



'Employees response to corporate social responsibility: Exploring the role of employees' collectivist orientation'



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ABSTRACT

Since the extant literature largely ignores the conditions that moderate the impact of CSR on employees' related outcomes, we examine the moderating effect of employees' collectivist orientation on the relationship of CSR. Most specifically, this study explores how individual employee differences moderate the influence of CSR on employee behavior. Using self-reports of 378 employees we examined how employees' collectivist orientation moderates the relationship of CSR on knowledge sharing behavior through organizational identification. Three of the four components (i.e., community, employees, and consumers) of CSR positively affect employees' organizational identification and knowledge-sharing behavior. However, while the effects of community-related CSR actions on the employees' outcomes are stronger for individualistic employees, the effect of employee-related CSR actions on organizational identification is stronger for collectivist employees. The findings are unique in the sense that we show empirically that different employees are influenced by different types of CSR actions. The study therefore suggests that the internal affects of CSR activities depend on the nature of the employees witnessing them.

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Introduction

With the rapid increase of corporate social responsibility (CSR) practices in many firms, a question about the way in which CSR affects employees' attitudes and behaviors has become crucial. We regard employees as primary stakeholders, who execute CSR strategies, and are directly involved in CSR programs. It is of interest to investigate how changing organizational realities affect them. A few studies (i.e. Farooq, Payaud, Merunka, & Valette-Florence, 2013; Peterson, 2004; Rego, Leal, Cunha, Faria, & Pinho, 2010; Stites & Michael, 2011; Turker, 2009) have attempted to answer such question, examining the effects of perceived CSR on organizational commitment. For example, Stites and Michael (2011) denote the positive effects of perceived CSR on organizational commitment, while Valentine and Fleischman (2008) consider the effect of CSR on employees' job satisfaction. These studies rely on social identity theory to explain the effect of CSR on employee outcomes, concentrating on organizational commitment.

Yet scholars have paid little attention to the key variables that constitute the social identity framework. It is significantly different form of organizational commitment as it reflects individuals'

self-definition, while commitment does not (Ashforth & Mael, 1989; Riketta, 2005; Van Knippenberg & Sleebos, 2006). It is appropriate to examine the effect of CSR on organizational identification as a means to predict employee behaviors. A few recent studies demonstrate that CSR initiatives may foster organizational identification (Farooq et al., 2013; Glavas & Godwin, 2013; Kim, Lee, Lee, & Kim, 2010). However, the theoretical approach of most of these studies leaves the exact nature of this relationship unclear. Therefore, a comprehensive study is needed to explore the question: how does perceived CSR influence the organizational identification of employees? The previous studies also largely ignore the effect of perceived CSR on employee behaviors. From the managerial as well as firm performance perspectives, it is always useful to understand the determinant of employees' behavioral outcomes at workplace. The research on the attitude-behavior link suggests that attitudes do not always become behaviors, due to individual, social, and cultural factors (Bentler & Speckart, 1979; Zanna, Olson, & Fazio, 1980). To address this gap, we examine the direct effects of CSR, as well as its indirect effects through the mediation of organizational identification, on employees' knowledge sharing behavior. Knowledge sharing among employees is considered essential for knowledge management (Jasimuddin, Connell, & Klein, 2012).

The previous research has not explored the conditions that affect the relationship of CSR and employees outcomes. For this reason, we examine the moderating effect of employees' cultural characteristics on the CSR-employees link. We incorporate employees' collectivist orientation in our study, with an aim to examine how

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it moderates the effects of CSR on organizational identification and knowledge-sharing behaviors. We consider collectivism orientation particularly relevant in relation to the social identity mechanism in that both collectivism and social identity explain an individual's behavior in a group. Moreover, collectivism is an individual cultural characteristic, but it can broadly classify the people of developed versus developing countries (Triandis, Bontempo, Villareal, Asai, & Lucca, 1988). By examining the moderating effect of collectivism, we will be able to understand how employees react to CSR in developing countries vis-a-vis people of developed countries. Therefore, this research may assist managers of European multinational corporations in formulating effective CSR strategy while managing global workforce, particularly in developing countries. To best of our knowledge, this study is the first of its kind to our knowledge in suggesting that the effects of CSR on employees' behaviors depend on employees' collectivist orientation.

We further investigate the differential effects of four components of CSR (i.e., CSR actions related to environment, community, consumers, and employees) on organizational identification and knowledge sharing behavior. Some CSR actions are focused on internal stakeholders whereas other actions are focused on external stakeholders. It is expected that these components may influence employees' outcomes differently. We use different facets of social identity theory (external prestige as well as internal respect) to develop our theoretical framework in order to understand the influences of different CSR components on employees. Since the previous studies have used only prestige based mechanism, the current study adds new insights in this stream of literature by offering different framework for different components. In addition, understanding differential effects is also useful from managers' perspective because it reveals the relative importance of these components for employees which may help managers formulate their CSR strategies effectively.

Literature review

Corporate social responsibility

Corporate social responsibility (CSR) is one of the central issues for the organizations of the 21st century that describes the role of business in a society (Vilanova, Lozano, & Arenas, 2008). In spite of the growing significance of CSR, the literature still lacks its commonly accepted definition (Carroll, 1991; Garriga & Melé, 2004). While illustrating the challenges associated with the construct of CSR, Henderson (2001, p. 21) describes that "there is no solid and well-developed consensus which provides a basis for action". The lack of an "all-embracing definition of CSR" (WBSCD., 2000, p. 3) and "subsequent diversity and overlap in terminology, definitions, and conceptual models hamper academic debate and ongoing research" (Göbbels, 2002).

Carroll (1979, p. 500) defines the CSR as "the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time". Some scholars (Matten & Crane, 2005; McIntosh, Thomas, Leipziger, & Coleman, 2002) do not endorse Carroll's interpretation of CSR, arguing that CSR should be beyond economic and legal responsibilities because every business must practice them. For instance, Matten and Moon (2008, p. 405) suggest that "CSR is differentiated from business fulfillment of core profit-making responsibility and from the social responsibilities of government". Similarly, McWilliams and Siegal (2001, p. 117), also define CSR as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." Excluding the economic and legal component, we use the definition of Waldman, Siegel, and Javidan (2006, p. 1703), who state CSR as "actions on the part of the firm that appear to advance, or acquiesce in the pro-

motion of some social good, beyond the immediate interests of the firm and its shareholders and beyond that which is required by law". In this regard, Tucker (2009) proposes a CSR model which incorporates the stakeholder framework, classifying CSR actions into four main categories: (i) CSR to social and non social stakeholder, (ii) CSR to consumers, (iii) CSR to employees, and (iv) CSR to government. Drawing on the definition of Waldman et al. (2006), we rely on only the following three dimensions of the Turker's (2009) model:

- *CSR to social and nonsocial stakeholders* represents the responsibility of a business toward society and the natural environment.
- *CSR to employees* represents a firm's actions that ensure the well-being and support of its employees through good working condition, including career opportunities, organizational justice, family-friendly policies and training and development.
- *CSR to customers* is the responsibilities of a firm toward its consumers. It includes product safety, customer care, and handling customer complaints beyond the law.

Corporate social responsibility and employees outcomes

In this paper, we seek to understand the relationship between employee perceptions of CSR, organizational identification and knowledge sharing behavior. Over the last few years, a small body of literature has emerged that focuses on how employees' perception of CSR impacts their work outcomes. One strand of this literature is concerned with how CSR affects employer attractiveness to prospective employees. Albinger and Freeman (2000) have found that corporate social performance is positively related to employer attractiveness among job seekers. Others (e.g., Greening & Turban, 2000; Turban & Greening, 1997) also have shown that CSR perception enhances the attractiveness of the organization for the job seekers. Consequently, socially responsible companies are successful in attracting the large pool of job seeking candidates. In this context, Greening and Turban (2000) argue that the observed link between CSR and employer attractiveness can be explained in terms of the positive signal that CSR practice sends to prospective employees about working norms inside an organization.

The second strand of literature on CSR and employee outcomes focuses on how CSR affects various attitudes of current employees. Riordan, Gatewood, and Bill (1997) show that a positive corporate image is associated with the increased job satisfaction and decreased turnover intentions among a sample of non-managerial employees. Valentine and Fleischman (2008) explain that the perceived CSR is positively correlated with job satisfaction among a sample of business managers. In their studies of the cultural antecedents of corporate citizenship, several researchers (e.g. Maignan & Ferrell, 2001; Maignan, Ferrell, & Hult, 1999) have found that proactive citizenship is associated with high levels of employee affective commitment among marketing managers and executives. Similarly, other scholars (e.g., Stites & Michael, 2011, Brammer, Millington, & Rayton, 2007; Peterson, 2004; Turker, 2009) have shown that the employee perceptions of CSR are positively related to affective organizational commitment. Carmeli, Gilat, and Waldman (2007) argue that perceived social responsibility, in terms of the organization's focus on the development and quality of product and services, enhances the relationship between management and employees, and employee retention that lead to higher levels of job performance in an Israeli sample. Kim et al. (2010) also explore that perceptions of CSR has positive impact on employee affective commitment through employee-company identification. Kim et al. (2010), however, include only CSR actions focused on community, ignoring the actions related to internal stakeholders and natural environment. Against this backdrop, we argue that it is most appropriate to examine the effect of CSR on organizational identification

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