

## Corporate Social Responsibility (CSR): A Literature Review

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### **Abstract**

*This paper aims to give an overview on the topic and impact of the corporate social responsibility on employee's attitudes and behaviours (CSR), it can be noticed that different scholars still continue to look at the concept of CSR from different perspectives. In 1970, Milton Friedman was the first scholar who wrote an article regarding the responsibilities of corporations. After that academicians started to look at the concept of CSR in more details, and made a move from the general debates discussing about the legitimacy of CSR to other perspectives to get deeper understanding about the concept of CSR. But, most of the researches that have been conducted with regard to CSR were mainly focused on macro perspective with their great emphasis on the relationship between CSR initiatives and financial performance.*

**Keywords:** Corporate Social Responsibility (CSR), social responsibility, employees' attitudes, employees' behaviour.

### **1 Introduction**

When we look around we will be able to see different types of corporations which are praised in different ways upon their contributions in the larger societies. Starbucks, as one of large corporations in the world, they have taken an initiation by including citizenship in its mission statement, by putting into their policies their commitment through their efforts for a purpose of minimizing its environmental footprint as well as promoting a trade that will be fair towards the growers in different programs (Starbucks Corporation, 2007). After this what happened? Starbucks was observed to be notified in the list of Business Ethics to be among of the 100 Best Corporate Citizens for the period of consecutive seven years. Many organizations in the world continue to release their reports relevant to corporate social responsibilities in addition to the annual reports, or sometimes even as a separate report (e.g., Nestle, Unilever etc.) Corporateregister.com, for example, there was a time when it was offering almost 15,000 non-financial reports on sustainability, corporate social responsibility (CSR), and environmental initiatives from almost 4,000 companies.

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In the recent years, it can be noticed that different scholars were still looking at the concept of CSR from different perspectives. In 1970, when Milton Friedman decided to write an article where he provoked by disputing the responsibilities of corporations. After that academicians started to look at the concept of CSR in more details, and moved away from discussion about the legitimacy of CSR towards other perspectives to get deeper understanding regarding the concept of CSR. However, most of the researches have been conducted with regard to CSR were mainly focusing on macro perspective with much emphasis on the relationship between CSR initiatives and financial performance (Pava & Krausz, 1996; Greenley & Foxall, 1997; Waddock & Graves, 1997; Hillman & Keim, 2001; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Orlitzky, Schmidt & Rynes, 2003; Marom, 2006). Another active research stream regarding CSR has been observed as its active contribution in marketing and consumer behaviour. Many scholars such as Drumwright (1994-1996); Ellen, Mohr, & Webb, (2000); Ellen, Webb & Mohr (2006); Luo & Bhattacharya (2006); Lombart & Louis (2014); and Bolton & Mattila (2015) have examined the CSR with respect to these domains of research.

However, while looking at the relationship between CSR and employee-level phenomenon, only a few academic studies have managed to dwelled on that, where different scholars noted a surprising gap. Some studies have been published examining the influence of corporate citizenship on organizational commitment (Maignan, Ferrel, Hult, 1999; Peterson, 2004) or with respect to social performance as an organizational attractiveness (Luce, Barber, & Hillman, 2001; Turban & Greening, 1997). Since employees have been widely acknowledged as the key stakeholders in the organization and it is believed that the policies of CSR may have some kind of impact on them, thus, there is a need to conduct a further study with respect to the theoretical and empirical focus into the verge of relationship between the initiatives of CSR and the attitudes and behaviour of employees. Most of the time the research and the theory on the practices of CSR come up with the assumption that external stakeholders such as the community, customers as well as potential employees are the key groups of stakeholder that are also targeted by the companies regarding CSR, on the other side, the internal groups of stakeholder such as current employees are not considered to be affected by those activities. However, some of the scholars have reported the interest of the employees with regard to CSR activities which are carried out in the organization.

## **2 Literature Review**

### **2.1 Corporate Social Responsibility**

According to some studies, although CSR is rapidly becoming a worldwide phenomenon in Malaysia (Abu-Baker & Naser, 2000; Belal, 2001; Imam, 2000; Tsang, 1998; Nik Nazli, Maliah, & Siswantoro, 2003; Branco & Rodrigues, 2006), however, many public companies are slower in responding to the issue of CSR, such as preservation and protection of the environment and the social welfare of the communities in which they operate. Furthermore, according to the New Straits Times Newspaper (2010), the Malaysian Government's efforts to promote CSR are still not taken seriously by many companies because a few of the international corporations and big corporations in Malaysia are only involved in CSR projects (Amran & Siti-Nabiha, 2009; MIA, 2005; Bursa Malaysia, 2007; PM of Malaysia 2007, 2008, 2009, 2010).

Furthermore, Ng (2008) reported that the Malaysian companies are far behind international standards when it comes to implementing the CSR policies, with nearly two-thirds of those surveyed ranking between poor and average categories. The success of any company or organization depends on many variables, such as work place (Fulmer et al., 2003), capital structure (Shyan et al., 2008), information technology (Melville et al., 2004), corporate governance (Brown & Caylor, 2003), HRM (Agrawal, 2007), trust (Prema & Ashwani, 2004), employees (Rupp, Ganapathi, Aguilera, & Williams 2006; Fulmer et al., 2003), ownership (Nazli & Ghazali, 2007; Wang & Wong, 2008), customer relation management (Coltman et al., 2011) and corporate social responsibility (Branco & Rodrigues, 2006; Mcguire et al., 1988; Johnson & Greening, 1999). Thus, it is very important to review the performance from time to time due to changes in the environment (Najmi, Rigas & Fan, 2005). Performance is also necessary for the management in its planning and controlling process (Chan, Qui, Chan, Lau & Ip, 2003).

CSR has been defined by different scholars in various ways. For instance, CSR, is commonly defined as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law" (McWilliams & Siegel, 2001). Godfrey and Hatch (2007) provided a continuum of approaches to CSR scholarship, from an extreme economic position to an extreme moral position. Their categories are shareholder capitalism, cause-related marketing, strategic philanthropy, stakeholder management, and business citizenship. According to Godfrey and Hatch, each category presents its own strengths and -weaknesses. Shareholder capitalism offers clear directions to managers, holds them accountable, and reduces agency problems, but it provides no obligations to the larger society beyond shareholder wealth and presents a limited view of how business influences social welfare. Cause-related marketing retains strict accountability but provides the charitable contributions, but may replace private giving. In addition, associations with recipient firms may potentially lead to negative

associations and some customers and/or employees may see the efforts as hypocritical or opportunistic. In the mid-point category, strategic philanthropy, while focusing on shareholder's wealth, offers a firm vision of the organization's obligations and opportunities within the larger society leading to broad and deep commitments by the firm to stakeholders. However, important social issues may not correspond to an organization's strategic goals. In addition, because it might be difficult to identify strategic opportunities in the philanthropic realm, agency problems may occur.

Besides, we can also see the trend of movement with regard to CSR. Moving towards the extreme moralistic anchor of their continuum, Godfrey and Hatch praised stakeholder management for embedding the firm within the community and legitimizing trade-offs to facilitate responses to social issues. However, this approach doesn't provide clear guidance to managers nor does it offer justification for social involvement. The final category, business citizenship, models the firm as a global citizen, deeply embedded in global communities and institutions with an opportunity to make a meaningful contribution to social welfare. However, this approach, again, does not offer managers clear guidance or a system of internal accountability. Moreover, business take on a larger public role, making decisions that may be more appropriate in the hands of an elected government. Which category yields the best results for organizations is a matter of empirical investigation and is likely determined by contextual factors, though firms at the extreme economic end may find themselves at a disadvantage.

It does not matter what kind of model embraced by an organization, CSR can provide an important component of a company's brand image, a fact companies including Ben and Jerry's, Timberland, BP, The Body Shop, Stony brook Farms, and Whole Foods use to their advantage. Companies such as Seventh Generation were created to embody and promote social issues, in this case, environmental conservation, with every product label heralding a quote from the Great Law of the Iroquois Confederacy, "In our every deliberation, we must consider the impact of our decisions on the next seven generations." Seventh Generation and its products, by design, embody social responsibility. Firms that fail to engage in CSR often suffer public relations' damage, such as Nike in the 1990s when the company's use of foreign sweatshops was publicized, or even financial damage. One study found that firms regarded as socially irresponsible suffered greater losses in the stock market as the result of a crisis, the failed 1999 WTO talks in Seattle, than did companies regarded as socially responsible (Schnietz & Epstein, 2004).

When we look at CSR as initiatives we can find out that they are projections of a desired organizational image, they can act as symbols or indicators of an organization's identity (Corley, Cochran, & Comstock, 2001). "[Organizational identity consists of those self-descriptors/identity claims used by an organization for purposes of specifying 'what is most central to the organization but that is also most

enduring (continuous) and/or most distinctive about the organization” (Whetten & Mackey, 2002). As a source of communication about organizational identity, CSR reflects a company's core values (Bhattacharya & Sen, 2003). According to Yoon and colleagues' (2006), lab study of associations drawn regarding customers of socially responsible firms point to the strength these organizational images carry. Regardless of a buyer's motives for driving a Toyota Prius, for example, the buyer will be perceived by others as a person concerned with the environment, perhaps even willing to pay a premium to purchase an automobile with a smaller carbon footprint. In fact, CSR or because marketing can signal the firm's desired identity to external constituents (Drumwright, 1996). Within the firm, Morsing (2006) suggested that messages surrounding a firm's CSR activities serve as auto-communication to organizational members and reinforce corporate identity, similar to the internal branding that encourages employees to "live the brand" (Harquail, 2004). While identity represents the central and enduring characteristics of an organization as seen by its members, image reflects how organizational members believe others see the organization (Dutton et al., 1994). As discussed earlier, organizational identity is a source of organizational identification, but image is important as well since it contributes to collective self-esteem as well as individual self-esteem and personal identity (Dutton & Dukerich, 1991). Furthermore, Goia, Schultz, and Corley (2000) stressed the reciprocal relationship between organizational identity and image, arguing that, contrary to standard definitions associating identity with unalterable, enduring characteristics, organizational identity is a dynamic construct.

Although the relationship between CSR and employee attitudes is ripe for investigation, most attention to CSR in the literature has focused on external stakeholders, such as customers, potential employees, and the larger community. Limited research has been undertaken to explain the effects of CSR on internal stakeholders such as employees.

If we direct our focus to the management domain, we will be able to observe that one stream of research has investigated the antecedents of CSR. Institutional pressures provide one explanation for the explosion of CSR. Wood (1991) theorized that a firm had to meet minimum standards for corporate social performance as determined by society's expectations, though she left the boundary of "society" as an empirical question. Using Wood's typology to investigate changes in stakeholder management over time, Shropshire and Hillman (2006) found support for the role of institutional pressure, with changes in industry stakeholder management practices as well as organizational age and size increasing the likelihood of changes in stakeholder management. Hoffman (1999), in his study of the U.S. chemical industry's response to environmental concerns provides additional support for the impact of institutional pressures on CSR. He argued that organizational fields developed around the threat of environmentalism and changed due to disruptive events, such as the formation of the Environmental Protection Organization and the publication of *Silent Spring*. In each phase of development, the definition of environmentalism and the options available to actors in the organizational field

were limited by institutional constraints. Using neo-institutional theory, Marquis, Glynn, and Davis (2007) argued that the CSR initiatives in which a firm engages are determined by the local geographic community. They asserted that each community, exerts cultural cognitive (shared frames of reference; community ideology, identity and values), social normative (expectations of peers and community), and regulative (local laws and regulations) institutional forces. These forces, then, impact the focus, form, and level of CSR in the community.

When we look at Frooman (1999), he came up with the typology of stakeholder influence strategies based on a resource dependency perspective. Based on the dependence of a firm on its stakeholder and vice-a-versa, the stakeholders will choose a direct or indirect withholding or usage strategy to pressure an organization. In his typology, Frooman attempted to move beyond the hub and spoke stakeholder management strategy outlined by Freeman (1984). In a qualitative study of environmental organizations, Hendry (2005) tested Frooman's propositions. While she found some support for his typology, it was too limiting, and she suggested alternative influences on tactics, including the stakeholder group's past experience with a tactic, the opportunity to use the tactic, the tactic that gives the greatest results for the lowest cost, and potential alliances.

In the specific framework of the application of stakeholder influence strategies, the role of activists has also been given attention in the literature. Incorporating institutional change and social movement theories, den Hond and de Bakker (2007) developed a model of activism and institutional change, providing a typology of tactics—material damage, material gain, symbolic damage, and symbolic gain—used by activists to create change in organizations. Material damage aims to create costs high enough for the organization that they abandon the practice targeted for activists and may include boycotts, protests, lawsuits, and even sabotage. Material gain, on the other hand, is represented by the "boycott" in which a company is rewarded for particular policies or practices. Symbolic damage hurts the organization by damaging its reputation and rallying the community and political leaders to understand the "sins" of the targeted company. Symbolic gain, on the other hand, enhances the reputation of an organization with preferred policies and practices through positive publicity and partnerships. In a specific case of stakeholder activism, Berry (2003) recounts the mobilization of environmental activists in response to a proposed Shintech plant in the southern Louisiana town Convent, in a part of the state dubbed "Cancer Alley." After two years of delays due in large part to community and activist opposition, Shintech announced they were abandoning their preliminary plans in favor of a smaller plant next to a Dow Chemical facility near Baton Rouge. Dow, in turn, agreed to reduce emissions by 50 tons, offsetting what the new Shintech plant would produce. They were abandoning their preliminary plans in favour of a smaller plant next to a Dow

Chemical facility near Baton Rouge. Dow, in turn, agreed to reduce emissions by 50 tons, offsetting what the new Shintech plant would produce.

Leaders of the company may also push for CSR policies. Bansal and Roth (2000) proposed that environmental programs and attention to sustainability can come from the top, or possibly from employees who hold strong feelings about particular issues. In the documentary, *The Corporation* (Achbar & Abbott, 2003), Ray Anderson, CEO of Interface Carpets recounts his conversion to environmentalism when he received a copy of *The Ecology of Commerce* by Paul Hawken (1993). Within a year, he had charged his company with a mission to become, first, a sustainable company, and then a restorative company that gives back by helping other companies achieve sustainability (Interface, n.d.). In a Globe data set providing empirical support to this proposition, Waldman and co-authors (2006) found evidence that CEO visionary leadership and integrity are associated with CSR values among top management team members.

Another important lot of the CSR research has investigated the link between CSR and firm's financial performance. In a key meta-analysis of this relationship, Orlitzky, Schmidt, and Rynes (2003) explained that instrumental stakeholder theory (Donaldson & Preston, 1995; Freeman, 1984; Mitchell & Agle, 1997) underlies these studies by implying that CSR will be positively related to financial performance since companies who engage in CSR are able to satisfy multiple stakeholder groups, more efficiently adapt to external demands, and, by virtue of bilateral stakeholder-management relationships, serve to monitor and enforce managerial action. The aforementioned meta-analysis provides an extensive review of the literature on the CSR-firm performance link and concludes that despite the fact that conflicting results have been published, the overall relationship between CSR and firm's performance is positive across industries and contexts. A specific aspect of CSR, environmental management, also shows a positive relationship with firm's performance (Klassen & McLaughlin, 1996).

Let us expand this stream of research to the wider perspective, Becker-Olsen, Cudmore, and Hill (2006) included measures of fit (or the congruence between the CSR initiative and the firm's products, mission, or target market) and timing (proactive or in response to a crisis) in their study of CSR and consumer behaviour. While high-fit initiatives were perceived favourably, low-fitting and reactive initiatives had a negative impact on customer opinions.

We have witnessed that the literature on CSR, its impact on employees as internal stakeholders has been, for the most part, overlooked. This gap offers a fertile line of avenue for research that will explicate how CSR initiatives affect employees. For that reason, this study presents a view and accompanying propositions to address this unanswered question by linking CSR to the constructs of organizational identification and withdrawal cognitions discussed earlier and proposing the mechanisms by which CSR and employee outcomes are associated.



## **2.2 Employee's Perceptions of CSR Policies**

In this study, we are going to discuss employee's perceptions in relation to policies of CSR, two of the aspects were discussed: awareness of the employee in relation to the policies of CSR and the perceptions of employees towards CSR policy "fit."

## **2.3 CSR motivation**

In this aspect, it is easier to see that the employees are also likely to evaluate their firm's CSR activities once they are aware of them, thus it is probable that these concepts are also salient while investigating the role of a company's social responsibility policies vis-a-vis its employees. One metric employees will use is perceived fit of CSR activities. Perceived fit addresses the correspondence between the CSR activity and the organization's values and strategies as well as the organization's motivation (as seen by the employee). Employee perceptions of CSR activities deviate from objective criteria for success, such as those found in a CSR audit. For example, Starbucks Coffee Company uses a number of objective measures to evaluate its CSR performance, including the use of Fair Trade Certified coffee, the amount of corporate contributions to charities, the amount of Greenhouse gas emissions, the percentage of recycled paper used, and the amount of water and electricity used, as well as metrics that relate to employee satisfaction and diversity (Starbucks Corporation, 2006). The Kinder, Lydenberg, and Domini database also provides such objective measures of CSR (Sharfman, 1996). These objective measures are extremely valuable for investors and researchers, but they do not necessarily reflect the perceptions that an organization's employees hold regarding the effectiveness of its CSR activities. Like consumers, employees will also make attributions regarding their employer's CSR initiatives to try to understand why the company is engaging in the particular activity (Bhattacharya & Sen, 2004). These attributions "determine the extent to which consumers are likely to respond positively to a company's CSR activities" (Bhattacharya & Sen, 2004). The same should be true of employees as well. When employees' attribute CSR activities to social motivation or synergy/fit, they will likely experience positive outcomes.

## **2.4 Personal Social Action**

In the journey of searching for the literature with regard to Personal Social Action, this study came across the description given by different scholars relating to it. Scholars have mentioned that Personal Social Actions (PSA) are individual actions supported by and/or sponsored by the organization to support a social good. They range from charitable donations automatically deducted from an employee's pay check (e.g. United Way fundraising drives), matching donations, paid time off to volunteer, paid internships at non-profit organizations, special activities in support of a charitable issues or organization (e.g., a company-sponsored "Race for the Cure" team) and company volunteer days. Personal initiatives to change company policies (e.g., initiating recycling or advocating for cage-free eggs in the company cafeteria) may also fall into

this category. PSA does not include CSR activities undertaken by the firm that have no employee involvement such as community grants, donations, corporate-wide sustainability programs, and in-kind donations. Broadly, Horvath (1999) mentions: Social action is participation in social issues to influence their outcome for the benefit of people and the community. Social action can, under favourable circumstances, produce actual empowerment, impact, or social change.

Besides that, we also know that PSA is also analogous to corporate social action, Marquis, Glynn, and Davis (2007) defined it as “behaviours and practices that extend beyond immediate profit maximization goals and are intended to increase social benefits or mitigate social problems for constituencies external to the firm.” When PSA incorporates off-site activities, employees are nevertheless engaged in official company business and are expected to present themselves as organizational representatives (Bartel, 2001). Though some aspects of PSA, such as employee volunteer’s programs, have been previously studied, to our current knowledge, our conception of PSA is the first to integrate a wide range of employee’s actions that work toward social issues and community well-being.

To describe the range of PSAs in practice, we have provided a number of examples from current corporations. Southwest Airlines employees undertake a wide variety of PSA: visiting children at a local Ronald McDonald House, delivering food for Meals on Wheels, and arranging holiday fundraisers to provide gifts to low income families (Southwest Airlines, 2007). Lawyers may be given time and resources to pursue pro bono work for favourite charitable organizations. In one study, architects endured working on less interesting and stimulating projects so that they could use firm resources to accomplish more creative pro bono work for the public-school system (Vough, 2007). Employees may champion Eco initiatives, defined as “any action[s] taken by an employee that she or he thought would improve the environmental performance of her/his company,” in the organization (Ramus & Steger, 2000: 606). Charity gift certificates may be presented as individual performance or service awards. Unlike action taken by the organization in its name, in which employees are passive participants, personal social actions allow employees to be directly involved and have a tangible sense of accomplishment. However, PSA represents a continuum of giving and volunteering along which employees can be more or less involved. The prevalent PSAs would be more discussed as follow:

### **2.7.1 Charitable donations**

One of the type of PSA is requiring low direct involvement may be undertaken through charitable donations automatically deducted from an employee's pay check. In this case, the individual exerts minimal effort—perhaps filling out a form—as does the organization which provides administrative support by deducting the charitable donation from employees and sending the aggregated funds to the non-profit. Usually,

such automatic charitable deductions occur through firm United Way campaigns, such as Clemson University's annual pledge drive (Barker & Kelly, 2006). Some companies provide matching funds for employees' donations to not-for-profit groups. The New York Times Foundation, for example, administers a program for Times Company full-time employees, directors, and retirees providing \$1.50 for each \$1.00 contributed up to \$3,000 per year (The New York Times Foundation, 2006). A study of UK firms revealed that 63% of the firms in the 148 firm sample offered payroll giving schemes while almost 50% provided matching donations (Brammer & Millington, 2003).

### **2.7.2 Volunteer days or special events**

Besides charitable donations, PSA might also be provided through flagship annual events sponsored by organizations. Timberland, for example, has two such days of service—Serve-a-Palooza and Earthday—which give the company employees two full days of volunteer opportunities in the community each year (Points of Light Foundation, 2007). For these and other programs, Timberland was one of the 2006 recipients of the Points of Light Foundation Award for Excellence in Workplace Volunteer Programs (Points of Light Foundation, 2007). The Intel Corporation has an active employee volunteer program with many options. In celebration of Earth Day 2008, Intel employees, easily identifiable in trademark blue "Intel Involved t-shirts," staffed drop off locations to collect old electronics for refurbishment so that the monitors, CPUs, printers, and other equipment could be repurposed for local schools rather than placed in a landfill. I had the opportunity to visit a local drop off station at the Phoenix Zoo and discuss the event with the coordinator. Not only were the employees happy to be involved, spending their Saturday morning collecting other people's trash, they brought friends and family members to help staff the event. Their concern was both for the environmental issues surrounding the disposal of old electronics but also for the schools that would be receiving equipment. These events provide opportunities for direct involvement in social issues, but the commitment is low since they are of a short, finite duration.

### **2.7.4 Employee volunteer programs (EVP)**

Although the number of firms with employee volunteer programs is not known, at least 60% of Fortune 500 firms promote EVPs on their websites and at least 95% of Fortune 50 firms mention EVPs (Points of Light Foundation, 2004). In the UK, the Brammer and Millington study (2003) found that almost 40% of the companies surveyed allowed employees paid time off to volunteer. From the employee perspective, a Deloitte & Touche survey (2007) of Generation Y (18-26-year-olds) employees reported that 97% of respondents believed companies should offer EVPs. EVPs can take a combination of four forms: 1) the employee informs her employer of off-site volunteer activities and such information is logged by the firm, 2) the firm can provide a list of volunteer opportunities for their employees, 3) a non-profit organization approaches a firm for

assistance, or 4) a firm markets employee to one or more non-profit organizations (Pidgeon, 1998).

One exploratory study (de Gilder, Schuyt, & Breedijk, 2005) investigated employee responses to corporate sponsored volunteer programs, one specific type of PSA, which are defined as "any formal organized company support for employees and retirees who wish to volunteer their services or time to the community (Wild, 1993)" (as quoted in Peterson, 2004). These types of employee-supported volunteer programs have also been dubbed "intra-organizational volunteerism" (Peloza & Hassay, 2006). Employees surveyed by de Gilder, Schuyt, and Breedijk (2005) had positive views of the program and reported stronger attitudes towards work (measured as performance and attendance) than did non-volunteer employees and employees who volunteered outside the company-sponsored program. Peterson's (2004a) study of corporate volunteer programs found a strong relationship between organizational commitment and job satisfaction and participation in a company sponsored volunteer program for female but not for male employees.

Perceived organizational support should also have a positive association with PSA given the likelihood that it will trigger the norm of reciprocity and create a felt obligation in employees to satisfy the social exchange underlying POS (Eisenberger et al., 2001). Moreover, Mayer and colleagues (2007) mentioned that volunteers for the American Cancer Society's Relay for Life found that organizational-based self-esteem (OBSE) was related to the number of volunteer days as well as expectations of future volunteer activity. OBSE is conceptually similar to POS, "defined as the degree to which an individual believes him/herself to be capable, significant, and worthy as an organizational member" (Pierce & Gardner, 2004). This is reflected in the measurement of OBSE with items such as "I am important" and "I count around here" (Pierce, Gardner, Cummings, & Dunham, 1989). In one of the few studies including both constructs, the correlation was .60 (Chen, Aryee, & Lee, 2005). Given the similarities between POS and OBSE, we forecast:

## **2.9 Attitude toward CSR**

An organization's CSR activities, while they may be effective by objective criteria or even judged effective by people who do not care for the activity, may not be universally accepted by employees. CSR activities may be seen by some employees as a waste of resources the organization could devote to the employees or the organization as a whole.

On the other hand, CSR activities may be seen to support or advance an agenda not all employees embrace. Even seemingly uncontroversial programs, such as those that support breast cancer research, may be opposed by employees who are against animal testing, while programs as ostensibly benign as school literacy in the public schools may be opposed by employees who prefer private schooling or voucher

programs. Other employees may be opposed to CSR initiatives in general because they believe the funds should be reinvested in the company or that corporate philanthropy excuses local, state, and national governments from their responsibilities to provide to the community (Friedman, 1970). Thus, when an employee supports the CSR goals, then the employee will experience a greater effect (i.e., there will be a stronger relationship with CSR and positive outcomes) than employees who do not support CSR goals.

Some support for this contention was generated by Mohr and Webb (2005), who used a general measure of consumers' own socially responsible purchasing behaviour as a moderator on the relationship between CSR and company evaluation and purchase intent.

Even using this coarse grained, general measure, Mohr and Webb found an interaction effect, such that environmental CSR activities had a stronger relationship between company evaluations and purchase intention for participants with high social responsibility standards. The interaction was also significant while evaluating the impact of philanthropic CSR activities and company evaluation, though not philanthropic CSR activities and purchase intent. Through ten focus groups conducted with volunteers of five different national UK charities, Sargeant and Woodliffe (2005) determined that shared beliefs, "the extent to which a donor felt that he or she shared the beliefs of an organization, either in respect of the significance of an issue or the manner in which it should be approached," was a factor in donor commitment. Intuitively, it seems reasonable that employees who support the CSR goals will be excited by and interested in the corresponding PSA while those 'who disagree with or oppose the CSR goals will be less likely to participate.

## **2.10 Personal Social Action and Employee Outcomes**

When we look at the Fortune Magazine of 2008, we will be able to see the "100 Best Companies to Work For" list explicitly mentions the PSA opportunities available at four of the featured companies: Methodist Hospital Systems offers a program in which employees spend time with terminally ill cancer patients; Umpqua Bank gives employees 40 hours of paid time each year for community volunteering; Intuit gives its employees four days for community service; and E O G matches charitable donations up to \$60,000 per employee each year (Levering & Moskowitz, 2008). Many other companies are on Fortune's list, for example Google, Wegmans Food Markets, and Cisco Systems also have opportunities for employees to engage in PSA. Sustained feelings of happiness can come from intentional activity which "focuses a person's energy and behaviour in a variety of different ways, leading to a more diverse and varied set of experiences... [and] can bring about an expanding array of new opportunities and possibilities," (Sheldon & Lyubomirsky, 2006).

Not only that, but we also know that prosocial spending, that is, an index comprised of donations to charities and gifts to others, has been correlated with greater levels of happiness than personal spending (Dunn, Aknin, & Norton, 2008). Lyubmirksy, Sheldon, and Schkade (2005b) suggest that prosocial behavior leads to positive moods as well as sustained well-being because they might create a positive self-perception, engender confidence about one's ability to help others, and even inspire liking from others. In an unpublished six-week study reported by Lyubmirksy and colleagues (2005), students were assigned to one of three groups: a group in which participants performed five acts of kindness each day each week, a group in which participants performed five acts of kindness in one day each week, and a no-treatment control group. In this study, acts of kindness could include "behaviours that benefit other people or make others happy, usually at some cost to oneself (e.g., donating blood, helping a friend with a paper, visiting an elderly relative, or writing a thank-you note to a former professor)," (Lyubomirsky et al., 2005). They found that the students who performed five acts of kindness in a day each week had a significant increase in well-being, and they suggested that they didn't find the same result in the other treatment condition because spreading out the acts of kindness might have diminished their salience or they might have been indistinguishable from the subject's common behaviour.

With the happiness or positive affect engendered by participation in PSA, employees could potentially enjoy greater success at work. Lyubomirsky, King, and Diener (2005) performed a meta-analysis using 225 studies that investigated the happiness/success link. Cross-sectional studies provided numerous evidence for the correlation between happiness and success across major life domains. The small number of longitudinal studies examined a causal relationship in which long-term happiness as well as short-term positive affect precede success. Finally, the experimental studies they reviewed demonstrate that happiness is related to a range of behaviours that in turn lead to successful outcomes.

The strengthened relationships which is observed between the co-workers and the local community can also increase job embeddedness. Some authors argue that the lack of community in American life (discussed by Putnam, 2000) has created a need for developing a sense of community in the workplace (Zemke, 1996). In this sense, community is not just a location, but a group of interdependent individuals (Shaffer & Anundsen, 1993). Personal social action can bolster a sense of social connectedness, or an "internal sense of belonging and is defined as the subjective awareness of being in close relationship with the social world" including family, friends, the community, and the society at large (Lee & Robbins, 1998). Social connectedness is related to lower levels of trait anxiety and higher levels of social identity and social self-esteem in women (Lee & Robbins, 1998). It has also been associated with depression and low self-esteem in both male and female subjects (Williams & Galliher, 2006). While social connectedness is conceived as a relatively stable trait, it is closely related to the concept

of belongingness which Baumeister and Leary (1995) described as a human need to develop and maintain social relationships, without which individuals' experience significant negative psychological and physical outcomes.

PSA reinforces the three aspects of job embeddedness: links, fit, and sacrifice. Employees, via their PSA, have new links with institutions (where their PSA is conducted) and new associates. Fit, or attachment to the organization and larger community, also should be bolstered by PSA since participating in PSA implies shared values with the organization as represented by its CSR goals. Finally, PSA would induce sacrifice if an employee left since positive feelings and a sense of meaning should come from PSA participation.

An additional explanation comes from Schneider's Attraction-Selection-Attrition (ASA) framework (Schneider, 1987; Schneider, Goldstein, & Smith, 1995), which posits that individuals are attracted to organizations they believe share their values or personality traits.

However, we come to understand that organizations select those applicants that demonstrate the qualities they want, -while selected applicants who do not "fit" the organization leave through voluntary or involuntary turnover. PSA implicitly (or explicitly) signals organizational values, and those employees who engage in PSA are those who share the values of the organization. These employees are the least likely to turnover, based on the ASA framework. However, those who do not engage in PSA and do not share the organization's values will likely have higher withdrawal cognitions. Chatman's (1991) study supports the ASA framework, showing that employees whose values most closely match the firm are most likely to leave. She also demonstrated that socialization could influence the strength of the employee-firm value congruence.

This depends on the timing of PSA, it could act as a socializing mechanism introducing employees to firm values and decreasing turnover cognitions. Together, these theories suggest:

Precedes action (e.g., Simon et al., 1998), as for us, however, argue the reverse, that PSA influences organizational identification. As articulated by Pratt (1998), such a position is supported by the behavioural commitment and schema formation literatures. According to Staw and Ross (1987), individuals become more committed to their actions when their behaviours are volitional, irrevocable, explicit, and public. Self-schemas arise in the form of cognitive structures when "organize, summarize, or explain one's own behaviour in a particular domain," (Markus, 1977). In terms of the view we propose, PSA represents a behavioural commitment. As employees engage in PSA, they create cognitive structures to make sense of the behaviour and those structures or self-schemas form the basis of identification. Support for this claim comes from the literature on social movements. By participating in social movements, individuals can enact the

qualities they value (Taylor, 1989; Teske, 1997). Stories told by and about social movement actors and shared experiences can instill a sense of collective identity (Gongaware, 2003; Polletta, 1998).

We also come to know that with support for this direction of causality, empirical and theoretical research has posited a link between action and identification. Schwartz (1967) argued that gifts are self-defining and impose an identity on the giver. In the context of charitable gift giving, Radley and Kennedy (1995) claimed that financial donations not only signal personal identity; they reinforce a social identity and unite those who give through their cooperative activity. A study comparing attitudes regarding donations of time, money, and blood found that individuals who gave blood in the year preceding the survey were more likely to report a high role identity as a blood donor (Lee, Piliavin, & Call, 1999). Personal social action, such as blood donation, can create a sense of an "imagined community" (Anderson, 1991) that fosters identification. However, one study indicates that organizational identification could be a precursor to voluntary activity (Tidwell, 2005). Because that study did not test causality, the correlations of organizational identification with subjective and objective volunteerism of .35 and .28 respectively lend credence to association between personal social action and identification. Also supporting this link is research from social psychology's perspective indicating that the morality (over competence and sociability) of an in-group is the most important contributor to its positive evaluation by members (Leach, Ellemers, & Barreto, 2007). Identification can arise when an employee recognizes the organization's values and beliefs as his/her own or –when the employee emulates the organization's values and beliefs (Pratt, 1998). Additionally, perceived corporate citizenship (conceived of larger than the CSR discussed here as it includes legal, financial, ethical, and discretionary elements) has been shown to have a positive relationship with organizational identification (Evans, 2006).

Besides that, we also come to realize that personal social action represents saintly action, a counterbalance to the dirty work researched by Ashforth and colleagues (Ashforth & Kreiner, 1999; Ashforth, Kreiner, Clark, & Fugate, 2007; Kreiner, Ashforth, & Sluss, 2006). We assume CSR signals an attractive organizational identity. Furthermore, given that social connectedness is associated with higher levels of self-esteem (Williams & Galliher, 2006) engaging in PSA can provide organizational members a sense of pride and competence, enhancing self-esteem.

Together, these should increase organizational identification (Dutton et al., 1994; Tyler & Blader, 2001). Support for this claim is provided by a qualitative study investigating the role of one type of PSA, social alliances, in the formation of organizational identity and identification that suggests that involvement in social alliances can increase organizational identification (Berger, Cunningham, & Drumwright, 2006). A natural question might be why the organization is the target of



members' identification rather than the cause benefiting from PSA. Remember that PSA is an outgrowth of an organization's CSR. Without the organization's corporate social responsibility initiatives, PSA of internal stakeholders does not exist. PSA is both a manifestation of an organization's CSR and a behavior on the part of individual organization members. In the best-case scenario, PSA represents a nexus between organizational identity and personal identity in which the organization, through its CSR programs, allows employees to enact their own closely held values while also demonstrating the organization's values. In effect, PSA done to meet CSR objectives, the organization is creating a superordinate goal that activates organizational identity while overshadowing team or cause identity (Bartel, 2001). When personal social action is low, employees are not aware of CSR policies or they believe the CSR policies are ineffective. Employees do not accrue benefits of PSA, such as self-esteem. Consequently, organizational identification will be low. However, when PSA approaches high levels, engagement in the company's CSR activities is so high, the organization's identity is eclipsed by the cause supported by PSA. In that scenario, organizational identification will also be low.

### **3 Conclusion**

The study comes up with insight on the perception of (CSR) When we look around we will be able to see different types of corporations that are praised in different ways upon their contributions in the larger societies. Starbucks, as one of large corporations in the world, it has taken an initiation by including citizenship in its mission statement, by putting into its policies, its commitment through the efforts for a purpose of minimizing its environmental footprint as well as promoting a trade that will be fair towards the growers in different programs (Starbucks Corporation, 2007). After this what happened? Starbucks was observed to be notified in the list of Business Ethics to be among of the 100 Best Corporate Citizens for the period of consecutive seven years. Many organizations in the world continue to release their reports relevant to corporate social responsibilities in addition to the annual reports, or sometimes even as a separate report (e.g., Nestle, Unilever etc.) Corporateregister.com, for example, there was a time when they were offering almost 15,000 non-financial reports on sustainability, corporate social responsibility (CSR), and environmental initiatives from almost 4,000 companies. This study further, as mentioned above, it is easier to see that the employees are also likely to evaluate their firm's CSR activities once they are aware of them, thus it is probable that these concepts are also salient while investigating the role of a company's social responsibility policies vis-a-vis its employees. One metric employees will use is perceived fit of CSR activities. Perceived fit addresses the correspondence between the CSR activity and the organization's values and strategies as well as the organization's motivation (as seen by the employee).

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