-0.325	0.745	Not supported
H12 TI <---	CSR2	-0.201	-2.044	*	-0.103	-0.818	0.413	-0.268	-1.888	0.059	Partially supported
H13 TI <---	CSR3	-0.246	-2.319	*	-0.337	-2.373	*	-0.152	0.994	0.320	Partially supported
H14 TI <---	CSR4	-0.132	-2.156	*	-0.137	-1.543	0.123	-0.087	-1.048	0.2954	Partially supported
H21 LMX <---	CSR1	0.006	0.073	0.942	0.022	0.198	0.843	-0.146	-1.326	0.185	Not supported
H22 LMX <---	CSR2	0.415	3.664	***	0.496	3.182	**	0.356	2.410	*	Supported
H23 LMX <---	CSR3	0.017	0.140	0.889	-0.260	-1.496	0.135	0.247	1.546	0.122	Not supported
H24 LMX <---	CSR4	0.108	1.519	0.129	0.234	1.108	*	0.000	0.003	0.997	Partially supported
H3 TI <---	LMX	-0.206	-3.700	***	-0.227	-3.223	**	-0.190	-1.919	0.055	Partially supported

\* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

Analysing results (see Table 15), it is possible to regard that there is a negative relationship between CSR perceptions and TI. This relationship was found to be significant in all CSR dimensions except in respect of the customer dimension of CSR. The social and non-social stakeholder, employees, and government dimensions are seen to have a significant relationship with TI. However, when the analysis between groups was made, the results showed to be the opposite. The group with a bad company image seemed to be more sensitive to CSR practices (CSR3 is significant and CSR1 is very close to  $p < 0,05$  significance level with  $p = 0,051$ ). In this group CSR3 had a negative relationship with TI. In the group with a good company image there were no CSR dimensions with a significant relationship with TI. Consequently, Hypothesis H1 is partially supported, and Hypothesis H4 is supported.

There is a positive relationship between CSR perceptions and LMX, but the only significant dimension is the employee dimension. When the analysis between groups was made, the results showed to be different. The group with the bad company image seemed to be more sensitive to CSR practices (CSR2 and CSR4 are significant). In respect of the group with a good image this relationship does not seem so strong; only CSR2 is significant. Consequently, Hypothesis H2 is only partially supported, and Hypothesis H5 is supported.

A significant negative relationship between LMX and TI was found. However, when the analysis between groups was made, the results showed to be different, being significant in the bad company image group, and not significant in the other. Consequently, Hypothesis H3 is only partially supported.

The findings show that perceptions of CSR predict TI through a social exchange process in which there is a mediating role of LMX. From the data differences between groups were found suggesting that PEP moderates the relationship between TI and its determinants.

In analysing the differences between groups, it is important to remember that in general, workers who have a bad image of the company are more influenced by CSR practices.

## **6.5 Conclusions, contributions and limitations**

The findings suggest that employee perceptions about CSR responsibilities are important and affect TI. The results of the tested hypotheses showed that employees are aware when corporations promote social responsibility practices and value these aspects: in these circumstances they reported a direct influence upon TI (even if the significance of all CSRs was not obtained) and an indirect influence through the mediating mechanism (LMX).

These findings are naturally positive and the hypothesised links are consistent with the literature. CSR can be an effective way for firms to maintain a positive relationship with their employees (Kim et al., 2010) and CSR is indeed important to employees (Hansen et al., 2011). TI is negatively influenced by perceptions of CSR practices (Vitaliano, 2010; Hansen et al., 2011; Yoo and Chon, 2015; Carnahan et al., 2017). A worker who perceives that the organisation cares for CSR issues appears to be less likely to consider leaving the firm. CSR investments allow employees to feel that they are affiliated with 'good' organisations, and these employees may thus be less likely to make career changes (Carnahan et al., 2017).

Regarding the moderating effect of PEP, and the differences between the results in the two groups, it was interesting to confirm Hypothesis H4 to the effect that PEP moderates the relationship between CSR and TI, and the negative influence of CSR on TI in the group with the bad company image. This fact highlights the importance of PEP and indicates that workers are sensitive to organisational reputation. The firm's reputation as being trustworthy makes it easier to retain better workers, thus reducing labour turnover (Vitaliano, 2010) but employees are more responsive to their leaders' expectations when they believe the leadership of the organisation to be genuinely concerned with addressing societal needs and to be driven by substantive rather than symbolic CSR (Donia et al., 2017).

Given the association that emerged between CSR and PEP, it is important to ensure that employees are among the stakeholders included in corporate communication about CSR activities (Kim et al., 2010). The findings suggested the importance of organisations communicating their reasons to their employees for engaging in a particular CSR initiative and the extent of their commitment to the cause (Donia et al., 2017) to avoid risk of employees perceiving CSR as 'greenwash' and not substantive CSR.

Concerning social exchange, the findings suggested that the relationship between CSR and TI was mediated by LMX. Was concluded that LMX is positively influenced by perceptions of CSR practices (Donia et al., 2017); that is to say that individuals appear to establish better relations with their leaders (with more confidence, understanding, trust and help) when working for socially-responsible organisations. CSR values and actions among an organisation's top leadership may set in place a chain reaction of social exchange that may strengthen employees' perceived ties to leaders at multiple organisational levels (Mallory and Rupp (2015). And because TI is negatively influenced by LMX (Morrow et al., 2005; Maertz et al., 2007), a worker who perceives that the organisation cares for CSR issues appears to experience better relations with his/her supervisor and therefore, will also be less likely to leave.

Regarding the moderation effect of PEP, and the differences between the results in the two groups, it was interesting to confirm Hypothesis H5 that PEP moderates the relationship between CSR and the

social exchange process in organisations, such that when PEP is weaker, the reactions to CSR are more significant. This fact seems to induce a slight indifference among workers to CSR when corporate image is acceptable or good, but not when workers possess a bad company image. When employees attribute CSR as symbolic, they may be more judicious in their responses to leader requests, not exceeding expectations, and thus be more likely to have low-quality LMX relationships with their leaders (Donia et al., 2017). They seem to react more strongly to CSR when corporate image is weaker, but this brings the problem that they may feel like the victims of an unbalanced social exchange and try to restore the balance by showing less concern for the organisation's well-being, ultimately leaving.

### **Theoretical Contributions**

Two major contributions are made by this study. The first relates to the identification of the influence of CSR practices on workers' TI through a social exchange process that involves LMX. Brammer et al. (2015) suggested that future research should move toward a better and more complete understanding of the outcomes of CSR by examining the 'black box' concealing the way in which CSR affects organisational outcomes. They encouraged efforts to examine simultaneously, different psychological mechanisms like social exchange. This research has responded to this call and provided evidence about the importance of social exchange in the relationship between CSR and employee turnover.

The second contribution relates to the introduction of the role of PEP as a moderating variable. In literature, studies of PEP in the relationship between CSR and TI are scarce. This dimension has been investigated more as a mediator between CSR and other employee outcomes like: commitment, identification, JS, motivation, morale, and loyalty, among others. Specifically, in this study, theoretical integration has allowed for the clear identification of PEP as a moderating mechanism in the link between CSR practices and TI.

### **Implications for Management**

Research outcomes suggest that organisations should consider their CSR policy as strategic in their activities. By showing that the perceptions of CSR predict TI, either directly or through the mediating role of LMX, this study provides practitioners with strategies to guarantee good results at the individual level and, consequently, at the organisational level. Retaining the best professional talent is of great practical significance to organisations as it eliminates the recruiting, selection, and onboarding costs of their replacement and maintains continuity in their areas of expertise (Tymon et al.,

2011). The research has also highlighted the importance of PEP and the strategic importance of maintaining or achieving a good corporate image.

The conclusion arrived at by Hansen et al. (2011) was reinforced, that if CSR is important to employees, then it should also be important to employers. By fostering CSR practices, the investment can pay off internally. Hence, managers could expect good outcomes for the internal stakeholders. Companies should conduct programmes to train supervisors to treat subordinates fairly and politely, and improve supervisory and interpersonal skills (Agarwal et al., 2012). A supportive supervisor may be able to cover for the shortcomings of organisational policies and top management decisions that seem unsupportive, thereby preventing turnover from increasing (Maertz et al, 2007).

Organisations need to focus on improving the quality of their leader-follower relationships (Gian et al., 2014). CSR does contribute strongly to the solidification of the social exchanges that occur between organisations and workers. It can, therefore, contribute to a virtuous circle of better work relations, and less turnover.

However, for CSR to have meaningful and desirable impacts on workers, those workers must have full knowledge of their companies' CSR activities (Brammer et al., 2015). Organisations should strive to develop cultures in which employees support one another actively by enhancing communication between supervisors and employees (Agarwal et al., 2012). Also, given the strategic importance of PEP, it is important for managers to invest in disclosure. In this connection, there are various media, including advertisements, promotions, newsletters, and sustainability CSR reports, that can help deliver a positive company image to employees (Kim et al., 2010). Managers should invest in CSR and its proper communication at the lower level to improve employees' perception of CSR for sustainable development (John et al., 2019). However managers might need to limit their communication of value-driven motives to avoid giving employees the impression that the organisation is pursuing social performance at the expense of its financial health (Maon et al., 2019).

### **Limitations and Recommendations**

One important limitation of this research is the cross-sectional nature of the gathered data that limited the ability to test for causation. Other causal links besides those proposed would also be possible; e.g., workers who have less TI could have higher perceptions of CSR practices.

There are also countless variables connected with jobs, organisations, and individuals that influence TI besides CSR, and supervisory relationships that are not included in this model, like the nature of work, JS, OC, economic conditions, work management practices, and demographic factors other than those already considered.

As for recommendations for future work, was considered that studying individual differences between workers could be an important area for research. The moderating effect of socio-demographic individual characteristics, as well as moral identity and cultural values, could bring new conclusions and valuable knowledge for researchers and management. It could also be suggested new approaches to the methodology for studying workers' predispositions to be influenced by CSR. Additionally, future investigations using longitudinal research designs could play an important role in clarifying how employees' CSR perceptions and their effects on work attitudes change over time.

Despite the limitations identified, the study confidently suggests that individuals are affected by CSR practices and by PEP, and that both these variables are important in preventing negative worker behaviours like TI.

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# CHAPTER VII – PAPER 4 - IMPACT OF CSR PERCEPTIONS ON WORKERS' INNOVATIVE BEHAVIOUR: EXPLORING THE SOCIAL EXCHANGE PROCESS AND THE ROLE OF PERCEIVED EXTERNAL PRESTIGE

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## Abstract

*The study aims to show how organisational Corporate Social Responsibility (CSR) can influence workers' attitudes, especially in terms of Innovative Behaviour (IB). A second aim is to explore the social exchange process that may underlie this relationship, by examining the mediating role of Organisational Trust (OT), Affective Commitment (AC) and Happiness (HAP), and the moderating role of Perceived External Prestige (PEP). The authors employ structural equation modelling based on survey data obtained from 315 Portuguese individuals. The findings show that perceptions of CSR predict IB through a social exchange process which involves the mediating role of OT, AC and HAP and the moderating process of PEP. They suggest that managers should implement CSR practices because these can contribute towards fostering IB, but that they should also invest in communication and in the process of upgrading corporate image. This study enriches the existing knowledge about social exchange relationships in organisational contexts, and responds to the need to understand underlying mechanisms linking CSR with workers' organisational outcomes, by analysing CSR practices from a holistic stakeholder perspective.*

**Keywords:** Corporate Social Responsibility, affective commitment, happiness, perceived external prestige, social exchange, trust

## 7.1 Introduction

In business organisations, the importance attributed to issues of ethics and social responsibility has been increasing. The pressures to consider the social and environmental impact of business operations have been growing steadily over the past four decades (Branco and Delgado, 2011). Corporate Social Responsibility (CSR) is an increasingly important topic for organisations (Glavas, 2016), and is becoming a part of companies' discussion in the search for a greater value and competitiveness (Rexhepi et al., 2013). Numerous conceptual articles have been published in major newspapers and trade magazines and now CSR is one of the most prominent concepts in the literature (Turker, 2009b).

Scholars have studied firms' social concerns for many decades; however, it is only recently that interest in CSR has become more widespread (Aguinis and Glavas, 2012). At an academic level, a

growing number of researchers have studied the relationships between CSR and several strategic areas of business such as: financial performance, the influence on consumers, the attraction for investors, and the impact on government relations. Corporate marketing scholars have examined how CSR initiatives help firms develop positive ethical identities and/or relationships with key stakeholders (Hansen et al., 2011).

Issues related to ethics and CSR are still today understood by most managers as purely voluntary and are not globally integrated within a systematic management process in organisations. The topic has remained a low priority for most business managers and owners (Branco and Delgado, 2011), and the question can be asked as to whether companies need to change this policy. The answer to this question seems to be positive. In the review by Aguinis and Glavas (2012) concerning what was known about CSR, systematic positive relationships were found with firm reputation, consumer evaluation, customer choice, customer loyalty, moral capital, competitive advantage, attractiveness to investors, operational efficiencies, product quality, perceived quality of management, employers' positive attitudes, and financial performance, among others. However, more research is needed to understand how CSR influences employees (Glavas, 2016)

Scholars have argued that stakeholders' perceptions, attitudes and behaviours act as a mediating process in the relationship between an organisation's societal and financial performance (Roeck and Delobbe, 2012). Inside organisations, workers are one of the main stakeholder groups. They possess, to a greater or lesser extent, three characteristics which validate their role, namely: legitimacy, urgency, and power (Rodrigo and Arenas, 2008) and they can contribute highly to organisational performance or failure. Because of this, a strategic alignment between the goals of business and workers goals is desirable. Assuming that an organisation's CSR practices have the power to influence workers' behaviour, managers need to understand employees' responses, so it is important to better appreciate the underlying mechanisms between CSR practices and those responses.

Because enterprises are facing pressure to innovate and improve the efficiency and effectiveness of their business (Wenhua, 2011), and although developing the IB of employees is considered to contribute to improving organisational efficiency and effectiveness, very little is known about IB (Xerri, 2013). Hence, it is necessary to explore the issue of why and how the more committed and satisfied worker becomes the more innovative one. This implies an investigation of the conditions which underpin such trust within the organisation on the part of the worker.

Such exploration is pertinent since it is known that the IB of individuals represents the foundation of any high-performance organisation (Carmelli et al., 2006), contributes to maximise organisational efficiency and effectiveness (Xerri, 2013), and is essential to the development of organisational innovation (Montani et al., 2017). However, while there is a growing body of literature about IB and its importance in the workplace (Xerri, 2013), the link between CSR and IB is largely unexplored and

many questions are still to be answered. In this respect, Glavas (2016) poses the question of: “Why, how, and when does CSR lead to the unleashing of creative potential?” Only a few studies have examined the organisational factors required to develop an environment that fosters IB (Xerri, 2013), and little research addresses the issue of how CSR affects employee creativity (Brammer et al., 2015). CSR initiatives can reflect a positive organisational image that subsequently enhances employees’ pride and willingness to be associated with the organisation as a reputable entity (Roeck and Delobbe, 2012); moreover, firms with a good social responsibility reputation are also likely to generate increased motivation, morale, AC and loyalty among current employees (Branco and Rodrigues, 2006). However, according to Kim et al. (2010), the role of reflected evaluation (‘construed image’ or ‘PEP’) has not been addressed in CSR studies and it would be helpful to consider whether employees identify primarily through self-evaluation of CSR initiatives or through reflected evaluation of them. Therefore, in this study was explored the role of PEP as a moderator on the influence of CSR on workers’ behaviour.

The objective of this study is, therefore, to determine the potential influence of the presence of CSR practices in the workplace, on workers’ attitudes, particularly in respect of IB. The study intends to evaluate the importance attached by employees to issues of CSR, to determine whether the CSR practices are influential upon workers’ IB, and to identify which types of social exchange can act as mediators and moderators in this link. Specifically, was considered OT, AC, and HAP. The data to establish whether the impact of CSR practices on employees is conditioned by their PEP was also analysed; that is to say, whether CSR only contributes to IB when employees perceive that companies have a good image.

The investigation uses cross-sectional data obtained from a sample of private sector workers. Data collection is based on a structured questionnaire, and structural equations modelling is employed to test the proposed model. A multi-group analysis is performed to test the effects of PEP.

## **7.2 Research background and hypothesis development**

### **7.2.1 Theoretical Framework**

CSR is related to complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, suppliers and consumers (Branco and Rodrigues, 2006). CSR is also the concept most widely used to address relationships between business and society relations (Branco and Rodrigues, 2006).

The growing body of literature in the field provides various definitions of CSR (Turker, 2009b). Carroll (1979) defined social responsibility through a model with four components: economic, legal, ethical, and discretionary. To meet their obligation in regard of each of these four components, companies must be productive and profitable, by respecting not only the legal and regulatory requirements, but also unwritten codes, standards and societal values, and must go beyond that by actively contributing towards solving social problems.

Carroll and Shabana (2010) observe that the idea that business enterprises have some responsibility to society beyond that of making profits for the shareholders has been around for centuries, and they provide an excellent review of the historical background to the development of the business case for CSR. At the same time, however, it is argued by Branco and Rodrigues (2006) that firms engage in CSR because they consider that some kind of competitive advantage accrues to them.

It is pertinent for this study to consider the European Commission's (2011) definition of CSR, which is "the responsibility of enterprises for their impacts on society". In this connection, respect for applicable legislation, and for collective agreements between social partners are pre-requisites if that responsibility is to be met. Further, to fully meet their CSR, enterprises should have a process in place to integrate social, environmental, ethical, human rights, and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.

Among the research studies that have focused on the impact of CSR activities on internal stakeholders, namely employees, there are various efforts that explain these relationships and help us to better understand how CSR can affect worker behaviour. The review by Aguinis and Glavas (2012) that focuses on work attitudes demonstrates that working for socially-responsible companies leads to increased organisational identification, retention, organisational citizenship behaviour, commitment, in-role performance, creative involvement, and also improved employee relations. Nevertheless, Roeck and Delobbe (2012) argue that the underlying mechanisms that drive favourable responses to CSR remain largely unexplored. Workers' psychological responses to CSR still need to be investigated, as also do the reasons explaining why and how they happen.

## 7.2.2 A social exchange approach

Scholars in organisational behaviour have suggested that a better understanding of the real impact of CSR activities on workers' attitudes can be gained by examining the mediating mechanisms involved (Hansen et al., 2011), and this requires a focus on the nature of the relationships that workers establish with organisations.

In this respect, it is noted that employees are consistently involved in exchange relationships with their organisations (Montani et al., 2017), and hence, SET is useful as a model for analysis. Social exchange involves a series of interactions that, over a period of time, generate obligations and liberties between workplace social network members (Xerri, 2013). The theory of social exchange (SET) assumes that individuals' social interactions are driven by rational self-interest, and that individuals will only enter and remain in exchange relationships as long as the costs in such relationships do not outweigh their benefits (Wong et al., 2003) but they tend to be mutually dependent and contingent upon the actions of each entity. This exchange is characterised by co-operation and reciprocity - that is when one part provides a benefit to another party, the act generates an obligation on the part of the latter to reciprocate at some point in the future.

In organisations, social exchanges are particularly important because they can be decisive in respect of organisational and individual performance. They can be used to explain the link between employee perceptions of workplace aspects and their subsequent behaviour. Researchers have shown that the quality of these relationships is highly influential on employee innovation (Baer, 2012). Therefore, the examination of the exchange variables that underlie the relation between CSR and IB may provide an integrative understanding of the specific mechanisms accounting for the way in which job conditions affect employee innovation.

### 7.2.3 Perceived External Prestige

From the literature it is apparent that corporate image plays a role in the relationship between CSR and workers' attitudes. Employee commitment to CSR is a complex and multi-faceted phenomenon that is influenced both by corporate contextual factors and by employee perceptions (Collier and Esteban, 2007). However, companies fail to convince stakeholders, and namely, workers, that they are serious about CSR unless they can demonstrate that their policies consistently achieve the desired social, environmental, and ethical outcomes (Collier and Esteban, 2007). Many companies are realising that having a socially-responsible corporate image is a valuable strategic asset (Kim et al., 2010)

An organisation's PEP or construed image refers to the beliefs held by a member of that organisation concerning what outsiders think of it (Dutton et al., 1994). Hence, PEP is distinguished from organisational reputation, since that refers to outsiders' beliefs about an organisation, whereas the construed external image captures internal members' own assessment of the beliefs held by outsiders about their organisation (Dutton et al., 1994). PEP is, therefore, an indirect means of organisational image-building, since employees establish the image of their organisation through their perception of how outsiders see their firm (Kim et al., 2010). Moreover, employees do pay great attention to CSR initiatives because these societal actions are used by external stakeholders to make character

judgements about the organisation's reputation and, by association, that of its members (Roeck and Delobbe, 2012).

PEP is linked with several positive worker outcomes, for example, if employees believe that outsiders have a positive perception of their company, they are proud of their own affiliation with it (Kim et al., 2010), the more positively employees perceive the external image of their organisation's CSR, the stronger their organisational identification will be (Dutton et al., 1994, Glavas and Godwin, 2012), and the pride employees obtain by working in a respected and prestigious organisation reinforces their self-esteem (Dutton et al., 1994). PEP is also linked with negative outcomes: if members interpret the external organisational image as unfavourable, they may experience depression and stress (Dutton et al., 1994).

It is, therefore, important for managers to cultivate and care for company image and reputation. A bad image can negatively influence company performance, and the literature provides several examples of the impact on worker attitudes of a poor image. Indeed, corporate reputation is a fundamental intangible resource which can be created or depleted as a consequence of the decisions to engage in or shy away from social responsibility activities and disclosure (Branco and Rodrigues (2006). Workers themselves often possess incomplete information about their company, so it is important to provide them with the right knowledge about their companies' policies and CSR practices. Social responsibility disclosures may then be used by firms as one of the informational signals upon which stakeholders base their assessments of corporate reputation (Branco and Rodrigues, 2006).

#### 7.2.4 Perceptions of CSR Predicting IB

Innovation refers to the intentional introduction and application within an organisation, of ideas, processes, products and/or procedures, new to the unit of adoption, and designed to significantly benefit the organisation or wider society (West and Farr, 1989). It consists of various practices, such as opportunity exploration, idea generation, championing, and application (Jong and Kemp, 2003), and is closely related to employee creativity (Jong and Deanne, 2007). IB refers to employee initiatives related to any innovation in the organisation including the generation of new and useful ideas, the communication of ideas and suggestions, and the implementation of ideas (Pundt, 2015). Such behaviours are purely discretionary and not formally recognised by organisational reward systems (Ramamoorthy et al., 2005).

The knowledge about psychology and the nature of IB is two-dimensional. On one hand, the human being is motivated to explore and manipulate the environment in an essentially creative way. On the other, in order to continue with this attitude, the environment needs to be free of threats, and provide the individual with psychological comfort such that s/he feels safe at work (West and Altink, 1996).

Hence, IB may be subject both to internal factors related to the intrinsic individual characteristics, and external factors related to culture or organisational environment.

Numerous surveys and case studies make the argument that companies that are good corporate citizens can attract better talent, and enjoy the benefit of employees, who are more motivated, loyal, and innovative (Glavas and Piderit, 2009). The literature on organisational justice suggests that a procedural justice component may impact upon IB and when employees perceive that their employer has fulfilled his/her obligations, they are more likely to perceive an obligation to engage in discretionary and voluntary behaviours that may be beneficial to the organisation (Ramamoorthy et al., 2005). At the same time, Brammer et al. (2015) suggest that CSR is positively related to outcomes such as employee creativity.

Therefore, the following hypothesis is proposed:

- H1: Perceptions of CSR practices have a positive relationship with IB

### 7.2.5 Perceptions of CSR Predicting OT

As mentioned earlier, social exchanges are of particular importance because they can be decisive to organisational and individual performance. Good quality relationships built on respect and trust are the most important determinants of organisational success (Bello, 2012), and research studies highlight the importance of trust for individual well-being in business environments (Krot and Lewicka, 2012). Those relations can be used to explain the link between employee perceptions of workplace aspects and their subsequent behaviour. In a review of the SET literature, Tekleab and Chiaburu (2011) verified that employees who develop high quality exchanges with their organisations reciprocate by displaying positive attitudes. Social exchange requires trusting others, and thus, feelings of obligation and trust are important drivers of the reciprocation of benefits in the social exchange process (Zapata et al., 2013).

Trust involves one's intention to accept vulnerability to a trustee's actions based on the expectation, or belief, that these actions will be beneficial, favourable, or at least not detrimental to one's interest (Colquitt et al., 2007). Krot and Lewicka (2012) suggest that employees who are treated fairly, perceive their managers as benevolent and, therefore, reliable or trustworthy. Consequently, it can be seen that trust has the power to generate attitudinal and behavioural reciprocation between exchange partners (Tekleab and Chiaburu, 2011). It usually involves a perception of congruency, or the belief that the trustee adheres to a set of principles and values considered as acceptable by the trustor (Roeck and Delobbe, 2012).

Perceived CSR sends important signals to employees about an organisation's ethical stance and moral values, and therefore, the extent to which it can be trusted (Roeck and Delobbe, 2012). CSR may serve

as the basis of presumptive trust (Bauman and Skitka, 2012). Hansen et al. (2011) seem to be the first to have investigated the benefits of CSR initiatives in terms of employees' trust evaluations, and their subsequent behaviour (Roeck and Delobbe, 2012), finding that employee OT partially mediates the relationship between CSR and employee attitudinal and behavioural outcomes. Roeck and Delobbe (2012) find evidence that CSR initiatives can support organisations' efforts to maintain a strong relationship with their employees. Lin (2010) also confirmed that the four dimensions of Corporate Citizenship (economic, legal, ethical, and discretionary) are related to OT and work engagement.

Therefore, the following hypothesis is proposed:

- H2: Perceptions of CSR practices have a positive relationship with OT

### 7.2.6 Perceptions of CSR Predicting AC

OC comprises three factors: a strong belief and the acceptance of the organisation's goals and values; a willingness to exert considerable effort on behalf of the organisation; and a definite desire to maintain organisational membership (Porter et al., 1974). Meyer et al. (2002) refer to a three-component model, which distinguishes three forms of OC (an affective component as an emotional attachment, identification and involvement with the organisation; a continuance component as personal investment and the costs that employees associate with leaving the organisation; and a normative component as the obligation and moral duty to remain in the organisation). They found that the relationships were stronger between AC and a broad range of desirable variables such as attendance and performance (Meyer et al., 2002).

There are several studies that suggest positive relations between CSR and workers' AC (see for example, Peterson, 2004; Brammer et al., 2007; Turker, 2009a; Aguinis and Glavas, 2012). Peterson (2004) found that members are prouder to identify with a respectful and socially well-regarded organisation because such affiliation is supposed to boost their self-esteem; Brammer et al. (2007) on the other hand, examined how external CSR, mainly concerned with organisational reputation, is positively related to OC. And Turker (2009a), also focusing on OC, found that CSR was a significant predictor of such behaviour by social and non-social stakeholders, employees, and customers. In the Portuguese context, Rego et al. (2010) showed that perceptions about Corporate Citizenship predict workers' AC. Individuals develop organisational affective bonds as a way to "pay the debt" they feel for being well treated, respected, and rewarded by their organisations (Rego et al., 2010).

Therefore, the following hypothesis is proposed:

- H3: Perceptions of CSR practices have a positive relationship with AC

### 7.2.7 OT Predicting AC

Two important variables are crucial in improving employee job performance, these being OT and employee commitment (Bello, 2012). Whereas OT represents individuals' confidence and expectations about the actions of their organisations, AT reflects their subsequent involvement with and enthusiasm about, the work assigned to them by the organisation, implying the potential influence of the former upon the latter (Lin, 2010).

OT has been studied in Organisational Behaviour as a mediator between mostly internal organisational antecedents like leadership style and personality, and important consequences such as performance, turnover, and OC (Hansen et al. 2011). As noted earlier, employees who develop high quality exchanges with their organisations reciprocate by displaying positive attitudes, like OT. Those who perceive that the organisation has fulfilled its obligations are more likely to be emotionally attached to it (Tekleab and Chiaburu, 2011).

As a social exchange construct, OT generates attitudinal and behavioural reciprocation to the focal exchange partner (Tekleab and Chiaburu, 2011), employees reciprocate by staying in the organisation, showing more JS and AC. OT also increases employee commitment and productivity (Krot and Lewicka, 2012).

Therefore, the following hypothesis is proposed:

- H4: OT has a positive relationship with AC

### 7.2.8 Perceptions of CSR Predicting HAP

The study of HAP is very important in organisational behaviour. Lyubomirsky et al. (2005) reported that individuals high in subjective well-being are more likely to be evaluated more positively by supervisors, to show superior performance and productivity, and to handle managerial jobs better, and are also less likely to show counterproductive workplace behaviour and job burnout. Studying HAP is valuable for several reasons, being: valuable per se; associated with higher performance and better organisational functioning; and a fundamental ingredient of the "good life and good society" (Rego et al., 2011).

The last decades have witnessed an explosion of research on HAP and subjective well-being (Lyubomirsky and Lepper, 1999; Spagnoli et al., 2012). Research has shown some relationships between OT and well-being (Ashleigh et al., 2012). HAP is a subjective experience: people are happy to the extent that they believe themselves to be happy (Rego et al., 2011). Scholars tend to treat HAP as psychological well-being, a multi-dimensional construct covering several components, including affective well-being, competence, aspiration, autonomy, integrative functioning, and satisfaction

(Rego et al., 2011). Positive emotions produce the tendency to approach rather than to avoid and to prepare the individual to seek out and undertake new goals (Lyubomirsky et al., 2005).

High levels of OT in management enable employees to feel less threatened during organisational changes and exert positive effects on employees' well-being (Russel, 2008). Also stronger feelings of gratitude toward the organisation and its members are evident, and such feelings may increase their well-being (Rego, et al. (2011).

Therefore, the following hypothesis is proposed:

- H5: OT has a positive relationship with HAP

### 7.2.9 AC Predicting IB

Several authors (Eisenberger and Fasolo, 1990; Wenhua, 2011; Xerri and Brunetto, 2013; Montani et al., 2017) have found that IB is positively related to AC. That is to say, a worker who feels an affective attachment will invest in the organisation's success by making more suggestions, participating more in innovative activities, and using his/her intellect to promote organisational innovation.

From a social exchange perspective, employees with strong AC might be expected to invest in creating and applying novel solutions that are intended to improve organisational effectiveness (Montani et al., 2017). Employees who are affectively committed tend to be concerned about the organisation's well-being and are also more inclined to support the organisation's strategic direction by approaching workplace problems innovatively (Xerri and Brunetto, 2013). Likewise, employees who receive pleasurable and challenging job conditions from an organisation also tend to feel a sense of concern for the organisation's well-being through AC, and this in turn, enhances their willingness to engage in behaviours that benefit the organisation (Montani et al., 2017).

Eisenberger and Fasolo (1990) found that employees' general perception of being valued and cared for by their organisations was positively related to AC, and to their efforts to innovate on behalf of them. In a focus on individual workers' psychological outcomes, Wenhua (2011) found that a significantly positive correlation exists between AC and IB, with the former having a strong positive effect on the latter. Similar results were obtained by Xerri and Brunetto (2013) who found IB to be positively related to AC.

Therefore, the following hypothesis is proposed:

- H6: AC has a positive relationship with IB

### 7.2.10 HAP Predicting IB

Russel (2008) reported a positive relationship between subjective well-being and a successful working life (with positive effect on JS, work performance, greater customer satisfaction and loyalty, greater

profitability, more productivity, and lower rates of turnover, among other outcomes). And Fredrickson (2011) theorised that positive emotions actively broaden the scope of attention and cognition, enabling flexible and creative thinking that subsequently guide individual behaviour in the moment.

Numerous studies have also been identified by Lyubomirsky et al. (2005), which indicate that HAP and positive affect positively impact upon creativity, flexible thinking, and originality. Likewise, Amabile et al. (2005) have also demonstrated that positive affect relates positively to creativity in organisations and that the relationship is a simple linear one. In the process, positive affect makes additional cognitive material available for processing, leads to defocused attention and thereby increasing cognitive flexibility, and promotes the probability that diverse cognitive elements will in fact become associated. Amabile et al. (2005) proposed a creativity cycle, where affective states that follow from an idea's reception by others in the organisation may give rise to subsequent changes in cognition and creativity. Isen and Reeve (2005) have also shown that positive affect facilitates flexible thinking and problem-solving, and enhances performance, even where the tasks to be done are complex, difficult, and important.

Therefore, the following hypothesis is proposed:

- H7: HAP has a positive relationship with IB

### 7.2.11 PEP as a Moderator of Employees' Responses to CSR

Research has suggested the existence of an association between PEP and CSR. Branco and Rodrigues (2006), for instance, affirm that the external benefits of CSR are related to its effect on corporate reputation, and that good social responsibility reputation may also attract better employees or increase current employees' motivation, morale, commitment, and loyalty to the firm. And Carmeli et al. (2007) observe that favourable PEP is seen in the form of CSR. Rego et al. (2010) explain that PEP (of working in an organisation with high performance and dedication to customers) may also explain the relationship between perceptions of economic CSR and AC. Furthermore, Roeck and Delobbe (2012) suggest that CSR initiatives can reflect a positive organisational image that enhances employees' pride and willingness to be associated with such a reputable organisation.

CSR research has distinguished between alternative motivations for engaging in responsible activities and practices, especially between instrumental approaches to CSR whereby organisations seek to benefit from responsible conduct, and altruistic motivations for CSR in which there are no anticipated benefits (Brammer et al., 2015). Employees form PEP through outside information sources such as reference groups, word of mouth, publicity, and internal communication about how non-company employed persons perceive the firm (Kim et al., 2010). Using these sources, employees formulate their perceptions of CSR and evaluate organisational intentions and social values, determining whether they are congruent with their personal objectives and values.

Considering this fact, was hypothesised that where employees perceive firms' CSR to be significantly higher than PEP (bad company image situation), they will interpret such CSR as being instrumentally motivated. In such circumstances, CSR will have a significantly reduced effect on IB compared with circumstances in which CSR and PEP are approximately equal or where PEP is higher than CSR (good company image situation).

Therefore, the following hypotheses are proposed:

- H8: PEP moderates the relationship between CSR and IB, such that CSR more positively influences IB when PEP is stronger rather than weaker.
- H9: PEP moderates the relationship between CSR and the social exchange process in organisations, such that when PEP is weaker the reactions to CSR are more significant.

## 7.3 Method

### 7.3.1 Sample and Data Collection

In order to test the research hypotheses, data was obtained from a sample of 315 individuals providing valid responses, and generating a real response rate of 11.25%. This sample of 315 individuals (43% female), were on average 40 years old, and had an average tenure of 13 years in a wide range of positions (e.g., administrative staff, customer services, salespersons, consultants, bank clerks, assistants, accountants, managers), and 82% held a bachelor's degree or higher. Of the companies where respondents worked, 23.5% were from services, 56.5% from industry, and 20% from trade. Their size was measured as the number of workers, and in this respect, 42.1% were small (less than 50 workers), 42.3% were medium (between 51 and 250 workers), and 15.6% were big (more than 250 workers).

To gather the required information, a database of email contacts of Portuguese companies was used. Each contact was sent an email explaining the nature and importance of the study and providing a link to access the online survey. The research and delivery of the email was implemented between 19 March and 19 August 2013, and a total of 2,800 contacts were used.

### 7.3.2 Measures

In order to test the hypotheses and the validity of the model under investigation, a quantitative cross-sectional study based on a questionnaire with closed questions was conducted. An online survey was used to collect the data. The variables were operationalised through scales reported in the literature.

Respondents were asked to indicate their level of agreement with the different measures on a five-point Likert scale (1 - Totally disagree to 5 – Totally agree).

The measures that were used are as follows:

CSR (predictor variable) seeking to assess the business responsibilities of various stakeholders was evaluated by a scale adapted from Turker (2009b). In this framework, CSR practices were measured using 20 questions sub-divided into the following four dimensions: Social and non-social stakeholders (CSR1), Employees (CSR2), Customers (CSR3), and Government (CSR4). All dimensions revealed adequate levels of reliability (CSR1  $\alpha=0.87$ , e.g., “Our company makes investment to create a better life for the future generations”; CSR2  $\alpha=0.89$ , e.g., “Our company implements flexible policies to provide a good work and life balance for its employees”; CSR3  $\alpha=0.76$ , e.g., “Our company protects consumer rights beyond the legal requirements”; CSR4  $\alpha=0.89$ , e.g., “Our company complies with the legal regulations completely and promptly”).

IB comprehending the individual actions directed at the generation, introduction and application of beneficial novelty at any organisational level, was measured by an 8-item scale from Jong and Kemp (2003) (e.g., “In my work, I often come up with ideas”;  $\alpha=0.90$ ).

OT reflecting employees’ perceptions of their employer in terms of integrity, motives, intentions, and dependability was evaluated by using the 7-item scale of Robinson and Rousseau (1994) (e.g., “In general, I believe my employer’s motives and intentions are good”;  $\alpha=0.91$ ).

AC was measured with three items previously developed and validated in the Portuguese context by Rego et al. (2007). The scale revealed good reliability ( $\alpha=0.92$ , e.g., “I am proud to tell others that I am part of this organisation”).

HAP a concept similar to subjective well-being, was measured by adapting the 4-item scale of Lyubomirsky and Lepper (1999), and combining it with one item for the assessment of life as a whole, one item for personal well-being, another for health perception, and another for quality of life. The scale also revealed good reliability ( $\alpha=0.73$ , e.g., “Compared to most of my peers, I consider myself more happy”).

In order to measure the way in which employees believe outsiders see their organisation (PEP), three items from the scale of Mael and Ashforth (1992), and two items from the scale of Kim et al. (2010) were merged to form a 5-item scale. (e.g., “My company is considered as one of the best in the society”;  $\alpha=0.88$ ).

It was also considered important to include socio-demographic variables to achieve consistency in results, and to validate the quality of answers. In this respect, respondents were asked to provide information about their sex, age, function, seniority, and school level.

## 7.4 Results

### Descriptive Statistics

Table 16 presents means, standard deviations, Cronbach's alpha coefficients, and correlations of all key variables. In general, all variables correlate positively.

**Table 16 - Means, standard deviations, Cronbach's alpha coefficients and correlations**

	M	SD	1	2	3	4	5	6	7	8	9
1. CSR1	3.57	0.85	(0.87)								
2. CSR2	3.83	0.75	.60**	(0.89)							
3. CSR3	4.46	0.58	.38**	.65**	(0.76)						
3. CSR4	4.64	0.63	.33**	.47**	.52**	(0.89)					
5. OT	4.06	0.78	.36**	.71**	.51**	.50**	(0.91)				
6. AC	4.41	0.68	.44**	.69**	.56**	.51**	.72**	(0.92)			
7. PEP	4.05	0.63	.57**	.52**	.40**	.45**	.45**	.50**	(0.88)		
8. HAP	3.82	0.59	.15**	.21**	.11	.14*	.25**	.23**	.26**	(0.73)	
9. IB	4.12	0.56	.19**	.33**	.31**	.25**	.33**	.40**	.30**	.31**	(0.90)

Note: Five Point Scale: \*p < 0.05; \*\*p < 0.01 two-tailed; Cronbach-alphas in parentheses;

### Hypotheses Tests

Statistic software IBM SPSS Statistics 20.0 was used to perform descriptive statistics, correlations, and CFA. Amos 20.0 was used to perform CFA and SEM. Model fit was examined using the following indices:  $\chi^2$ ,  $\chi^2/df$ , RMSEA, RFI, CFI, NFI and TLI. In making fit determinations, we used generally accepted thresholds (see Maroco, 2010) which suggested reasonably fitting models that typically characterised  $\chi^2/df$  as high as 5, RMSEA values as high as 0.08, and RFI, CFI, NFI, and TLI values of 0.90 or higher.

A CFA for the model with all nine variables was conducted. The fit indices (e.g.,  $\chi^2/df = 1.942$ , RFI=0.818, CFI=0.910, NFI= 0.832, TLI= 0.903, RMSEA = 0.055) were considered unsatisfactory. By analysing the standardised residuals and modification indices for the sources of misspecification, eleven items were removed and a well-fitting 37-item model with nine dimensions emerged (e.g.  $\chi^2/df = 1.644$ , RFI=0.877, CFI=0.954, NFI= 0.890, TLI= 0.948, RMSEA = 0.045).

All factor loadings and AVE values for latent construct variables (i.e., CSR, OT, AC, HAP and IB) were above recommended cut-off levels (i.e., AVE above 0.5; see Maroco, 2010) providing initial evidence of valid measurement models (see Table 17). The AVE value for each variable was greater than the square of the correlation between each variable and all other variables in its respective measurement model, providing additional evidence of validity (Fornell and Larcker, 1981).

To minimise the risk of common method variance, some procedural methods and statistical controls as proposed by Podsakoff et al. (2003) were used: respondents were guaranteed anonymity and confidentiality, were told that there were no right or wrong answers, and there was randomness in the ordering of the multiple items. Harman's single factor test (Podsakoff and Organ, 1986) was performed. The single factor model also did not fit the data satisfactorily (e.g.  $\chi^2/df = 6.667$ , RFI=0.500, CFI=0.566, NFI= 0.528, TLI= 0.541, RMSEA = 0.34). A principal component analysis (unrotated solution) on all the variables revealed eigenvalues greater than 1. They accounted for 69.97% of the total variance, with seven factors, the first of which explained 37.24% of the variance. This suggested that common method bias was not a serious problem for the data and was not, therefore, a serious threat to the validity of the study.

**Table 17 - Measurement model: AVE and factor loadings**

Latent Construct	AVE	Reliability	Items	N=315 Loadings	Latent Construct	AVE	Reliability	Items	N=315 Loadings
CSR1	0.723	0.868	RS2	0.872	PEP	0.796	0.938	PEP3	0.821
			RS3	0.832				PEP4	0.923
			RS4	0.898				PEP5	0.929
			RS6	0.794				HAP1	0.828
CSR2	0.788	0.865	RS9	0.910	HAP	0.654	0.730	HAP2	0.799
			RS10	0.872				HAP3	0.801
			RS12	0.881				AC1	0.900
			RS13	0.738				AC2	0.925
CSR3	0.676	0.755	RS14	0.640	AC	0.752	0.917	AC4	0.894
			RS16	0.776				AC4	0.895
			RS17	0.813				AC5	0.703
			RS18	0.792				IB1	0.774
CSR4	0.728	0.888	RS19	0.860	IB	0.641	0.906	IB2	0.824
			OT1	0.829				IB3	0.829
			OT2	0.840				IB4	0.788
			OT3	0.914				IB5	0.835
OT	0.771	0.938	OT4	0.896				IB6	0.819
			OT5	0.928				IB7	0.728
			OT6	0.857					

To test the hypotheses structural equation model was analysed. The final model showed a good fit (e.g.,  $\chi^2/df = 1.969$ , RFI=0.781, CFI=0.889, NFI= 0.800, TLI= 0.879, RMSEA = 0.039). A multi group analysis was performed to identify the differences between workers who show different sensitivity to PEP. The cut point was 4 or less in the 5-point Likert scale used to measure PEP. So, the first group comprised of those who have a low company image, included 179 workers, while the

second group containing those who have a high image numbered 136. Table 18 presents the final results:

**Table 18 - Hypothesis analysis**

Hypothesis	Global (n=315)			Low PEP (n=179)			High PEP (n=136)			Sup/Not. Sup	
	SRW	C.R.	P	SRW	C.R.	P	SRW	C.R.	P		
H11 IB <---	CSR1	-0.105	-,819	0.069	-0.196	-2.562	*	0,043	0.480	0.631	Partially supported
H12 IB <---	CSR2	-0.048	-0.611	0.541	-0.241	-2.423	*	0.223	2.041	*	Partially supported
H13 IB <---	CSR3	0.239	3.599	***	0.268	3.093	**	0.218	2.114	*	Supported
H14 IB <---	CSR4	0.012	0.203	0.839	0.059	0.688	0.492	0.116	1.359	0.174	Not Supported
H21 OT <---	CSR1	-0.039	-0.827	0.408	-0.028	-0.460	0.646	-0.132	-1.438	0.151	Not Supported
H22 OT <---	CSR2	0.647	11.791	***	0,645	8.614	***	0.349	3.395	***	Supported
H23 OT <---	CSR3	0.169	3.268	**	0.097	1.439	0.150	0.212	2.062	*	Partially supported
H24 OT <---	CSR4	0.239	5.029	***	0.295	4.573	***	0.101	1.161	0.246	Partially supported
H31 AC <---	CSR1	0.130	2.886	**	0.089	1.460	0.144	-0.016	-0.161	0.872	Partially supported
H32 AC <---	CSR2	0.305	4.510	***	0.200	2.124	*	0.250	1.848	0.065	Partially supported
H33 AC <---	CSR3	0.120	2.404	*	0.071	1.055	0.292	-0.083	-0.783	0.434	Partially supported
H34 AC <---	CSR4	0.177	3.701	***	0.216	3.106	**	-0.052	-0.563	0.573	Partially supported
H4 AC <---	OT	0.436	6.219	***	0.484	4.819	***	0.372	2.409	*	Supported
H5 HAP <---	OT	0.280	4.036	***	0.137	1.446	0.148	0.303	3.007	**	Partially supported
H6 IB <---	AC	0.231	2.703	**	0.257	2.395	*	0.081	0.763	0.445	Partially supported
H7 IB <---	HAP	0.316	4.477	***	0.243	2.547	*	0.290	2.886	**	Supported

\* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

There is a positive relationship between CSR perceptions and IB but only on the customer's dimension of CSR. The social and non-social stakeholder, employees and government dimensions do not seem to have a significant relationship with IB. However, when analysis between groups was performed, the results turn to be opposite. The group with a bad company image seem to be more sensitive to CSR practices (CSR1, CSR2 and CSR3 are significant). In this group CSR1 and CSR2 have a negative relationship with IB. In the group with a good company image only CSR2 and CRS3 have a positive relationship with IB. Consequently, hypothesis H1 is only partially supported, and hypothesis H8 is supported.

There is a positive relationship between CSR perceptions and OT. All dimensions except social and non-social stakeholder are significant. The employee dimension is the one where the relationship is stronger. The results are similar for both groups, with bad and good company image. However, the group with a bad company image seems to be more sensitive to CSR practices. Was also observed that in the group with a bad company image there is a positive relationship between CSR2 and CSR4 with OT. In the other group the positive relationship is between CSR2 and CSR3 with OT. Consequently, hypothesis H2 is only partially supported.

There is also a positive relationship between CSR perceptions and AC. All dimensions are significant. The employee dimension is again the one where the relationship is stronger. However, when we

proceed to analyse between groups we find that the results are different. The group with the bad company image seems to be more sensitive to CSR practices (CSR2 and CSR4 are significant). In respect of the group with a good image this relationship does not seem to be significant; only CSR2 is near with  $p=0.065$  from  $p<0.05$  level of significance. Consequently, hypothesis H3 is only partially supported.

In general, and considering the effects of CSR on IB, OT and AC, it can be seen that they are strong and mainly positive. Analysing the differences by groups, the relationships seems to be stronger with the bad company image group (hypothesis H9 is supported). The results also show that the good company image group only care for CSR2 because this is almost the only significant dimension. The group with a bad image is more sensitive to CSR because all dimensions are significant. Was also noticed a negative relationship between CSR and IB in the group with a bad company image.

Hypothesis H4 is supported, as it confirms a positive relationship between OT and AC. The results are similar for both groups, i.e., those with a bad, and a good company image. However, the relationships in the former group (bad image) seem to be stronger.

A significant positive relationship between OT and HAP was found. However, when the analysis between groups was performed, the results were different, being significant in the good company image group, and not significant in the other. Consequently, H5 is only partially supported.

A significant positive relationship between HAP and IB was found. However, when the analysis between groups was performed, the results were different, being significant in the bad company image group, and not significant in the other. Consequently, hypothesis H6 is only partially supported.

Hypothesis H7 is supported, as a positive relationship between HAP and IB is found. The results are similar for both groups, with a bad and good company image. However, the relationships in the group with the bad company image seem to be stronger.

The findings show that perceptions of CSR predict IB through a social exchange process in which there is a mediating role of OT, AC and HAP. From the data differences between groups were found suggesting that PEP moderates the relationship between IB and its determinants.

In analysing the differences between groups, it is important to remember that in general, workers who have a bad image of the company are more influenced by CSR practices.

However, in the context of a bad company image, the influence of CSR practices does not accord with the theory, but rather takes the opposite direction. The influence on IB seems to be negative. Workers react negatively to CSR. In respect of predicting IB was also found that the group with the bad company image involves OT and AC in its social exchange process. However, because HAP is not

influenced by OT was considered this process to be more focused on AC; this is to say that IB is more influenced by individual characteristics (AC) than by organisational characteristics (PEP, CSR).

The social exchange process observed in the group with the good company image is mainly concerned with OT and not AC. Whereas OT is influenced by CSR, AC is not. HAP is also influenced by OT, and consequently, relates positively with IB. Therefore, was considered this process to be more focused on OT; this is to say that IB is more influenced by organisational characteristics (PEP, CSR) than by individual characteristics (AC).

## **7.5 Conclusions, contributions and limitations**

The findings suggest that employee perceptions about CSR responsibilities are important and affect IB. The results of the tested hypotheses showed that employees are aware when corporations promote social responsibility practices and value these aspects: in these circumstances they reported a direct influence upon innovation (even if the significance of all CSRs was not obtained) and an indirect influence through the mediating mechanisms (OT, AC and HAP).

These findings are naturally positive and the hypothesised links are consistent with the literature. CSR can be an effective way for firms to maintain a positive relationship with their employees (Kim et al., 2010). IB is positively influenced by perceptions of CSR practices (Glavas and Piderit, 2009; Brammer et al., 2015). A worker who perceives that the organisation cares for CSR issues appears to be more innovative, to use his/her knowledge to create new ideas, and to be engaged in the process of integrating new problem-solving ideas within existing organisational practice. Individual creativity can be powerfully influenced by elements of organisation (Amabile, 1998).

Regarding the moderating effect of PEP, it was interesting to confirm hypothesis H8 to the effect that PEP moderates the relationship between CSR and IB, and the negative influence of CSR on IB in the group with the bad company image. This fact highlights the importance of PEP and indicates that workers are very sensitive to organisational reputation. PEP is likely to influence employee attitudes and behaviour in the workplace through its salience in individuals' symbolic environment (Herrbach and Mignonac, 2004).

Corporate culture and organisational communications are essential in creating an environment in which the employee values reputation and identifies with the organisation in supporting the corporate vision (Cravens and Oliver, 2006), therefore, and given the association that emerged between CSR and PEP, it is important to ensure that employees are among the stakeholders included in corporate communication about CSR activities (Kim et al., 2010).

Concerning social exchange, the findings suggest that the relationship between CSR and IB was mediated by OT, AC and HAP. Was concluded that OT is positively influenced by perceptions of CSR practices (Hansen et al., 2011; Roeck and Delobbe, 2012); that is to say that individuals appear to trust their employers more when working for socially-responsible organisations, and have more intentions to accept the vulnerability to a trustee based on positive expectations of his or her actions. AC is also positively influenced by perceptions of CSR practices (Turker, 2009a; Aguinis and Glavas, 2012). A worker who perceives that the organisation cares for CSR issues appears to be more emotionally attached to the organisation, identifies more with organisational values, and is more involved.

The findings also confirmed the positive influence of OT on AC and HAP, an outcome consistent with the results of previous studies undertaken by Krot and Lewicka (2012), and Rego et al. (2011). The findings demonstrate that for an affective attachment and healthy and happy workplace, building trust among employees is essential. And according to the findings, both these factors AC and HAP seem to influence IB. Montani et al. (2017) observe that AC entails positive emotions which may feed individual innovation, and positive affective states induce flexible thinking that is useful for producing novel ideas and creative outcomes.

Regarding the moderation effect of PEP, it was interesting to confirm hypothesis H9 that PEP moderates the relationship between CSR and the social exchange process in organisations, such that when PEP is weaker, the reactions to CSR are more significant. This fact seems to induce a slight indifference among workers to CRS when corporate image is acceptable or good, but not when workers possess a bad company image. They seem to react more strongly to CSR when corporate image is weaker, but this brings the problem that they may feel like the victims of an unbalanced social exchange (Robinson, 2008), and try to restore the balance by showing less concern for the organisation's well-being, ultimately engaging in less innovative action (Montani et al., 2017).

### **Theoretical Contributions**

This study responds to a call from researchers who have argued that more empirical research is necessary to understand the underlying mechanisms explaining how CSR influences employee behaviour (Roeck and Delobbe, 2012; Glavas, 2016).

Two major contributions are made by the study. The first relates to the identification of the influence of CSR practices on workers' IB through a social exchange process that involves OT, AC and HAP. Brammer et al. (2015) suggested that future research should move toward a better and more complete understanding of the outcomes of CSR by examining the "black box" concealing the way in which CSR affects organisational outcomes. They encouraged efforts to examine simultaneously, different

psychological mechanisms like social exchange. This research has responded to this call and provided evidence about the importance of social exchange in the relationship between CSR and employee creative effort.

The second contribution is related to the introduction of the role of PEP as a moderating variable. In literature, studies of PEP in the relationship between CSR and IB are scarce. This dimension has been investigated more as a mediator between CSR and other employee outcomes like: commitment, identification, JS, motivation, morale, and loyalty, among others. Specifically, in this study, theoretical integration has allowed for the clear identification of PEP as a moderating mechanism in the link between CSR practices and IB.

### **Implications for Management**

The overall achievements in this investigation are conclusive and contribute to a better understanding of CSR and its influence upon employee IB.

Specifically, the research outcomes suggest that organisations should not discharge their CSR sporadically but should rather do this systematically, promoting CSR practices to a wide range of stakeholders: social and non-social stakeholders, employees, customers, and government. By showing that the perceptions of CSR predict IB, either directly or through the mediating role of OT, AC and HAP, this study provides practitioners with strategies to guarantee good results at the individual level and, consequently, at the organisational level. The research has also highlighted the importance of PEP and the strategic importance of maintaining or achieving a good corporate image.

The conclusion arrived at by Hansen et al. (2011), that if CSR is important to employees, then it should also be important to employers, was reinforced. By fostering CSR practices, the investment can pay off internally. Hence, managers could expect good outcomes for the internal stakeholders. Furthermore, despite the effect of CSR on IB not being revealed as directly intense, CSR does contribute strongly to the solidification of the social exchanges that occur between organisations and workers. CSR can contribute to a virtuous circle of more trust, more commitment, more HAP, and more innovation.

However, for CSR to have meaningful and desirable impacts on workers, those workers must have full knowledge of their companies' CSR activities (Brammer et al., 2015). Also, given the strategic importance of PEP it is important for managers to invest in disclosure. In this connection, there are various media, including advertisements, promotions, newsletters, and sustainability CSR reports, that can help deliver a positive company image to employees (Kim et al., 2010). And the benefits of improving stakeholders' perceptions of their corporate image by satisfying social informative needs are likely to be greater than the information costs (Alvarez, 2015).

## Limitations and Recommendations

A study of this nature faces several methodological limitations affecting its contribution. In this case, it should be noted that research was worked on ‘perceptions’, which can be clarified as the process by which the individual organises and interprets sensory impressions in order to provide meaning to the surrounding environment. It is observed that the subject can perceive a reality substantially different from the objective reality. It is also possible that a respondent will provide incorrect or incomplete information. Hence, the investigators are obliged to work in a diffuse reality and not on facts.

Measuring IB via self-report may also be seen as a limitation. However, several arguments support using such a measure (Pundt, 2015): employees have more valid information about their subtle innovative efforts than anyone else does, self-reports of discretionary behaviour such as IB can be better distinguished from in-role performance, and studies on organisational silence show that employees often decide not to communicate the ideas they have and this means that some elements of IB are unobservable.

Another issue is the fact that the dependent and independent variables are taken simultaneously (common-source data), increasing the risk of common method variance (Podsakoff and Organ, 1986), such that the statistical relationships found could be inflated. It must also be aware that the use of cross-sectional research design does not allow the drawing of firm conclusions about the causality nexus between the study variables. Other causal links are also plausible; in the specific context of this study, it is possible that workers who have more IB could have higher perceptions of CSR practices.

As for recommendations for future work, in terms of the social exchanges explored, beyond OT and AC, there are other social exchanges that could be analysed, namely: psychological contract fulfilment, perceived organisational support, and leader member exchange.

Despite the limitations identified, the study confidently suggests that individuals are affected by CSR practices and by PEP, and that both these variables are important in generating positive worker behaviours like IB.

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## CHAPTER VIII - GENERAL CONCLUSIONS, CONTRIBUTIONS, MANAGEMENT IMPLICATIONS AND FUTURE RESEARCH

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### 8.1 General Conclusions

It is expected that the next decades will be the time of sustainability with consideration for people, planet and prosperity. Some themes like the eradication of poverty, the use of natural resources, the sharing of technological progress, the end of violence, and the presence of peace based on a spirit of strengthened global solidarity, are present in “Transforming our world: the 2030 Agenda for Sustainable Development”, and they provide a shared global vision towards sustainable development by the United Nations and its representatives<sup>2</sup>.

For companies there are two potential paths, one being to anticipate changes, and the other to be forced to adapt. Agudelo et al. (2019) showed how societal expectations of corporate behaviour in each evolutionary period have influenced the understanding and definitional construct of CSR. The demands of people reinforce the need for companies to strategically consider CSR as a factor influencing competitiveness and business success. In this field of research, where the focus is on the impact on workers’ behaviour, there seem to be positive outcomes that companies can benefit from. CSR represents an opportunity to positively influence how people, especially employees and potential employees, perceive organisations (González et al., 2020).

The purpose of this investigation has been to contribute to a better understanding of CSR conceptualisation and its impacts on worker behaviour, specifically in relation to their organisations and work, within the context of social exchange. To achieve this aim, several goals were established as follows: (1) how the organisation’s corporate ethics and social responsibility influence worker satisfaction with management and OC, IB, and performance; (2) how CSR could influence workers’ AC, JS, and TI through the mediating role of OT; (3) how CSR might influence workers’ TI through the mediating role of LMX and the moderating role of PEP; and (4) how CSR might influence workers’ IB through the mediating role of OT, AC and HAP, and the moderating role of PEP.

The investigation was based on a quantitative methodological design, involving a structured questionnaire to gather data from two cross-sectional samples of 242 and 315 Portuguese workers, respectively. SEM was used as the statistical tool to test the hypotheses and to provide a significant and parsimonious explanation of the data.

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<sup>2</sup> <https://sustainabledevelopment.un.org/post2015/transformingourworld>

The literature review shows that academic and managerial demands exist to acknowledge workers' behaviour. Additionally, it reveals that critical issues regarding conceptual frameworks and empirical methods in the context of CSR are still evolving (Morgeson et al., 2013). Gond et al. (2017) note that theoretical mismatches and weaknesses in analyses of underlying mechanisms of individual-level reactions to CSR still remain. Consequently, this study attempts to give more insights to understand when, how and why social practices might influence the relationships between companies and workers.

The empirical results indicated that: (1) employees revealed more satisfaction with and are more committed to organisations that value the ethical component of the organisation and CSR, OC influences IB, and this attitude is strongly positively related to in-role performance; (2) perceptions of CSR predict workers' attitudes and behaviours directly and through the mediating role of OT, suggesting that managers should implement CSR practices because these could contribute toward fostering OT, improving workers' AC and JS, and reducing TI; (3) perceptions of CSR predict TI through a social exchange process in which there is a mediating role of LMX, and differences occur between groups suggesting that PEP moderates the relationship between TI and its determinants; (4) employee perceptions about CSR responsibilities affect IB, employees are aware when corporations promote social responsibility practices and value these aspects: in these circumstances they report a direct influence on IB and an indirect influence through the mediating mechanisms (OT, AC and HAP). It was also confirmed that PEP moderates the relationship between CSR and IB. In the group with the bad company image, IB was negatively influenced by the CSR in place. This fact highlights the importance of PEP and indicates that workers are very sensitive to organisational image.

This new approach focusing on the micro-level CRS analyses building on organisations' social exchanges, demonstrates how a socially-responsible company may benefit by adopting and developing socially responsible behaviour to which it is committed. Consequently, organisations should not discharge their CSR sporadically but rather systematically and strategically. Furthermore, this study integrates these ideas and relations through a theoretical framework of social exchange, offering a model that represents a succession of important effects, between ethics and CSR and workers' outcomes.

## **8.2 Theoretical Contributions and Management Recommendations**

At the theoretical level, the overall results were seen to be conclusive and to contribute to a better understanding of the influence of CSR practices and ethical values on workers' attitudes. Statistical evidence emerged to confirm that workers mostly support those CSR choices that affect their well-being. It is, therefore, important for managers to consider the need to implement a set of CSR practices

directly related to the workforce since such action will foster within workers, a virtuous circle of commitment, innovation, and performance that together will bring organisational success.

This study enriches the existing knowledge about social exchange relationships in organisational contexts, and responds to the need to understand underlying mechanisms linking CSR with workers' organisational outcomes, by analysing CSR practices in a holistic stakeholder perspective.

CSR actions alter social exchange dynamics within organisations. Considering SET this study makes a strong contribution in showing that CSR can help in building high quality social exchange relationships. This is to say, that a positive initiating action (CSR) would increase trust (a relational response), which in turn promotes positive behavioural responses (Cropanzano et al., 2017). Organisational leaders might adopt an exchange perspective to build a trustworthy relationship with their employees (Ozmen, 2019).

This study also suggests that employee perceptions about CSR responsibilities are important and affect TI. The results of the tested hypotheses revealed that employees are aware when corporations promote social responsibility practices and value these aspects: in these circumstances they reported a direct influence upon TI and an indirect influence through the mediating mechanism (LMX). Showing that CSR can help in building high quality social exchange with immediate managers or supervisors, is a big contribution to theory and practice. The target, often a subordinate, may then choose to reciprocate this treatment (Cropanzano et al., 2017).

The research also contributes to the existing literature with the identification of CSR practices' influence on workers' IB through a social exchange process that involves OT, AC and HAP. OT was positively influenced by perceptions of CSR practices. Individuals appear to trust their employers more and have more intention to accept the vulnerability of a trustee based on positive expectations of his or her actions. AC was also positively influenced by perceptions of CSR practices. A worker who perceives that the organisation cares for CSR issues appears to be more emotionally attached to the organisation, identifies more with organisational values, and is more involved. The findings also confirmed the positive influence of OT on AC and HAP. This demonstrated that for an affective attachment and well-being, building trust among employees is essential. It was also concluded that, both these factors, AC and HAP, seem to influence IB. AC entails positive emotions which may feed individual innovation, and positive affective states induce flexible thinking that is useful for producing novel ideas and creative outcomes.

Also representing a very important contribution is the theoretical integration and identification of PEP as a moderating mechanism in the link between CSR practices and TI, and CSR practices and IB. In the literature, studies of PEP in the relationship between CSR and TI or between CSR and IB are scarce, with PEP having been investigated more as a mediator between CSR and other employee

outcomes like commitment, identification, job satisfaction, motivation, morale, and loyalty, among others.

Regarding the moderation effect of PEP, it was interesting to confirm that when PEP is weaker, the reactions to CSR were more significant. This fact seems to induce a slight indifference among workers to CRS when corporate image is acceptable or good, but not when workers possess a bad company image. This contributes to build an avenue for research into the dark side of CSR and social irresponsibility.

For managers, the main conclusion of this research is that CSR is an important issue and has the potential to be strategic for organisations. By showing that workers are affected by CSR and by social exchange quality, this research presents management with sufficient information to take decisions. Behaviours observed in the present are influenced by past behaviours and conditions, as well as by the anticipation of future ones (Borman et al., 2003). Managers have the possibility to build virtuous circles of positive exchanges or induce vicious circles of negative social interaction.

It is widely accepted that businesses exist to make money for investors (Bauman and Skitka, 2012). And in most organisations, workers are considered as one of the main stakeholders, i.e., one that has more influence or more power. It is they who, by their productivity, turn inputs into valuable outputs; they are the ones who turn steel in gold. Because of this importance their behaviour should be prospered, monitored and managed. It is managers' responsibility to create conditions such that work takes place in an ethical environment. Managers should also consider CSR strategies, or human resource practices that sensitise and benefit the workers as there is a strong likelihood that this investment will result in increased levels of employee satisfaction, commitment, trust and innovative behaviour with consequent positive organisational returns.

In conclusion, by testing the proposed models, this research makes an important contribution to SET development and CRS literature. Evidence has been found that CSR influences both directly and indirectly, worker outcomes that are strategically important for companies to gain competitiveness and achieve success. It was also crucial to advance on the understanding of similarities and differences among social exchange constructs that co-exist in respect of labour relationships and thereby contribute to unveil the mysteries of people's reactions to their environment.

## **8.3 Limitations and Further Investigation**

### **Limitations**

A study of this nature naturally faces several methodological challenges that affect its contribution. In this respect, it should be noted that the focus was on 'perceptions', which can be clarified as the

process by which the individual organises and interprets sensory impressions in order to provide meaning to the surrounding environment. It is noted that the subject can perceive a reality substantially different from the objective reality. It is possible that a respondent provides incorrect or incomplete information, and so the investigators are obliged to work in a diffuse reality and not on facts. But employees' perceptions of what CSR behaviours their organisation is or is not engaged in is perhaps just as important to understand as reality (Glavas and Godwin, 2012). And it is the perceptions rather than the reality which should impact upon employees' attitudes and subsequent behaviours (Protta, 2012).

Another potential limitation is the fact that the dependent and independent variables are taken simultaneously (common-source data), increasing the risk of common method variance (Podsakoff and Organ, 1986), such that the statistical relationships found could be inflated.

It should also be recognised that the use of a cross-sectional research design does not allow the drawing of firm conclusions about the causality nexus between the study variables. Other causal links are also plausible. For example, employees' affective states may influence their perceptions of the organisational features (Brief and Weiss, 2002), rather than the other way around.

### **Further investigation**

As for recommendations for future work, in terms of the social exchanges explored, beyond positive interactions like trust and leader member exchange, there are negative interactions that could be analysed, namely: psychological contract breach, abusive supervision, harassment, incivility or bullying. This could be important to advance a holistic perspective of social exchange constructs in the organisational behaviour literature and could help to detect possible incongruences in the relationship between CSR and workers' behaviour.

The study of individual differences between workers could also be considered, since the moderating effect of socio-demographic individual characteristics, as well as moral identity, psychological needs and cultural values, could bring new conclusions and valuable knowledge for researchers and management. Additionally, a qualitative or a mixed methods approach to the study of workers' predispositions towards CSR might be beneficial, since as noted by Duarte et al. (2019), qualitative approaches can complement more quantitative ones and provide a better understanding of how a given process occurs.

Future investigations using longitudinal research designs could play an important role in clarifying how employees' CSR perceptions and their effects on work attitudes change over time. Such designs are beneficial in as much as they can: handle common method variance bias, assess the presumed

causality involved in the reported findings, and capture the dynamics of CSR strategies' impact on employees.

CSR does not bring only positive outcomes on workers' attitudes and behaviours but can also increase the risk of negative ones, like work addiction or self-sacrifice, and more investigation of such negative outcome should be undertaken. Also, most research is based on companies' CSR rather than on corporate social irresponsibility. Gond et al. (2017) encourage greater attention to the dark side of CSR, including theorising and evaluating outcomes.

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## APPENDIX – SURVEYS

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### Study 1



FACULDADE DE ECONOMIA  
UNIVERSIDADE DE COIMBRA  
INSTITUTO POLITÉCNICO DE LEIRIA

### **Inquérito aos Trabalhadores – Responsabilidade Social Empresarial**

**Este inquérito tem como objectivo avaliar os comportamentos e atitudes dos trabalhadores em função das percepções de práticas de Responsabilidade Social Empresarial das organizações em que se inserem.**

#### PARTE I

##### I.1 – Informações sobre o inquirido

Sexo: Feminino  Masculino

Idade:

Nível de escolaridade: Mestrado / Pós Graduação:

Curso Superior (Licenciatura/Bacharelato):

Secundário (10–12º ano)

Preparatório (5- 9º ano)

Primário (1– 4º ano)

Função que desempenha na empresa: Administrador/ Gerente

Director de Departamento

Chefe de Serviço

Técnico

Operador

Outras funções

Indique qual?

Nº de Anos na Empresa:

##### I.2 – Informações sobre a empresa

Sector de Actividade:

Serviços:  Comércio:  Indústria:

Produto ou Serviço Principal:

Localização

Concelho:  Distrito:

Análise das percepções e comportamento dos trabalhadores em função da responsabilidade social empresarial: *Um estudo com funcionários de back office.*



### PARTE III

Nas seguintes opções, indique as práticas que são aplicáveis na sua empresa, de acordo com a seguinte escala:

1 Não	2 Em pequena parte	3 Em parte	4 Em grande parte	5 Sim
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	1	2	3	4	5
1. A empresa possui um documento escrito que esclarece quais são os comportamentos incentivados por ela no que se refere às relações pessoais e comerciais.	<input type="checkbox"/>				
2. Na empresa é expressamente proibida a prática de pagamentos ou recebimentos irregulares que tenham como objectivo facilitar negócios, influenciar decisões em benefício da empresa ou induzir pessoas a conceder permissões indevidas.	<input type="checkbox"/>				
3. A empresa contempla de alguma forma o modo de relacionamento ético e transparente com o governo.	<input type="checkbox"/>				
4. A empresa disponibiliza informações sobre o balanço social.	<input type="checkbox"/>				
5. A empresa possui separação clara entre os negócios do proprietário/accionista e dos da organização (inclusive em questões relacionadas à responsabilidade social e doações).	<input type="checkbox"/>				
6. Além de cumprir as suas obrigações legais, a empresa preocupa-se em oferecer aos seus colaboradores um ambiente físico agradável, seguro e que respeite as condições de higiene e saúde e está receptiva a críticas e sugestões relativas a estes aspectos.	<input type="checkbox"/>				
7. A empresa oferece benefícios sociais adicionais que se estendem à família do colaborador (por ex. plano de saúde, orientação sobre prevenção de doenças).	<input type="checkbox"/>				
8. Na contratação de profissionais, a empresa divulga os critérios objectivos que vai utilizar na selecção dos candidatos (por exemplo, escolaridade, tempo de experiência e conhecimentos exigidos).	<input type="checkbox"/>				
9. Os critérios utilizados na selecção do pessoal são isentos de práticas discriminatórias em relação a quaisquer dos temas: género, raça, orientação sexual, idade e crenças religiosas ou políticas, bem como a portadores de deficiência.	<input type="checkbox"/>				
10. A inclusão de pessoas com deficiências no mercado de trabalho e consumo é crescente. As dependências da empresa possuem recursos que facilitam o deslocamento e a convivência de pessoas com deficiência motora, auditiva e visual (por exemplo, rampas,	<input type="checkbox"/>				

avisos de segurança, sinais luminosos e sonoros em áreas de circulação de veículos ou máquinas).					
11. Como forma de demonstrar respeito ao indivíduo e transparência nas suas relações com os empregados, a empresa entende que é direito do empregado participar em sindicatos e associações de classe e permite que representantes sindicais compareçam à empresa para discutir questões referentes aos interesses dos empregados.	<input type="checkbox"/>				
12. A empresa valoriza e incentiva o desenvolvimento profissional dos seus empregados.	<input type="checkbox"/>				
13. A empresa facilita o acesso à informação como forma de desenvolvimento pessoal e profissional dos seus empregados.	<input type="checkbox"/>				
14. A empresa conhece, entende e avalia o impacto das suas actividades no meio ambiente, mantendo relatórios e registos (por exemplo, emissão de poluentes, consumo de energia e consumo de água).	<input type="checkbox"/>				
15. A empresa procura implementar medidas que visam preservar o meio ambiente.	<input type="checkbox"/>				
16. Uma forma efectiva de reduzir os impactos ambientais é por meio da promoção da educação ambiental para os seus empregados e para a comunidade. A empresa realiza esse tipo de actividade.	<input type="checkbox"/>				
17. Quando se inicia o relacionamento com um novo fornecedor a empresa avalia se ele possui práticas de responsabilidade social, isto é, além da apresentação de boa proposta comercial (qualidade, preço e prazo), a empresa adota critérios adicionais para decidir a contratação.	<input type="checkbox"/>				
18. A empresa verifica constantemente as condições proporcionadas aos empregados dos seus fornecedores.	<input type="checkbox"/>				
19. A empresa procura, se possível, orientar os fornecedores a seguir e a implementar os princípios de responsabilidade social.	<input type="checkbox"/>				
20. A empresa tenta encontrar fornecedores em cooperativas de pequenos produtores e associações (por exemplo, cooperativas de artesãos, incubadores de negócio, micro e pequenas empresas).	<input type="checkbox"/>				
21. A empresa possui um canal formal de comunicação com os seus consumidores/clientes (por exemplo, caixa de sugestões, número de telefone com os contactos de quem possa atender).	<input type="checkbox"/>				
22. A empresa analisa as dúvidas, sugestões e reclamações recebidas e utiliza-as como um instrumento para melhorar as suas actividades.	<input type="checkbox"/>				

23. A empresa procede à avaliação da satisfação dos seus consumidores/clientes visando avaliar e, com base nos resultados, implementar melhorias nos seus produtos/serviços.	<input type="checkbox"/>				
24. No processo de comunicação (contratos, propagandas), a empresa evita utilizar conteúdo enganoso ou que induza o consumidor/ cliente a erro de entendimento.	<input type="checkbox"/>				
25. A empresa pesquisa e divulga os riscos que os seus produtos/serviços possam causar à saúde e segurança dos seus consumidores/clientes.	<input type="checkbox"/>				
26. A empresa preocupa-se em estar sempre em contacto com a comunidade envolvente, procurando minimizar os impactes negativos que as suas actividades possam causar.	<input type="checkbox"/>				
27. A empresa tem práticas de gestão que beneficiem o desenvolvimento local.	<input type="checkbox"/>				
28. A empresa incentiva o trabalho voluntário dos seus empregados.	<input type="checkbox"/>				
29. A empresa adoptou pelo menos uma organização da sua comunidade e mobiliza uma rede de contactos em favor dela.	<input type="checkbox"/>				
30. Existe entre a empresa e as organizações por ela beneficiadas uma conversa franca sobre o papel de cada uma das parcerias.	<input type="checkbox"/>				
31. A responsabilidade social empresarial deve ser encarada como uma forma de gestão do negócio e o lucro é parte do sucesso, cujos interesses devem ser conciliados com os da empresa.	<input type="checkbox"/>				
32. Como resultado da sua actividade na comunidade envolvente, a empresa acredita que obtém benefícios para o negócio.	<input type="checkbox"/>				
33. A empresa procura participar nas organizações que integram outros empresários (por exemplo, organizações empresariais, associações comerciais, fóruns regionais).	<input type="checkbox"/>				
34. A empresa é criteriosa sobre o seu envolvimento em campanhas políticas.	<input type="checkbox"/>				
35. A empresa informa os seus empregados sobre a importância da participação e acompanhamento das administrações públicas (por exemplo, orçamento participativo e consultas públicas).	<input type="checkbox"/>				
36. Sempre que necessário, e possível, a empresa colabora com a melhoria dos espaços públicos da sua região (por exemplo, escolas, postos de saúde, praças e áreas verdes).	<input type="checkbox"/>				

#### PARTE IV

Indique por favor o seu grau de concordância com as seguintes afirmações, de acordo com a seguinte escala:

<b>1</b> Discordo Fortemente	<b>2</b> Discordo	<b>3</b> Não Concordo/ Nem Discordo	<b>4</b> Concordo	<b>5</b> Concordo Fortemente
------------------------------	-------------------	--	-------------------	------------------------------

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Eu estou disposto a fazer um esforço para além do esperado para ajudar esta organização a ter sucesso.	<input type="checkbox"/>				
2. Eu digo aos meus amigos que é bom trabalhar nesta organização.	<input type="checkbox"/>				
3. Eu sinto que os meus valores e os valores desta organização são muito idênticos.	<input type="checkbox"/>				
4. Eu tenho orgulho em dizer às outras pessoas que faço parte desta organização.	<input type="checkbox"/>				
5. Esta organização inspira positivamente a forma como desempenho o meu trabalho.	<input type="checkbox"/>				
6. Eu estou muito contente por ter escolhido esta organização para trabalhar.	<input type="checkbox"/>				
7. Eu preocupo-me seriamente com o futuro desta organização.	<input type="checkbox"/>				
8. Para mim, esta é uma das melhores organizações para trabalhar.	<input type="checkbox"/>				

Indique por favor o seu grau de concordância com as seguintes afirmações, de acordo com a seguinte escala:

<b>1</b> Discordo Fortemente	<b>2</b> Discordo	<b>3</b> Não Concordo/ Nem Discordo	<b>4</b> Concordo	<b>5</b> Concordo Fortemente
------------------------------	-------------------	--	-------------------	------------------------------

1. Eu sou muito inteligente e empreendedor na execução do meu trabalho.	<input type="checkbox"/>				
2. Eu sou uma pessoa muito criativa a encontrar formas de fazer o meu trabalho.	<input type="checkbox"/>				
3. Eu tenho orgulho em conseguir que as coisas aconteçam mesmo quando há dificuldades.	<input type="checkbox"/>				
4. Eu sou imaginativo quando se trata de ultrapassar barreiras no meu trabalho.	<input type="checkbox"/>				

Indique por favor, de que forma é que as seguintes afirmações se aplicam a si, de acordo com a seguinte escala:

<b>1</b> Definitivamente, não se aplica a mim	<b>2</b> Não se aplica a mim	<b>3</b> É Indiferente	<b>4</b> Aplica-se a mim	<b>5</b> Aplica-se a mim completamente
---	------------------------------	------------------------	--------------------------	--

	1	2	3	4	5
1. No meu trabalho, tenho ideias com frequência.	<input type="checkbox"/>				
2. Na minha empresa, as pessoas consideram-me como um forte defensor/a da renovação e da mudança.	<input type="checkbox"/>				
3. Gosto de experimentar as coisas de uma maneira nova.	<input type="checkbox"/>				
4. Penso em projectos inovadores como um desafio.	<input type="checkbox"/>				
5. No meu trabalho, sou promotor de muitas iniciativas de melhoria.	<input type="checkbox"/>				
6. Os meus colegas, olham-me como alguém que gosta de fazer coisas novas.	<input type="checkbox"/>				
7. Gosto de contribuir para a implementação das ideias dos outros.	<input type="checkbox"/>				
8. De forma contínua procuro acompanhar as tendências e os desenvolvimentos no meu trabalho, através da leitura, da presença em conferências ou participação em cursos de formação, etc.	<input type="checkbox"/>				

#### PARTE V

Por favor, assinale a resposta que melhor descreve o seu trabalho, em comparação com seus colegas. As respostas possíveis são as seguintes:

1 Abaixo da Média	2 Na Média	3 Acima da Média	4 Muito Bom	5 Excelente
-------------------	------------	------------------	-------------	-------------

	1	2	3	4	5
1. Qual das seguintes opções melhor descreve a forma como seu supervisor o classificou na última avaliação formal de desempenho?	<input type="checkbox"/>				
2. Como é que o seu nível de produção, em quantidade, se pode comparar com os níveis de produtividade dos seus colegas?	<input type="checkbox"/>				
3. Como é que a qualidade do seu trabalho se pode comparar à dos seus colegas?	<input type="checkbox"/>				
4. Qual é nível de eficiência do seu trabalho em comparação com seus colegas? Por outras palavras, até que ponto é que usa de forma adequada os recursos disponíveis (dinheiro, pessoas, equipamentos, etc.)?	<input type="checkbox"/>				
5. Em comparação com os seus colegas, como avalia as suas capacidades de impedir ou minimizar potenciais problemas antes que eles ocorram?	<input type="checkbox"/>				
6. Em comparação com os seus colegas, qual é a sua eficácia em adaptar-se às mudanças no trabalho?	<input type="checkbox"/>				

7. Qual é a sua rapidez em adaptar-se às mudanças no trabalho, comparando com os seus colegas?	<input type="checkbox"/>				
8. Como se classifica, em comparação com seus colegas, a ajustar-se a mudanças no modo de trabalho?	<input type="checkbox"/>				
9. Como reage a situações de relativa emergência (como crises, prazos curtos, questões pessoais inesperadas, repartição dos recursos, problemas, etc.) em comparação com os seus colegas?	<input type="checkbox"/>				
10. Como avalia a qualidade da sua resposta a situações de relativa emergência em comparação com os seus colegas?	<input type="checkbox"/>				

O autor agradece a sua atenção e o tempo dispendido para responder a este questionário.

Caso pretenda obter os resultados deste estudo, indique o contacto para se proceder ao envio dos resultados (opcional):

Caso pretenda deixar alguma sugestão ou fazer algum comentário, agradeço que o faça no seguinte espaço (opcional):

Para qualquer informação ou esclarecimento adicional, contactar pelo mail: [Pedro.gaudencio@gmail.com](mailto:Pedro.gaudencio@gmail.com)

## Study 2, 3 and 4

### **Inquérito aos Trabalhadores – Responsabilidade Social Empresarial (Faculdade de Economia da Universidade de Coimbra)**

Exmo.(a) Sr.(a):

O meu nome é Pedro Gaudêncio e estou a desenvolver uma tese de Doutoramento em Gestão, na Faculdade de Economia da Universidade de Coimbra.

Neste âmbito, venho solicitar a sua preciosa colaboração através do preenchimento deste questionário cujo tempo médio de resposta se situa nos 10 minutos.

#### 1. Objectivo do estudo

Nos últimos anos tem-se assistido a um aumento do interesse sobre o fenómeno da Responsabilidade Social das Empresas, havendo vários estudos realizados sobre a temática no âmbito de pesquisas académicas e empresariais.

Análise das percepções e comportamento dos trabalhadores em função da responsabilidade social empresarial: *Um estudo com funcionários de back office.*

Neste estudo, iremos debruçar-nos sobre os possíveis efeitos resultantes das práticas de responsabilidade empresarial em certos comportamentos e atitudes dos trabalhadores da organização.

2. Ao preencher o questionário, tenha por favor em atenção que:

- a) É importante responder a todas as questões, caso contrário o questionário não poderá ser considerado válido para tratamento estatístico.
- b) Não existem respostas correctas ou incorrectas. Apenas se pretende obter a sua opinião.
- c) As suas respostas são estritamente confidenciais e anónimas.
- d) Se alguma questão for de difícil resposta, responda o melhor que conseguir, sem no entanto deixar de responder às questões.
- e) Este questionário está sujeito ao sigilo estatístico. Os dados individualizados não poderão ser divulgados. A divulgação só poderá ser global.

3. Declaração de intenção

Caso seja do seu interesse obter (gratuitamente) as conclusões deste estudo, apenas terá que indicar o seu e-mail e ser-lhe-á enviada uma cópia por correio electrónico.

O sucesso desta investigação depende da sua colaboração.

Desde já agradeço o tempo dispensado e estarei inteiramente disponível para qualquer dúvida e esclarecimento através do e-mail: [pedro.gaudencio@gmail.com](mailto:pedro.gaudencio@gmail.com)

Pedro Gaudêncio

## Parte I

### I.1 – Informações sobre o inquirido

Sexo \*

- Masculino  Feminino

Idade \*

Nº de Anos na Empresa \*

Nível de Escolaridade \*

- Mestrado / Pós Graduação:  
 Curso Superior (Licenciatura/Bacharelato)  
 Secundário (10–12º ano)  
 Preparatório (5- 9º ano)  
 Primário (1– 4º ano)

Função que desempenha na empresa \*

- Administrador/ Gerente  
 Director de Departamento  
 Chefe de Serviço

- Técnico
- Operador
- Outro:

I.2 – Informações sobre a empresa

**Sector de Actividade \***

- Comércio
- Serviços
- Indústria

**Produto ou Serviço Principal**

**Localização (Distrito) \***

**Número de funcionários \***

- Entre 0 e 10
- Entre 11 e 30
- Entre 31 e 50
- Entre 51 e 100
- Entre 101 e 250
- Mais do que 25

**Parte II**

Indique por favor o seu grau de concordância com as seguintes afirmações, de acordo com a seguinte escala:

1-Discordo Fortemente 2-Discordo 3-Não Concordo nem discordo 4-Concordo 5-Concordo Fortemente

**Os Gestores da organização revelam diversas vezes comportamentos que considero pouco éticos. \***

1	2	3	4	5
<input type="radio"/>				

**Para a nossa organização ter sucesso é muitas vezes necessário comprometer a ética. \***

1	2	3	4	5
<input type="radio"/>				

**Na nossa organização a Gestão de Topo, deu a conhecer, sem incerteza que comportamentos não éticos não serão tolerados. \***

1	2	3	4	5
<input type="radio"/>				

**Na nossa organização se um dos gestores for descoberto por práticas não éticas em seu proveito pessoal ele será prontamente repreendido. \***

1 2 3 4 5

---

**Na nossa organização se um dos gestores for descoberto por práticas não éticas em proveito da organização ele será prontamente repreendido. \***

1 2 3 4 5

---

Agora em relação à empresa em que trabalha, indique por favor o seu grau de concordância com as seguintes afirmações, de acordo com a seguinte escala:

1-Discordo Fortemente 2-Discordo 3-Não Concordo nem discordo 4-Concordo 5-Concordo Fortemente

**A empresa onde é trabalho é considerada uma das melhores. \***

1 2 3 4 5

---

**As pessoas na minha comunidade têm uma grande consideração pela empresa onde trabalho.\***

1 2 3 4 5

---

**Na minha comunidade é prestigioso ser trabalhador da minha empresa. \***

1 2 3 4 5

---

**A empresa onde trabalho tem uma boa reputação. \***

1 2 3 4 5

---

**A empresa onde trabalho é apreciada. \***

1 2 3 4 5

---

**A empresa onde trabalha participa em atividades que visam proteger e melhorar a qualidade do meio ambiente. \***

1 2 3 4 5

---

**A empresa onde trabalha faz investimentos para criar uma vida melhor para as gerações futuras. \***

1 2 3 4 5

**A empresa onde trabalha implementa programas para minimizar o impacto negativo que tem sobre o meio ambiente. \***

1 2 3 4 5

**A empresa onde trabalha procura um crescimento sustentável, que considere as gerações futuras. \***

1 2 3 4 5

**A empresa onde trabalha apoia organizações não-governamentais que trabalham em áreas problemáticas. \***

1 2 3 4 5

**A empresa onde trabalha contribui para as campanhas e projetos que promovem o bem-estar da sociedade. \***

1 2 3 4 5

**A empresa onde trabalha incentiva os trabalhadores a participar em voluntariado. \***

1 2 3 4 5

**A política da empresa estimula os trabalhadores a desenvolver competências e carreiras. \***

1 2 3 4 5

**A gestão da empresa preocupa-se muito com as necessidades dos funcionários. \***

1 2 3 4 5

**A empresa onde trabalha implementa políticas flexíveis para proporcionar um bom equilíbrio entre a vida e o trabalho dos seus funcionários. \***

1 2 3 4 5

**As decisões dos gestores relacionadas com os trabalhadores são geralmente justas. \***

1 2 3 4 5

**A empresa onde trabalha apoia os trabalhadores que querem ter mais educação e formação. \***

1	2	3	4	5
<input type="radio"/>				

**A empresa onde trabalha protege os direitos do consumidor que vão para lá dos requisitos legais. \***

1	2	3	4	5
<input type="radio"/>				

**A empresa onde trabalha fornece aos clientes informação completa e precisa sobre os seus produtos. \***

1	2	3	4	5
<input type="radio"/>				

**A satisfação do cliente é muito importante para a empresa onde trabalha. \***

1	2	3	4	5
<input type="radio"/>				

**A empresa onde trabalha analisa as dúvidas, sugestões e reclamações recebidas e utiliza-as como instrumento para melhorar a sua atividade. \***

1	2	3	4	5
<input type="radio"/>				

**A empresa onde trabalha paga os impostos numa base regular e contínua. \***

1	2	3	4	5
<input type="radio"/>				

**A empresa onde trabalha cumpre de forma pronta e sistemática os requisitos legais. \***

1	2	3	4	5
<input type="radio"/>				

**A empresa onde trabalha procura ter um relacionamento ético e transparente com o governo. \***

1	2	3	4	5
<input type="radio"/>				

**A empresa onde trabalha é criteriosa sobre o envolvimento em campanhas políticas. \***

1	2	3	4	5
<input type="radio"/>				

**Eu sinto que a minha ligação à empresa é forte. \***

1	2	3	4	5
<input type="radio"/>				

**Eu tenho um forte sentido de pertença à minha empresa. \***

1	2	3	4	5
<input type="radio"/>				

**Eu faço parte da minha empresa. \***

1	2	3	4	5
<input type="radio"/>				

**Eu partilho os valores e a cultura da minha empresa. \***

1	2	3	4	5
<input type="radio"/>				

**Eu tenho orgulho em dizer às outras pessoas que faço parte desta empresa. \***

1	2	3	4	5
<input type="radio"/>				

**Eu sinto uma forte afeição por esta empresa. \***

1	2	3	4	5
<input type="radio"/>				

**Nesta empresa eu sinto me como “parte da família”. \***

1	2	3	4	5
<input type="radio"/>				

**Eu estou muito contente por ter escolhido esta empresa para trabalhar. \***

1	2	3	4	5
<input type="radio"/>				

**Eu preocupo-me seriamente com o futuro desta empresa. \***

1	2	3	4	5
<input type="radio"/>				

### **Parte III**

Indique agora por favor o seu grau de concordância com as seguintes afirmações, de acordo com a seguinte escala:

1-Discordo Fortemente 2-Discordo 3-Não Concordo nem discordo 4-Concordo 5-Concordo Fortemente

**Quase todas as promessas feitas pelo meu empregador durante o processo de recrutamento têm sido mantidas até agora \***

1	2	3	4	5
---	---	---	---	---

**Eu sinto que o meu empregador tem conseguido cumprir as promessas que me fez quando me contratou. \***

1 2 3 4 5

**Até agora o meu empregador tem feito um excelente trabalho ao cumprir as suas promessas. \***

1 2 3 4 5

**Eu não recebi tudo o que me foi prometido em troca de minhas contribuições. \***

1 2 3 4 5

**O meu empregador tem quebrado muitos das promessas que me fez embora eu tenha feito a minha parte. \***

1 2 3 4 5

**O meu supervisor está satisfeito com o meu trabalho. \***

1 2 3 4 5

**O meu supervisor entende os meus problemas e necessidades de trabalho. \***

1 2 3 4 5

**O meu supervisor sabe como é que eu sou bom no trabalho. \***

1 2 3 4 5

**O meu supervisor está disposto a usar o seu poder para me ajudar a resolver os problemas do trabalho. \***

1 2 3 4 5

**Eu tenho uma boa relação de trabalho com o meu supervisor. \***

1 2 3 4 5

**O meu supervisor está disposto a ajudar me no trabalho quando eu realmente preciso. \***

1 2 3 4 5

**Eu tenho confiança suficiente no meu supervisor para defender e justificar as suas decisões mesmo que ele não esteja presente. \***

1 2 3 4 5

**De uma forma geral estou satisfeito com o meu trabalho. \***

1 2 3 4 5

**Acho que existem muitos outros trabalhos que são mais interessantes do que o meu. \***

1 2 3 4 5

**O meu trabalho está a corresponder às expectativas que eu tinha antes do iniciar. \***

1 2 3 4 5

**Eu gostaria de ter outro emprego, porque eu não estou satisfeito. \***

1 2 3 4 5

**O meu trabalho atual é agradável. \***

1 2 3 4 5

**Acho que o meu trabalho atual é interessante e fascinante. \***

1 2 3 4 5

**É provável que eu procure outro emprego no próximo ano. \***

1 2 3 4 5

**Penso muitas vezes em demitir me desta empresa. \***

1 2 3 4 5

**Se eu pudesse, gostaria de obter outro trabalho noutra empresa. \***

1 2 3 4 5

**Logo que tenha oportunidade vou tentar sair desta empresa. \***

1	2	3	4	5
<input type="radio"/>				

**Eu posso confiar totalmente na minha entidade patronal. \***

1	2	3	4	5
<input type="radio"/>				

**O meu empregador é acessível e frontal comigo. \***

1	2	3	4	5
<input type="radio"/>				

**Eu acredito que meu empregador é íntegro. \***

1	2	3	4	5
<input type="radio"/>				

**Em geral acredito que os motivos e as intenções do meu empregador são bons. \***

1	2	3	4	5
<input type="radio"/>				

**O meu empregador é sempre honesto e verdadeiro. \***

1	2	3	4	5
<input type="radio"/>				

**Eu acho que o meu patrão me trata de forma justa. \***

1	2	3	4	5
<input type="radio"/>				

**Eu posso esperar que o meu patrão me trate de uma forma consistente e previsível. \***

1	2	3	4	5
<input type="radio"/>				

## Parte V

Indique agora por favor em que medida é que as seguintes afirmações se aplicam a si, de acordo com a seguinte escala:

1-Definitivamente não se aplica a mim 2-Não se aplica a mim 3-É indiferente 4-Aplica-se a mim 5-Aplica-se totalmente a mim

**No meu trabalho, tenho ideias com frequência. \***

1	2	3	4	5
<input type="radio"/>				

**Na minha empresa, as pessoas consideram-me como um forte defensor/a da renovação e da mudança. \***

1	2	3	4	5
<input type="radio"/>				

**Gosto de experimentar as coisas de uma maneira nova. \***

1	2	3	4	5
<input type="radio"/>				

**Penso em projetos inovadores como um desafio. \***

1	2	3	4	5
<input type="radio"/>				

**No meu trabalho, sou promotor de muitas iniciativas de melhoria. \***

1	2	3	4	5
<input type="radio"/>				

**Os meus colegas olham-me como alguém que gosta de fazer coisas novas. \***

1	2	3	4	5
<input type="radio"/>				

**Gosto de contribuir para a implementação das ideias dos outros. \***

1	2	3	4	5
<input type="radio"/>				

**De forma contínua procuro acompanhar as tendências e os desenvolvimentos no meu trabalho, através da leitura, da presença em conferências ou participação em cursos de formação, etc. \***

1	2	3	4	5
<input type="radio"/>				

De acordo como a seguinte escala como é que se avalia, em termos de:

1-Mau 2-Fraco 3-Na Média 4-Bom 5-Excelente

**De quantidade de trabalho conseguida. (por exemplo, volume de vendas). \***

1	2	3	4	5
<input type="radio"/>				

**De capacidade de atingir os seus objetivos. \***

1	2	3	4	5
<input type="radio"/>				

**De potencial de desempenho face aos seus colegas de trabalho. \***

1   2   3   4   5

---

**De qualidade de desempenho nas relações com os clientes. \***

1   2   3   4   5

---

**De qualidade de desempenho em relação a gestão do tempo, planeamento e gestão das despesas. \***

1   2   3   4   5

---

**De qualidade de desempenho em relação a conhecimento dos produtos da empresa, dos concorrentes e das necessidades dos clientes. \***

1   2   3   4   5

---

Para cada uma das questões e/ou afirmações seguintes, por favor assinale na escala, entre 1 e 5, a que parece que melhor o/a descreve

**Em geral, considero-me: \***

1   2   3   4   5

---

Uma pessoa que não é muito feliz                  Uma pessoa muito feliz

---

**Comparativamente com os meus colegas, considero-me: \***

1   2   3   4   5

---

Menos feliz                  Mais feliz

---

**Algumas pessoas parecem sempre felizes. Parece que tudo lhes corre bem. Em que medida esta caracterização o/a descreve a si? \***

1   2   3   4   5

---

De modo nenhum                  Em grande parte

---

**Algumas pessoas parecem andar sempre infelizes. Em que medida esta caracterização o/a descreve a si? \***

1   2   3   4   5

---

De modo nenhum                  Em grande parte

---

**O autor agradece a sua atenção e o tempo dispendido para responder a este questionário. Caso pretenda obter os resultados deste estudo, indique o contacto para se proceder ao envio dos resultados:**

**Caso pretenda deixar alguma sugestão ou fazer algum comentário, agradeço que o faça no seguinte espaço (opcional):**