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# The Impact of Perceived CSR on Employee Performance and Turnover Intention: An Examination of the Mediating Effect of Organizational Justice and Organization-Based Self-Esteem

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**THE IMPACT OF PERCEIVED CSR ON EMPLOYEE PERFORMANCE  
AND TURNOVER INTENTION: AN EXAMINATION OF THE MEDIATING  
EFFECTS OF ORGANIZATIONAL JUSTICE AND ORGANIZATION-  
BASED SELF-ESTEEM**

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2012

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Examination of the Mediating Effects of Organizational Justice and Organization-  
Based Self-Esteem

by  
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The Impact of Perceived CSR on Employee Performance and Turnover Intention: An  
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**Abstract**

Research on corporate social responsibility (CSR) has spanned across a few decades and in various fields. Yet only a handful of academic studies have investigated the relationship between CSR and a commonly neglected stakeholder – the employees. The employees are an essential part of the organization and will be highly influenced by the CSR initiatives carried out by the organization. In my paper, I intend to bridge the gap between CSR and the employee. A theoretical model is presented to show how employees' perception of CSR subsequently impacts their performance and turnover intentions, mediated by organizational justice and organization-based self-esteem. Performance here refers to both the employees' in-role and extra-role behaviors.

The results of the study show that there is a link between employees' perceived CSR and their performance and turnover intentions. Two mediators, namely organization-based self-esteem (OBSE) and organizational justice (OJ) that affect this relationship had also been identified.

## Table of Contents

• <b>Chapter I: Introduction</b> .....	1
1.1 Motivation for Study.....	1
1.2 Importance of CSR in Singapore.....	2
1.3 Objectives of Study.....	4
1.4 Why the Focus on Employees?.....	4
1.5 Overview.....	5
• <b>Chapter II: Literature Review</b> .....	6
2.1 What is Corporate Social Responsibility (CSR)?.....	6
2.2 Theoretical Background.....	11
2.3 Empirical Studies on CSR.....	19
• <b>Chapter III: Theoretical Framework and Research Hypotheses</b> .....	24
3.1 Antecedent: Perceived CSR.....	26
3.2 Mediators: Organizational Justice (OJ) and Organization-Based Self-Esteem (OBSE).....	27
3.3 Outcomes: In-role Behavior (IRB), Extra-role Behavior (OCBs) & Turnover Intentions.....	29
3.4 Hypotheses.....	31
• <b>Chapter IV: Methodology</b> .....	39
4.1 Survey Method.....	39
4.2 Questionnaire Design.....	40
4.3 Measurement Instruments.....	41

4.4 Sample & Data Collection.....	44
4.5 Analysis Methods.....	47
• <b>Chapter V: Data Analysis and Results</b> .....	49
5.1 Psychometric Properties of the Measures.....	49
5.2 Mediation Regression Analysis.....	50
5.3 Regression of the Mediating Variables on the Independent Variables.....	51
5.4 Regression of the Dependent Variables on the Independent Variables.....	54
5.5 Regression of the Dependent Variables on Both the Independent Variables and Mediating Variables.....	56
5.6 Summary.....	65
• <b>Chapter VI: Discussion and Conclusion</b> .....	86
6.1 Theoretical Implications.....	86
6.2 Managerial Implications.....	88
6.3 Limitations.....	89
6.4 Future Research.....	91
• <b>References</b> .....	93
• <b>Appendices:</b>	
<b>Appendix 1</b> Survey Study on the Workplace CSR Perception in Singapore	
<b>Appendix 2</b> IRB Approval of Research	

## **Chapter I: Introduction**

### **1.1 Motivation for Study**

More and more organizations have realized the importance and benefits of practicing CSR; it enables the organization to give back to their stakeholders while at the same time, further their business interests. Researchers have also suggested that CSR is an area of corporate concern that should not be left out (Galbreath, 2006) and is essential to an organization's overall strategy (Young & Thyil, 2009). Smith (2003) stressed that it was not a matter of whether or not to incorporate CSR into the corporate agenda, but when and how to do so. Among the internal and external groups of stakeholders, how the employees feel towards the CSR acts are usually given the least attention by the management team (Ellis, 2009; Rupp, Ganapathi, Aguilera, & Williams, 2006). This seems ironic as the employees make up the life blood of the organization. They are the ones who directly witness, perceive and evaluate the CSR activities carried out by their organizations.

There are various streams of CSR research relating to employees, but most focus on how CSR benefits the organization by attracting potential employees. Research has shown that CSR is positively related to organizational reputation and attractiveness as employers (Rupp, et al., 2006; Turban & Greening, 1997). Others have determined that organizational support for the environment positively influenced job pursuit intentions, the organization's reputation and recruitment efforts (Bauer & Aiman-Smith, 1996; Behrend, Baker, & Thompson, 2009).

What is not commonly researched on is the effect that CSR initiatives have on existing employees and how their perceptions affect their performance and their intentions to quit. In addition, I bring in mediating factors of the employees' organizational justice (OJ) and organization-based self-esteem (OBSE) into the equation. All these are presented in the form of a theoretical framework showcasing their relationships with one another. This will be the first time a framework is proposed to study the relationships between employees' CSR perceptions on their performance and turnover intentions, mediated by the employees' own sense of OJ and OBSE.

## **1.2 Importance of CSR in Singapore**

The study will be conducted in Singapore specifically to investigate how employee perceptions of CSR affect their subsequent performance and turnover intention, mediated by employees' OJ and OBSE. A substantial amount of research has already been conducted on CSR in Western countries (Chapple & Moon, 2005), hence the choice of a country in the Asia Pacific region will be refreshing.

Singapore is one of the leading economic centers in Asia, and has long been recognized as one of the "Asian Tigers" (Krishnamurthy, Chew, Soh, & Luo, 2007). The rising status of CSR in Singapore is one to watch in the coming years; the government is a champion promoter and practitioner of CSR while organizations are allocating more resources to their CSR practices (Soh, Sriramesh, Ng, & Luo, 2006). The British High Commissioner to Singapore echoes this sentiment when he said that



“the stage is now set for a CSR revolution in Singapore” (Commission, 2004). As an indicating interest of CSR by the Singapore government, the Singapore Compact for CSR was founded by the National Tripartite Initiative for CSR in 2005. This national society functions as a multi-stakeholder platform in recognizing the role and contributions of all CSR stakeholders (Compact, 2012). Since 2009, they have organized the International Singapore Compact CSR Summit for three years running. Apart from this event, Singapore has increasingly hosted other significant CSR conferences involving organizations such as the British High Commission, Centre for CSR and UN Global Compact (Krishnamurthy, et al., 2007). These conferences attracted attendees from multinational and domestic organizations, small-and-medium-enterprises and private and public sector organizations, signaling growing attention and interest in CSR across a wide spectrum of businesses in Singapore.

In addition, much of the research done on CSR in Singapore does not pertain to the reactions of employees, but to other aspects. Some researchers examined the extent of CSR reporting (Carmeli, Gilat, & Waldman, 2007; Chapple & Moon, 2005; Newson & Deegan, 2002; Tsang, 1998), the nature of CSR and what factors external to the firms influence CSR (Robertson, 2009), the awareness level of CSR by executives (Soh, et al., 2006) and comparative studies between CSR in Singapore and other countries (Kimber & Lipton, 2005; Ramasamy & Ting, 2004; Robertson, 2009).

Hence, through this research, I hope to shed more light on the employee-centered CSR playing field in Singapore, with the focus on how employees’ perceptions of CSR have an impact on their performance and turnover intentions.

### **1.3 Objectives of Study**

The objective of this study is to gain a better understanding of how employees' perceptions of CSR impact their performance and turnover intentions, mediated by their sense of OJ and OBSE. A holistic model is proposed to explain the relationships between the employees' perceptions of CSR and their resulting behaviors and turnover intentions. The study will be conducted in Singapore so as to glean an insight into the employee - CSR environment in the city-state.

### **1.4 Why the Focus on Employees?**

The definition of employees by Leana and Van Buren III (1999) is as follows: "any individual actually employed by an organization or whose work directly affects and relates to core economic functions of the firm". Rupp, Ganapathi, Aguilera and Williams (2006) further defines employees as the "non-management workforce", as this group of individuals are less likely to have fully internalized the corporate culture and be defensive of it (compared to the top management), and more likely to evaluate and react to the organization's acts of CSR.

Employees are insiders (part of the functioning core) and often seek identification with their employing firm (Rupp, et al., 2006). In this respect, they differ from the general public (who are outsiders and just observers of the organization). Employees are closely integrated with the organization, are the resources of the organization (human capital), represent the organization towards other stakeholders and act in the name of the organization. Given the close integration, employees are greatly affected

by the success and failure of the organization, and often depend on their work for social relationships, self-identity and self-actualization (Greenwood & Anderson, 2009). In turn, the employees are critical to an organization's success and failure.

As mentioned earlier, employees have largely been overlooked by past literature and organizations. This is due to the perception that external stakeholders are of greater importance and wield greater influence over organizational survival compared to the internal stakeholders (Stuart, 2002).

## **1.5 Overview**

This paper seeks to determine the mediating effects of a) OJ, and b) OBSE on the relationships between perceived CSR and a) performance (in-role and extra-role behavior), and b) turnover intentions. The structure of the paper is as follows:

Chapter I – Introduction

Chapter II – Literature Review

Chapter III – Theoretical Framework and Research Hypotheses

Chapter IV – Methodology

Chapter V – Data Analysis and Results

Chapter VI – Discussion and Conclusion

## **Chapter II: Literature Review**

### **2.1 What is Corporate Social Responsibility (CSR)?**

Since the dawn of formal writings on the CSR construct in the 1950s (Carroll, 1999), there has been an explosion of literature debating on its definition, the theories behind it and how it will benefit the corporate landscape. Numerous organizations have jumped onto the CSR bandwagon, in their efforts to be responsible to their societies. However, what exactly is CSR and what does it entail?

Many have attempted to clear up the heated definition debate spanning almost 6 decades; with the most famous being that of Carroll's (1999) literature review tracing recent CSR definitions. Carroll traced all the way back into the 1950s, citing evidence that much has occurred since then which has shaped the CSR theory, research and practice. He asserted that Bowen's (1953) landmark book *Social Responsibilities of the Businessman* marked the beginnings of the modern period of literature on the subject of CSR. Hundreds of large businesses wielded huge powers and decision making, and actions of such organizations affected the lives of citizens in many areas. What intrigued Bowen was that with such great power, what responsibilities to society were required of those organizations.

With that question brought out into the open by Bowen, more researchers tried to define and state what CSR means. This led to a widespread growth in the CSR literature. Among them, some have stated CSR to be decisions and actions on the part

of the businessmen for reasons at least partially beyond the organization's direct economic or technical interest (Davis, 1960), while others expect obligations beyond the economic and legal aspects, such as in the welfare of the community, employees and of education (McGuire, 1963). Around that same time, there are those that see CSR consisting of purely voluntary acts (Manne & Wallich, 1972), meaning that CSR is something that businesses should be responsible for on top of the economic and legal aspects.

Possibly the first notion of tying CSR via the stakeholder approach came about in Johnson's book (1971), when he mentioned that organizations are responsible to a 'multiplicity of interests'. The multiplicity of interests includes employees, suppliers, dealers, local communities and the nation. The Committee of Economic Development (CED) made a significant contribution to the concept of CSR in their 1971 publication *Social Responsibilities of Business Corporations*. The CED noted that businesses now being expected to shoulder greater responsibilities to society, and promote a wider range of human values. As such, they outlined CSR in three concentric circles of responsibilities; the inner, immediate and outer circles. The inner circle included the basic economic responsibilities (products, jobs, economic growth) expected of the organization, the immediate circle requires the organizations to perform their economic responsibilities with the awareness of the changing social values and priorities (environmental conservation, hiring, employee relations), while the outer circle outlined the responsibilities of organizations to be more involved in actively improving their social environment (social problems such as poverty, urban

blight etc.). This gave a different perspective from the previous CSR definitions as CED comprised of practitioners such as business people and educators. Well known economist Milton Friedmann spoke of the social responsibility of business in increasing profits (Friedman, 1970); ‘... making as much money as possible, while conforming to their basic rules of society, both those embodied in law and those embodied in ethical custom.’ The latter portion indicated that he saw the need for businesses to be socially responsible in other aspects, and not just the profit making portion.

More research on corporate social performance has also surfaced during the 1970s. Sethi (1975) distinguished corporate behavior into three dimensions, namely social obligation (legal and economical), social responsibilities and social responsiveness. Each dimension had increased expectations of the organization to its social environment. However, his work provided the assessment of corporate social performance, but not the definition of the concept (Wood, 1991). In the later 1970s, research defined CSR in terms of solving social problems (Fitch, 1976).

Carroll (1979) proposed a comprehensive 4-part definition of CSR, whereby organizations have economic, legal, ethical and philanthropic responsibilities. The first two responsibilities had been dealt with countless of times. What Carroll contributed to the literature was the extension of clear and specific responsibilities beyond what is required by the law. In his later work, he depicted his 4 social responsibilities in the form of a pyramid, with economic responsibility as the

foundation, followed by legal responsibility, ethical responsibility and finally philanthropic responsibility at the top (Carroll, 1991). His CSR framework is one of the most widely accepted in the field and repeatedly cited by other researchers. Later in our study, I will examine and measure the impact of perceived CSR based on that 4 research constructs.

In the 1980s, new or refined definitions of CSR began to slow down and the focus turned to research on CSR and other concepts such as corporate social responsiveness, corporate social performance, business ethics etc (Carroll, 1999). Jones gave a literature review of the CSR debate up to that time and proposed that CSR ought not to be deemed as a set of outcomes, but rather as a process (Jones, 1980). Another interesting aspect surfaced in the literature, with the operationalizing of CSR and linking that to financial performance (Cochran & Wood, 1984). Now, CSR could be examined empirically, and that opened doors to other fascinating research topics. Aupperle, Carroll and Hatfield (1985) was one of the first to use a definition construct of CSR from the theoretical literature to measure CSR. They operationalized Carroll's (1979) 4-part definition of CSR and empirically examined whether the priorities of the research constructs were supported. As mentioned earlier, research topics have moved on to other concepts, such as that of corporate social performance. A corporate social performance model was presented by Wartick and Cochran (1985), whereby they adapted from Carroll's three aspects of responsibility, responsiveness and social issues (1979) into a framework of principals, processes and policies.

The 1990s saw little changes or new definitions of CSR. Instead, the focus has shifted from defining CSR to using the CSR concept as a foundation for other related concepts and themes, similar to what was happening towards the late 1980s. Key themes in the spotlight included that of corporate social performance, stakeholder theory and corporate citizenship (Carroll, 1999). Wood (1991) further extended the literature by building a coherent and integrative corporate social performance framework for business and society, through revisiting and building up on past models and research by Carroll (1979) and Wartick & Cochran (1985).

In the 21<sup>st</sup> century, CSR research has moved further into the corporate social performance, stakeholder theory and corporate citizenship themes. Organizations have shown increasing commitment to integrate corporate citizenship into strategic planning (Maignan & Ferrell, 2001). This trend is evident by a number of researches churned out examining how organizations integrate social demands into their operations. Organizations globally are now highly encouraged to be socially responsible in a wide range of issues such as supply chains (Frost, 2006), human rights, poverty, education, health care and the environment (Engle, 2007). CSR has gradually become part of mainstream business practice due to the evolving global business norms. This is due to implementation of initiatives targeted at enhancing the social involvement and performance by numerous non-governmental organizations like the International Standard Organization (ISO 14000) and the United Nations (Godfrey & Hatch, 2007).



There has been a growing concern on the business ethics of organizations. Recent business scandals such as the destruction of documents at Enron and Arthur Andersen, the fraud charges at WorldCom have led to unethical behaviors being highlighted by the media (Snider, Hill, & Martin, 2003). In their paper (2003) Snider, et al. believe that the scandals have aggravated recent events such as the 9/11 disaster, the economic downturn and the war with Iraq, causing panicking investors to dispose of their shares in the stock market. The accumulation of these events has gained the public's heightened interest on what organizations are saying about their CSR, forcing organizations to rethink and review their responsibilities and obligations to their social environment.

## **2.2 Theoretical Background**

The debate on the nature and extent of CSR by organizations has spanned many years, and a number of positions have been taken on this subject. We can broadly categorize the various approaches from that of fundamentalism to that of moral personhood/agency to that of social institutions (Klonoski, 1991). At one end of the spectrum we have the fundamentalists, those who believe that organizations are not obliged to be socially responsible or to engage in CSR. At the other end are those who hold the view that the organization is a "social institution" with social responsibilities.

Of those who believe that organizations have few if any explicitly social responsibilities, the most famous of all is probably economist Milton Friedman. His

stand on this is evident when he said that in a free society, “there is one and only one social responsibility of business – 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” (Milton, 1970). He believes that the organization is an autonomous entity and not a creation of society (DeGeorge, 1990) and therefore has no special moral or social obligations (Klonoski, 1991). Milton also believes that organizations are fully private, economic institutions whose sole purpose is to make money. Accordingly he states in his article, the “business of business is business.” (Milton, 1970).

Another proponent of this belief is Theodore Levitt, who suggested that our society (which exists in a free market condition) performs best when major “functional groups” do not sidestep one another’s boundaries of behavior (Levitt, 1958). To put it clearly, the function of businesses is to maximize profit, the function of the government is to provide for and preserve the general welfare of society, and the function of labor is to provide for its workers. Being socially responsible is a corrosive and costly distraction from the organization’s money-making goals. It is not the purpose of business to do good, as it is not a charitable organization (Bowie, 1991). Levitt goes further to warn that CSR can be bad for businesses and society, even to the extent of saying that organizations operating in the United States is akin to fighting a good war, which is to be fought gallantly and forcefully, and certainly not morally (Levitt, 1983).

The stand that businesses are totally not expected to have any social responsibilities at all is rather extreme. Hence, other scholars have tried to soften the “blow”. Douglas Den Uyl (1984) argued that Friedman’s stance on respecting contracts or individual agreements implied a respect for the individual rights created in those agreements. Instead of stopping organizations from being socially responsible, it could be that Friedman defined the scope for organizations to carry out CSR within their contractual agreements.

Through the discussion of the fundamentalist approach, a key component is the concept of individuality and rights. This came about when scholars said that rights are conferred to the owners of a privately owned organization, and to the people who act on behalf of the owners – the rights to engage in profit generating activities. Other scholars have used this notion to take the CSR discussion in a related but rather different direction, by focusing on the nature of the organization, and the basis on how it exists (Klonoski, 1991). Here we are introduced to the notion of whether organizations are to be viewed as “moral agents” or as full-fledged “moral persons”. As individual people in the organization make decisions, and collectively these people make up the organization, do we see it as the organization’s actions? Surely if the organization is responsible for its actions, should we then view it as if it was a legal person, to also be socially responsible?

Several people have argued that organizations can be held morally responsible for their actions, as organizations are moral persons/ agents. They came to this

conclusion on the basis that an organization can in fact be a moral person or moral agent (Manning, 1984). Peter French (1979) put forth a theory that sees organizations as members of the moral community, and of equal standing with the traditionally acknowledged members – us human beings. He believes that organizations can be full-fledged moral persons and should be accorded, in the normal course of affairs, all the usual privileges, rights and duties.

In another paper, the authors defined the three meanings of responsibilities of persons (Goodpaster & Matthews, 1982), with the focus on the third meaning – responsibility for (rational and respectful) decision making, which they feel is the distinguishing characteristic of moral responsibility. They argue that if organizations (who are made up of persons) monitor their employment practices and the effects of their business on the environment and human health, the organizations present the same kind of rationality and respect that morally responsible individuals do.

Conversely, there are others who have argued against the notion of organizations being moral persons or agents. In her paper, Manning (1984) mentioned that Feinberg (2009) listed out conditions on what sort of beings can have rights. Feinberg said that “the sorts of beings who have rights are those who have or can have interests”, and the interests are “compounded out of desires and aims...” He equated the goals of an organization to that of interests. However, Manning disagreed with his view, stating that corporations cannot be said to have desires or beliefs, as they do not have emotions. She instead agreed with Warren (1977) that a rightholder must have the

capacity to feel pain, and self-awareness. Since that apart from metaphorically speaking, organizations are unable to feel pain or emotional distress, organizations cannot said to have moral rights, and consequently, they cannot be said to be moral persons.

Roger Gibson gave two reasons to deny the granting of organizations moral personhood; the first being that one cannot impose moral sanctions on corporations as corporations, the second being that corporations cannot be part of the moral community as they are unable to “reciprocate morally” (Gibson, 1986). Firstly, while we can punish or blame the individuals who make up the organization, we are not able to punish or blame the organization itself. Secondly, while organizations can be made respond to social harms in a moral way, “by virtue of their structure and function, will do so in a self-interested way.” Furthermore, they will “not nurture moral virtues of honesty or truthfulness, for example, within themselves”. Another author echoing Gibson’s stance was John Danley (1990). He went on to argue that the organization was more like a well oiled machine, than a living biological organism or human. People can be held responsible for their moral actions and failures, but not a machine. Since the organization is created by humans, should any moral fault arise, the problem will have to be brought up to the “operators and designers” of the machine. In a similar vein, Velasquez (1989) argued that organizations are said to “act” only in a very restricted sense, therefore moral responsibility should be accounted by the constituents (certain human individuals), and not the organization itself.

At the other end of the CSR debate spectrum are those who hold the view that the organization is a “social institution” with social responsibilities. However, this view is rather expansive; as supporters differ in their expectations of what the social responsibilities are, and also in the fundamental theories that they believe the social nature of business is based on.

To determine the social nature of business, some have turned to social contract theory. The common understanding between social contract theorists is that individuals (in the absence of a political order) will on their own accord give up their natural freedom in order to reap benefits as part of a secure state (Hobbes, 1651; Locke, 1690; Rousseau, 1762). Similarly for organizations, a social contract applies and this constantly evolving social agreement lays out the duties and rights of individuals and groups in society (Anshen, 1983). By the 1950s, the society had evolved to put pressure on organizations to balance profit generating with social responsibility. Calls for organizations to improve consumer and employee health and safety, have greater concerns for the environment, and to avoid sexual or racial discrimination surfaced.

Others supporting the claim that business organizations are social institutions have turned to an “historical” approach to reinforce their stand (Klonoski, 1991). As society progresses and history gives rise to new societal demands and needs, a change in societal values arises. Specifically, it is history (Jackall, 1988) and the recent vast changes in society (Van Auken & Ireland, 1982) that gradually led to CSR being an issue to organizations today. Therefore, organizations (a major part of the society as a

social institution) should expect to be called upon to contribute in a positive manner. Lodge (1990) for example talked of the transition from the old Lockean ideology (individualism, property rights, liberty, competition etc.) to a new ideology with emphasis on communitarianism, community need, holism and interdependence. So far, it is obvious that social contract theorists advocate the organization to be a social institution, and therefore has social responsibilities associated with it.

Another theoretical underpinning of CSR arises from the stakeholder theory of the firm (Freeman, 1984). The stakeholder is defined as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984). Freeman identified groups which are stakeholders of an organization and both described and recommended ways by which management give regard to their interests. These corporate stakeholders are usually categorized as external or internal to the organization. Employees, owners and managers make up the internal stakeholders of an organization, while suppliers, government, society, creditors, shareholders and customers make up the external stakeholders of an organization. It is argued that each and every stakeholder of the firm has an intrinsic value and should not be treated as instruments to maximize shareholder returns (Neville & Menguc, 2006).

Since the publication of Freeman’s book, more than 10 books and over 100 articles have appeared with the emphasis on the stakeholder concept. (Donaldson & Preston, 1995), for example, examined the three aspects of the stakeholder theory (descriptive

accuracy, instrumental power and normative validity), critiqued and integrated important contributions to the literature related to each. (Mitchell, Agle, & Wood, 1997) expanded on the theory by identifying which stakeholders stand out based on relationship attributes of power, legitimacy and urgency.

Some have defined that the social nature of business is based on law, the “legal creator” as described by Richard DeGeorge (1990). He went on to say that the organization was created by law, and therefore only exists when law is present. Since the state and the law themselves are creatures of society, therefore the corporation is a creature of society. Sohn (1982) takes it further by highlighting the similarities of the previous legal creator approach to CSR to that of Corporate Citizenship view. He said that since a corporate entity (organization) has a charter, it is a legal entity accorded similar duties, rights and privileges as that of an individual citizen. Since organizations are the bigwigs in society, they are expected to work doubly hard to benefit the community and its welfare.

Here we are introduced to the notion of the “common good”, which is the welfare of the community. Another stream of research describes that since organizations are bigwigs in society, they have the social power (Davis, 1975) to positively or negatively affect the society. The changes that result have social consequences, and cannot be cast aside in the pursuit of profit generation. Therefore organizations have to be mindful of the general welfare of the society in which they operate and possibly direct some profit to the common good.



Continuing on this line of reasoning, some have argued that organizations should be socially responsible out of gratitude – the feelings of wanting to reciprocate benefits that they have reaped from the society (Bowie, 1987; Sohn, 1982). Therefore, organizations “owe society, owe the public some favors returned”.

The various views and positions taken by theorists on the nature and extent of CSR have been described. With this foundational understanding on CSR settled, this provides us with the basis to move ahead to the theoretical framework presented in the next chapter.

### **2.3 Empirical Studies on CSR**

In line with the vast literature on CSR, many scholars have conducted empirical studies on the relationship between CSR and other variables. A relationship of great interest is that of CSR and profitability, with studies that had produced mixed results. In a study of the past 25 years worth of research concerning the relationship between corporate social performance and corporate financial performance, Griffin and Mahon (1997) found 33 studies supporting a positive relationship, 20 studies supporting a negative relationship and 9 studies supporting a nil relationship.

Moskowitz (1972), investigated short term performance and found a positive relationship between social and economic performance. His result was also supported by Sturdivant and Ginter (1977), who improved his research by comparing firms

against industry averages, thereby partially controlling for industry-specific risks and performance patterns. Others have also found support for the positive relationship between CSR and financial performance. Cochran and Wood (1984) found evidence for a positive correlation between social performance (measured via reputation scales) and two of three economic measures.

On the other hand, Alexander and Buchholz (1978) conducted an important study (consisting of 3 and 5-year assessment periods and adjustment of risks) and concluded empirically that “there seems to be no significant relationship between stock risk levels and degree of social responsibility. However, they used stock prices as an indication of profitability, when stock prices do not necessarily reflect as such. Other researchers used a different approach in determining the social responsibility of organizations; they counted the number of lines devoted to the topic of social responsibility in the annual reports (Bowman & Haire, 1975) and gave each organization a low, medium or high social responsibility rating. As an indication of profitability, they used the organizations’ 5-year return on equity (ROE). Interestingly enough, organizations with a medium level of social responsibility performed the best, while there was no evidence that organizations with a high social responsibility rating had similar performances.

Aupperle, Carroll and Hatfield’s (1985) developed an instrument to measure the degree of orientation to CSR based on Carroll’s (1979) CSR model. They were inspired after examining exploratory work done by Moskowitz (1972) and Vance

(1975), who empirically looked at the relationship between CSR and investment risks but had setbacks due to methodological problems. Through their methodologically sound approach, Aupperle, Carroll and Hatfield (1985) were also unable to support the notion of a relationship between CSR and profitability. They also mentioned that previous studies that concluded a relationship were often methodologically unsound, while those that appear to be the most methodologically sound reached the same conclusion as they had.

The next stream of research analyzes the relationship between CSR and two human-resource benefits, the attraction and retention of superior employees. Based on data from Kinder, Lydenberg, Domini & Co. Company Profiles (largest multidimensional corporate social performance database), Turban and Greening (1997) found CSR to be positively related to organizational reputation and to organizational attractiveness as employers. In another paper, Turban and Keon (1993) found that applicants were attracted to organizations with decentralized decision making and to organizations that based remuneration on performance rather than on tenure.

Another empirical study performed by Gatewood, Gowan and Lautenschlager (1993) analyzed the relationship between job applicants' intentions to seek employment and perceptions of the organizations image and found that indeed, they are highly correlated. Engaging in socially responsible actions was found to make organizations seem more attractive to prospective employees, such as adopting a pro-environmental stance (Bauer & Aiman-Smith, 1996). Albinger and Freeman (2000) assessed the social performance of 25 businesses and found that it was positively related to employer attractiveness, but only for job applicants with high levels of job choice.

Another stream of research looks at the relationship between CSR and employee related outcomes, such as organizational justice, organization-based self-esteem, in-role behavior, OCBs and turnover. When performing CSR, especially employee-focused CSR, organizations are sending signals to their employees that they approve of and care for them. Lee and Peccei (2007) found supporting evidence that through such positive feedback, employees develop a greater sense of organization-based self-esteem. In their paper, Bowling and his fellow researchers (2010) conducted a meta-analysis of the predictors and consequences of organization-based self-esteem, and concluded that organization-based self-esteem has a positive relationship with job performance and OCB behavior, while an inverse relationship was seen with turnover intentions. Using data from organizations in Israel, (Carmeli, et al., 2007) gave evidence that CSR exerted positive influences on identification and job performance. Sims and Kroeck (1994) examined the influence of ethical fit on employee attitudes and intentions to turnover. They found that when organizations have CSR practices that match the desired ethical work climate of their employees, their employees have greater satisfaction, greater organizational commitment and diminished turnover intentions than individuals who did not share the same ethics with the organization.

However, from the above, we can see that there is a lack of theoretical synthesis on how and why CSR impacts employees' attitudes and behavior, which can be explained by the lack of empirical evidence available. Seldom do papers go beyond the relationship between CSR and employee's organization commitment and job

satisfaction. Therefore, I seek to bridge this gap through the examination of our proposed theoretical framework.

### Chapter III: Theoretical Framework and Research Hypotheses

I propose a theoretical model highlighting the relationships between the employees' perceived CSR, the mediating factors of OJ & OBSE and the resulting performance (in-role and extra-role behavior) and turnover intention. The model in Figure 3.1 shows how perceived CSR impacts employee performance and turnover intentions, with OJ and OBSE as mediators.

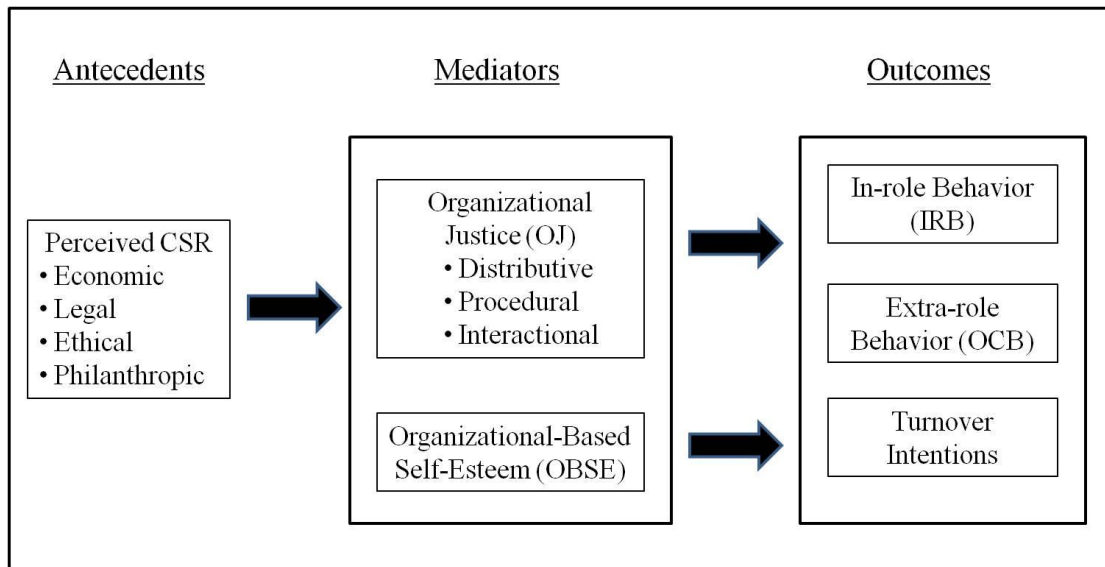


Figure 3.1. Theoretical model of the perceived CSR – performance & turnover intentions relationship

The notion that employees' perception of the CSR activities of their organizations will influence their sense of organizational justice has often been reviewed in the CSR literature. Similarly, the concept that organizational justice impacts a person's extra-role behavior (also known as organizational citizenship behavior, OCB) has

been the topic of choice among CSR scholars. I seek to extend the literature and combine these two streams of research.

In addition, I seek to investigate the mediating effect that OBSE has on the relationship between perceived CSR and dependent variables; whether the employees' beliefs about their own values, worth and competence as members of their organization have an effect on the relationship between perceived CSR and their resultant behavior, attitude and intentions to quit. I believe that OBSE will prove to be a good mediator for a number of reasons. If we look at social identity theory, scholars have proven that people wish to align themselves with an organization that they perceive to be highly prestigious and has an attractive image (Ashforth & Mael, 1989; Tajfel & Turner, 1985). When an organization performs CSR activities, they portray a positive image to the public and their employees. This positive reinforcement generates a greater sense of self esteem in employees who can identify with such acts, which in turn makes them want to stay on in the organization, thus reducing turnover (Riordan, Weatherly, Vandenberg, & Self, 2001). These employees feel proud of their socially responsible organization, even more so if their organization is acknowledged to be a positive contributor to society (Turban & Greening, 1997; Tyler & Blader, 2000). At the same time, researchers have found that with a heightened sense of organization-based self-esteem, employees tend to perform better at work and exhibit organizational citizenship behaviors (Bowling, et al., 2010; Jon L. Pierce & Gardner, 2004). Employees with high organization-based self-esteem are motivated to maintain that positive self evaluation, therefore exhibiting superior performance, and

possessing positive job attitudes and behaviors. They are usually engaged and challenged in their positions, where thoughts of quitting are improbable.

While there are a lot of research concerning the relationships between a) perceived CSR and organization-based self-esteem and b) organization-based self-esteem and employees' job performance & organizational citizenship behavior, there has been little or no research on organization-based self-esteem as a possible mediator linking the two. This is a new area of research which I hope will further extend the CSR literature. Furthermore, I had conducted a questionnaire to gather data to extend the literature empirically.

### **3.1 Antecedent: Perceived CSR**

As mentioned earlier in Chapter II, I am adopting Carroll's (1991) 4-part conceptualization of CSR in the examination and measurement of perceived CSR of employees. To Carroll, CSR does not just encompass the economic and legal obligations that the organization owed to society, but the ethical and philanthropic responsibilities as well.

The perception of CSR by employees is a result of their day-to-day operations and interactions in the workplace. Employees carry out acts of social (ir)responsibility and are insider witnesses to such acts. Since they are members of the organization, individual employees take notice of, contribute to and respond to their organization's stance on social responsibility. As part of a person's cognitive processes, employees have distinct opinions about their organization's CSR efforts. An organization's CSR



initiatives, which may be accepted as effective through the fulfillment of objective criteria, may not be universally accepted by employees. Some employees might see the initiatives as a waste of resources while other might embrace the initiatives that are in line with their personal values (Ellis, 2009). Thus, these positive or negative perceptions of CSR can affect employees' subsequent attitudes and behaviors (Rupp, et al., 2006; Turban & Greening, 1997).

### **3.2 Mediators: Organizational Justice (OJ) & Organization-Based Self-Esteem (OBSE)**

#### **a) Organizational justice**

For a long time now, social scientists have recognized that the basic principles of justice has to be present in an organization for it to function effectively and for the personal satisfaction of the employees they employ (Greenberg, 1990). From the humble beginnings in the early 1960s when researchers tested the ideals of justice in general social interaction (distributive justice theory, equity theory and relative deprivation theory etc.), research has since developed to attempt to describe and explain the role of fairness as a consideration in the workplace.

Research in this area has mainly focused on three distinct conceptualizations of justice; distributive justice, procedural justice and interactional justice. Distributive justice theories focus on the content; the extent to which the resultant outcome is fair. Procedural justice theories focus on the process; how fair were the means used to achieve the outcomes (Greenberg, 1990). Interactional justice theories focus on the

perception of fairness in the interpersonal treatment of others (Colquitt, Conlon, Wesson, Porter, & Yee Ng, 2001).

Certain outcomes have been most commonly examined in organizational justice literature. One would be that of outcome satisfaction; whether people were satisfied with the resultant pay, promotion or performance evaluations. Another would be that of job satisfaction. Next outcome would be organizational commitment, which represents a global, systemic reaction that people have to the company they work for (Colquitt, et al., 2001). Trust was another outcome that is popularly discussed, given its importance on interpersonal relationships.

Organizational citizenship behavior (OCB) is next on the list and is defined as behaviors that are discretionary and not explicitly rewarded but that can help improve organizational functioning and effectiveness. It was suggested that OCB is largely driven by fairness perceptions (Moorman, 1991). The outcome of performance was mentioned; whether the perceived justice had any influence on the resultant performance.

Just as there are good outcomes from fairness, bad outcomes can result from unfairness. The first would be that of job withdrawal, mainly behaviors or behavioral intentions such as absenteeism, turnover and neglect. Next was that of perceived unfairness leading to a variety of negative reactions, such as employee theft and organizational retaliatory behaviors. Research on the above outcomes has shown that

employees' attitudes and behaviors are heavily affected by their perceived fairness of their organization's actions.

b) OBSE

OBSE is defined as the degree to which an individual believes himself/herself to be capable, significant and worthy as an organization's member (i.e. within the context of the workplace). It is a conceptualization of self-esteem, largely influenced by an individual's work and organizational experiences, and plays an important role in predicting employees' attitudes and behaviors (Bowling, et al., 2010; Jon L. Pierce, Gardner, Cummings, & Dunham, 1989). Earlier research by Korman (1976) contributed to the literature the underlying theoretical tenet that individuals will develop attitudes and behaviors so as to maintain their level of self-esteem. Hitching a ride on the determinants of global self-esteem, Pierce and Gardner (2004) classified determinants of OBSE as (1) the implicit signals sent by the environmental structures to which one is exposed, (2) messages sent from significant others in one's social environment, and (3) the individual's feelings of efficacy and competence derived from his/her direct and personal experiences.

### **3.3 Outcomes: In-role Behavior (IRB), Extra-role Behavior (OCBs) & Turnover Intentions**

a) In-role behavior

In-role behaviors are categorized as 'general compliance' – behaviors that occur because of expected awards or the avoidance of punishment (Organ & Kanovsky,

1989; C. A. Smith, Organ, & Near, 1983). They are behaviors that benefit the organization in general (Williams & Anderson, 1991). They are also known as the traditional activities and performance expected of employees, such as the completion of work on time, or the compliance with rules and regulations.

b) Extra-role behavior (OCBs)

OCBs refer to the individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization (Organ, 1988a). OCBs are categorized as ‘altruism’ – behaviors that occur without any external reward (Organ & Kanovsky, 1989; C. A. Smith, et al., 1983). They are behaviors that immediately benefit specific individuals which in turn, indirectly contribute to the organization (Williams & Anderson, 1991). OCBs are important as they improve the efficiency and effectiveness of the organization through the versatile tapping of resources, increased innovativeness and high adaptability of employees.

c) Turnover intentions

Employee turnover is an interesting and important phenomenon to those concerned with studying the behavior of individuals in the context of the workplace (Porter & Steers, 1973). Most often than not, the intention to quit appears to be the immediate antecedent to actually quitting (Schwepker, 2001), while Fishbein’s (1967) model of attitudes, intentions and behavior depicted turnover intentions as a predictor to actual turnover. The use of turnover intentions to forecast actual turnover has been

commonly endorsed in the literature (Mobley, 1982). Mobley's model showed that the employee's dissatisfaction leads to a job search, which leads to an intention to quit or remain, which finally leads to the individual's actual leaving or staying behavior. In Bluedorn's (1982) literature review, there are 23 other studies that reported significant positive relationships between turnover intentions and actual leaving behavior.

### **3.4 Hypotheses**

As mentioned in the introduction of our proposed theoretical framework, the employee's perception of CSR has often been expected to influence their sense of organizational justice. A reason put forth was that both CSR and organizational justice share a fundamental ethical assumption of normative treatment (Folger, Cropanzano, & Goldman, 2005). CSR generally entails norms regarding the treatment of an organization's internal and external stakeholders, while organizational justice implies norms on the treatment of individuals and groups of individuals within the organization.

CSR and organizational justice are closely linked; Maignan & Ferrell (2001) placed procedural justice within the domain of ethical citizenship in Carroll's (1979) model of corporate social performance. Proper evaluation of employee performance and the fair treatment of employees regardless of gender and race are intimately linked with socially responsible behavior in organizations.

If the employees perceive that their organization is performing CSR, they will in turn feel that their organization is fulfilling its ethical responsibilities in a just and fair manner. Therefore I propose:

*Hypothesis 1: Employees' perception of CSR is positively and directly related to their organizational justice.*

Work has been shown to be a very important aspect in the lives of most employees (Rice, Near, & Hunt, 1980). Some argue that favorable and unfavorable aspects of the work environment can signal to employees how much they are valued, respected and trusted by their organization (Jon L. Pierce & Gardner, 2004). This is likely due to the fact that people, through a variety of processes, view themselves through how others see them (Blumer, 1969). Specifically, individuals place high importance and credence on those from significant others – people or entities that individuals respect and regard as important (Hewitt, 1997). If such significant others hold them in high regard, this will bolster individuals' self-esteem (Harter, 1993). Within an organizational context, the organization can be such a significant entity to employees (Van Dyne, Vandewalle, Kostova, Latham, & Cummings, 2000). By performing CSR, especially employee-focused CSR, organizations are sending signals to their employees that they approve of and care for them. With such positive feedback, employees can be expected to develop a greater sense of organization-based self-esteem (J. Lee & Peccei, 2007).

When organizations perform CSR, they project a positive message to both their internal and external stakeholders. The CSR activities that organizations engage in sends a signal to the society in general what the organization's attributes are and in turn, the society (public) in general will interpret similar attributes regarding the people working in the organization (Turban & Greening, 1997). An organization's CSR activities shape the public's perception and this in turn improves the reputation of the organization. This is viewed as a source of pride and esteem for the employees, for they will be perceived in a similar positive light by the society.

Therefore, it is hardly surprising that CSR practices in the workplace will have a causal effect on the employees' organization based self esteem. Thus, I propose the following:

*Hypothesis 2: Employees' perception of CSR is positively and directly related to their organization-based self-esteem.*

Other researchers have investigated the relationship between employees' fairness perceptions and the resulting outcomes. Research has shown that employees' actions and behaviors are strongly influenced by how fair they perceive their organizations dealings to be (Cropanzano, Byrne, Bobocel, & Rupp, 2001). Oftentimes, employees rely on such fairness perceptions to determine whether their organization's management could be trusted, unbiased in their decision making and will treat them as legitimate members of the organization (Rupp, et al., 2006). In Folger's (2005)

study, they had proven empirically that individuals react emotionally, attitudinally and behaviorally when upon finding out an injustice inflicted on another, even when they do not identify with the victims. In addition, such reactions often happen automatically and swing between positive ones in the face of justice and vengeful or retributive ones in instances of injustice. It would seem that individuals are obliged to feel and react that way, and can at times transcend economic self interest.

A meta-analysis gave empirical evidence that perceptions of justices do in fact lead to positive outcomes such as enhanced job satisfaction, organizational commitment, organizational citizenship and job performance (Colquitt, et al., 2001). Podsakoff (2000) investigated on the interaction between organizational justice and OCB and found that employees exhibit OCB behavior more frequently when they perceive procedural justice in the workplace. With the presence of procedural justice, employees feel that their employer is trustworthy and will safeguard their interests (Eisenberger, Fasolo, & Davis-LaMastro, 1990). Instances of such favorable or unfavorable behavior leads to employees wanting to reciprocate in kind, either by performing or withholding valued behaviors (Organ, 1988a; Tepper & Taylor, 2003).

In his other paper, Organ (1988b) suggested an interesting reason why justice could predict OCB. He said that when employees are confronted with conditions of unfairness, they tend to protest (in a safer manner) by changing their OCB behavior. This is so because OCB is outside the formal requirements of their job, and is therefore discretionary. Moorman (1991) tested the relationship between



organizational justice and OCB; OCB was assessed via Organ's (1988a) five dimension model of OCB. He found supporting evidence that there is a causal relationship between perceptions of organizational justice and OCB.

Similarly, employees' turnover intentions are greatly affected when their perceived organizational justice are at odds with what they believe in. With each increasing occurrence of injustice, employees gradually feel distanced from the organization and finally, they leave. In various works, researchers have found that the person-organization fit was a significant factor in predicting turnover intentions (O'Reilly, Chatman, & Caldwell, 1991; Trevino, Butterfield, & McCabe, 1998). As mentioned above, in the presence of procedural justice, employees feel that their employer is trustworthy and will safeguard their interests and wellbeing. This in turn reduces turnover intentions among employees, as they would want to remain with the organization that values them (Eisenberger, et al., 1990; Simons & Roberson, 2003).

Hypothesis 1 argues for the linkage between perceived CSR and OJ. In this section, there has been theoretical and empirical support to show that when an organization is deemed by its employees to be fair/ unfair in various aspects of justice, it follows that the employees' attitudes, behaviors and actions are influenced accordingly. As such, I propose:

*Hypothesis 3a: The relationship between employees' perception of CSR and their in-role behavior will be mediated by organizational justice.*

*Hypothesis 3b: The relationship between employees' perception of CSR and their extra-role behavior will be mediated by organizational justice.*

*Hypothesis 3c: The relationship between employees' perception of CSR and their turnover intentions will be mediated by organizational justice.*

In their paper, Bowling and his fellow researchers (2010) conducted a meta-analysis of the predictors and consequences of organization-based self-esteem. They concluded that organization-based self-esteem has a positive relationship with job performance and OCB behavior, while an inverse relationship was seen with turnover intentions (Riordan, et al., 2001; Tan & Albright, 1998). This further reinforces their proposed general positive relationship (based on Korman's (1970) self-consistency theory) between OBSE and performance, as previously researched by others (Jon L. Pierce & Gardner, 2004). When employees' self-esteem at work is high, they will work hard to maintain that positive self-perception and engage in behaviors, possess attitudes and choose roles that reinforce that positive image. These employees would likely hold positive job attitudes and be effective performers (Bowling, et al., 2010). In addition, individuals with higher OBSE are more likely to have stronger self-efficacy than their low self-esteem counterparts (Gardner & Pierce, 1998), which Bandura (1997) has found to contribute to higher performance under almost all role conditions.

Researchers have found significant and positive relationships between OBSE and OCB, specifically altruism and compliance (Chattopadhyay, 1999; Tang & Ibrahim,

1998). Tang (2002) researched a sample of employees in various countries and found that the strong and positive relationship between OBSE and OCB persists across the world. Others found evidence linking OBSE and acts of OCB via the five dimensions of citizenship behaviors; altruism, conscientiousness, courtesy, sportsmanship and civic virtue (J. Lee, 2003).

When employees' self-esteem at work is high, they perform well, are committed and are pleased with themselves. They believe that they are important and organizationally competent and therefore unlikely to harbor intentions to quit or to look for a new job, not when they are satisfied with their current situation (Tett & Meyer, 1993). Under social identity theory, people associate themselves with certain groups which serve to booster their self-esteem. When an organization enjoys a positive reputation and shares the same norms and values as the employee, the employee gains a sense of identity with the organization, which in turn raises his or her organization-based self-esteem. Research has shown that the more employees identify with an organization, the more likely they are to show a supportive attitude towards it, accept the organizations premise and make decisions that are consistent with the organization's objectives (Stuart, 2002). Thoughts of leaving the organization and moving to greener pastures are less likely.

Combining the arguments for Hypothesis 2 and the above, I propose:

*Hypothesis 4a: The relationship between employees' perception of CSR and their in-role behavior will be mediated by their organization-based self-esteem.*

*Hypothesis 4b: The relationship between employees' perception of CSR and their extra-role behavior will be mediated by their organization-based self-esteem.*

*Hypothesis 4c: The relationship between employees' perception of CSR and their turnover intentions will be mediated by their organization-based self-esteem.*

## **Chapter IV: Methodology**

This chapter will detail the methodology of the study, and outline the process of how the research was carried out. The design of the questionnaire is described, together with the measurement instruments used for each variable. Data collection methods are detailed and a summary of the sample characteristics is provided. Lastly, the analysis methods used to examine the collected data are described.

### **4.1 Survey Method**

Surveys are one of the most widely used means of gathering data in the research field, as it involves the asking of questions to a representative sample of people, in a fairly short period of time. Therefore, in order to obtain data, a questionnaire was selected as our survey method of choice. This was because a questionnaire contains recorded questions that people need only to respond to directly onto the questionnaire form, without assistance (Monette, Sullivan, & Dejong, 2008). Through the questionnaire, what people say about their thoughts, feelings and behaviors of people can be obtained. In addition, the questionnaire can be mailed or sent online to the respondents, who then fill it out on their own and send it back to us, making the whole data gathering process efficient and inexpensive. Questionnaires also enable the researcher to pose closed-ended and open-ended questions to more accurately obtain information, and eliminate interviewer bias (Cannell & Kahn, 1968).

## **4.2 Questionnaire Design**

The study was formally conducted in Singapore during the months of April and May 2011. It was conducted via a questionnaire designed to obtain data for further examination of the impact that employees' CSR perceptions had on their performance and turnover intentions. There are 4 sections in the questionnaire; sections A, B and C contained the scales measuring perceived CSR, mediators (OJ, OBSE) and outcomes (in-role & extra-role behaviors, turnover intentions) while section D collected demographical data such as gender, education level and years of working experience. 5 point Likert scale response items were designed for sections A, B and C, with 1 being 'Strongly Disagree' to 5 being 'Strongly Agree'. Please refer to Appendix 1 for a copy of the questionnaire.

Prior to the distribution of the questionnaires to our respondents, the questionnaire had been reviewed by the Singapore Management University's (SMU) Institutional Review Board (IRB). This was to ensure that the research generated would be conducted with diligence and integrity and in full compliance with internationally established standards of research ethical principles. Approval was granted by the IRB thereafter and the questionnaires were distributed. Please refer to Appendix 2 for the approval letter from the IRB.

A pilot study was conducted to check the flow and structure of the questionnaire, and to anticipate and avoid problems with the survey process. Ten respondents were given the questionnaires to fill in, and were asked if they understood the questions posed.

The data collected was also analyzed. This ensured the feasibility in conducting the survey, and the validity of the data collected.

### **4.3 Measurement Instruments**

#### **4.3a Independent Variables**

For the measuring of our independent variable, perceived CSR, I have adapted the corporate citizenship scale from Maignan and Ferrell's (2001) work. Their scale was developed based on Carroll's pyramid of CSR (1991), who suggested that four kinds of social responsibilities constitute to total CSR, with the focus first on economic responsibilities, then legal responsibilities, then ethical responsibilities and finally philanthropic responsibilities. Maignan and Ferrell's (2001) scale was suitable as the operationalized items encompassed a broader aspect of corporate citizenship, and are well integrated with the four kinds of social responsibilities as proposed by Carroll (1991). The scale has generally good to high reliability coefficient alphas (0.86 and above), which are beyond the levels recommended by Nunnally (1978). A total of 29 items measuring all the four dimensions of corporate citizenship were incorporated into section A of the questionnaire.

#### **4.3b Mediating Variables**

To measure OJ, I adapted from the organizational justice scale proposed by Niehoff and Moorman (1993). The scale has a dimension measuring perceptions of distributive justice and two dimensions (formal procedures and interactional justice) measuring perceptions of procedural justice. Distributive justice was measured via

five items to evaluate the fairness of different work outcomes, including pay level, work schedule, work load and job responsibilities. Formal procedures were measured via six items to assess the degree to which job decisions had mechanisms deployed to gather accurate and unbiased information, employee voice and an appeals process. Interactional justice was measured via nine items to determine the degree to which employees felt their needs were taken into consideration, and sufficient explanations were given with regards to job decisions. Used in a previous study by Moorman (1991), the scale reported high reliability coefficient alphas (above 0.90) for all three dimensions. A total of 20 items measuring the three dimensions of OJ were incorporated into section B of the questionnaire.

To measure OBSE, I adapted from the organization-based self-esteem scale proposed by Jon, Gardner, Cummings & Dunham (1989). The scale consisted of 10 items that would enable employees to evaluate the extent to which they are valuable, worthwhile and effectual members of the organization. The authors noted that previous global self-esteem measures often failed to show significant relationship with measures of other constructs when employed in organizational research, as the measures were usually not framed in a task or organizational context. In addition, most self-esteem constructs only focus on the employees and their role in the organization, and there are few, if none anchored in an organizational level frame of reference. Hence, the authors took care to include items which specifically measured organization-specific self-esteem, which were derived from comments heard during their discussions with employees, managers and organizational scientists. The



coefficient alphas for the scale was equal to or greater than 0.86, with an average value of 0.91, signifying high internal consistency. A total of 10 items were incorporated into section B of the questionnaire.

#### **4.3c Dependent Variables**

The first two dependent variables are that of the employees' in-role and extra-role behaviors. These are measured by adapting Williams and Anderson's (1991) performance scale, which consists of 21 items selected from previous work. The items assessed employee performance of in-role behavior, and also their performance of organizational citizenship behaviors. Organizational citizenship behaviors had been further split into two broad categories, OCBI (behaviors that immediately benefit individuals which indirectly positively contribute to the organization) and OCBO (behaviors that benefit the organization in general). The scale is often used in the literature, as prior to their work, extra-role behaviors had not been empirically distinguished from in-role activities. Good reliability coefficient alphas (at least 0.75) were reported for the scale. A total of 21 items were incorporated into section C of the questionnaire.

The third dependent variable is that of employees' turnover intentions. I adapted from Schwenker's (2001) turnover intention scale and measured employee turnover intentions via 5 items. Of the 5 items, 3 were inspired by the Staying/Leaving index (Bluedorn, 1982), while the other 2 were intended to tap withdrawal cognitions (Lucas, 1985). Variations of the scale had been used in numerous studies and had

coefficient alphas of more than 0.70. Schwepker's (2001) turnover intention scale had high reliability with a coefficient alpha of 0.92. All 5 items were incorporated into section B of the questionnaire.

#### **4.4 Sample & Data Collection**

The questionnaires were filled in by subjects fulfilling the following criteria: full-time employees above the age of 18, working in Singapore, and had been working in their organization for at least 6 months. This was to ensure alignment with the purpose of the study, which is to understand the relationship between employees' perception of CSR with their in-role & extra-role behavior and turnover intentions, and the possible mediating factors.

The questionnaires were distributed to friends and colleagues who fulfilled the criteria stated above. Additional questionnaires were distributed to them for their help in getting their friends and colleagues to respond. Students were also recruited to distribute the questionnaires to people who met the criteria. As the students' assistance was entirely voluntary, the students had to sign a consent form agreeing to help out. After their friends and colleagues had responded, the questionnaires were collected and responses were tabulated.

Out of 350 distributed questionnaires, 305 were collected, which corresponds to a response rate of 87.1%. The sample was approximately ½ male (49.2% males, 50.8% females), with an average age of 35.3 years, an average of 12.3 years working

experience, and an average length of service of 5.4 years. The subjects in the sample came from a variety of organizations: 33.9% for private sector (foreign), 41.9% for private sector (local), 7.6% for government-linked companies, 12.3% for civil service/ government sector, 2.3% for non-profit organizations and 2.0% for others. Most are in the lower/middle to upper/middle position level in their organization (70.7%), and have a diploma level education or equivalent (83.2%). A summary of the subjects' personal information can be found in Table 4.1 below.

**Table 4.1: Sample Characteristics**

Information	Option	%
Age (Years)	20 – 25	22.3
	26 – 30	31.7
	31 – 40	14.7
	41 – 50	14.3
	Above 50	17.0
Gender	Male	49.2
	Female	50.8
Working Experience (Years)	1 year or less	12.0
	2 – 3	18.6
	4 – 5	14.3
	6 – 10	15.6
	11 – 15	8.3
	16 – 20	6.3
	Above 20	24.9

Length of Service in Present Organization (Years)	1 year or less	33.7
	2 – 3	27.0
	4 – 5	12.3
	6 – 10	12.7
	11 – 15	4.7
	16 – 20	5.3
	Above 20	4.3
Nature of Organization	Private Sector (Foreign-owned)	33.9
	Private Sector (Locally-owned)	41.9
	Government-Linked Company	7.6
	Civil Service/ Government Sector	12.3
	Non-profit Organizations	2.3
	Others	2.0
Position in Organization	Owner/ Partner	4.9
	Top Management	5.6
	Upper/ Middle Level	13.9
	Middle Level	34.8
	Lower/ Middle Level	22.0
	Junior Level	18.8
Education	Graduate degree or equivalent	22.2
	Degree or equivalent	38.4
	Diploma or equivalent	22.6
	Junior College or equivalent	3.0
	Secondary or equivalent	9.8
	Others	4.0

## **4.5 Analysis Methods**

In order to analyze the data collected from the questionnaires, three analysis methods were used: descriptive statistics, internal consistency and mediation regression analysis.

### **4.5a Descriptive Statistics**

Descriptive statistics pertain to measures of different aspects of a population (Bickel & Lehman, 1975). They give a summary of the sample characteristics, with typical measures such as the mean and median as measures of location, or the standard deviation and inter-quartile range as measures of scale. In our study, I have included measures such as the mean, standard deviation and correlations, to give us a clearer picture of the attributes (age, gender, working experience, length of service, nature of the organization, position in the organization, and education level).

### **4.5b Internal Consistency**

Cronbach's coefficient alpha (Cronbach, 1951) will be calculated to examine the reliability and internal consistency of the variables. A coefficient alpha of at least 0.70 is required for an item to be desirable.

#### **4.5c Mediation Regression Analysis**

In order for us to determine whether our mediating variables have an impact on our dependent variables, mediation regression analysis will be used. The analysis consists of the estimation of a series of regression models (Baron & Kenny, 1986). To test for mediation, three regression equations will be estimated:

- 1) Regressing the mediator on the independent variable
- 2) Regressing the dependent variable on the independent variable
- 3) Regressing the dependent variable on both the independent variable and on the mediator

Separate coefficients for each equation will be estimated and tested, which will allow us to establish mediation.

## **Chapter V: Data Analysis and Results**

In this chapter, I will analyze the results of the study, of which I have obtained through the computer program Statistical Package for the Social Sciences (SPSS) version 19.0. The results of the descriptive statistics had been previously presented in Chapter IV. Here, I shall examine the mean, standard deviation, reliability and correlation of the study variables, followed by the discussion of the mediation regression analysis results.

### **5.1 Psychometric Properties of the Measures**

To evaluate the internal consistency of the variables, I used Cronbach's (1951) coefficient alpha. Cronbach's coefficient alpha ranges between 0 to 1, and the closer the figure is to 1, the higher the internal consistency of the variable (Gliem & Gliem, 2003). This means the higher the alpha, the more reliable the variable is in testing what I wish to find out. While there isn't a commonly agreed cut off figure (Yu, 2001), some researchers have offered some suggestions. George and Mallery (2003) detailed in their book the following rules of thumb: " $\geq 0.9$  – Excellent,  $\geq 0.8$  – Good,  $\geq 0.7$  – Acceptable,  $\geq 0.6$  – Questionable,  $\geq 0.5$  – Poor, and  $< 0.5$  – Unacceptable". Nunnally (1978) stated that 0.7 and above was acceptable.

Table 5.1 shows the inter-correlation matrix generated from my results. Correlation estimates with two asterisk (\*\*) attached are significant at  $P < 0.01$  (2-tailed), while

correlation estimates with one asterisk (\*) attached are significant at  $P < 0.05$  (2-tailed). Cronbach's coefficient alphas for the variables are shaded in gray and indicated by brackets. The alphas for economic, legal, ethical and philanthropic responsibilities are above 0.7, and as such achieved acceptable internal consistency. The alphas for our mediating variables (OBSE, interactional justice, distributive justice, procedural justice) are around 0.9, indicating high internal consistency. With regards to the dependent variables, in-role behavior, OCBI and turnover intentions all had alphas of 0.8 and above, while OCBO's alpha is around 0.7. Again, they have achieved acceptable to good internal consistency. All in all, our variables were deemed to be reliable.

## **5.2 Mediation Regression Analysis**

As mentioned in Chapter IV, mediation regression analysis is performed to test for mediation (Baron & Kenny, 1986). In Section D, I obtained demographic information about the respondents and from Table 5.1, we see that age, position in organization and education level significantly correlates with some of the research variables. This is consistent with previous research (Gardner, Van Dyne, & Pierce, 2004; Griffeth, Hom, & Gaertner, 2000; K. Lee & Allen, 2002; Porter & Steers, 1973; Van Dyne & Ang, 1998), and therefore selected as control variables. In addition, while some of the variables are significantly correlated with each other, most of the correlations are below or around 0.5. Hence, there is little multicollinearity between most of the variables.



The following regression equations were performed:

- 1) Regression of the mediating variable on the independent variable (OJ and OBSE on perceived CSR).
- 2) Regression of the dependent variable on the independent variable (IRB, OCB and turnover intentions on perceived CSR).
- 3) Regression of the dependent variable on both the independent variable and mediating variable (IRB, OCB and turnover intentions on perceived CSR, OJ and OBSE).

To establish mediation, three conditions must first be met - 1) the independent variable has a significant effect on the mediating variable, 2) the independent variable has a significant effect on the dependent variable, 3) the mediating variable has a significant effect on the dependent variable. In other words, I establish that zero-order relationships among the variables exist (Newsom, 2011), otherwise there is no mediation at all to talk about. Once these conditions are met, and when controlling for the mediating variable, the independent variable no longer has a significant effect on the dependent variable, the result supports full mediation. If the independent variable still has a significant effect on the dependent variable when controlling for the mediating variable, then the result supports partial mediation.

### **5.3 Regression of the Mediating Variables on the Independent Variables**

The first set of regressions concerned that of the mediating variable on the independent variable. Step 1 in Tables 5.2 – 5.5, 5.6 – 5.9 and 5.10 – 5.13 shows the

regression of the 3 dimensions of OJ (Niehoff & Moorman, 1993) namely, interactional, distributive and procedural justice, on the 4 dimensions of perceived CSR (Carroll, 1979) namely, economic, legal, ethical and philanthropic responsibilities. Examination of the findings indicate that after controlling for age, position in organization and education level, employees' perception of CSR (for all 4 dimensions) has a positive and significant ( $P < 0.01$ ) effect on OJ (for all 3 dimensions).

When an organization makes an effort to be a law abiding corporate citizen, and is successful without compromising its legal obligations, employees will feel that the organization has been fair in its dealings to obtain profit. An example would be to conduct business without the giving and taking of bribes, as this positively affects the employees' level of procedural justice. Similarly, through making profits in a manner which is consistent with expectations of ethical norms, organizations enable their employees to see and applaud such efforts. As mentioned earlier in Chapter III, proper evaluation of employee performance and just treatment of employees regardless of gender and race, are actions associated with being ethical responsible. When employees experience those ethically responsible actions, their sense of organizational justice will be positively affected.

Socially responsible actions by organizations are surely picked up by their employees, and it is intuitive that such actions are favorably looked upon in a justice context. Therefore, hypothesis 1 is supported.

The results of regressing OBSE (Jon, et al., 1989) on the 4 dimensions of perceived CSR is presented in Step 1 of Table 5.14 – 5.17. As shown in Table 5.14 – 5.17, after I controlled for age, position in organization and education level, the employees' perception of CSR is positively and significantly ( $P < 0.01$ ) related to OBSE.

When the organization fulfills all 4 components of CSR, there are two fold forces (internal and external) at work that will affect employees' self-esteem in the workplace context. First off, when placed in such a favorable work environment (organization is profitable, law abiding, aligned with moral and ethical norms, and gives back to the society), employees feel that they are valued and trusted by their organizations. This uplifts their spirits and enhances their level of OBSE. For example, when the organization actively seeks employee feedback and implements changes that benefit employees up and above the legal requirements, employees will feel that they are treated with dignity and respect, resulting in mutual confidence and trust. These positive influences enable employees to feel good about themselves, thereby gradually increasing their OBSE.

Secondly, by performing CSR, organizations project a positive image to their external environment – the society at large. This positive image trickles down to their employees too, as people tend to associate an organization's attributes with those of the people who work for the organization. An organization with a good reputation inevitably signals an exemplary workforce. This generates pride in employees which in turn enhances their OBSE.

By performing CSR, organizations kick start these dual forces which trigger feelings of pride and OBSE in their employees. Therefore, I find support for hypothesis 2.

#### **5.4 Regression of the Dependent Variables on the Independent Variables**

The next set of regressions concerned that of the dependent variable on the independent variable. In their paper, Williams and Anderson (Williams & Anderson, 1991) assessed employee performance via three performance scales – IRB, OCBI and OCBO. Step 2 in Tables 5.2, 5.6, 5.10 and 5.14 show the relationships between the 4 dimensions of perceived CSR and IRB. I find that perceived CSR has a positive and significant ( $P < 0.01$ ) effect on IRB. On knowing that their organization performs CSR activities, employees develop a “feel good” attitude and are proud of their organizations. They get positive reinforcement from forces inside and outside the organization. Employees will reciprocate in kind, leading to improved performance.

Tables 5.3, 5.7, 5.11 and 5.15 show the relationships between perceived CSR and OCBI. After controlling for age, position in organization and education level, 3 dimensions of perceived CSR have a positive and significant ( $P < 0.01$  for economic, ethical and philanthropic responsibilities,  $P < 0.05$  for legal responsibilities) effect on OCBI. The relationships between perceived CSR and OCBO are reflected in Step 2 in Tables 5.4, 5.8, 5.12 and 5.16. All 4 dimensions of perceived CSR are positively and significantly ( $P < 0.01$ ) related to OCBO.

Similar to the point mentioned two paragraphs above, employees develop a “feel good” attitude, and are proud of their organizations. This causes not only the performance of the employee to improve, but also enhances the likelihood of them performing altruistic behaviors. For example, if the organization places an emphasis on team work, things such as having a department recreation budget, team building retreats and team based incentives would be the norm. Individuals will thus be more inclined to accept or think that they are part of a team, and therefore be motivated to work as a team. When a colleague is busy or absent from work, fellow colleagues are more likely to stand in for that colleague. This is out of their own free will, which they would receive no extra reward, but out of their own free will. By their actions, the organization subsequently reaps benefits since it still functions at the usual pace even though there is one less headcount at work.

Step 2 in Tables 5.5, 5.9, 5.13 and 5.17 show the relationships between perceived CSR and employees’ turnover intentions. After controlling for age, position in organization and education level, all dimensions of perceived CSR are negatively and significantly ( $P < 0.01$ ) related to turnover intentions. As mentioned in the earlier paragraphs, when employees perceive that their organizations are socially responsible, they derive feelings of pride to be associated with the organization, and at the same time, feel that their organization is aligned with their personal beliefs and values. Over time, employees fit well and are pleased with their organizations actions. Intuitively, they would want to continue working with the organization that they are so comfortable with. Conversely, the absence of perceived CSR by employees will

gradually put them at odds with the organization's dealings. Such feelings of doubt will inevitably ignite thoughts of remedying the situation, oftentimes the only solution would be to quit.

## **5.5 Regression of the Dependent Variables on Both the Independent Variables and Mediating Variables**

The final set of regressions concerned that of the dependent variable on both the independent variable and mediating variable, and received mixed results.

### **5.5a Mediation Effects of Interactional Justice between Perceived CSR and Dependent Variables**

Step 3 in Tables 5.2 – 5.5 shows the relationship between perceived CSR and the dependent variables, when mediated by interactional justice. This mediating variable has been found to have a positive and significant ( $P < 0.01$ ) effect on IRB, OCBI and OCBO, and a negative and significant ( $P < 0.01$ ) effect on turnover intentions. Mediation effects of interactional justice on the relationship between perceived CSR and the dependent variables are generally partial, except for the relationship between perceived CSR and turnover intentions, which experienced full mediation effects.

In Table 5.2, step 3 results of the regression model for the components: economical, legal and ethical responsibilities, suggested that they might have a direct effect on IRB. In addition, the coefficient 0.22 obtained when regressing the DV (i.e. IRB) on IV (i.e. ethical responsibilities) is significant and higher than the 0.15 obtained when

regressing the DV on M (i.e. interactional justice). This could also mean that ethical responsibilities might have effects on IRB through other mediators. The finding also holds true for the component economic responsibilities.

In the same table, step 3 results of the regression model for the component: philanthropic responsibilities, suggested that philanthropic responsibilities has an effect on IRB when mediated by interactional justice. The coefficient 0.04 obtained when regressing the DV (i.e. IRB) on IV (i.e. philanthropic responsibilities) was not significant, while the coefficient 0.21 obtained when regressing the DV on M (i.e. interactional justice) was significant. The same occurs in Table 5.4 and 5.5 for the results on step 3 of the regression model for the same component: philanthropic responsibilities. On perceiving one's organization performing philanthropic CSR, the employee would be motivated by his or her sense of interactional justice to perform effectively at work, exhibit interpersonal helping behaviors and remain with the organization as a form of reciprocation.

### **5.5b Mediation Effects of Distributive Justice between Perceived CSR and Dependent Variables**

Step 3 in Tables 5.6 – 5.9 shows the relationship between perceived CSR and the dependent variables, when mediated by distributive justice. Distributive justice was found to have a significant effect on only OCBO ( $P < 0.05$ ) and turnover intentions ( $P < 0.01$ ). Mediation effects are generally partial with the exception of the relationship

between 3 dimensions of perceived CSR (legal, ethical and philanthropic responsibilities) and turnover intentions, which experienced full mediation.

In testing for mediating effects of distributive justice on the relationship between perceived CSR and IRB, no mediation effects exist for components economic, ethical and philanthropic responsibilities (Table 5.6). This suggested that these three components do not need to work through distributive justice to have an impact on IRB. In fact, it can be argued that they have a direct impact on IRB instead. On the basis that employees perceive their organizations carrying out CSR, they see their organization in an excellent light, and that is enough to motivate them to work hard. In addition, nil mediation effects might be due to the fact that there is a very fine line between organization justice and perceived CSR, as the actions that constitute to both are very similar. Individuals might have problems distinguishing between procedural justice and ethical responsibility acts. For example, when an organization emphasizes on procedural fairness, it would seek employees' feedback before implementation, at the same time, this gesture is viewed as an ethical treatment on employees (ethical responsibility component).

Also in the same table, full mediation effects were seen for the component: legal responsibilities. When employees perceive that their organizations are sticking to the law in their operations, there is no impetus to perform well, probably because a) organization are "forced" to do so and b) almost all organizations abide by the laws that it is the norm, so there is no special distinction or reward linked with that action.



When employees perceive CSR, they feel that their organization is fair in the dishing out of resources and outcomes, and therefore are motivated to perform.

The results in Table 5.7 showed that distributive justice had partial (economic and legal responsibilities) and full (ethical and philanthropic responsibilities) mediation effects on the relationships between perceived CSR and OCBI. This suggests that all components of CSR might have direct effects on OCBI. It is also suggested that perceived CSR (economic and legal responsibilities component) works through other mediators to influence OCBI. As no mediation effects were seen for the ethical and philanthropic responsibilities components, it might mean that the two components do not need to work through distributive justice to have an impact on OCBI. It is possible that the two components of perceived CSR exert a direct influence on OCBI instead. In addition, nil mediation effects might be due to the close similarities between actions of organization justice and perceived CSR. Individuals might have problems distinguishing between distributive justice and ethical responsibility acts. For example, when an organization emphasizes on distributive fairness, it would offer a fair level of pay, at the same time, this gesture is viewed as an ethical treatment on employees (ethical responsibility component).

In Table 5.8, partial mediation effects of distributive justice were seen on the relationships between three components of perceived CSR (economic, legal and ethical responsibilities) and OCBO. Step 3 results of the regression model for the component: economic responsibilities, suggested that economic responsibilities might

have a direct effect on OCBO. In addition, the coefficient 0.27 obtained when regressing the DV (i.e. OBCO) on IV (economic responsibilities) is significant and higher than the 0.09 obtained when regressing the DV on M (i.e. distributive justice). This suggested that perceived CSR (economic responsibilities component) may possibly work through other mediators to influence OCBO. Again, we see full mediation effects by distributive justice on the relationship between the philanthropic responsibility component of perceived CSR and OCBO.

In testing for mediating effects of distributive justice on the relationship between perceived CSR and turnover intentions, full mediation effects exist for all components of perceived CSR with the exception of economic responsibility (Table 5.9). When organizations perform proper work evaluations and reward individuals for their good work (be it tangible outcomes such as pay or intangible outcomes such as praise), this causes employees to perceive their organization to be distributively just. This in turn leads to the retaining of employees in the organization.

### **5.5c Mediation Effects of Procedural Justice between Perceived CSR and Dependent Variables**

Step 3 in Tables 5.10 – 5.13 shows the relationship between perceived CSR and the dependent variables, when mediated by procedural justice. This mediating variable was found to have a significant effect ( $P < 0.01$ ) on IRB and turnover intentions. Mediation effects are generally partial, while the relationship between 1) philanthropic responsibilities and IRB, 2) philanthropic responsibilities and OCBO

and 3) all 4 dimensions of perceived CSR and turnover intentions was fully mediated by procedural justice.

Partial mediation effects were seen for all components of perceived CSR with the exception of philanthropic responsibility (Table 5.10). The results suggested that economic, legal and ethical responsibility need not work through procedural justice to have an effect on IRB. This might mean the presence of other mediators which I did not bring up in this study, or that these 3 components of perceived CSR have a direct effect on IRB. Again, I see that the relationship between philanthropic responsibility and IRB is fully mediated, now by procedural justice. If an organization has a moral and ethical disposition, it should value communication and transparency of the processes by which decisions are made. The opinions of the employees will be sought, allowing them fair treatment, and thereby providing more personal input in the appraisal process. Employees will feel more satisfied with the fairness in their organization, and instinctively maintain or improve on their work performance.

In Table 5.11, the story is pretty much the same as the paragraph above, for 3 components of perceived CSR. Partial mediation effects were seen for all components of perceived CSR with the exception of philanthropic responsibility. With the presence of procedural fairness in their organization, employees will feel valued and intuitively, make efforts to perform. What is different is that there are no mediation effects by procedural justice to be seen on the relationship between philanthropic

responsibility and OCBI. The results suggested that a) philanthropic responsibility has a direct impact on OBCI, or b) there are other mediating factors involved.

Full, partial and nil mediation effects were seen in Table 5.12. The nil results suggested that procedural justice has no mediating effect on the relationship between ethical responsibility and OCBO, or that there are other mediators affecting it. A look at the correlation matrix in Table 5.1 shows that procedural justice is quite correlated with the 4 components of perceived CSR, with coefficients ranging from 0.33 to 0.52. It is possible that individuals are unable to differentiate between procedural justice and the ethical responsibility component, as situations in which both happen tend to overlap.

In Table 5.13, step 3 results of the regression model suggested that all components of perceived CSR had an effect on IRB when mediated by procedural justice. When employees perceive their organizations carrying out CSR activities coupled with being procedurally just, they feel that they are valued and treated with dignity, and this in turn affects the withdrawal of employees from the organization.

#### **5.5d Mediation Effects of OBSE between Perceived CSR and Dependent Variables**

Step 3 in Tables 5.14 – 5.17 shows the relationship between perceived CSR and the dependent variables, when mediated by OBSE. OBSE was found to have a significant effect ( $P < 0.01$ ) on all the dependent variables. Full mediation effects by OBSE were

experienced in 11 out of 16 regressions, and the remaining 5 regressions yielded partial mediation effects. Relationships between 1) 3 dimensions of perceived CSR (economic, legal and ethical responsibilities) and OCBI and 2) all dimensions of perceived CSR and turnover intentions were fully mediated by OBSE. Based on the above analysis, partial support was found for hypothesis 3a, 3b, 4a and 4b, while hypothesis 3c and 4c are fully supported.

In Table 5.14, step 3 results of the regression model for the component: economic responsibilities, suggested that economic responsibilities might have a direct effect on IRB. In addition, the coefficient 0.10 obtained when regressing the DV (i.e. IRB) on IV (i.e. economic responsibilities) is significant and lower than the 0.51 obtained when regressing the DV on M (i.e. OBSE). This could also mean that while economic responsibilities might have effects on IRB through other mediators, OBSE might have the greatest impact. By being competitive and profitable, the organization projects a positive image of success. Enamored by that positive light, employees enjoy feelings of pride and happiness. This increases their OBSE and employees will strive to maintain that positive feeling, by performing up to standard at work. This holds true for the component ethical responsibilities as well.

In the same table, step 3 results of the regression model for the component: philanthropic responsibilities, suggested that philanthropic responsibilities has an effect on IRB when mediated by OBSE. The zero coefficient obtained when regressing the DV (i.e. IRB) on IV (i.e. philanthropic responsibilities) was not

significant, while the coefficient 0.55 obtained when regressing the DV on M (i.e. OBSE) was significant. A great similarity goes for the results for the component legal responsibilities. On perceiving one's organization performing philanthropic CSR, the employee knows that the organization is doing its part for the society and is a good corporate citizen. That knowledge, more often than not, triggers pride in employees and increases their OBSE. In addition, if the employee is inclined to similar behaviors, his or her OBSE will further increase, for the employee made the right choice in joining that organization. All these increases the employees' OBSE and they reciprocate by delivering what they are hired for.

Full mediation effects were seen for the 3 components of perceived CSR (economic, legal and ethical) by OBSE (Table 5.15). Upon perceiving such CSR acts, employees reaffirm their belief that they have joined the right organization, with the right credentials, and that their organization trusts and values them. All these factors raise their OBSE, and as a consequence, employees are more likely to exhibit discretionary behaviors which go above and beyond their job description. For the component philanthropic responsibilities, partial mediation effects were seen instead. Apart from exerting a direct influence on OCBI, it is possible that philanthropic responsibilities have effects on OCBI through other mediators (though OBSE might still be the mediator with the greatest impact).

The results in Table 5.16 showed that OBSE had partial (economic and legal responsibilities) and full (ethical and philanthropic responsibilities) mediation effects on the relationships between perceived CSR and OCBO. This suggests that all components of CSR might have direct effects on OCBO. In addition, it is possible that perceived CSR (economic and legal responsibilities component) works through other mediators to influence OCBO. As no mediation effects were seen for the ethical and philanthropic responsibilities components, it might imply that the two components need not work through distributive justice to affect OCBO. It can mean that these two components of perceived CSR exert a direct influence on OCBI instead.

In Table 5.17, again, step 3 results of the regression model suggested that all components of perceived CSR had an effect on turnover intentions when mediated by OBSE. When employees perceive that their organizations are socially responsible, their sense of OBSE is heightened. This is due to the benefits of being associated with a considerate organization, which boosts their self worth, especially for employees with a predisposition to CSR. Individuals would want to continue enjoying these benefits, and thus strive to remain with the organization.

## **5.6 Summary**

The results of the mediation regression analysis are summarized in Table 5.18. Of our 4 mediating variables, one dimension of organization justice – interactional justice, and OBSE appeared to have a partial or full mediating effect on the relationship between perceived CSR and the dependent variables. Taking a closer look at the

mediating results of interactional justice, we see that when employees perceive their organizations carrying out philanthropic activities, their sense of interactional justice mediates their resultant performance and turnover intentions (fully on 3 out of 4 dependent variables). In addition, when employees perceive their organizations performing CSR, their sense of interactional justice fully mediates their turnover intentions (on all dimensions of CSR). Similarly for the results of OBSE, when employees perceive that their organizations are fulfilling their philanthropic activities, their sense of OBSE mediates their resultant performance and turnover intentions on all counts. In addition, when employees perceive that their organizations are fulfilling their legal responsibilities to the society, their sense of OBSE mediates their resultant performance and turnover intentions (full mediation on all dependent variables). Lastly, when employees perceive their organizations performing CSR, their sense of OBSE fully mediates their turnover intentions on all counts.

Of the 4 dimensions of perceived CSR, the relationships between philanthropic responsibilities and dependent variables are usually fully mediated by the mediating variables (especially procedural justice). In addition, the relationship between perceived CSR and turnover intentions is fully mediated by all the mediating variables on all counts except one (partial mediation).

It was interesting to note that distributive justice hardly had any mediating effect on the relationship between perceived CSR and IRB (nil mediation on 3 out of 4 CSR dimensions). This was also true for the relationship between perceived CSR and



OCBI (nil mediation on 2 out of 4 CSR dimensions). Further discussion of the above is merited, which will be addressed in Chapter VI.

Table 5.1: Inter-Correlation Matrix

Variable	Mean	Standard Deviation	Economic Responsibility	Legal Responsibility	Ethical Responsibility	Philanthropic Responsibility	OBSE	Interactional Justice	Distributive Justice	Procedural Justice	In Role Behavior	OCBI	OCBO	Turnover Intentions	Age	Position in Organization	Education Level
Economic Responsibility	3.90	0.49	(0.73)														
Legal Responsibility	3.95	0.52	0.54**	(0.78)													
Ethical Responsibility	3.88	0.55	0.55**	0.75**	(0.82)												
Philanthropic Responsibility	3.34	0.61	0.41**	0.58**	0.57**	(0.81)											
OBSE	4.05	0.48	0.34**	0.38**	0.4**	0.33**	(0.90)										
Interactional Justice	3.67	0.63	0.31**	0.4**	0.4**	0.47**	0.51**	(0.95)									
Distributive Justice	3.42	0.76	0.15**	0.31**	0.29**	0.31**	0.34**	0.46**	(0.89)								
Procedural Justice	3.44	0.64	0.33**	0.51**	0.47**	0.52**	0.4**	0.72**	0.52**	(0.87)							
In Role Behavior	4.15	0.47	0.29**	0.29**	0.33**	0.18**	0.57**	0.31**	0.15**	0.27**	(0.82)						
OCBI	3.72	0.54	0.22**	0.23**	0.27**	0.27**	0.45**	0.26**	0.18**	0.24**	0.43**	(0.85)					
OCBO	3.98	0.49	0.28**	0.22**	0.27**	0.14*	0.4**	0.28**	0.18**	0.2**	0.54**	0.41**	(0.68)				
Turnover Intentions	2.61	1.05	-0.17**	-0.23**	-0.22**	-0.18**	-0.41**	-0.37**	-0.51**	-0.38**	-0.28**	-0.08	-0.25**	(0.94)			
Age	35.32	11.92	-0.02	-0.06	-0.04	-0.09	0.07	-0.02	0.08	-0.02	0.01	-0.09	0.11	-0.23**	1		
Position in Organization	4.20	1.32	0.04	0.00	-0.02	-0.01	-0.36**	-0.11	-0.14*	-0.08	-0.22**	-0.09	-0.11	0.31**	-0.47**	1	
Education Level	2.52	1.34	0.02	-0.12*	-0.06	-0.07	-0.13*	-0.03	-0.04	-0.05	-0.19**	-0.17**	-0.14*	0.05	0.33**	0.06	1

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

() Cronbach's Alpha

Table 5.2: Results on the mediating effects of interactional justice on the relationship between perceived CSR and in role behavior.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
In Role Behavior	Step 1: M on IV	<b>0.41**</b>	<b>0.48**</b>	<b>0.46**</b>	<b>0.48**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.06	-0.06*	-0.05	-0.05
	Education Level	-0.01	0.03	0.01	0.01
	Step 2: DV on IV	<b>0.28**</b>	<b>0.24**</b>	<b>0.29**</b>	<b>0.13**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.09**	-0.08**	-0.08**	-0.08**
	Education Level	-0.06**	-0.04*	-0.05*	-0.05*
	Step 3: DV on IV and M	<b>0.21**</b> <b>0.17**</b>	<b>0.16**</b> <b>0.17**</b>	<b>0.22**</b> <b>0.15**</b>	<b>0.04</b> <b>0.21**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.08**	-0.07**	-0.07**	-0.07**
	Education Level	-0.06**	-0.05*	-0.05*	-0.05*
Mediation Effects		Partial	Partial	Partial	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.3: Results on the mediating effects of interactional justice on the relationship between perceived CSR and OCBI.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
OCBI	Step 1: M on IV	<b>0.41**</b>	<b>0.48**</b>	<b>0.46**</b>	<b>0.48*</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	0.00
	Position in Organization	-0.06	-0.06*	-0.05	-0.05
	Education Level	-0.01	-0.03	0.01	0.01
	Step 2: DV on IV	<b>0.24**</b>	<b>0.22*</b>	<b>0.26**</b>	<b>0.23**</b>
	<i>Plus Control Variable</i>				
	Age	-0.01	-0.01	-0.01	-0.00
	Position in Organization	-0.06*	-0.06*	-0.05	-0.05
	Education Level	-0.06*	-0.04	-0.05	-0.05*
	Step 3: DV on IV and M	<b>0.17**</b>	<b>0.14*</b>	<b>0.19**</b>	<b>0.16**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.05	-0.05	-0.05	-0.04
	Education Level	-0.06*	-0.05	-0.05*	-0.05*
Mediation Effects		Partial	Partial	Partial	Partial

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.4: Results on the mediating effects of interactional justice on the relationship between perceived CSR and OCBO.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
OCBO	Step 1: M on IV	<b>0.41**</b>	<b>0.48**</b>	<b>0.46**</b>	<b>0.48*</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	0.00
	Position in Organization	-0.06	-0.06*	-0.05	-0.05
	Education Level	-0.01	-0.03	0.01	0.01
	Step 2: DV on IV	<b>0.30**</b>	<b>0.22**</b>	<b>0.27**</b>	<b>0.12*</b>
	<i>Plus Control Variable</i>				
	Age	0.01*	0.01*	0.01*	0.01*
	Position in Organization	-0.01	-0.01	-0.01	-0.01
	Education Level	-0.07**	-0.05*	-0.06**	-0.06**
	Step 3: DV on IV and M	<b>0.23**</b>	<b>0.14*</b>	<b>0.19**</b>	<b>0.01</b>
	<i>Plus Control Variable</i>	<b>0.17**</b>	<b>0.18**</b>	<b>0.16**</b>	<b>0.22**</b>
	Age	0.01*	0.01*	0.01*	0.01*
	Position in Organization	-0.00	-0.00	0.00	0.00
	Education Level	-0.07**	-0.06*	-0.06**	-0.07**
Mediation Effects		Partial	Partial	Partial	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.5: Results on the mediating effects of interactional justice on the relationship between perceived CSR and turnover intentions.

DV	Regression Model	Independent Variables			
		<u>Economic Responsibilities</u>	<u>Legal Responsibilities</u>	<u>Ethical Responsibilities</u>	<u>Philanthropic Responsibilities</u>
Turnover Intentions	Step 1: M on IV	<b>0.41**</b>	<b>0.48**</b>	<b>0.46**</b>	<b>0.48*</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	0.00
	Position in Organization	-0.06	-0.06*	-0.05	-0.05
	Education Level	-0.01	-0.03	0.01	0.01
	Step 2: DV on IV	<b>-0.41**</b>	<b>-0.46**</b>	<b>-0.41**</b>	<b>-0.33**</b>
	<i>Plus Control Variable</i>				
	Age	-0.02*	-0.01*	-0.02*	-0.02**
	Position in Organization	0.18	0.18**	0.17**	0.17**
	Education Level	0.10*	0.08	0.09	0.1
	Step 3: DV on IV and M	<b>-0.18</b>	<b>-0.21</b>	<b>-0.17</b>	<b>-0.06</b>
	<i>Plus Control Variable</i>	<b>-0.55**</b>	<b>-0.52**</b>	<b>-0.54**</b>	<b>-0.56**</b>
	Age	-0.02**	-0.02**	-0.02**	-0.02**
	Position in Organization	0.15**	0.15**	0.15**	0.14**
	Education Level	0.10*	0.09	0.10*	0.10*
Mediation Effects		Full	Full	Full	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.6: Results on the mediating effects of distributive justice on the relationship between perceived CSR and in role behavior.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
In Role Behavior	Step 1: M on IV	<b>0.26**</b>	<b>0.44**</b>	<b>0.39**</b>	<b>0.39**</b>
	<i>Plus Control Variable</i>				
	Age	0.00	0.00	0.00	0.01
	Position in Organization	-0.05	-0.05	-0.05	-0.04
	Education Level	-0.05	-0.02	-0.04	-0.04
	Step 2: DV on IV	<b>0.28**</b>	<b>0.24**</b>	<b>0.29**</b>	<b>0.13**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.09**	-0.08**	-0.08**	-0.08**
	Education Level	-0.06**	-0.04*	-0.05*	-0.05*
	Step 3: DV on IV and M	<b>0.27**</b>	<b>0.03</b>	<b>0.28**</b>	<b>0.11*</b>
	<i>Plus Control Variable</i>	<b>0.05</b>	<b>0.23**</b>	<b>0.02</b>	<b>0.05</b>
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.08**	-0.08**	-0.08**	-0.08**
	Education Level	-0.06**	-0.03	-0.05*	-0.05*
Mediation Effects		Nil	Full	Nil	Nil

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.7: Results on the mediating effects of distributive justice on the relationship between perceived CSR and OCBI.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
OCBI	Step 1: M on IV	<b>0.26**</b>	<b>0.44**</b>	<b>0.39**</b>	<b>0.39**</b>
	<i>Plus Control Variable</i>				
	Age	0.00	0.00	0.00	0.01
	Position in Organization	-0.05	-0.05	-0.05	-0.04
	Education Level	-0.05	-0.02	-0.04	-0.04
	Step 2: DV on IV	<b>0.24**</b>	<b>0.22*</b>	<b>0.26**</b>	<b>0.23**</b>
	<i>Plus Control Variable</i>				
	Age	-0.01	-0.01	-0.01	-0.00
	Position in Organization	-0.06*	-0.06*	-0.05	-0.05
	Education Level	-0.06*	-0.04	-0.05	-0.05*
	Step 3: DV on IV and M	<b>0.22**</b>	<b>0.19**</b>	<b>0.23**</b>	<b>0.21**</b>
	<i>Plus Control Variable</i>				
	Age	-0.01	-0.01	-0.01	-0.00
	Position in Organization	-0.05	-0.05	-0.05	-0.05
	Education Level	-0.05*	-0.04	-0.05	-0.05
Mediation Effects		Partial	Partial	Nil	Nil

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)



Table 5.8: Results on the mediating effects of distributive justice on the relationship between perceived CSR and OCBO.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
OCBO	Step 1: M on IV	<b>0.26**</b>	<b>0.44**</b>	<b>0.39**</b>	<b>0.39**</b>
	<i>Plus Control Variable</i>				
	Age	0.00	0.00	0.00	0.01
	Position in Organization	-0.05	-0.05	-0.05	-0.04
	Education Level	-0.05	-0.02	-0.04	-0.04
	Step 2: DV on IV	<b>0.30**</b>	<b>0.22**</b>	<b>0.27**</b>	<b>0.12*</b>
	<i>Plus Control Variable</i>				
	Age	0.01*	0.01*	0.01*	0.01*
	Position in Organization	-0.01	-0.01	-0.01	-0.01
	Education Level	-0.07**	-0.05*	-0.06**	-0.06**
	Step 3: DV on IV and M	<b>0.27**</b>	<b>0.19**</b>	<b>0.24**</b>	<b>0.08</b>
	<i>Plus Control Variable</i>				
	Age	0.01*	0.01	0.01*	0.01*
	Position in Organization	-0.01	-0.01	-0.01	-0.01
	Education Level	-0.07**	-0.05*	-0.06*	-0.06*
Mediation Effects		Partial	Partial	Partial	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.9: Results on the mediating effects of distributive justice on the relationship between perceived CSR and turnover intentions.

DV	Regression Model	Independent Variables			
		Economic Responsibilities	Legal Responsibilities	Ethical Responsibilities	Philanthropic Responsibilities
Turnover Intentions	Step 1: M on IV	<b>0.26**</b>	<b>0.44**</b>	<b>0.39**</b>	<b>0.39**</b>
	<i>Plus Control Variable</i>				
	Age	0.00	0.00	0.00	0.01
	Position in Organization	-0.05	-0.05	-0.05	-0.04
	Education Level	-0.05	-0.02	-0.04	-0.04
	Step 2: DV on IV	<b>-0.41**</b>	<b>-0.46**</b>	<b>-0.41**</b>	<b>-0.33**</b>
	<i>Plus Control Variable</i>				
	Age	-0.02*	-0.01*	-0.02*	-0.02**
	Position in Organization	0.18	0.18**	0.17**	0.17**
	Education Level	0.10*	0.08	0.09	0.1
	Step 3: DV on IV and M	<b>-0.24*</b>	<b>-0.18</b>	<b>-0.17</b>	<b>-0.08</b>
	<i>Plus Control Variable</i>	<b>-0.64**</b>	<b>-0.63**</b>	<b>-0.64**</b>	<b>-0.65**</b>
	Age	-0.01*	-0.01*	-0.01*	-0.01*
	Position in Organization	0.15**	0.15**	0.14**	0.14**
	Education Level	0.07	0.06	0.07	0.07
Mediation Effects		Partial	Full	Full	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.10: Results on the mediating effects of procedural justice on the relationship between perceived CSR and in role behavior.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
In Role Behavior	Step 1: M on IV	<b>0.45**</b>	<b>0.61**</b>	<b>0.54**</b>	<b>0.52**</b>
	<i>Plus Control Variable</i>				
	Age	0.00	0.00	0.00	0.00
	Position in Organization	-0.04	-0.04	-0.03	-0.02
	Education Level	-0.03	0.01	-0.01	-0.01
	Step 2: DV on IV	<b>0.28**</b>	<b>0.24**</b>	<b>0.29**</b>	<b>0.13**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.09**	-0.08**	-0.08**	-0.08**
	Education Level	-0.06**	-0.04*	-0.05*	-0.05*
	Step 3: DV on IV and M	<b>0.21*</b>	<b>0.16**</b>	<b>0.23**</b>	<b>0.04</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.08**	-0.08**	-0.08**	-0.08**
	Education Level	-0.06**	-0.04*	-0.05*	-0.05*
Mediation Effects		Partial	Partial	Partial	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.11: Results on the mediating effects of procedural justice on the relationship between perceived CSR and OCBI.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
OCBI	Step 1: M on IV	<b>0.45**</b>	<b>0.61**</b>	<b>0.54**</b>	<b>0.52**</b>
	<i>Plus Control Variable</i>				
	Age	0.00	0.00	0.00	0.00
	Position in Organization	-0.04	-0.04	-0.03	-0.02
	Education Level	-0.03	-0.01	-0.01	-0.01
	Step 2: DV on IV	<b>0.24**</b>	<b>0.22*</b>	<b>0.26**</b>	<b>0.23**</b>
	<i>Plus Control Variable</i>				
	Age	-0.01	-0.01	-0.01	-0.00
	Position in Organization	-0.06*	-0.06*	-0.05	-0.05
	Education Level	-0.06*	-0.04	-0.05	-0.05*
	Step 3: DV on IV and M	<b>0.18**</b>	<b>0.14*</b>	<b>0.19**</b>	<b>0.17**</b>
	<i>Plus Control Variable</i>	<b>0.15**</b>	<b>0.14*</b>	<b>0.12*</b>	<b>0.11</b>
	Age	-0.01	-0.01	-0.01	-0.01
	Position in Organization	-0.05	-0.05	-0.05	-0.05
	Education Level	-0.05*	-0.04	-0.05	-0.05*
Mediation Effects		Partial	Partial	Partial	Nil

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.12: Results on the mediating effects of procedural justice on the relationship between perceived CSR and OCBO.

DV	Regression Model	Independent Variables			
		<u>Economic Responsibilities</u>	<u>Legal Responsibilities</u>	<u>Ethical Responsibilities</u>	<u>Philanthropic Responsibilities</u>
OCBO	Step 1: M on IV	<b>0.45**</b>	<b>0.61**</b>	<b>0.54**</b>	<b>0.52**</b>
	<i>Plus Control Variable</i>				
	Age	0.00	0.00	0.00	0.00
	Position in Organization	-0.04	-0.04	-0.03	-0.02
	Education Level	-0.03	-0.01	-0.01	-0.01
	Step 2: DV on IV	<b>0.30**</b>	<b>0.22**</b>	<b>0.27**</b>	<b>0.12*</b>
	<i>Plus Control Variable</i>				
	Age	0.01*	0.01*	0.01*	0.01*
	Position in Organization	-0.01	-0.01	-0.01	-0.01
	Education Level	-0.07**	-0.05*	-0.06**	-0.06**
	Step 3: DV on IV and M	<b>0.25**</b>	<b>0.16*</b>	<b>0.22**</b>	<b>0.03</b>
	<i>Plus Control Variable</i>				
	Age	0.01*	0.01*	0.01*	0.01*
	Position in Organization	-0.01	-0.01	-0.01	-0.01
	Education Level	-0.07**	-0.06*	-0.06*	-0.06**
Mediation Effects		Partial	Partial	Nil	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.13: Results on the mediating effects of procedural justice on the relationship between perceived CSR and turnover intentions.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
Turnover Intentions	Step 1: M on IV	<b>0.45**</b>	<b>0.61**</b>	<b>0.54**</b>	<b>0.52**</b>
	<i>Plus Control Variable</i>				
	Age	0.00	0.00	0.00	0.00
	Position in Organization	-0.04	-0.04	-0.03	-0.02
	Education Level	-0.03	-0.01	-0.01	-0.01
	Step 2: DV on IV	<b>-0.41**</b>	<b>-0.46**</b>	<b>-0.41**</b>	<b>-0.33**</b>
	<i>Plus Control Variable</i>				
	Age	-0.02*	-0.01*	-0.02*	-0.02**
	Position in Organization	0.18	0.18**	0.17**	0.17**
	Education Level	0.10*	0.08	0.09	0.1
	Step 3: DV on IV and M	<b>-0.15</b> <b>-0.58**</b>	<b>-0.11</b> <b>-0.58**</b>	<b>-0.10</b> <b>-0.58**</b>	<b>-0.01</b> <b>-0.62**</b>
	<i>Plus Control Variable</i>				
	Age	-0.02*	-0.02*	-0.02*	-0.02*
	Position in Organization	0.16**	0.16**	0.16**	0.16**
	Education Level	0.09	0.08	0.09	0.09
Mediation Effects		Full	Full	Full	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.14: Results on the mediating effects of OBSE on the relationship between perceived CSR and in role behavior.

DV	Regression Model	Independent Variables			
		<u>Economic Responsibilities</u>	<u>Legal Responsibilities</u>	<u>Ethical Responsibilities</u>	<u>Philanthropic Responsibilities</u>
In Role Behavior	Step 1: M on IV	<b>0.35**</b>	<b>0.34**</b>	<b>0.34**</b>	<b>0.25**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.14**	-0.14**	-0.13**	-0.13**
	Education Level	-0.03	-0.01	-0.02	-0.02
	Step 2: DV on IV	<b>0.28**</b>	<b>0.24**</b>	<b>0.29**</b>	<b>0.13**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.09**	-0.08**	-0.08**	-0.08**
	Education Level	-0.06**	-0.04*	-0.05*	-0.05*
	Step 3: DV on IV and M	<b>0.10*</b>	<b>0.07</b>	<b>0.12**</b>	<b>-0.00</b>
	<i>Plus Control Variable</i>	<b>0.51**</b>	<b>0.52**</b>	<b>0.49**</b>	<b>0.55**</b>
	Age	0.00	0.00	0.00	0.00
	Position in Organization	-0.01	-0.01	-0.01	-0.01
	Education Level	-0.04*	-0.04*	-0.04*	-0.04*
Mediation Effects		Partial	Full	Partial	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.15: Results on the mediating effects of OBSE on the relationship between perceived CSR and OCBI.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
OCBI	Step 1: M on IV	<b>0.35**</b>	<b>0.34**</b>	<b>0.34**</b>	<b>0.25**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.14**	-0.14**	-0.13**	-0.13**
	Education Level	-0.03	-0.01	-0.02	-0.02
	Step 2: DV on IV	<b>0.24**</b>	<b>0.22*</b>	<b>0.26**</b>	<b>0.23**</b>
	<i>Plus Control Variable</i>				
	Age	-0.01	-0.01	-0.01	-0.00
	Position in Organization	-0.06*	-0.06*	-0.05	-0.05
	Education Level	-0.06*	-0.04	-0.05	-0.05*
	Step 3: DV on IV and M	<b>0.08</b>	<b>0.06</b>	<b>0.10</b>	<b>0.12*</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	0.01	0.01	0.01	0.01
	Education Level	-0.04	-0.04	-0.04	-0.04
Mediation Effects		Full	Full	Full	Partial

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)



Table 5.16: Results on the mediating effects of OBSE on the relationship between perceived CSR and OCBO.

DV	Regression Model	Independent Variables			
		<u>Economic Responsibilities</u>	<u>Legal Responsibilities</u>	<u>Ethical Responsibilities</u>	<u>Philanthropic Responsibilities</u>
OCBO	Step 1: M on IV	<b>0.35**</b>	<b>0.34**</b>	<b>0.34**</b>	<b>0.25**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.14**	-0.14**	-0.13**	-0.13**
	Education Level	-0.03	-0.01	-0.02	-0.02
	Step 2: DV on IV	<b>0.30**</b>	<b>0.22**</b>	<b>0.27**</b>	<b>0.12*</b>
	<i>Plus Control Variable</i>				
	Age	0.01*	0.01*	0.01*	0.01*
	Position in Organization	-0.01	-0.01	-0.01	-0.01
	Education Level	-0.07**	-0.05*	-0.06**	-0.06**
	Step 3: DV on IV and M	<b>0.17**</b>	<b>0.09</b>	<b>0.14**</b>	<b>0.01</b>
	<i>Plus Control Variable</i>	<b>0.37**</b>	<b>0.39**</b>	<b>0.37**</b>	<b>0.43**</b>
	Age	0.01*	0.01*	0.01*	0.01**
	Position in Organization	0.04	0.04	0.04	0.05
	Education Level	-0.06**	-0.05*	-0.05*	-0.05*
Mediation Effects		Partial	Full	Partial	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.17: Results on the mediating effects of OBSE on the relationship between perceived CSR and turnover intentions.

DV	Regression Model	Independent Variables			
		<u>Economic</u> <u>Responsibilities</u>	<u>Legal</u> <u>Responsibilities</u>	<u>Ethical</u> <u>Responsibilities</u>	<u>Philanthropic</u> <u>Responsibilities</u>
Turnover Intentions	Step 1: M on IV	<b>0.35**</b>	<b>0.34**</b>	<b>0.34**</b>	<b>0.25**</b>
	<i>Plus Control Variable</i>				
	Age	-0.00	-0.00	-0.00	-0.00
	Position in Organization	-0.14**	-0.14**	-0.13**	-0.13**
	Education Level	-0.03	-0.01	-0.02	-0.02
	Step 2: DV on IV	<b>-0.41**</b>	<b>-0.46**</b>	<b>-0.41**</b>	<b>-0.33**</b>
	<i>Plus Control Variable</i>				
	Age	-0.02*	-0.01*	-0.02*	-0.02**
	Position in Organization	0.18	0.18**	0.17**	0.17**
	Education Level	0.10*	0.08	0.09	0.1
	Step 3: DV on IV and M	<b>-0.14</b> <b>-0.77**</b>	<b>-0.21</b> <b>-0.73*</b>	<b>-0.16</b> <b>-0.75**</b>	<b>-0.15</b> <b>-0.76**</b>
	<i>Plus Control Variable</i>				
	Age	-0.02**	-0.02**	-0.02**	-0.02**
	Position in Organization	0.07	0.08	0.07	0.07
	Education Level	0.08	0.07	0.08	0.08
Mediation Effects		Full	Full	Full	Full

\*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Table 5.18: Summary of Mediation Regression Analysis

		Mediation Effects			
		<u>Economic Responsibilities</u>	<u>Legal Responsibilities</u>	<u>Ethical Responsibilities</u>	<u>Philanthropic Responsibilities</u>
<u>IRB</u>					
	Interactional Justice	Partial	Partial	Partial	Full
	Distributive Justice	Nil	Full	Nil	Nil
	Procedural Justice	Partial	Partial	Partial	Full
	OBSE	Partial	Full	Partial	Full
<u>OCBI</u>					
	Interactional Justice	Partial	Partial	Partial	Partial
	Distributive Justice	Partial	Partial	Nil	Nil
	Procedural Justice	Partial	Partial	Partial	Full
	OBSE	Full	Full	Full	Partial
<u>OCBO</u>					
	Interactional Justice	Partial	Partial	Partial	Full
	Distributive Justice	Partial	Partial	Partial	Full
	Procedural Justice	Partial	Partial	Nil	Full
	OBSE	Partial	Full	Partial	Full
<u>Turnover Intentions</u>					
	Interactional Justice	Full	Full	Full	Full
	Distributive Justice	Partial	Full	Full	Full
	Procedural Justice	Full	Full	Full	Full
	OBSE	Full	Full	Full	Full

## **Chapter VI: Discussion and Conclusion**

Our main impetus for conducting this study stems from the belief that when organizations perform CSR, their employees perceive it, and this perception might affect their turnover intentions and behaviors at work. Through CSR engagements, organizations might be able to prompt employees to generate positive outcomes such as improved IRB, OCBs and retention rates. Specifically, I introduce the mediating effects of OJ and OBSE and see how they influence the relationship between perceived CSR and the dependent variables (IRB, OCB and turnover intentions). The mediating effects of OBSE is of great interest as there are hardly any empirical studies performed previously to evaluate its influence on the relationship between perceived CSR and the dependent variables.

### **6.1 Theoretical Implications**

The results show that perceived CSR causes desirable behaviors in employees by influencing their feelings towards their organization (OJ) and towards themselves (OBSE). It is through these attitudes and perceptions that positive outcomes are seen. Full and partial mediating effects of OJ were obtained, signaling that when employees perceive CSR carried out by their organizations, their OJ heightens their feelings of fair treatment meted out to individuals. As the organization's actions and decisions are perceived as more just, employees will more likely engage in the performance of their work, OCBs and remain with the organization. This is consistent with what some other scholars have found; A meta-analysis conducted by Colquitt and

colleagues (2001) gave empirical evidence that perceptions of justices (which may be caused by CSR practices) do in fact lead to positive outcomes such as enhanced job satisfaction, organizational commitment, organizational citizenship and job performance. Similarly, Podsakoff and colleagues (2000) investigated on the interaction between organizational justice (which again is influenced by CSR practices) and OCB and found that employees exhibit OCB behavior more frequently when they perceive procedural justice in the workplace.

Similarly, full and partial mediating effects of OBSE were obtained. This signals that through perceived CSR, employees tend to develop high self esteem at the workplace (be it due to pride through association with the organization, or positive feelings when they realize that the organization's values are aligned with their own) and strive to maintain favorable work attitudes – all actions that lead to the exhibition of improved performance, OCBs and lowered intentions to quit. This can be expected as such resultant behaviors reinforce their beliefs that they are competent workers. Sims and Kroeck (1994) examined the influence of ethical fit on employee attitudes and intentions to turnover. They found that when organizations have CSR practices that match the desired ethical work climate of their employees, their employees have greater satisfaction, greater organizational commitment and diminished turnover intentions than individuals who did not share the same ethics with the organization. Perceived CSR was found to influence IRB, OCBs and turnover intentions directly, thus explaining for the partial mediating effects of OJ and OBSE.

Through my results, I have shown that there is a link between employees' CSR perceptions and their performance and turnover intentions. I have also successfully identified two mediators that affect this relationship, with either partial or full mediation effects. Specifically, the link between perceived CSR and performance & turnover intentions works through the mechanisms of OBSE and OJ.

## **6.2 Managerial Implications**

As I have reiterated in the previous paragraphs, OBSE and OJ mediates the relationship between perceived CSR and employee performance and turnover. When organizations perform CSR acts, they are perceived by their employees to be a good and fair corporate citizen, which also enhances the employees' self-esteem in the workplace. Therefore, it makes sense for organizations to invest in CSR practices, as it projects back a strong sense of fairness and boosts organization-based self-esteem in employees. In addition to that, such CSR practices enhance the organization's reputation, thereby attracting prospective employees, while keeping the current employees happy.

However, while investing in CSR practices is important, the key point is that employees have to perceive the CSR acts. This perception is not something that can be rushed, and needs to be reinforced over time. Therefore, organizations should embed CSR practices into their operations. For example, ComfortDelGro Corporation Limited (CDG), a transport giant in Singapore, places emphasis on looking after its employees, having signed the Employers' Pledge of Fair Employment Practices (Tan

& Ho, 2011). It does so to the extent of requiring its business partners to follow certain CSR standards, through the signing of service contracts, to ensure that even its third party contract workers are well taken care off. Another Singaporean organization, CapitaLand Limited, integrate CSR decisions into their corporate structure (Frohman, 2011). It has departments to specifically implement sustainability and CSR initiatives, including a dedicated CSR department to coordinate activities across the entire organization, and an Operations Compliance Unit that maintains and upholds ethics and codes of conduct within the organization.

### **6.3 Limitations**

Certain limitations in my study have to be taken into account. Firstly, is the potential problem of common method variance (CMV) (P. M. Podsakoff, MacKenzie, & Lee, 2003), brought about since I administered questionnaires which included all the independent, mediating and dependent variables. I have tried to reduce method biases by stating in the questionnaire that their answers would be kept in strictest confidence, and that there are no right or wrong answers, and that they should reply as honest as possible. This is with the hope that respondents would answer with less apprehension and not give answers that seem more socially desirable or consistent with what they think I wish them to reply. However, while many have identified CMV as a problem to studies that rely on questionnaire methods, there are scholars who believe otherwise. Crampton and Wagner (1994), in conducting a meta-analysis, conceded that self-report methods cause bias in certain cases, but mentioned that effect is not as broad or devastating as that envisioned by critics. Similarly, Spector (2006) found

that while cross-sectional self-report methods do generate shared bias, the occurrences are limited and often of limited impact.

The use of cross-sectional data is another limitation in my study; as such data only reflect information at a defined point in time. In addition, the assessment of direction of causality in cross-sectional data is particularly difficult. A way to overcome these problems would be to have future data samples with a time horizon incorporated, such as longitudinal data, or even to the extent of using time series cross-sectional data, which deals with multiple subjects and how they change overtime.

There are various definitions of CSR in the literature and as such, difficult to select the best operationalization of the constructs. As mentioned in Chapter IV, we have adapted the corporate citizenship scale developed by Maignan and Ferrell (2001), which splits CSR into 4 categories, each measured by a subscale (economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities). The study could be improved if I had designed original instruments to measure the construct for this specific study.

Due to the nature of the sampling methods used, my study is inevitably affected by selection bias. Specifically, sampling bias might occur as the selection of respondents is not entirely random, for the questionnaires were distributed to my friends and colleagues, who in turn also helped to distribute to their friends and colleagues. On top of that, the students who volunteered to help were all from the Singapore



Management University (SMU). Therefore, the respondents may not that accurately reflect the opinions of the entire Singapore population. Self-selection bias might also be present, as it is possible that the people who responded to the questionnaire might already be interested and receptive to CSR. To overcome such bias for future studies, the net would have to be cast wider in the search for respondents from all walks of life, and a larger pool of respondents would have to be obtained to get more data. Lastly, due to the non response of a few participants, attrition bias might be present. However, as those only form a small percentage, I expect the effect to be little if not negligible.

#### **6.4 Future Research**

Though my study has some limitations, these limitations can be seen as fruitful avenues for future CSR and employee attitudes/ behaviors research. For example, as this study was conducted in Singapore, and only on 305 subjects, it is clear that my results pertain specifically to the Singapore context. Future studies incorporating respondents from other countries can be done to give a wider and more global perspective on the issue. In addition, increasing the sample size should improve the generalizability of future studies.

As presented in Chapter V, I've obtained mixed results on the effects the selected mediators have on the relationship between perceived CSR and employees' behavior and turnover intentions. I hope that in the future, theorists can use this framework and further investigate to what extent the mediators affect employee attitudes and

behavior. Future theoretical and empirical research could also determine what other dependent variables have a link with perceived CSR, such as actual turnover or absenteeism. The research on the impact of CSR practices can also be extended to other stakeholders, as they too form an integral part of the organization's environment.

The scope of study in this area is endless. I hope that through this study, others can have a clearer understanding of the CSR climate in Singapore and be encouraged to delve into the dynamics of CSR and its benefits.

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