

The impact of corporate social responsibility directed toward employees on contextual performance in the banking sector: A serial model of perceived organizational support and affective organizational commitment

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Abstract

Using the lenses of stakeholder and social exchange theory, we propose that both perceived organizational support (POS) and affective organizational commitment (AOC) play sequential mediating roles in the relationship between corporate social responsibility (CSR) directed toward employees and organizational citizenship behaviors (OCBs) of employees. The theoretical model was tested using a time lagged data. Further, the information pertaining to the organizational citizenship behaviors of the employees was collected by their immediate supervisors. The mediation hypotheses were tested using process method. Results confirmed a positive and significant relationship between perceived CSR directed toward employees and OCBs, as well as the sequential mediation effect of both POS and AOC between CSR directed toward employees and OCBs. Although the majority of the literature has studied the impact of CSR at the macro level, recently researchers have shifted their focus on the behavioral impact of such activities at the individual level. We particularly focus on CSR directed toward employees and our findings confirm that such CSR activities prove be critical for improving the performance outcomes of the employees.

KEYWORDS

affective organizational commitment, CSR directed toward employees, organizational citizenship behavior, perceived organizational support

1 | INTRODUCTION

In recent years, more and more companies around the globe are adopting socially responsible strategies and practices (Ahmed et al., 2021; González-Masip et al., 2019; Yasin, 2021). These strategies have been identified as critical factors contributing toward higher competitive advantage and greater sustainability performance of the firm (Gangi et al., 2019; Porter & Kramer, 2011; Santoro et al., 2019). Socially responsible activities have been identified in the literature

with terms like corporate social performance (CSP), corporate social responsibility (CSR), corporate social responsiveness or corporate citizenship (Charan & Murty, 2018; Mai et al., 2021; Wood, 2010). Socially responsible practices have substantial impact on stakeholders, including internal and external stakeholders (Chaurasia et al., 2020; Pfeffer, 2010).

The CSR activities directed toward employees are distinguished from the external CSR activities as the two are composed of unique and distinct set of activities. Nevertheless, according to the

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stakeholder theory, being an integral part of the stakeholder community, employees play a critical part in both of these types of CSR (Cillo et al., 2019). In fact, they are the ones who actually execute the external CSR projects initiated by the organization and are responsible to complete them within time (Aguinis & Glavas, 2012). Thus, it is reasonable to infer that the effectiveness of external CSR initiatives will profoundly be dependent upon the willingness of employees to actively participate in them (Collier & Esteban, 2007) and it is important for the organizations to get their support through internal CSR policies. Accordingly, the support of employees for CSR have been found to be a significant contributor toward increasing job satisfaction and some work related attitudes and behaviors of the employees (Lombardi et al., 2020; Sanusi & Juhl, 2020; Shen & Zhang, 2019). For all these reasons, it is vital to explore the impact of those CSR activities that are specifically directed toward these employees and to investigate their impact toward contextual employee performance.

Our study focuses on internal CSR, that is, the CSR directed toward employees and extends the existing knowledge on employees' perception and response to internal CSR. Previously, the research on CSP and CSR focused on the organizational and institutional levels outcomes (Shen & Zhang, 2019) with various psychological mediating mechanisms involved (Zhao et al., 2020). But researchers have highlighted the dearth of studies on the micro-foundations of CSR and CSP, for example the attitudes and behaviors of individuals affected from such activities (Shen & Zhang, 2019; Wood, 2010).

Some of the recent studies have explored the effect of organizational sustainable activities on organizational outcomes like sustainable performance (Del Giudice et al., 2017; Lombardi et al., 2020) and employee level outcomes of internal CSR including commitment (Brammer et al., 2007; Hofman & Newman, 2014), organizational identification (Kim et al., 2010), job continuity intention (Sanusi & Juhl, 2020), work performance, organizational citizenship behaviors (Newman et al., 2015) and job satisfaction (Kim et al., 2020). Yet a thorough understanding of the organizational CSR strategies and practices and the underlying mechanisms through which they impact at the individual level is still lacking (Del Giudice et al., 2017; Zhao et al., 2020). By studying the impact of CSR activities directed toward employees on the individual level outcomes, our study is an effort to fill this gap. More specifically, this study suggests a double sequential mechanism through which CSR directed toward employees influences contextual performance of employees through perceived organizational support (POS) and affective organizational commitment (AOC).

In this way, our study aims to contribute to the current literature on CSR in a number of ways. First, in spite of the recent increase in the interest of academics toward CSR, very few researchers have empirically investigated the outcomes of organizational CSR directed toward employees individually, on employees' performance outcomes (Ye & Li, 2021). Researchers have recently called for more research on unique dimensions of CSR instead of aggregate measures due to an increasing consciousness that the different dimensions of the construct have their unique features and thus it is critical to scrutinize them separately (Wang et al., 2016; Ye & Li, 2021). By specifically focusing on stakeholder theory and investigating the employee

directed CSR activities of the banking firms, our research explores employee performance as a consequence of individual perception of organizational CSR.

Second, we also study the sequential impact of one of the important dimensions of organizational CSR, that is, CSR directed toward employees. Researchers have called for more studies to reveal the underlying mechanisms through which employees' CSR judgments are linked to different stakeholders (Edwards & Kudret, 2017). Similarly, little theorizing has been presented by the researchers to explain *why* and *how* employees respond differently to CSR strategies particularly focused toward different groups (internal and external) of stakeholder (Edwards & Kudret, 2017). According to Farooq et al. (2014), different social exchange processes are induced in employees due to CSR practices of the firms and consequently different attitudes are observed in them. As a result, CSR activities focused on employees may induce a different outcome as compared to CSR actions focused on other stakeholders such as shareholders. Thus, using the lenses of stakeholder theory and social exchange theory (SET), our study aims to predict and test the hypothesis that CSR practices aimed toward the employee impact employees' perceived support of their company and AOC, that in turn influence employees' contextual performance (both internal and organizational citizenship behavior).

Third, since most of the studies have been done in developed countries (Dabic et al., 2016) with a few exceptions (Del Giudice et al., 2019), we investigate the consequences of CSR directed on employees working in an underdeveloped economy with a culture characterized by high power distance. Previous researchers have suggested that the differences in cultural values and economic conditions between developed and under developed nations may change the way CSR impacts individual level behavior (Farooq et al., 2014; Kim et al., 2020). In their review on CSR literature, Wang et al. (2016) also emphasized the significance of studying this phenomenon in a variety of institutional contexts, especially in emerging economies. Thus, employees belonging to such societies might respond differently toward CSR programs directed toward themselves.

Finally, from a methodological point of view, past researchers have recommended that in order to fully understand the consequences of CSR on employees time lagged or longitudinal research design must be used (Farooq et al., 2014). Our study uses time lagged data (collected in four time periods) in order to establish causal relationships of sequential mediation. Furthermore, in order to counter common method bias, the current study uses supervisory rated contextual performance data.

2 | THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

CSR has been categorized in a number of ways depending on a variety of factors (Lythreathis et al., 2020; Sun et al., 2021). According to Porter and Kramer (2006), it can be classified into strategic (*to obtain competitive advantage*) or responsive (*stakeholder demands*) CSR. Similarly, Aguinis and Glavas (2012) have discussed CSR as embedded or



peripheral, distinguished due to the integration of these activities into strategies and routine operations of the firms. Finally, Rupp and Mallory (2015) characterize CSR into internal and external CSR. Where internal CSR pertains to the activities and policies of the firm toward its own employees, external CSR refers to the practices and strategies of the firm directed towards the rest of the stakeholders including customers, suppliers, governments and the society including the environment we live in.¹

According to the stakeholder theory, employees are an integral part of the stakeholder group and thus they constitute an important position in the research related to the antecedents and consequences of CSR (Aguilera et al., 2007). Socially responsible organizations play a crucial part in enhancing employees' retention, satisfaction and commitment (Ardito et al., 2018; Stites & Michael, 2011). CSR directed toward employees include employee training programs, opportunities for continuing education, secure working surroundings, policies for diversity inclusion, daycare programs for parents, and other similar programs (Brammer et al., 2007; Turker, 2009).

Employees, as an integral part of the stakeholder community can be a driving force behind the socially responsible behavior of the organizations (Aguilera et al., 2007). The employees who are working in the firms and are actively involved in general CSR activities expect their organizations to treat them in a similar manner (Royle, 2005). However it may not be the case always as Royle (2005) suggests that "some corporations are keen to take on the rhetoric of CSR; they may be less keen to act in a socially responsible manner [to their employees]" (p. 51). This could be due to the fact that the organizations, actively involved in external CSR practices, tend to balance this cost by reducing the expenses of employees' development activities (Kline, 2011); just as some firms force their employees to contribute a fraction of their earnings in the external CSR activities (Zappalà, 2004). This could create a sense of coercion in the employees and they can perceive a negative opinion of such activities (Wood, 2010). Thus, it is imperative for organizations to fully understand the importance of the CSR activities directed toward employees and its impact on employee level contextual performance.

SET governs the exchanges between employees in organizations including obligations that are unspecified and implicit (Blau, 1964; Wu & Lee, 2017). Many researchers posit that employees react positively to what they perceive as beneficial treatment and conversely they will behave negatively toward detrimental handling by the management according to the norms of reciprocity (Blau, 1964; Gouldner, 1960). Accordingly, we propose that when employees perceive a fair treatment by their organizations they will behave positively in return (Bhatti et al., 2020) and thus contextual performance of employees will increase with higher perceived internal CSR behavior of the firms.

The contextual performance taken in our study includes the extra role citizenship behaviors of the employees in line with the previous research by Eva et al. (2020) and Charlton and Eschleman (2019).

Williams and Anderson (1991) proposed a distinction between the two forms of organizational citizenship behaviors; one that is intended to benefit the organization (OCBO) and the other deliberated to promote the interests of the fellow organizational members (OCBI) (Lee & Allen, 2002). Examples of OCBO include employee positive behaviors like strictly following informal rules and excellent employee turnout. Similarly, OCBI behaviors include supporting other employees of the organizations in their work and showing a personal interest in the welfare of fellow members (Turnley et al., 2003).

The contextual performance construct captures the core essence of an employee performance leading toward higher performance outcomes and increased effectiveness (Organ et al., 2005). Although, generally speaking, contextual performance extends beyond OCBs, past findings by organizational scholars confirm that OCB behavior overlaps almost entirely with other factors of employee performance used to study the contextual factor (Campbell & Wiernik, 2015). This notion is further strengthened with the help of a meta-analysis by Podsakoff et al. (2009) in which they discovered that OCBs are correlated with individual performance evaluations like task performance, and negatively related to the negative outcomes actual turnover, turnover intentions, and absenteeism.

2.1 | Employee directed CSR and OCB

OCB is related to voluntarily helping attitude of employees toward their co-workers without expecting something back in return (Konovsky & Pugh, 1994). OCB has been termed as one of the most critical factors that enable employees to become more efficient during hard times. Such behavior exhibited by the employees exists without any form of enforcement and it is closely related to the expression of self-motivation of the employees within a specific group or firm (Tan et al., 2019). Thus, OCB can be termed as a selfless, deliberate activity on part of the employees showing their strong relation to their organizations outside of the scope of their job description and without any expected returns (Podsakoff et al., 2000).

As a discretionary behavior, OCB relates to positive reciprocal behavior of employees toward the ethical practices of firms (Ryan, 2001). Similarly, CSR practices directed toward employees ensure that fair treatment and support is provided to them and these practices will consequently lead to stronger cooperative and helping behavior of the organizational members (Jamali & Neville, 2011). In a similar vein, providing opportunities to the employees to improve their overall well-being through trainings and other programs that cater to their various emotional needs will lead toward making employees more participative in company's activities which are considered as essentials for displaying OCB behaviors (Newman et al., 2014; Rupp et al., 2006).

Researchers of organizational behavior (OB) maintain that employees' responses toward organizational experiences are mostly based on individual experiences (Cronbach, 1970; Rupp et al., 2014). We have focused on both the dimensions of citizenship (i.e., OCBI and OCBO) in our research since they are discretionary employee

¹For a detailed review and summary of past literature on different dimensions of CSR please see Zhao et al. (2020).

behaviors and are prone to variance due to organizational factors like sustainable practices of the firm (Farooq et al., 2017; Jones, 2010). In a study of employees belonging to firms in the retail sector and operating in two culturally distinct regions, Farooq et al. (2017) confirmed that CSR actions directed toward employees enhance perceived respect of the employees in addition to affecting employee organizational identification. In light of the above discussion, we also maintain that both types of OCB are stimulated by employee related CSR activities of the organizations and hence we propose that such employees will emulate and show both OCBI and OCBO. Accordingly, our first set of hypotheses is:

H1a. *The perceived CSR directed toward employees is positively related to OCBI of the employees.*

H1b. *The perceived CSR directed toward employees is positively related to OCBO of the employees.*

2.2 | Mediation of POS in employee directed CSR and OCBs

With its roots in organizational support theory (OST), the construct of POS has received attention in recent years by many researchers (Eisenberger et al., 2001; Lamm et al., 2015; Tan et al., 2019). OST relates to the beliefs of the employees that their organizations value the work done by their members and they are concerned about their welfare and comfort (Eisenberger et al., 1986; Le & Lei, 2019). POS has been referred as the perception of the employees that their firms are concerned about their welfare and their contributions are valued highly by their employers (Han et al., 2019; Rhoades & Eisenberger, 2002).

Under this belief, OST maintains that employees will go an extra mile beyond their immediate call of duty as they perceive their behavior will be reciprocated by the management of their organizations. Thus, under the norms of reciprocity, employees who get a fair treatment by their organizations feel obliged to return this treatment with a higher sense of trust in the organizational methods and policies. Tan et al. (2019) argues that the employees who receive extra benefits from the organizations in terms of higher salaries and greater training and development chances feel compelled to work harder to achieve the goals set by the top management. They further maintain that such employees are most likely to depict positive behaviors such as selfless behavior and higher involvement in organizations (Aselage & Eisenberger, 2003).

Such discretionary, fair and just actions undertaken by the organizations are exceedingly valued by employees (Kurtessis et al., 2017; Rhoades & Eisenberger, 2002). As such, a number of antecedents of POS have been investigated in organizational studies. These include justice and politics (Cropanzano et al., 1997; Loi et al., 2006; Moorman et al., 1998); supervisory support (Maertz Jr et al., 2007); HR practices (Allen et al., 2003); ethical behavior like ethical leadership (Eva et al., 2020; Tan et al., 2019) and perceived CSR of the

organization (Glavas & Kelley, 2014). In light of the above arguments made we maintain that CSR activities directed toward employees will also lead to an enhanced feeling of being supported by the organizations. These activities may include provision of different insurance opportunities, minimum layoffs, respecting the work-life balance of the employees, and other policies aimed at improving the wellbeing and welfare of employees (Pfeffer, 2010).

Researchers have contended that those employees who have a higher perception of support from their organizations feel obliged to perform better (Eisenberger et al., 2001). Such individuals are more committed to goal realization (Wayne et al., 1997) and inculcate organizational identity (Rhoades & Eisenberger, 2002). Thus those employees who have a stronger sense of support in their routine work usually respond with higher performance outcomes (Djurkovic et al., 2008). These arguments have been corroborated in a meta-analysis by Kurtessis et al. (2017) where they maintained that POS positively impacts affective and normative commitment, organizational identification, employee performance and contextual performance including both the dimensions of OCB, namely OCBI, OCBO.

This claim is based on the SET which contends that when employees get a sense of support by their firms, they will build up a stronger exchange connection with them (Blau, 1964). As a payback, such individuals will feel obliged to respond in kind by being devoted to their firms, which can finally lead toward better performance outcomes including OCBs (Eva et al., 2020). For example, such individuals may engage in behaviors that benefit others employees of the organization (OCBI) (Eva et al., 2020). In a similar vein, employees with higher perception of support provided by the organizations are likely to show citizenship behaviors directed toward the organization (OCBO) as well. Thus, the extent to which the employees feel supported by the organizations will impact the way they will perform their duties to their utmost abilities and they will not hesitate to go above and beyond what is expected of them (Eva et al., 2020). These arguments lead to our next hypotheses:

H2a. *POS mediates the relationship between perceived CSR directed toward employees and OCBI.*

H2b. *POS mediates the relationship between perceived CSR directed toward employees and OCBO.*

2.3 | Mediation of AOC in employee directed CSR and contextual performance

Mowday et al. (1979) defines AOC as “the relative strength of an individual's identification with and involvement in a particular organization” (p. 226). AOC results from the experiences of employees during their jobs (Curtis & Taylor, 2018). In a meta-analysis of AOC, Mathieu and Zajac (1990) identified perceived skills and abilities, wages, moral and ethical views, job characteristics, and leadership competencies as important antecedents of the construct.



Farooq et al. (2014) maintain that exploring the link between CSR and AOC may enable managers to fully understand the impact of CSR activities on employees. According to the SET (Blau, 1964), socially responsible practices of organizations directed toward employees are most likely to be rewarded positively by the employees. Hence, employees feel more committed to their organizations if they identify their organizations to be socially responsible toward them (Story & Castanheira, 2019). Recently researchers like Farooq et al. (2014), Stites and Michael (2011) and Turker (2009) also investigated the CSR strategies of firms and their impact on employees' commitment and discovered that this relationship holds in a variety of contexts and sectors. Thus, as per the tenets of SET, we contend that CSR directed toward employees impact the AOC of the employees (Luthans et al., 2008), and highly committed employees in turn elicit better individual contextual performance in the form of higher levels of OCBI and OCBO (See Harrison et al., 2006; Muse et al., 2008). Past literature has also found support that AOC elicits higher levels of contextual and in-role performance behaviors in employees (Muse et al., 2008). Likewise, Fu and Deshpande (2014) found that employees' perceptions of organizational care have a significant impact on AOC and furthermore, employee commitment directly impacts employee job performance. Hence, as per social exchange tenets, perceived internal CSR of the employees should be reciprocated with higher commitment to the organization (Edwards & Kudret, 2017) where these committed employees may perform better. Therefore, we posit that AOC mediates the relationship between CSR directed toward employees and contextual performance. Specifically, we propose:

H3a. *AOC mediates the relationship between perceived CSR directed toward employees OCBI.*

H3b. *AOC mediates the relationship between perceived CSR directed toward employees OCBO.*

2.4 | Serial mediation of POS and AOC

Organizations that are actively involved in internal CSR may offer a variety of benefits to their employees. Such employees may reciprocate through portraying positive behaviors which result in overall improvement in extra role behaviors. We believe that POS and AOC are useful constructs for investigating employee responses to socially responsible behaviors of organizations (Farooq et al., 2014; Story & Castanheira, 2019). Both POS and AOC are firmly rooted in SET and are based on the assumption that organizational treatment leads employees to adjust their behaviors accordingly and enables organizations to accomplish their objectives. POS is induced in employees through favorable treatment of employees by the firms that go beyond their expectations (Rhoades & Eisenberger, 2002) and furthermore, AOC is induced in the employees because of this perception of support from the organization.

POS represents the reassurance on behalf of the organization that assistance will be accessible to the employee when and where it is needed (George et al., 1993). Prior empirical research has shown that both POS and AOC at the individual levels are positively associated with increased employee performance (Story & Castanheira, 2019). Past literature has also found evidence that organizational support as perceived by individuals contributes toward higher AOC, which further induces reciprocal behavior in employees in the form of higher levels of contextual performance outcomes (Muse et al., 2008). More specifically, the meta-analysis by Kurtessis et al. (2017) confirmed that POS is significantly related to AOC, among other variables, and finally has a significant impact on the outcome variables of OCBI and OCBO.

In light of the above arguments, we propose that the relationship of employees' perception of internal CSR may be explained by the sequential mediating psychological mechanisms of POS and AOC. The favorable treatment from an organization increases employees' perception of support in order to improve their AOC with the organization. These behaviors ultimately lead toward better contextual performance, that is, both organizational citizenship behavior and also individual and organizational behaviors. Thus we propose our last set of hypotheses as:

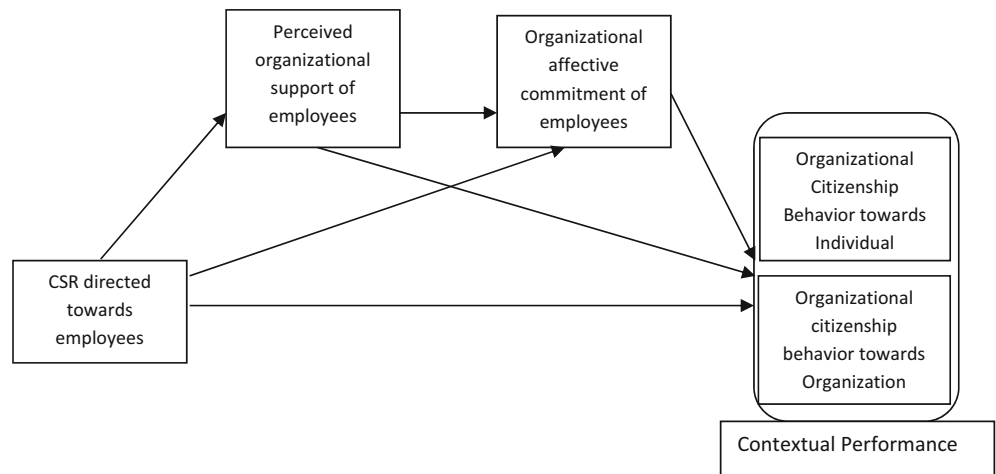
H4a. *POS and AOC sequentially mediate between CSR directed toward employees and OCBI.*

H4b. *POS and AOC sequentially mediate between CSR directed toward employees and OCBO.*

To summarize, we have proposed a theoretical model in which POS followed by AOC play a sequential mediating role in the relationship between CSR directed toward employees and contextual performance of these employees (both OCBI and OCBO). This model is presented in Figure 1.

3 | METHODOLOGY

This paper focuses on the banking sector for two main reasons. First, focusing on one sector allows to better capture the context of the analysis, which would otherwise be missing in the case of a heterogeneous sample. Second, banks as financial service providers are often responsible for a country's economic growth. But at the same time, this sector has been associated with the negative short-term strategies directed toward value creation for the shareholders only. That is why it is increasingly important for these companies to have a positive attitude toward sustainability (Jizi et al., 2014). Banks invest in CSR as an added lever for bringing novelty in their processes for being more competitive in the marketplace (Campanella et al., 2017, 2020; Del Giudice et al., 2016). Moreover, banks increasingly rely on CSR to increase customer satisfaction (Chomvilailuk & Butcher, 2013; McDonald & Rundle-Thiele, 2008) and to enhance the corporate identity (Pérez & Del Bosque, 2012).

FIGURE 1 Theoretical framework**TABLE 1** Demographic characteristics of respondents

| Characteristics | Frequency | Percentages (%) |
|--------------------------------------|-----------|-----------------|
| <i>Gender</i> | | |
| Male | 216 | 78.5 |
| Female | 59 | 21.5 |
| <i>Age</i> | | |
| Less than 25 years | 41 | 14.9 |
| 25–35 | 106 | 38.5 |
| 36–46 | 73 | 26.5 |
| 47–57 | 43 | 15.6 |
| 58 years or above | 12 | 4.4 |
| <i>Education</i> | | |
| Bachelor's degree (14 years) or less | 31 | 11.3 |
| Bachelor's degree (16 years) | 200 | 72.7 |
| Master and above (18 years and plus) | 44 | 16.0 |
| <i>Organizational tenure</i> | | |
| Less than 2 | 57 | 20.7 |
| 2–7 | 101 | 36.7 |
| 8–13 | 72 | 26.2 |
| Over 13 years | 45 | 16.4 |
| Total | 275 | 100 |

Data were collected using personally administered questionnaires in four stages from full-time non-managerial employees. The data were collected from over 200 branches of eight banks in Punjab province of Pakistan. Punjab is the most populous province of Pakistan with population of over 110 million. Before data collection, we checked bank's involvement in CSR activities by analyzing their corporate websites. Employees' participation in the survey was completely voluntary and they were assured about confidentiality and anonymity of their identity and the information. The questionnaire was administered in English language as it is an official language in Pakistan, and it

is also a medium of instruction in higher education. The data were collected from January 2018 to August 2018. The first three sections of the questionnaire were filled by the employees while the final section was filled by their respective managers. The time lag used between each stage of survey was introduced to minimize the possibility of common method variance (Edwards & Kudret, 2017) and to make temporal partition between independent variable (CSR directed toward employees), first mediator (POS), second mediator (AOC) and dependent variable (OCB). In the first phase, around 750 questionnaires were distributed along with a covering letter to assure the respondents about their data confidentiality. 584 (75.5%) completed questionnaires were returned. At phase 2, these respondents were surveyed 3 weeks later, and the same respondents were contacted 3 weeks later in phase 3. In total, 392(52.2%) responses were received at the end of phase 3. Finally, 3 weeks later (phase 4), questionnaires related to OCB were distributed to branch managers in order to rate the contextual performance of the employees working under them. Finally, 275 (36.7%) questionnaires were used for data analysis. The sample of this study comprised of a diverse characteristic in terms of gender, age, education and organizational tenure. The details related to demographic characteristics of the respondents are given in Table 1.

Questionnaires were administered through “Seven-points Likert scale” ranging from strongly disagree to strongly agree.

3.1 | Measures

3.1.1 | CSR directed toward employees

CSR directed toward employees was measured using five items from Maignan and Ferrell (2004). Sample items were “My company treats all employees fairly and respectfully, regardless of gender or ethnical background” and “My company helps all employees coordinate their private and professional lives.” The Cronbach's alpha coefficient was 0.769.



3.1.2 | Perceived organizational support

POS was assessed using eight-items from (Hekman et al., 2009). Sample items were “My organization cares about my well-being,” and “My organization appreciates any extra effort from me.” The Cronbach's alpha value was 0.831.

3.1.3 | Affective organizational commitment

The scale for AOC was taken from Meyer and Allen (1997). It comprised of six items. Sample items were “I would be very happy to spend the rest of my career with this organization” and “This organization has a great deal of personal meaning for me.” The Cronbach's alpha coefficient was 0.781.

3.1.4 | Organizational citizenship behavior

OCB was assessed by using the scale developed by Williams and Anderson (1991) with a total of 14 items. Out of these, seven items belonged to OCBI, and the remaining seven items were used to measure OCBO. Sample items to assess OCBI were “Helps others who have heavy workload” and “Assists supervisor with his/her work (when not asked).” Sample items to assess OCBO were “Gives advance notice when unable to come to work” and “Conserves and protects organizational property.” The Cronbach's alpha values for OCBI and OCBO were 0.816 and 0.798, respectively.

The full scales are attached as Appendix. For testing the sequential mediation, an analytical approach outlined by Preacher and Hayes (2004) and Shrout and Bolger (2002) was used. The technique proposed by them tests the indirect effects between the predictor and the criterion constructs through the intervening mechanisms of mediators via a bootstrapping procedure.

4 | RESULTS

4.1 | Discriminant validity

The distinctiveness between CSR directed toward employees POS, AOC, OCBI, and OCBO was examined through the comparison of 10 alternative models (Table 2). Our hypothesized sequential mediation model (as shown in Figure 1) indicated a superior fit to the data in comparison with all other constrained models. Fit indices for our hypothesized measurement model were: χ^2 (df = 376) = 466.63; root mean square error of approximation (RMSEA) = 0.03, comparative fit index (CFI) = 0.968, Tucker Lewis index (TLI) = 0.963, Incremental fit index (IFI) = 0.968 and goodness of fit index (GFI) = 0.90. While one factor model in which all items are loaded to a single factor indicated poorest fit with χ^2 (df = 386) = 1125.68; RMSEA = 0.08, CFI = 0.737, TLI = 0.704, IFI = 0.742 and GFI = 0.715.

In addition, all items were loaded significantly on their respective predicted factors. By following the suggestion of Holtom et al. (2002), the loaded items less than 0.40 were deleted. Based on this criterion, one item from POS, one item from OCBI, and one item from OCBO were deleted.

4.2 | Descriptive statistics and correlations

Descriptive statistics, reliability coefficients, Cronbach alpha and correlations among the constructs are given in Table 3. Cronbach's alpha values for all measures are greater than threshold value of 0.7 (Nunnally, 1978).

CSR directed toward employees was positively related to POS ($r = 0.487$, $p < 0.01$), AOC ($r = 0.278$, $p < 0.01$), OCBI ($r = 0.278$, $p < 0.01$) and OCBO ($r = 0.324$, $p < 0.01$). Perceived organizational support was found to be positively related to AOC ($r = 0.373$, $p < 0.01$), OCBI ($r = 0.211$, $p < 0.01$) and OCBO ($r = 0.297$, $p < 0.01$). AOC was positively related to OCBI ($r = 0.371$, $p < 0.01$) and OCBO ($r = 0.371$, $p < 0.01$). OCBI was positively related to OCBO ($r = 0.748$, $p < 0.01$).

4.3 | Test of hypotheses

Hypothesis 1a predicted that perceived CSR directed toward employees is positively related to OCBI. We found a positive and significant relationship between perceived CSR directed toward employees and OCBI ($\beta = 0.2999$, $p < 0.05$). Hence, H1a was supported. Hypothesis 1b proposed that perceived CSR directed toward employees is positively related to OCBO. Table 4 shows that perceived CSR directed toward employees has a positive effect on OCBO ($\beta = 0.3260$, $p < 0.05$), which supported H1b.

Hypotheses H2a predicted that POS mediates the relationship between CSR directed toward employees and OCBI. Results revealed that indirect effect of CSR directed toward employees on OCBI via perceived organizational support was insignificant ($\beta = 0.005$, ns). Hence H2a was not supported. Hypotheses H2b stated that perceived organizational support mediates the relationship between CSR directed toward employees and OCBO. Results show that indirect effect of CSR directed toward employees on OCBO via perceived organizational support was insignificant ($\beta = 0.0466$, ns). Hence H2b was also not supported.

Hypotheses H3a proposed that AOC mediates the relationship between CSR directed toward employees and OCBI. The results demonstrate that CSR directed toward employees has a significant indirect effect on OCBI via AOC ($\beta = 0.0437$, $p < 0.05$). Hence, H3a was supported. Hypotheses H3b predicted that AOC mediates the relationship between CSR directed toward employees and OCBO. The analysis further revealed that perceived CSR directed toward employees has a significant indirect effect on OCBO ($\beta = 0.0358$, $p < 0.05$) through AOC. Hence H3b was also supported.

TABLE 2 Confirmatory factor analyses

| Model | χ^2 | DF | CMIN/DF | CFI | TLI | IFI | GFI | RMSEA |
|---|----------|-----|---------|-------|-------|-------|-------|-------|
| 1. Five-factor proposed model | 466.63 | 376 | 1.242 | 0.968 | 0.963 | 0.968 | 0.900 | 0.030 |
| 2. Four factor model (CSREMP and POS combine) | 566.87 | 380 | 1.492 | 0.934 | 0.924 | 0.935 | 0.876 | 0.042 |
| 3. Four factor model (CSREMP and AC combine) | 581.88 | 380 | 1.530 | 0.928 | 0.918 | 0.930 | 0.866 | 0.044 |
| 4. Four factor model (POS and AC combine) | 610.77 | 380 | 1.607 | 0.918 | 0.906 | 0.920 | 0.853 | 0.047 |
| 5. Three factor (CSREMP, POS and AC combine) | 702.74 | 383 | 1.835 | 0.89 | 0.87 | 0.889 | 0.835 | 0.055 |
| 6. Three factor (CSREMP and POS combine & OCBI and OCBO combine) | 572.05 | 383 | 1.494 | 0.933 | 0.924 | 0.934 | 0.874 | 0.042 |
| 7. Three factor (CSREMP and AC combine & OCBI and OCBO combine) | 766.74 | 384 | 1.997 | 0.864 | 0.846 | 0.867 | 0.844 | 0.060 |
| 8. Two factor (CSREMP, POS and AC combine & OCBI and OCB combine) | 708.14 | 385 | 1.839 | 0.885 | 0.870 | 0.887 | 0.833 | 0.055 |
| 9. Two factor (CSREMP and POS combine & AC, OCBI and OCB combine) | 741.41 | 386 | 1.921 | 0.874 | 0.858 | 0.876 | 0.830 | 0.058 |
| 10. One factor (All combine into one factor) | 1125.68 | 386 | 2.916 | 0.737 | 0.704 | 0.742 | 0.715 | 0.084 |

Finally, Hypothesis H4a stated that POS and AOC sequentially mediate the relationship between perceived CSR directed toward employees and OCBI. The results shown in Table 4 revealed that CSR directed toward employees significantly influenced OCBI through sequential mediation of POS and AOC ($\beta = 0.052$, $SE = 0.016$, 95% CI = 0.0256–0.0882).

Hypothesis H4b predicted that POS and AOC sequentially mediate the relationship between perceived CSR directed toward employees and OCBO. The analysis reported in Table 4 shows that perceived CSR directed toward employees had a significant indirect effect on OCBO through first POS and then AOC ($\beta = 0.043$, $SE = 0.015$, 95% CI = 0.0174–0.0755). Therefore, sequential mediation hypotheses, H4a and H4b were both supported.

5 | DISCUSSION AND IMPLICATIONS

Researchers have stressed the need to identify and explore the impact of various underlying mechanisms in the relationship between individual CSR dimensions and employee level outcomes (Zhao et al., 2020). This paper has been inspired by the larger debate on the increasing importance of understanding why and when CSR strategies and activities positively influence employees, organizations, or society at large (Belyaeva et al., 2020; Franceschelli et al., 2019; Nirino et al., 2021). Hence, in this paper we propose that OST and reciprocity norms govern the psychological processes of the employees when they receive special attention by their organizations. Since the socio-emotional needs of the employees are met, they respond to the higher supportive environment of the organizations and tend to perform better through higher commitment to their organizations. Thus, the paper hypothesized that employees directed socially responsible behavior of the organizations leads individuals to depict higher citizenship behaviors and this relationship is mediated by the POS and AOC.

Researchers argue that employee's positive perception is a direct response of firm's constructive strategies toward employees and under the principles of reciprocity these employees tend to perform well in order to pay back such support (Rhoades & Eisenberger, 2002). We proposed that socially responsible activities of the organizations directed toward employees will be received by employees in a positive manner and will increase their perception of organizational support (Rhoades & Eisenberger, 2002) and affective organizational commitment (Edwards & Kudret, 2017). Such employees would work harder knowing that the organizations will compensate their efforts (Aselage & Eisenberger, 2003), resulting in higher contextual performance of the employees (Tan et al., 2019).

Our findings confirm our hypotheses that CSR directed toward employees impacts the contextual performance of the employees (both OCBI and OCBO) and this relationship is mediated by both POS and AOC. The results are in line with the previous studies like Farooq et al. (2017) that confirmed that internal CSR practices enhance perceived respect from employees and thus impact different forms of employee citizenship. Similarly, the roles of POS (Tan et al., 2019) and AOC (Edwards & Kudret, 2017) have been found to be significant in this relationship when taken together.

One important finding is that perception of organizational support alone does not account for the relationship between CSR directed toward employees and contextual employee performance unless it leads to affective organizational commitment, as we found evidence that POS on its own did not mediate the relationship between CSR directed toward employees and either of the OCB behaviors. There could be a number of possible explanations for these non-significant findings. One of them could be that this effect might not exist for the sector chosen, that is, banking sector. Similarly, the cultural setting could be a reason due to the absence of mediation impact of POS alone. This finding is critical and future research may search for a possible explanation of this behavior.

TABLE 3 Descriptive statistics and correlations

| Variables | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|----------------------------------|--------|---------|--------|---------|---------|--------|----------|-----------|-----------|-----------|-----------|
| 1. Gender | 1.2145 | 0.41126 | 1 | | | | | | | | |
| 2. Age | 2.5600 | 1.05982 | -0.118 | 1 | | | | | | | |
| 3. Education | 2.0473 | 0.52104 | -0.048 | -0.028 | 1 | | | | | | |
| 4. Organizational Tenure | 2.3818 | 0.99067 | -0.076 | 0.247** | -0.035 | 1 | | | | | |
| 5. CSR directed toward Employees | 4.4785 | 0.87991 | 0.024 | 0.103 | 0.041 | -0.030 | 1(0.769) | | | | |
| 6. POS | 4.6166 | 0.92112 | -0.037 | 0.118 | 0.055 | -0.014 | 0.487** | 1 (0.831) | | | |
| 7. AOC | 3.9885 | 1.06603 | -0.022 | 0.040 | 0.215** | 0.045 | 0.278** | 0.373** | 1 (0.781) | | |
| 8. OCBI | 5.2352 | 0.95076 | 0.009 | 0.144* | 0.071 | 0.011 | 0.278** | 0.211** | 0.371** | 1 (0.816) | |
| 9. OCBO | 5.3448 | 0.88465 | -0.034 | 0.218** | 0.107 | 0.026 | 0.324** | 0.297** | 0.371** | 0.748** | 1 (0.798) |

Note: N = 275.

*Correlation is significant at the 0.05 level.

**Correlation is significant at the 0.01 level.

Values in the brackets are Chronbach's Alpha values of the constructs.

TABLE 4 Regression coefficients and indirect effects for mediation models

| Effect | Paths | Estimate | SE | 95%CI | | OCBO | | Estimate | SE | 95%CI | |
|----------|---------------------------|----------|--------|---------|--------|---------------------------|--------|----------|---------|--------|----|
| | | | | LL | UL | Paths | UL | | | LL | UL |
| Total | CSREMP → OCBI | 0.2999 | 0.0628 | 0.1762 | 0.4236 | CSREMP → OCBO | 0.3260 | 0.0576 | 0.2126 | 0.4393 | |
| Direct | CSREMP → OCBI | 0.2038 | 0.0689 | 0.0681 | 0.3395 | CSREMP → OCBO | 0.2010 | 0.0631 | 0.0768 | 0.3253 | |
| Indirect | CSREMP → POS → OCBI | 0.005 | 0.0376 | -0.0717 | 0.0788 | CSREMP → POS → OCBO | 0.0466 | 0.0366 | -0.1051 | 0.1261 | |
| | CSREMP → AOC → OCBI | 0.0437 | 0.0253 | 0.0018 | 0.0998 | CSREMP → AOC → OCBO | 0.0358 | 0.0217 | 0.0006 | 0.0842 | |
| | CSREMP → POS → AOC → OCBI | 0.0520 | 0.0159 | 0.0256 | 0.0882 | CSREMP → POS → AOC → OCBO | 0.0426 | 0.0148 | 0.0174 | 0.0755 | |

Abbreviations: AOC, affective organizational commitment; CSREMP, CSR directed towards employees; OCBI, organizational citizenship behavior individual; OCBO, organizational citizenship behavior organization; POS, perceived organizational support.

5.1 | Implications for theory

Our study contributes to the existing body of knowledge in CSR and CSP domains in multiple ways. First, very few prior studies explicitly address the question of how employees respond to internal CSR activities as most of them focus toward overall “umbrella construct” of CSR (Aguinis & Glavas, 2012), which includes both internal and external activities for a multiple of stakeholders (see Zhao et al., 2020). Wood (2010) proposed that it is critical that literature must shift the focus from how CSP impacts the firm performance, and it is pertinent to know how the firm's CSP affects stakeholders. Researchers have recently called for more research on individual dimension of CSR as each dimension offers unique and novel impact and thus must be independently scrutinized (Wang et al., 2016; Ye & Li, 2021). Thus we continue the debate on the impact of different types of CSR on internal stakeholders (Edwards & Kudret, 2017; Farooq et al., 2017; Kim et al., 2020) and particularly focus on internal CSR and its outcomes on employees at the individual level.

Our study is one of the few studies that theorize the consequences of CSR directed toward employees on the contextual performance at the individual level (Kim et al., 2020; Lombardi et al., 2020; Zhao et al., 2020). A structured literature review on CSR revealed that only 4% of the studies reviewed examined the construct of CSR at the individual level (Aguinis & Glavas, 2012) and thus recently researchers have called for a deeper appreciation of CSR at the individual level (Shea & Hawn, 2019). Zhao et al. (2020) also calls for more research in this domain as they maintain that outcomes of a specific type of CSR may differ depending on the particular stakeholder subgroups targeted by it. This study specifically investigates the impact of those practices of organizations that are directed toward employees (fair and just treatment, salaries based on their contributions, opportunities for growth and development, etc.), on employee level contextual performance.

Second, our study contributes to research on the antecedents of both dimensions of OCB by suggesting employee directed CSR influences banking employees' behaviors through the combined effect of POS and AOC. According to Zhao et al. (2020), existing theories exploring the underlying mechanisms of the impact of CSR on employee-related outcomes remain fragmented. Where researchers like Gond et al. (2017) and Farooq et al. (2017) have studied some of the mediating mechanisms of individual level outcomes, still most of the literature focuses on one mediating mechanism alone. Thus, taking multiple mediating mechanisms consecutively and exploring their interactions let us understand how these mechanisms sequentially provide theoretical insights into the impact of this specific dimension of CSR (Zhao et al., 2020).

Previously a major portion of the academic community exploring OCB as an outcome of CSR has theorized it as an integrated construct (Gond et al., 2017; Jamali et al., 2019; Ko et al., 2018) to explore the socio-psychological outcomes of such organizational practices. The findings of our study indicate that both organizational and internal dimensions are shaped by employees' frame of reference for interpreting meaning of organizational actions, such as organizational CSR

practices and strategies. Our framework suggests that when employees receive favorable treatment from their organizations, their perception of support along with commitment with the firm increase, which in turn leads them to perform more effectively not only for the organization but also for the other employees within that organization. Our findings further suggest that POS alone does not fully explain this relationship. In fact, POS along with AOC explains this relationship comprehensively.

Based on the SET (Blau, 1964), we propose and test a new mechanism of the consequences of CSR directed toward employee research. Our model explains the effect of CSR directed toward employees on the attitudes and behaviors of these individuals. SET posits that such policies and practices assure employees that they are respected and supported by the organization and this caring gesture by the organizations compels employees to trust their organizations and become more committed to them. These behavior and attitudes then result in higher contextual performance of the organizations. In this way, we add to organizational social exchange research by showing that employees' reciprocity depends on both organizational support and employee commitment.

Third, from a contextual point of view, the research expands current knowledge, focusing on CSR in a developing country (Del Giudice et al., 2019), where previously researchers have focused on mostly developed countries (Dabic et al., 2016). Wang et al. (2016) also highlighted the fact that the concept of social responsibility has not been fully explored in the context of emerging economies and more research is needed in this area. In a similar vein, Hofstede et al. (2010) also maintained that people living in high power-distance cultures will tend to put up with higher levels of inequality and discrimination as compared to societies with low power-distance culture. Thus, we have proposed and tested a model of internal CSR in a developing economy, Pakistan, to understand its impact at an individual level.

Finally, our research employed a time-lagged methodology that offers better prediction of cause and effect relationships as compared to cross-sectional studies. Research design is crucial for establishing temporal order, but the majority of studies usually adopt cross sectional methodologies that limit causal inferences (Mathieu & Taylor, 2006). However, researchers like Maynard et al. (2014) have tried to mitigate these concerns by engaging in time-lagged designs to better predict the causal relationships. Similarly, Farooq et al. (2014) also called for future researchers to explore designs other than cross sectional methodologies to effusively recognize the consequences of CSR on employees. Thus we adopted time lagged data for establishing causal relationships of sequential mediation. Additionally, we collected supervisory rated contextual performance data in order to diminish the common method bias in our sample.

5.2 | Implications for practice

Understanding the sequential effects of employee directed CSR is also valuable from a manager's perspective, as it may help organizational



leaders plan their CSR policies comprehensively. The results of our study may enable organizations to concentrate on the CSR activities focused on employees and give them an opportunity to understand how this particular component is significantly related to the contextual performance of the employees with the help of social exchange mechanisms.

In the presence of both POS and AOC, organizational practices like fair treatment and training opportunities will have a strong impact on the contextual performance. This relationship is true for both OCBI and OCBO. Thus, managers should plan and implement employee centric socially responsible strategies and practices that increase the perception of organizational support and affective organizational commitment so that organizations can benefit from their enhanced contextual performance behaviors. In this way, our analysis highlights the value of fully understanding the underlying mechanisms of employees related behaviors prior to implementing strategies devised by the organizations.

In recent years, many organizations and societies have realized the importance of CSR in the overall performance of the firm. Based on the social exchange principles and the relationship between CSR directed toward employees and the resulting employee attitudes and behaviors, our study provides a comprehensive guideline for the understanding and implementation of such practices in high power distance cultures. As a result, CSR strategies and policies in such countries must be planned and implemented in order to develop supportive environment and better commitment from the employees. By inculcating CSR values in different policies of the firms, employees can be influenced to act positively. Such policies can include offering education and training opportunities; and implementing fair and just rewards and incentives.

6 | RESEARCH LIMITATIONS, FUTURE WORK DIRECTIONS

Despite its implications, we understand there are certain limitations of our study. First we have taken the perception of the employees toward the CSR as a measure on internal CSR. Future research may take some objective measures of the internal CSR. Second, context and culture may impact people's perceptions toward CSR and thus the findings of our study may vary when applied to different contexts and cultures. Therefore, future research may focus on a comparative study of different cultures to augment the generalizability of the research model. Third, researchers may explore other outcomes of CSR directed toward employees like innovative performance and turnover intention. Where our conceptual model considered two mediators, future research may test the moderation impact of different constructs including the HR practices of the firms. Finally, leaders can also impact the behavioral processes through which CSR may impact individual level performance (Eva et al., 2020). Hence, future researchers may investigate the additional intervening roles of different types of leadership including ethical and servant leadership. Finally, we have used time-lagged data in order to test the sequential model but future study may

adopt longitudinal data with longer gaps in order to test the sequential mediatory roles of POS and AOC.

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APPENDIX

Measures

CSR directed toward employees

1. My company treats all employees fairly and respectfully, regardless of gender or ethnical background.
2. My company provides all employees with salaries that properly and fairly reward their contributions.
3. My company supports all employees who want to pursue further education and develop careers.
4. My company helps all employees coordinate their private and professional lives.
5. My company incorporates the interests of all employees into business decisions.

Perceived organizational support

1. My organization cares about my opinions.
2. My organization cares about my well-being.
3. My organization appreciates any extra effort from me.
4. My organization would ignore any complaint from me. (R)
5. Even if I did the best job possible, my organization would fail to notice. (R)
6. My organization cares about my general satisfaction at work.
7. My organization shows very little concern for me. (R)
8. My organization takes pride in my accomplishments at work.

Affective commitment

1. I would be very happy to spend the rest of my career with this organization.
2. I really feel as if this organization's problems are my own.
3. I do not feel like "part of the family" at my organization. (R)
4. I do not feel "emotionally attached" to this organization. (R)
5. This organization has a great deal of personal meaning for me.
6. I do not feel a strong sense of "belonging" to my organization. (R)

OCBI

1. Helps others who have been absent.
2. Helps others who have heavy workload.
3. Assists supervisor with his/her work (When not asked).
4. Takes time to listen to co-workers' problems and worries.
5. Goes out of way to help new employees.
6. Takes a personal interest in other employees.
7. Passes along information to co-workers.

OCBO

1. Attendance at work is above the normal.
2. Gives advance notice when unable to come to work.
3. Takes undeserved work breaks (R).
4. Great deal of time spent with personal phone conversations (R).
5. Complains about insignificant things at work (R).
6. Conserves and protects organizational property.
7. Adheres to informal rules devised to maintain orders.